SENATE—*Monday, April 21, 1980*

(Legislative day of Thursday, January 3, 1980)

The Senate met at 12 o'clock meridian, in executive session, on the expiration of the recess and was called to order by Hon. J. JAMES EXON, a Senator from the State of Nebraska.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

O Lord, our God, we commend to Thee all who are engaged in the Government of this Nation, especially all whose work is in this place; grant to them integrity of purpose and unfailing devotion to the cause of righteousness. May all legislation be such as promotes the common welfare and advances Thy kingdom on Earth. May each person here or in support of the work done here, grow in the ways of Thy Spirit, with the quiet confidence that Thy grace is sufficient for all our needs. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 21, 1980.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable J. JAMES EXON, a Senator from the State of Nebraska, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. EXON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

Mr. ROBERT C. BYRD. I thank the Chair.

THE OLYMPIC BOYCOTT

Mr. ROBERT C. BYRD. Mr. President, last Saturday, Norway became the first Western European country to join the increasing number of nations that will boycott the Moscow Olympics. The Norwegian Sports Federation voted 73 to 57 not to send a team to Moscow.

Today the nine European Community members will meet in Luxembourg to consider a boycott of the Moscow Olympics in July. The Foreign Minister of Japan is also attending these meetings.

This decision comes at a very critical time. The governments of several important Olympic nations have declared their support for the boycott, but not all of their Olympic committees have reached a decision. In other instances, both the government and the committee have yet to decide. These undecided governments and committees are looking to the leadership of other nations and other committees for guidance.

The support of the European Community for the boycott would be especially fitting. The nations that make up the Community have a long history of independence, great national pride, and a belief in the right of self-determination. It is from the crucible of many of these nations that we derived our own form of self-government.

Even today, these nations have close relations with many Third World countries that are developing their own type of self-determination.

Yet several of the European Community nations also have known the oppression of being occupied by a foreign power. They have known from direct experience the human suffering and economic destruction that go with the presence of an occupying military force. These nations have tasted the bitter pill of aggression.

The Soviets seek to use the Moscow Olympics as a sign of the correctness of their national policies, including their foreign policy. They have stated this to their own citizens, and this has been the pattern of their use of athletics and the Olympics in the past.

Nations which respect principle and oppose aggression must not submit to being used as a stamp of approval of the invasion of Afghanistan. This is why a boycott of the Moscow Olympics is necessary.

The eyes of the world turn to the European Community nations for a strong statement against aggression. It is hoped that these nations will follow the example of their neighbor to the north, Norway.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, as in legislative session, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield 1 minute to the Senator from Wisconsin (Mr. PROXMIRE).

Mr. PROXMIRE. I thank the majority leader.

THE GENOCIDE CONVENTION: LEST WE FORGET

Mr. PROXMIRE. Mr. President, in 1945 America stood aghast, as did the rest of the world, as the atrocities committed by the Hitler regime became known. It was this horrible revelation which led to the drafting of a treaty which declares genocide a crime under international law and provides for its prevention and punishment—the Genocide Convention.

It has often been asked, "How could this terrible nightmare been allowed to happen?" The Simon Wiesenthal Center for Holocaust Studies in Los Angeles is attempting to answer this and many other questions asked about the Holocaust of World War II. The task is not easy. But it is essential. The center is attempting to build a permanent record which will serve not only as a monument to the victims of the holocaust, but also a reminder to present and future generations of the great lessons to be learned from this black period of world history.

We must remember what led up to and happened during the holocaust. We must remember and understand the type of thinking and events which led to the holocaust in order to prevent such a deliberate and systematic extermination of a group of people from ever again happening.

The philosopher, George Santayana, once said:

Those who cannot remember the past are condemned to repeat it.

By providing the answers to the many questions surrounding the holocaust, the Simon Wiesenthal Center seeks to create a lasting reminder of the atrocities that have happened, and may again, unless we take upon ourselves the responsibility of remembering, understanding, and preventing the circumstances which led to this hateful crime of genocide.

Mr. President, it is time for us to take on such a responsibility. We must do our part to safeguard the world against future holocausts. We must ratify the Genocide Convention.

I ask unanimous consent that the text of a brochure I recently received from the Simon Wiesenthal Center be printed in the RECORD.

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

ANSWERS TO SIGNIFICANT QUESTIONS ABOUT THE HOLOCAUST

When speaking about the "Holocaust," what time period is being referred to?

The term "Holocaust" refers to the period from January 30, 1933 when Hitler became Chancellor of Germany to May 8, 1945 (V–E Day) when the war in Europe ended.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

What does the term "Final Solution" mean and what is its origin?

The term "Final Solution" refers to the Germans' plan to physically liquidate all the Jews in Europe. The term was used at the Wannsee Conference—held in Berlin in 1942—where German officials discussed its implementation.

When did the "Final Solution" actually begin?

While thousands of Jews were murdered by the Nazis or died as a direct result of discriminatory measures instituted against Jews during the initial years of the Third Reich, the systematic murder of Jews did not begin until the German invasion of the Soviet Union in June, 1941.

What were the first measures taken by the Nazis against the Jews?

The first measures against the Jews are traced to April, 1933. At that time (1) Nazis boycotted Jewish shops and businesses (2). A law was passed expelling all non-Aryans (anyone with a Jewish parent or grandparent) from civil service. (3) A law was passed prohibiting the admission of non-Aryans to the bar of lawyers and denying permission to practice law to non-Aryans already admitted to the bar. (4) Patients insured by the national medical insurance who consulted non-Aryan doctors would not have expenses reimbursed (5) Jewish enrollment in German high schools was restricted to 1.5% of the student body. In communities where Jews constituted more than 5% of the population, they were allowed to make up 5% of the student body. A Jewish student was considered a child with two non-Aryan parents.

When was the first concentration camp established and who were its first inmates?

The first concentration camp established was Dachau, opened in 1933. The camp's first inmates were primarily political prisoners, homosexuals, Jehovah's Witnesses, habitual criminals and those considered anti-social (beggars, vagrants), as well as others considered problematic by the Nazis, such as: Jewish writers and journalists, lawyers, unpopular industrialists and officials.

What was the difference between the persecution of the Jews and the persecution of other groups classified as enemies of the Third Reich?

The Jews were the only group singled out for total systematic annihilation by the Nazis. In theory, there was nothing a Jew could do besides leaving Nazi-occupied Europe to escape the death sentence imposed by the Nazis. Every single Jew was to be killed, according to the Nazis' plan. In the cases of other enemies of the Third Reich, their families were usually not held accountable. So if a person was executed or sent to a concentration camp, it did not mean that every single member of his family was going to meet the same fate.

What did the people in Germany know about the persecution of Jews and other enemies of Nazism?

Certain initial aspects of the Nazis' persecution of Jews and other opponents were common knowledge in Germany. For example, everyone knew about the boycotts of Jewish businesses and the discriminatory April Laws and Nurenberg Laws, because they were fully publicized. Moreover, offenders were often publicly punished and shamed. The same holds true for subsequent anti-Jewish measures. "Kristallnacht" (the night of broken glass) was a public program, carried out in full view of the entire population. While information on the concentration camps was not publicized, a great deal of information was available to the German public, and the treatment of the inmates was generally known although exact details were not easily established.

As for the implementation of the Final Solution and the murder of others considered undesirable, the situation was different. The Nazis attempted to keep the murders a secret and therefore took precautionary measures to ensure that they would not be publicized. They realized, for example, that public protests by various clergymen led to the halt of the euthanasia program in August, 1941. These protests were obviously the result of the fact that many people were aware that the Nazis were killing the mentally ill in special institutions.

As far as the Jews were concerned, it was common knowledge in Germany that they had disappeared. It was not exactly clear to large segments of the German population what had happened to them. On the other hand, there were many thousands of Germans who participated in and/or witnessed the implementation of the Final Solution.

Did all the Germans support Hitler's plan for the persecution of the Jews?

Although the entire German population was not in agreement with Hitler's persecution of the Jews, there is no evidence of any large-scale protests regarding their treatment. There were Germans who defied the Jewish boycott and purposely bought in Jewish stores, and there were those who aided Jews to escape and to hide but their number was very small.

Did the Allies and the people in the Free World know about the events going on in Europe?

The various steps taken by the Nazis prior to the Final Solution were all taken publicly and were therefore reported in the press. Foreign correspondents reported on all the major anti-Jewish actions taken by the Nazis in Germany, Austria and Czechoslovakia prior to World War II. Once the war began, obtaining information became more difficult, but reports nonetheless were published regarding the fate of the Jews. Thus, although the Nazis did not publicize the Final Solution, less than one year after the systematic murder of the Jews was initiated, details of the murders began filtering out to the West.

Who is Simon Wiesenthal?

For more than 40 years, since shortly after he was himself released from a Nazi concentration camp, Simon Wiesenthal has almost singlehandedly carried on the struggle and vigil to track down Nazi war criminals so that their trials would serve as an unforgettable reminder of Nazi genocide. For his dedication to this task, he has been lauded by government leaders throughout the world and has been honored in Italy and Holland, where he was decorated by the Queen.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the remainder of my time may be given to the control of Mr. STENNIS at such time as his order begins.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the acting minority leader.

SENATOR BAKER SUPPORTS GOVERNOR REAGAN FOR PRESIDENT

Mr. STEVENS. Mr. President, we have noted with interest the statement made by our minority leader HOWARD BAKER while campaigning in Pennsylvania in support of Governor Reagan's candidacy for the Presidency.

It is a timely statement, I think, once again, that demonstrates his astuteness in the political field. Because, having made that announcement at the time he made it, I am confident that it will have a significant impact upon the outcome of the Pennsylvania primaries.

Those of us who already have announced our support for Governor Reagan are grateful to Senator BAKER for being with Governor Reagan in Pennsylvania and for the timeliness of his announcement of the support of the Governor's candidacy.

Mr. President, I yield such time as she may need to the Senator from Kansas (Mrs. KASSEBAUM).

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Kansas.

THE BLOCKADE OF IRAN

Mrs. KASSEBAUM. Mr. President, I appreciate the minority whip yielding me this time.

The pundit's definition of a zealot is "one who, having lost sight of his objective, redoubles his effort." I fear that the Iranian situation has inspired just such a reaction in a frustrated and angry America. The President talks of a naval blockade. Is such action likely to attain our objective—release of the hostages? Reasonable minds may differ on whether a blockade is going to further entrench the Iranians or actually lead to some positive response.

Our experience throughout the events of the past months, the deteriorating order in Iran, and the diminished capacity of Iranian institutions create serious doubts that a blockade will secure the safety of our people in Iran.

I do not, I admit clearly, have a counterproposal. Just because an individual does not have a plan to free the hostages, one should not be disqualified from addressing the merits of a blockade. My own concern is that the Nation, in its desire to do something, has not calculated the pluses and minuses of a blockade. We have not taken the kind of accounting that allows us to judge whether this action will be a net gain or loss. Not only have we failed to fully reflect and deliberate, but I believe that, in fact, the difficulties we face as a result of a blockade are dangerously severe.

First of all, there is the potential for execution of the hostages—a tragedy which would almost certainly lead to full-scale war between the United States and Iran.

A blockade would totally disrupt world oil markets thereby aggravating the already fragile health of the industrialized world. Would the United States be able to meet domestic or allied petroleum needs?

There is also the risk of an outbreak of violent anti-American hostility in the Moslem world which would not only pose an immediate threat to peace, but, in the long run, could destroy any chances for a durable Middle East settlement. Would the Saudi Arabian monarchy be able to withstand another anti-American Islamic reaction?

Without question, military hostilities between the United States and Iran

would create an excellent opportunity for the Soviet Union to begin moves toward dominating Iran.

If we attempt a passive blockade by mining the harbors, what happens when Iran or another nation begins a sweep? Would a naval battle ensue? Probably. Would it precipitate further combat? Possibly. Could Iranian politicians prevent Iranian fanatics from touching off a greater conflagration by deliberately ramming a mine? Is there reason to believe that a blockade will solve anything or lead to nothing more threatening? Is the Pentagon being asked to commit itself to another no-strategy, no-win confrontation?

I do not believe the President should continually repeat his threat of a blockade. Such rhetoric diminishes, rather than enhances, our credibility abroad and obscures the real debate at home. Surely, if we do resort to a blockade, it is important, if only for history's view of us, that we act with our eyes wide open and a clear comprehension of the ramifications. The United States owes Iran nothing by way of apology or restraint. We do owe ourselves the benefit of a rational policy, military if necessary, designed with something more in mind than assuaging popular frustration.

Mr. President, I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

RECOGNITION OF SENATOR STENNIS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Mississippi (Mr. STENNIS) is recognized for not to exceed 18 minutes.

Mr. ROBERT C. BYRD. Mr. President, how much time does Mr. STEVENS have remaining to him?

The ACTING PRESIDENT pro tempore. The Senator from Alaska has 5 minutes.

Mr. STEVENS. Mr. President, I am happy to yield that time to the Senator from Mississippi should he desire it.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi is recognized for not to exceed 23 minutes.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. STENNIS. I am very happy to yield to the distinguished majority leader.

Mr. ROBERT C. BYRD. Mr. President, I ask that the time that I consume not be charged against Mr. STENNIS.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—S. 2177

Mr. ROBERT C. BYRD. Mr. President, as in legislative session I ask unanimous consent that at such time as Calendar Order 693, S. 2177, the Emergency Home Purchase Assistance Authority Amendments of 1980, is called up and made the pending business, there be a time agreement thereon as follows:

Two hours equally divided on the bill to be controlled by Mr. WILLIAMS and Mr. GARN; 1 hour equally divided on any amendment; 2 hours on an amendment by Mr. WILLIAMS on revising existing 235 housing programs; 2 hours on an amendment by Mr. GARN in the second degree to the Williams amendment to lower recapture requirements, limiting mortgage subsidy; 1 hour equally divided on a Proxmire-Garn amendment to limit interest subsidy on mortgages for single/multifamily structures; 1 hour on an amendment by Mr. DURKIN to establish State allocation formulation formula for funds provided under the Emergency Home Purchase Assistance Authority; 30 minutes equally divided on any other amendment in the second degree; 20 minutes on any debatable motion, appeal, or point of order if such is submitted to the Senate; provided further, that there be 1 hour on an amendment by Mr. TOWER to title V part b section 512 of the Depository Deregulation and Monetary Control Act of 1980; provided further, that the agreement be in the usual form, and that the majority be authorized to call the bill up at any time after consultation with the minority leader or his designee, beginning with today.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished acting Republican leader and all of the Senators who have been party to the agreement.

Mr. STEVENS. Mr. President, I did not object, but it was my understanding that the calling up of that measure will be in consultation with the minority leader.

Mr. ROBERT C. BYRD. Or his designee, that is correct.

Mr. STEVENS. I thank the Senator.

Mr. ROBERT C. BYRD. I thank the Senator from Mississippi for his courtesy in yielding. It is my understanding that his time is not to be affected by the unanimous-consent request.

The ACTING PRESIDENT pro tempore. The majority leader is correct.

The Chair recognizes the Senator from Mississippi for not to exceed 23 minutes.

THE MILITARY MANPOWER SITUATION

Mr. STENNIS. First, Mr. President, I thank the majority and minority leaders for yielding to me this additional time.

Mr. President, let me say at the beginning that under the circumstances of the regular legislative calendar, I did not expect this to be a day of full attendance. Nevertheless I picked today to present some remarks on a subject matter that I think is very grave and highly important. I decided that I had the special duty to say something about it as chairman of the Senate Armed Services Committee and to say it now rather than wait until these points come up during the session this year when the subject matter was being considered piecemeal and too late perhaps to get one's points over to the membership.

Let me emphasize, Mr. President, that my remarks today concern the volunteer forces concept—supplying the necessary manpower for our military services. This is by no means a complaint. I am not trying to assess any blame for the conditions that we have. I am just bringing the matter to the attention of Senate membership. We will have it in the CONGRESSIONAL RECORD for anyone who might wish to read a tabulation of facts as well as opinions on this subject matter.

I have no grievance, no regret, about anything in the past, since the Selective Service law was changed. Even though I was against that change, I am pleased that we had a chance to try out the volunteer forces concept. I think it has had a fair trial, time-wise and money-wise. The services have certainly tried to put it over and make it work.

I think we did not fully realize then, and maybe we do not fully realize now, that a volunteer forces concept does not fit in. It requires so many men that it does not fit in too well. With our leadership in international affairs, we have to have military men and units stationed in many places far beyond our own boundaries. I think the facts of last year or two prove that this trend will certainly continue.

In other words, a volunteer forces concept might meet the peacetime needs for an isolationist country. But I do not think it ever had a chance to meet fully those needs when we have farflung obligations, as well as requirements of necessity, like protecting the oil lines that lead from the Middle East oil fields to our own ports here, at home, as a necessary part of our day-to-day economy—not luxury cars, but day-to-day economy-sized automobiles for people going to and from work.

We have already gone above $160 billion for our Department of Defense alone. The $164 billion is the lowest figure here mentioned. That is the President's current budget, with the prospect this year of running as high as $175 to $180 billion. So I am here today to try to state some of these facts to my colleagues and to the American people.

For many years, Mr. President, I have been on both the Armed Services Committee of the Senate and the Appropriations Committee. For several years, it has fallen to my lot to handle, with much splendid help, both the overall authorization bill for the military and the appropriation bill that provides the money for the Department of Defense. After working on these two bills for several years now—at the original hearings, the markups, the floor debates, and the conferences with fellow Members and with the House of Representatives—one does acquire a feel for the program and the knowledge of the facts. Each year, as these bills go on, finally, to the White House for final approval, I know in my mind that the weakest part of our entire military preparedness program is the fact that we depend totally—totally—on the volunteer system to supply the manpower.

We argue here that a tank—just a

tank—now costs $1.5 million. We argue in committee at great length and on the floor and in conference about the qualities of that tank, without a word ever being said, except occasionally, about the men that are going to be on that tank—their capacity, their discipline, their capacity under fire. We just do not have enough. And there are many other places of equal demand. We just do not have enough manpower in the service now to man all of those positions.

We just do not have enough. Whether we are going to register women, has nothing whatsoever to do with the merits of the problem that is before us. Fortunately, we already have enough now of the fine ladies in the services that we need. "Need" is the key word. I am talking now about selection in other fields where we do not have enough of the type of manpower we need in these key places.

Let me emphasize, then, that we have a lot of very fine men in the services, who come up to every expectation of the American military uniform. In my judgment, those expectations are very high because the standards have always been maintained as being very high. And that is necessary. Great numbers of them, thousands of them, meet that qualification in every way. But my argument is that we do not have enough under the volunteer system to leave ourselves totally dependent on it. It is not enough even now.

I know the present system is inadequate to supply enough of the type of manpower we must have because I believe it has been fully tried. I feel that I know that this deficiency cannot be overcome by merely throwing in more money. So often, when we bring up these matters of greater need, we say, "Well, we shall just put in some more money." We have done that over and over. It is not going to supply that need. We are lacking, in this respect, in the things that money cannot buy—discipline, character, dedication, raw courage, and many other personal qualities.

Mr. President, it is sickening to me to see that recruiting for these important positions has become more or less a game in some places and, at times, at contest, an ordeal. Recruiting for the military service, much of it, is not in keeping with the dignity of the military services. It is not in keeping with the dignity that goes with the American military uniform. The trouble that I am talking about is with the system. I think overwhelmingly, to supply our present needs of enough talent, we must go back to a modified form of a Selective Service System, and I shall explain a little later what I mean by a modified form. Otherwise, our military preparedness will be inadequate and, I believe, it will collapse.

Fortunately, there is time to provide a remedy by starting now with a registration plan that all seem to agree is a step that is needed. All agree that it is certainly not an overwhelmingly evil thing. All do not favor it, but there is nothing significant brought against it except that it might lead to a Selective Service System.

I believe in just being frank about it from the beginning: Yes, that is why I am for it; it will lead to this necessary step.

We argue and contend among ourselves, our membership, for more money for military needs, especially weaponry. I have already referred to that. I have been among those contending for those funds for years. But I come back and emphasize again that money will not supply this need. We have to go further. We have to dig deeper. As a minimum, we should move forward promptly with a registration plan for the males and then proceed with that registration. We must have further in-depth hearings, as I see it, during the remainder of this calendar year, to show the present conditions and the need. These facts will be fully convincing. A full-scale plan, an added plan, for manpower can be presented as soon after registration as is reasonable after this preparation is done.

I am definitely not proposing a reenactment of the old selective service act and the administration thereof as we had in the war in Vietnam. I am talking about a selective service act that has absolute fairness and equality as the main guidelines with no full deferments except for major disability, with no exemptions except for actual religious beliefs, and a limited number of scientific students, and in those cases a substitute service shall be required.

I am convinced, and I say this to the American people, the mothers and fathers in particular, that in most cases 18 months—or maybe as little as 15 months—of actual service will be sufficient, and less in cases of these assigned to reserve units for limited further service over a 3- to 4-year period. I would match every month—and I believe Congress would—that a person was required to serve in the military with government-paid educational training of a top order. Personally, I believe that those who render this military service will be far better off in a personal way after having served, and would by all means be a more valuable citizen in every way, as well as better trained to earn his own living and contribute to his community, to society and his country during the rest of his life.

I favor our giving our National Guard and our Reserves more of these men to fill out the units, give the units more assignments and responsibilities, and give them the tools and weapons for carrying out their mission.

We have many thousands of men with talent, with undeveloped and unused talent, who could participate in limited military service but do not care to make it a career. These men, that we have in some of these units now, have shown they can man our Reserve units and make the score as high, or even higher in a few cases, than our regular units.

Mr. President, I feel we are dragging our feet as we fail to tackle this problem in a more consistent and solid way.

Every major part of our military program has active people, on the Hill and off the Hill, industries, organizations, and everything pulling for parts of this military program, except the most essential part, and that is the manpower part.

That is why I have awakened to the realization that we have no more time to lose. I am thankful we do have some time, though, to bring this remedy about.

We are dragging our feet, presently, if we fail to tackle this problem.

The first step is to enact a registration requirement and follow up with a realistic, but fair, selective service plan.

Mr. President, I have certain other remarks. May I ask the Chairman what time I have left?

The ACTING PRESIDENT pro tempore. The Senator has 5 minutes remaining.

Mr. STENNIS. I thank the Chair.

Mr. President, Senator NUNN and the very valuable subcommittee helping him have already held many valuable hearings on this subject matter and, as far as they went, have developed the facts. They are entirely capable and they will develop the facts further.

I have no resentment at all when we go to bring these problems up here on the floor that somebody gets up and talks about increasing pay. That is an inference that can come from the facts. But I want to emphasize again that this pay method is not the remedy that it is going to take. We have tried that considerably. I will not repeat it all now.

Mr. President, senior enlisted personnel—the sergeants and chiefs—and junior officers have often made the point that there was a decline in the quality of new recruits.

I have here a brief statement that relates to Mr. Pirie's testimony. He is a very competent, capable civilian Assistant Secretary in the Department of Defense. He presented this in some hearings before the House Armed Services Subcommittee on Military Personnel. We in turn, followed up and checked out some of this information.

But it develops now that a great number of these recruits in the Army that have been listed in the intervening years as coming within a certain mental classification, that were all in error. A great many of them belonged in category 4, which is the lowest, or category 3, which is next to the lowest. At any rate, his testimony speaks for itself. It is tragic to me.

Mr. President, I ask unanimous consent that excerpts from the testimony of Assistant Secretary Pirie, that I have already identified, together with a memorandum of remarks that I have be printed in the RECORD at this point.

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

EXCERPTS

There has been great inconsistency in the past several years in the comments from military members on the quality of new recruits. Senior enlisted personnel and junior officers have often made the point that there was a decline in the quality of new personnel. On the other hand, general officers and DoD civilians have argued that the quality of new recruits is high, and as measured by standard tests, much higher than the draft years.

Recent testimony from Assistant Secretary

of Defense for Manpower, Robert Pirie, indicates that the problem has been that the test scores have been inflated and as a result instead of taking markedly fewer of those from the lower end of the mental group range, the military has been taking substantially more.

In 1964, 21% of new Army recruits were in Mental Category IV. Mental Category IV corresponds to a score that would place an individual in the 10th to 30th percentile of the relevant population. Those in Category V, the lowest 10%, are excluded from military service by law. Previous statistics claim that only 10% of the Army recruits in 1979 fell in Category IV. But now because of problems with the test, DoD estimates that 45% of new recruits are in Category IV—more than four times the proportion originally claimed.

To make matters worse, only 38% of Army male recruits are high school graduates. This is a sharp decline from the 55% high school graduates recruited last year over the same period.

Attached is a copy of Mr. Pirie's testimony before the House Armed Services Subcommittee on Military Personnel on Tuesday, February 19, 1980.

To make a bad situation worse, there is accumulating evidence that calibration of the current test is highly imperfect as well. Of special concern to me is my growing conviction that the calibration problem with today's test, combined with the effects of test compromise, means that the reported mental test scores of our recruits, at the lower ability levels, have in fact, been inflated. At this time, we cannot be certain of the numbers; but statistical sampling suggests that a sizeable fraction (less than one half but probably more than a quarter) of FY 1978 male recruits labeled as mental group III should have been labeled as mental group IV (FY 1979 data are now being analyzed). This implies that when compared with the draft of the early 1960s, instead of taking markedly fewer of those from the lower end of the acceptable range, we are in fact taking more. (One should note in this context that we continue to reject about 25 percent of those who apply—well over 100,000 people in FY 78—on the basis that their mental test scores are not high enough.)

We need, obviously, to be able to measure the quality of our accessions in light of more accurate and comprehensive data than are now available. In this respect we are undertaking three major efforts. First, for historical reasons we ought to understand the relationship between present test scores and previous scores. I am convinced that disinterested external expertise should help us to establish this relationship with maximum confidence and credibility. Towards that end I have hired the Educational Testing Service and asked them to administer the test we are now introducing, predecessor tests, and the World War II test to select populations of high school students. That effort—due to be completed and reported to me this May—should give us a greater occasion for confidence in relating the mental quality of our current accessions to the World War II service population.

Mr. STENNIS. Mr. President, I refer to this again as being a sad set of facts. But it shows what we are up against.

I do not say anyone violated the law, or ought to be prosecuted. I do not think it makes a case of that kind. I am bringing it here to show what we are up against when we try to get the real facts. As we get into this thing and identify the problem, we will try to find a remedy that will meet the situation.

Mr. President, I say that in-depth hearings—I used that term in talking with Senator NUNN—will bring out the facts. The American people have got to be better informed on it. They are entitled to be. The membership here is entitled to be. These facts can and will be developed.

Mr. President, I am going to speak from time to time on some of these points again, trying to meet the situation of getting them out before our colleagues, before issues are joined here on the floor regarding a number of these matters.

I think, as a whole, each of the services has worked hard trying to make this plan work. I traveled around the country visiting military bases during the first 2 years of the plan. I know they put some of their very best into it, tried to make this plan go, and make it work. As time has gone on, it has become clearer that it is inadequate and that something must be done.

I hope we can get all these facts together and get the matter into proper perspective. When that is done, election year or no election year, I feel that this body and the other body will act on it and we will find a system that will work. We will have to do that or change our position in international affairs and go back more to an isolationist position.

Mr. President, will the United States adopt a new Selective Service System for military manpower that is affordable, fair, and reliable? Despite numerous military problems, this question is the most critical security issue facing America in the decade ahead. Our ability to correct our current manpower deficiencies is the single most important factor in developing the military capabilities to meet the security challenges of the future to deter Soviet adventurism.

The importance of manpower to our defense program is not new. Our military capabilities have historically rested on the quality of the individual soldier, sailor and airman and those who lead them. Insuring a skilled American Military Manpower Force of adequate strength in times of need has become a significantly greater challenge in today's world. Changes in four important factors have contributed to this growing challenge: The diminished role of geographic buffers and nuclear technology in American defense strategy; the expanded reach of Russian military power; reductions in the time available to mobilize; and the declining American population of potential military recruits.

WE CANNOT RELY SOLELY ON GEOGRAPHY AND TECHNOLOGY FOR DEFENSE

As the superpower of the free world, we can no longer depend on geography or technology alone for our defense and protection of our interests. Prior to World War II, the United States could and did rely on the oceans for protection of its interests and deterrence of foreign enemies. The buffer that the oceans once provided is no longer available. World interdependence has grown to the extent that U.S. interests can be critically damaged in world areas and oceans at great distances from U.S. soil. The United States and the free world depend extensively on the seas for the free movement of commerce and critical raw materials. Disruption of the flow of raw materials—especially oil—would devastate Western economies and way of life. The United States must now be prepared to protect the sea lanes and distant sources of raw materials.

After World War II, we largely relied on a dominance of nuclear weapons for overall protection and deterrence. However, Korea and Vietnam proved that nuclear technology could not be relied on to deter or win limited, regional conflicts. Moreover, because neither side could now survive a nuclear war undevastated, U.S. nuclear capabilities play a reduced role in our worldwide defense strategies. In sum, our military forces must continually be capable of projecting military might in critical overseas areas and must rely more on manpower-intensive conventional capabilities.

THE RUSSIANS HAVE BUILT UP MILITARY POWER AND ARE GIVING IT REACH

Over the past 15 years, the Russians have steadily built up their conventional forces—land, sea, and air. But what may be more significant, they are now greatly extending the reach of these forces by adding worldwide deployment capabilities. The Russians showed their new airlift ability by transporting large amounts of Cuban troops and equipment to Angola. Afghanistan is another demonstration of the Russian capacity to quickly move substantial conventional forces over long distances. Even though Afghanistan borders the U.S.S.R., some Russian units there came from as far away as East Germany. There is no sign that the Russians will stop improving their naval, airlift, and sealift capacities which now pose serious and numerous challenges to U.S. worldwide interests and increase the demands on U.S. forces.

THE TIME AVAILABLE TO MOBILIZE IS FORESHORTENED

The speed at which conventional warfare can develop is greatly increased from the past. It took months or even years for countries to mobilize in World War II, compared to days or weeks for mobilization now. The past luxury of time to gather, equip and train our military men is long gone. We do not now have an adequate trained manpower supply that can respond as quickly as needed. Without that adequate manpower supply, in emergencies the United States could be faced with early and undesirable military choices. The choices could be limited to letting the Russians take by force whatever they may choose, or committing our available military units piecemeal without a real chance of fast and adequate reinforcement and relying on the early use of nuclear weapons backup.

FEWER YOUNG MEN WILL MAKE RECRUITING HARDER

The World War II baby boom has ended. More people turned 18 years old in 1975 than ever in the history of the country. Each year, fewer and fewer will turn 18, and that pattern will continue into the 1990's. Certainly for the next

decade, recruiting under the volunteer approach will be more and more difficult and the U.S. military manpower situation will get worse and worse. Given these facts, something different is needed.

THE VOLUNTEER CONCEPT IS UNDEPENDABLE

In this dangerous decade, an undependable manpower supply greatly adds to the danger. The volunteer concept has been shown to be undependable because it cannot supply the manpower when it is needed the most—in wartime or emergencies. This fact has not been disputed. The Defense Department's own data show that 90 days after mobilization, the Army would only be able to fill 52 percent of its infantry, 73 percent of its artillery and 28 percent of its tank positions. The manpower situation would even be worse after 90 days.

Moreover, we are now witnessing the failure of the volunteer concept to supply adequate manpower even in peacetime. In simple terms, we have reached the point that the volunteer force is limiting what this Nation can do to meet legitimate defense needs—and that is a dangerous situation for world peace. The Navy is threatening to tie up its ships because of lack of crews. There have been suggestions that our national security now requires an increase in the fleet and that some powerful battleships and an aircraft carrier should be taken out of mothballs and added to the active fleet. But the constraints raised in those discussions do not focus on money; rather, the point is made that the volunteer force cannot supply the manpower needed. All of the Army divisions in the United States are unprepared because they lack qualified personnel. In fact, we have Army units with no manpower assigned at all, where equipment sits unused. Such units hardly deserve the label "Active" Army. The National Guard and Reserve are below a reduced authorized strength. The Commandant of the Marine Corps has declared the volunteer concept a failure. According to the Air Force Chief of Staff, General Allen:

> The United States needs to have, in being, a system which will provide a continuous inventory of potential inductees for mobilization. That capability does not now exist. The national security risk associated with a weak Selective Service System is significant.

While technology has greatly increased the firepower, mobility, and information capacity of U.S. forces, technology does not fight wars—people fight wars, and that means manpower. Who would say that the Russians with their growing conventional might can be deterred from further adventures if the United States has only its understrength active duty forces to rely upon, a week Reserve and no dependable source of military manpower?

THE VOLUNTEER CONCEPT IS UNFAIR

The volunteer concept has been shown to be unfair because it exempts the middle and upper classes of our society from military service. Only 1 percent of the new volunteers are college graduates and more than 25 percent are high school dropouts. In addition, some 30 percent of volunteers are from minority groups. The reading level has dropped greatly requiring the military services to rewrite their training manuals for sophisticated equipment to the fifth-grade level and to spend large amounts of time and money on remedial education programs. Most disturbing are the recent revelations that test scores of recruits have been "adjusted" in the past to show far higher levels of mental aptitude than were the case among new recruits. There is concern now that about 50 percent of all Army recruits are in the lowest category of mental aptitude.

Despite these alarming trends in the quality of new recruits, the Army, which needs to expand recruiting by 25 percent to maintain its current strength, is now lowering its quality standards in an effort to get more numbers of people. The Army will lower the proportion of high school graduates it seeks, accept 17-year-old dropouts, eliminate minimum education criteria for recruits and now accept women high school dropouts and those women in the lowest mental group for the first time.

The volunteer concept, based on economics, may be suited to feudal. mercenary, and very small armies. It is not suited for a country that stands for liberty and freedom in the world and where the citizens recognize their duty and agree to equitably share the burdens of protecting their freedom. A 19th century British soldier and author, Sir William Francis Butler, put it well:

> The nation that will insist on drawing a broad line of demarcation between the fighting man and the thinking man is liable to find its fighting done by fools and its thinking done by cowards.

We cannot go back to the old Selective Service System because it was not fair. But we must adopt a new draft system that fairly spreads the burden of military service among all social and economic groups.

THE VOLUNTEER CONCEPT IS UNAFFORDABLE

The volunteer concept has proven itself unaffordable. Manpower funding has gone up from 44 percent to 56 percent of the overall defense budget. In the decade of the 1970's, the United States spent $100 billion more on manpower than if the proportion of the defense budget for manpower had remained at 44 percent. While this is not fully attributable to the volunteer concept, the drive for volunteers prevents taking action to save on manpower costs.

There are those who call for more indiscriminate increases in military pay. I would simply ask for the evidence that more pay would in any way solve our military manpower problems rather than continue to make them worse. We doubled recruit pay in 1972 and have added more bonuses and allowances since then. In this inflationary economy there has been erosion in the buying power of many of our people, including military personnel since 1972. But in real buying power, after inflation, junior enlisted men today are paid about 125 percent more than in 1964 and senior enlisted, about 20 percent more in buying power. Will more across-the-board pay, costing billions, in this troubled economy, really help the worsening manpower situation? I think not.

More likely, public attitudes in this troubled economy could well shift against needed defense spending if pay is portrayed as the overriding military priority while the rest of the American people are tightening their belts.

In addition, with the tremendous and justifiable resource demands to modernize our forces to counter the unrelenting buildup and advances in weapons sophistication of Soviet forces, we cannot continue to allow our manpower spending to eat up such a large portion of the budget.

THE MILITARY PAY STRUCTURE MUST BE CHANGED

There are problems in military pay that should be remedied. But that cannot be done fully until the source and supply of manpower has been determined.

We must develop a concept of military pay that will work. We had one that worked for almost 200 years and abandoned it in 1972 in favor of "cash on the barrelhead" to buy military service. Since then, we have spent billions more than we would have under the old system and the problems get worse. Our problems can only be remedied by changes in the basic concept and structure of military pay. George Washington said in 1783:

> A proper difference should be made between the pay of the non-commissioned officers (sergeants particularly) and privates, to give them that pride and consequence which is necessary to command.

At the time he wrote, sergeants were paid 2½ times a private's compensation. We carried that idea and pay difference through the 1960's, but in an effort to get more volunteers, it was abandoned. Today a sergeant is paid only 60 percent more than a private, has far less chance for promotion than a private, and must train and discipline privates of little talent and capacity to take discipline. This is a system designed to lose the best, most talented and skilled non-commissioned officers. Across-the-board pay raises will only perpetuate this problem.

THE MILITARY MANPOWER SYSTEM MUST BE IMPROVED

The time has come to put our military manpower system in order. There is danger and uncertainty ahead in the next decade; we cannot afford to take the risks of the current manpower system.

We must make a start leading back to the use of a fair form of the draft to supply our military manpower for the active and reserve forces. This means revitalizing the almost defunct Selective Service System so that it can efficiently and effectively do the job. It means beginning registration and all the steps needed to acquire the names and status of our young men. It also means a top to bottom review and rewrite of the whole body of law pertaining to the Selective Service with the elimination of all but the minimum required exemptions, so that our people can be assured that the new system is fair and reason-

able and that the risks and burdens are shared. There must also be a full-scale effort to explain to the American people why the country must return to the draft.

NEED A COMPLETE REVIEW OF THE MANPOWER SYSTEM

Rather than confusing the need for the simple process of registration with the invasion of Afghanistan, what we really need is a complete and timely review of every aspect of the entire military manpower system—active and reserve—aimed at changing the current system to meet the challenges of the 1980's. There are many difficult questions that need to be addressed and answered in this review.

Part of this review should consider changes in the structure of military pay. Should sergeants have a substantial pay difference from privates? Should pay be the only means of rewarding personnel or should there be more emphasis on military benefits? Should all skills be paid the same or should there be some differential for highly skilled nuclear technicians? Should all personnel in a particular grade receive the same pay or should high quality personnel promoted early be recognized with higher pay? Should there be an expansion in the scope and use of warrant officers in highly technical skills or should all officers be in the same system?

Organization and callup procedures for the Reserve Forces also need review and change. Should Reserve units be copies of Active units or should more be tailored to fit into Active units? Should there be more use of units manned by both Active and Reserve personnel?

Reduction in numbers and an improvement in quality of life for those who make a military career may also be needed. Should there be tight screening of personnel before they are given career status and their pay improved or should all who wish be allowed to stay on active duty?

Our training system and promotion system for enlisted men and officers needs to be redesigned. Do we promote too many people too fast and give them more pay with no more responsibility? Do we have too many people in the higher grades? Are schools and promotion the right of all who stay on active duty or should the selection be careful and more restricted?

A rethinking and change of the laws and policies which govern and affect military discipline are also a part of this review. Must a sergeant or commander consult a lawyer to deal with minor infractions of discipline?

The policies which affect military life also need rethinking and change—is military service to be a 24-hour duty or a 40-hour job? Is it a life in barracks or a morning commute? Is it large numbers of dependents overseas or is it shorter tours and dependents cared for at home?

America has sought many partial solutions to its manpower problems during the 1970's. They have failed. The most senior U.S. military commanders have identified manpower deficiencies as their No. 1 problem. We must now have a comprehensive and innovative review of the entire military manpower system. New, effective, and durable programs are needed—not shortsighted, temporary fixes which have been popular. We need a toughening up and tightening down of our entire military personnel system. Without it, we will not have the preparedness nor the public acceptance to meet the security challenges ahead.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I compliment the distinguished Senator from Mississippi (Mr. STENNIS), the chairman of the Committee on Armed Services, on the remarks he has just made. His was a very timely statement, very pertinent to the problems that have an impact upon the defense posture of this country at the present time. I feel that he has performed a service in discussing this matter.

I think we are still in agreement that we want our country to be prepared for any eventuality that might occur. I, like he, felt that the Voluntary Army concept certainly was worth being given a trial, being given an opportunity .

Many of us here feel, as he does, that this country's national security interests would be much served by registration. I do not see any necessity for the registration of women. I do see a necessity for the registration of men.

I have a feeling that registration in itself would have a favorable impact upon strengthening of our Reserve Forces; and that is where we, as a nation, have to go to find trained men to fill in the gaps in the event of a national emergency.

So I compliment the chairman on his statement, and I associate myself with his remarks.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, as in legislative session, that the period not extend beyond 30 minutes, and that Senators may speak therein, as in legislative session, not to exceed 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSULTATION ON U.S. REFUGEE PROGRAMS

Mr. ROBERT C. BYRD. Mr. President, at the request of the chairman of the Committee on the Judiciary (Mr. KENNEDY), I am submitting for the RECORD the results of the consultations completed this past week on U.S. refugee programs for the remainder of fiscal year 1980.

This material is submitted in compliance with the provisions of section 207 of Public Law 96-212, "The Refugee Act of 1980," which requires that the President's representatives consult with the members of the Committee on the Judiciary on the admission of refugees to the United States beyond the "normal flow" ceiling of 50,000.

In fulfillment of its statutory obligations, the Judiciary Committee conducted a public hearing on April 17, where it received the "Report to Congress on Proposed Refugee Admissions and Allocations for Fiscal Year 1980," as submitted by Secretary of State Cyrus Vance on behalf of the President.

Mr. President, I ask that this report, as well as the statements of Secretary Vance and Senator KENNEDY, be printed at this point in the RECORD.

The material follows:

SENATOR KENNEDY'S STATEMENT AT JUDICIARY COMMITTEE HEARING ON UNITED STATES REFUGEE PROGRAMS

Today's hearing before the Judiciary Committee is the first formal "consultation" on United States refugee programs required under the terms of the new refugee bill—The Refugee Act of 1980—which was signed into law last month. This new Act is the first major reform in nearly three decades of our Nation's laws on the admission and resettlement of refugees.

We are at a watershed point in our effort to respond to the needs of the world's homeless. For even as the new law gives our country new and better tools to help assist and resettle refugees, never has there been a time in modern history when more refugees needed our help.

There are over 13 million refugees in the world today. Over the past three years alone the number has escalated by more than 2,000 a day. And just since the last meeting of the U.N. High Commissioner for Refugees in October, the number of new refugees needing his assistance has nearly doubled.

So this hearing this morning is far more than a mere formality required by law. It represents the partnership that must exist between the Executive Branch and Congress if our country is to be able to respond to the urgent resettlement needs of thousands of refugees for whom we feel we have a special humanitarian concern.

Refugee problems are of deep concern to the American people, not only because of our Nation's long and proud humanitarian record in assisting them—but also because refugees pose critical foreign policy problems for us and the international community. We know from recent history that massive refugee movements can unbalance peace and stability as much as any arms race or political or military confrontation.

We see this today in Southeast Asia, where a human tide has fled conflict and the aftermath of war in Indochina, creating critical political and military problems for Thailand and neighboring countries.

We see it in Pakistan where over half a million Afghan refugees have escaped invading Soviet troops.

We see it in Somalia, where nearly a million refugees from Ethiopia are now encamped on a bleak desert landscape with little food, medicine or water—and even less hope.

And we have seen it most recently in the tragic human drama that has seized the Peruvian Embassy in Havana, where some 11,000 Cubans have rushed to seek political asylum.

Obviously, the agenda before us is large. The world's refugee problems are difficult and complex. We face life-and-death situa-

tions among tens of millions of homeless men, women and children. If massive human tragedies are to be avoided, the American people and others in the international community must understand what more we can and must do to help.

Today's witnesses will help provide this better understanding by reviewing for us projected United States refugee programs around the world, helping us chart the course we should take in implementing the generous refugee legislation enacted by Congress.

We need to know what more must be done to cope with Indochinese refugees—especially the crisis among Cambodian refugees. What are we doing to deal with the root causes behind this massive crisis of people? What more can our diplomacy do to help improve conditions inside Cambodia, rather than deal with the tragic symptoms on the periphery?

I am pleased to see that the Administration has now finally endorsed the call I made one year ago, in April 1979, for an international conference to deal with the political and military issues behind the conflict in Cambodia. Clearly, we must move from a helpless stance of simply accepting more and more refugees from Cambodia without actively trying to secure a ceasefire as well as a political settlement.

And, most important, we need to know what we plan to do now—not months later—to help avert a second and ruinous famine in Cambodia predicted for later this year.

In Cuba and other areas of Latin America—so close to our shores and so important to our national interests—we need to know how we are going to respond to the needs of Cuban, Haitian, and other Latin American refugees. The recent refugee crisis in Havana at the Peruvian Embassy illustrates only too well the importance of the emergency provisions of the new Refugee Act—and we need to know more fully how those provisions will be implemented in the future.

The problems of Haitian refugees must also be of urgent concern to us. We should now move—as I urged the Attorney General last November—to resolve all pending Haitian cases in Florida. We should wipe the slate clean and institute new and fairer procedures to deal with Haitians under the terms of the new Refugee Act. For too long, Haitians have been the victims of discriminatory American law and policies, and they have been treated with little compassion and even less regard for their welfare.

Finally, we need to know what more can be done for both Jewish and Arab refugees in the Middle East, resulting from the tragic conflicts between Israel and its neighbors, from the devastating civil war in Lebanon, and now from the escalating confrontation between Iran and Iraq.

I am especially proud of our efforts over the years to assist Jewish refuges from Communist countries—by obtaining permission for them to emigrate and by facilitating their transit through Vienna and Rome to Israel as well as other countries. In this connection, I am concerned over the recent downturn in the emigration rate for Soviet Jews, and I believe we must do all we can to encourage a reversal of this disturbing trend.

Clearly, millions of refugees strewn across the globe have a claim upon the attention and concern of the international community. Some require immediate food and relief to sustain life. Some need local settlement assistance. Some need temporary safehaven. Some seek voluntary repatriation to their homelands. And some require third country resettlement.

All of these problems need to be addressed today, and we need to review how the provisions of the new Refugee Act will be implemented for the remainder of this fiscal year and prospectively for 1981.

STATEMENT BY HONORABLE CYRUS R. VANCE

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to consult with you, in accordance with the Refugee Act of 1980, on our plans for refugee admissions and resettlement assistance for fiscal year 1980.

The Administration has long shared the views of this Committee that a uniform, coherent, manageable policy governing refugee admissions to this country is necessary. The Refugee Act of 1980 represents a cooperative effort by the Congress and the Administration to establish the legal framework for such a policy. It is an accomplishment of which we all may be justly proud.

At the same time, the Refugee Act of 1980 is the beginning of the long and challenging task of formulating a more comprehensive and equitable basis for our refugee programs. We look forward to continuing to work closely with you in implementing the Act.

I would like first to discuss with you briefly this morning our basic approach to the growing refugee problem, and then to address the major considerations which underlie our proposed fiscal year 1980 refugee admissions. With me—to answer your detailed questions about the operation of our refugee admissions and domestic assistance programs—are Ambassador Victor Palmieri, the U.S. Coordinator for Refugee Affairs; Nathan Stark, Under Secretary of Health, Education and Welfare; and Doris Meissner, Deputy Associate Attorney General.

Let me begin with a few words about our overall approach to refugee problems.

Through an active diplomacy, through economic and security assistance programs, through practical support for human rights progress, we shall persist in our efforts to resolve the conflicts and ameliorate the underlying conditions that give rise to large numbers of refugees. At the same time, it is both in our national character and in our national interest to respond compassionately and sensibly to a mounting refugee problem.

Events around the world in the past few months vividly illustrate the magnitude and the complexity of the refugee problem confronting the international community. From Kampuchea . . . from Afghanistan . . . from Ethiopia . . . from many other countries, refugees totaling in the millions have fled their homes in the face of external aggression, political and religious persecution, and civil strife. They constitute a vast sea of uprooted, homeless, aggrieved people.

We cannot be blind to their suffering, or to the consequences for stability and peace if we leave them to languish without hope.

In nearly every instance, an enormous burden has fallen on countries of first asylum—a burden most have borne with extraordinary compassion and generosity. But it would be unrealistic and unwise to expect that these nations can bear this burden alone. International efforts are essential, both to alleviate human suffering on a massive scale and to lessen the unsettling political, economic, and social tensions that large refugee populations can create for first-asylum countries.

Our initial objective in responding to specific refugee situations has been to join in international efforts to provide relief to the refugees in place, that is, in the countries of first asylum, and to promote voluntary repatriation of refugees where possible. Many nations have contributed generously—through the United Nations High Commissioner for Refugees, and in other ways. The U.S. has been in the forefront among contributors to these international relief efforts. Often, the leadership of the U.S. has been instrumental in generating the broad international response these situations require.

In some cases, however, resettlement of refugees is a practical necessity. Last spring, for example, thousands of Indochinese fled their homes—by sea and by land—only to be turned back by neighboring countries already overwhelmed by large refugee populations. President Carter's pledge to double our rate of resettlement of Indochinese refugees to 14,000 a month was a critical factor in generating new resettlement pledges by over twenty countries at the Geneva conference last July. This demonstrated willingness on the part of the international community to share the burden led the nations in the region to resume granting of first asylum.

Against this general background, let me outline for the Committee how we propose that the United States participate—consistent with the Refugee Act of 1980—in international resettlement efforts during the remainder of this fiscal year.

By eliminating the previous geographic and ideological restrictions on granting of refugee status, the Act enables a more flexible system for refugee admissions and assistance. We intend to avail ourselves of this flexibility to establish admissions criteria that are as comprehensive and equitable as possible. In doing so, we will pay close attention to the resettlement needs of refugees in regions not explicitly encompassed by the prior legislation.

Let me be frank in pointing out, however, that it will take time to translate the goal of greater equity into a workable system. Many of the factors which contributed to our previous refugee admissions practices will of necessity continue to play an important role for some time. Indeed, these factors should be taken into account as we strive to define the elements of a more equitable system.

Among the considerations which have helped shape our admissions proposals for fiscal year 1980 are the following:

We must continue to be sensitive to the needs of refugees with close ties to the United States. We shall remain dedicated to reunifying families and to aiding those who have had past employment ties to the United States.

Where the United States has stood uniquely as a symbol of freedom from oppression for a particular group, we must respond to their understandable aspirations for safe haven in our country.

We must consider how our participation in refugee resettlement efforts can further our broader foreign policy objectives—for instance, by promoting the stability of friendly, democratic governments in countries of first asylum.

And we will continue to be guided by our assessment of the opportunities for resettlement in other countries, and the practical limits on U.S. resources.

In fiscal year 1980, we propose to admit into the U.S. 231,700 refugees. This figure includes over 114,000 refugees admitted before April 1 under previous statutory limits and parole programs authorized by the Attorney General and approved by the Congress. For the second half of the fiscal year, we propose to admit approximately 117,000 refugees, including up to 3,500 of the Cubans at the Peruvian Embassy in Havana.

Let me briefly review the major groups of refugees we propose to admit and the considerations underlying these proposals.

In Southeast Asia, we face a human tragedy of staggering dimensions. The enormous Indochinese refugee burden is also a continuing challenge to the stability of neighboring nations. We propose to continue to resettle 14,000 Indochinese refugees per month in the U.S.—a total of 168,000 this fiscal year. This level would continue the admission rate pledged last year by President Carter and previously authorized for fiscal year 1980 un-

der the Attorney General's parole authority, with Congressional concurrence. In addition to the major humanitarian dimension of this commitment, it is an important, tangible demonstration of the U.S. support for the ASEAN nations.

At the Geneva conference last year, the world community more than doubled its resettlement offers and the Vietnamese pledged an end to forced departures. Since the conference, the rate of new arrivals of "boat people" has declined. Resettlement in third countries has increased. This has somewhat eased the burden on first asylum countries. Boats of refugees are not now being pushed back to sea.

Nevertheless, the situation remains grave. In addition to some 150,000 Khmer in temporary holding centers in Thailand, some 230,000 Indochinese remain in refugee camps. Many of those in refugee camps have been waiting for resettlement for as long as five years. Without sustained resettlement commitments from the U.S. and other countries, these people face a bleak future—an existence without hope. Many are haunted by the prospect of forced repatriation, with persecution or possible death in their homelands. Flagging international interest, a sharp new influx of refugees, or new tension in the region could prompt changes of policy toward the refugees by the countries of first asylum.

Most of the Indochinese refugees we propose to admit this year have ties to the United States—relatives already in this country or past associations with the U.S. Government or U.S. institutions. In addition, we propose to admit a substantial number of refugees who have been languishing for years in refugee camps and have no other resettlement prospects.

Let me note that some of the Vietnamese qualified for admission by virtue of family ties or political persecution may come directly from Vietnam to the United States, if the Vietnamese authorities permit the planned "direct departure" program to go forward.

From the Soviet Union and Eastern Europe, we propose to admit 33,000 and 5,000 refugees respectively.

It has been the policy of the United States to offer a haven to any refugee from the Soviet Union who wishes to resettle in this country. This will remain our policy. We deplore the restrictions by Soviet authorities that have resulted in a recent decline in the number of Jews allowed to leave the Soviet Union. Should these restrictions be eased and the trend reversed, we are fully prepared to consult the Congress immediately on additional admissions and the necessary funding to accommodate all Soviet Jews who seek admission to the United States. We also anticipate admitting Soviet Armenians and other Christians who wish to resettle here, as well as Eastern Europeans of diverse backgrounds who have suffered discrimination in their homelands.

We propose to admit 20,500 refugees from Latin America. This figure includes 19,500 Cubans.

The U.S. has a long and proud history of aiding Cubans fleeing repression under the Castro regime. To date some 800,000 Cubans have resettled in the United States. In recent years, Cuban refugee admissions have been limited primarily to former political prisoners and their families, and to cases involving reunification. Persons in these categories will continue to comprise the bulk of the Cuban refugees we will admit.

The rush to the Peruvian Embassy compound in Havana nearly two weeks ago by some 10,000 Cubans seeking asylum is stark evidence of the oppressive conditions under which Cubans live. The large number of these persons who have expressed a desire to resettle in the United States is vivid proof that the United States remains a strong symbol of freedom and safe haven.

We are hopeful that the international effort begun yesterday with the movement of the first group of refugees from Havana to Costa Rica will continue at an accelerated pace—particularly in view of the deteriorating health and sanitation conditions at the Peruvian Embassy.

For our part, we have pledged to accept up to a third of these Cubans for resettlement in the U.S., to a maximum of 3,500. This figure is included in the 19,500 Cuban admissions total. We intend to give priority to refugees seeking family reunification and former political prisoners and their families.

A number of other countries have offered to accept some of these people. We anticipate that additional pledges will be forthcoming.

It is our hope that arrangements can be made to move these Cubans to Peru or a third country where they can be processed for final resettlement in an orderly manner.

In addition to Cubans, we anticipate admitting 1,000 other refugees from various parts of Latin America. These include Central Americans fleeing civil strife in their homelands.

We are strongly committeed to expanding admissions of refugees from Africa. The geographical restrictions in the previous legislation severely limited the number of Africans who could qualify for refugee status. Nearly all of those who did qualify came from the Horn of Africa, defined by the prior legislation as a part of the Middle East. The Refugee Act of 1980 eliminates this restriction, making it possible for refugees in any part of Africa to apply for admission. The Immigration and Naturalization Service currently is developing temporary procedures for reviewing applications from Africans, pending ese establishment of an INS presence in Africa.

We propose 1,500 admissions this fiscal year for African refugees. This level constitutes a three-fold increase over last fiscal year. It is our best estimate of the number who will wish to apply for and will qualify for refugee status during this fiscal year. Our experience in the coming six months should provide us with a sound basis for adjusting this number in calculating fiscal year 1981 admission levels.

We shall maintain our long-standing policy of resettling persons fleeing political and religious persecution in the Middle East. We propose to admit a total of 2,500 refugees from this region. This reflects a growing demand for resettlement among religious and ethnic minorities in the region, such as Christians from Iraq. Internal repression; and now the Soviet invasion of Afghanistan has also created large numbers of Afghan refugees, some of whom are also seeking admission to the United States.

Mr. Chairman, we recognize that there remain large regional disparities in the numbers of proposed refugee admissions. I believe the considerations I have noted compel these disparities for the present. As I have indicated, however, we are determined to develop a system which permits refugees in all parts of the world freely to apply for admission to the U.S. and to have their applications fairly considered.

In addition to the refugees we propose to admit into the U.S. from abroad, the Act also authorizes an adjustment to permanent resident status of up to 2.500 persons in the United States who have been granted political asylum. These 2.500 would bring to 234,200 the total number of refugee admissions and adjustments for this year.

The cost to the federal government of processing, transporting, and initially resettling these refugees in the United States will be approximately $267 million for fiscal year 1980. We estimate that domestic assistance—funded through the Department of Health, Education and Welfare—will cost an additional $243 million. A number of other federal agencies will incur lesser expenses for providing services to these refugees.

It is important to note that the private sector, particularly voluntary agencies, contribute generously to refugee resettlement programs. Our ability to work closely with dedicated private organizations and individuals has helped to make resettlement a remarkably effective process.

The U.S. Coordinator for Refugee Affairs will be working with the Departments of State, Justice, and Health, Education and Welfare—and with the Congress—to refine the admissions criteria and procedures needed to implement the new Act.

Mr. Chairman, the refugee admissions I have discussed constitute a major commitment by our government and by the American people. Helping these persecuted and uprooted persons begin new lives in our country will require the creative use of limited resources. But I am confident that our nation, which provided a new life for our forefathers, will faithfully uphold this humanitarian tradition and meet this challenge.

UNITED STATES COORDINATOR
FOR REFUGEE AFFAIRS,
Washington, D.C., April 16, 1980.

Hon. EDWARD M. KENNEDY,
Chairman, Committee on the Judiciary, U.S. Senate.

DEAR MR. CHAIRMAN: The President has asked me to initiate the consultation process required in the Refugee Act of 1980 on refugee admissions levels and allocations for Fiscal Year 1980. In anticipation of Secretary Vance's appearance before your Committee on April 17, I am pleased to transmit the information required by the Act on the Administration's proposal to admit up to 231,700 refugees for permanent resettlement in the United States during Fiscal Year 1980. This projected level of admissions includes the up to 3,500 Cubans about whom telephonic consultations were undertaken with an appropriate member of your staff last week, while the Congress was in recess.

Included in this package is a short appendix analyzing the conditions at the Peruvian Embassy in Havana which led to our decision to engage in emergency group admissions consultations in the event we had to move some of the Cubans to the United States before Congress reconvened. Secretary Vance and I look forward to providing you with additional information on this issue as part of the consultations process. Following the completion of the consultations, I will report back to the President with the views of the Committee concerning these proposals before he issues his final determination on the admissions levels and allocations for this year.

Sincerely,

VICTOR H. PALMIERI.

CONSULTATIONS ON THE ADMISSION OF REFUGEES

By the authority vested in me as President by the Constitution and laws of the United States of America, including the Refugee Act of 1980 (P.L. 96–212; 8 U.S.C. 1101 note), the Immigration and Nationality Act, as amended (8 U.S.C. 1101 *et seq.*), and Section 301 of Title 3 of the United States Code, it is hereby ordered as follows:

1–101. Exclusive of the functions otherwise delegated, or reserved to the President, by this Order, there are hereby delegated the following functions:

(a) To the Secretary of State and the Attorney General, or either of them, the functions of initiating and carrying out appropriate consultations with members of the Committees on the Judiciary of the Senate and of the House of Representatives for purposes

of Section 101(a)(42)(B) and 208(a), (b), (d), and (e) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(42)(B) and 1157(a), (b), (d), and (e)).

(b) To the United States Coordinator for Refugee Affairs, the functions of reporting and carrying on periodic discussions under sections 207(d)(1) of the Immigration and Nationality Act, as amended.

1–102. (a) The functions vested in the United States Coordinator for Refugee Affairs by Section 1–101(b) of this Order shall be carried out in consultation with the Secretary of State, the Attorney General, and the Secretary of Health, Education, and Welfare.

(b) The United States Coordinator shall notify the Committees on the Judiciary of the Senate and of the House of Representatives that the Secretary of State and the Attorney General, or either of them, wish to consult for the purposes of Section 207(a), (b), or (d) of the Immigration and Nationality Act, as amended. The United States Coordinator for Refugee Affairs shall, in accord with his responsibilities under Section 301 of the Refugee Act of 1980 (8 U.S.C 1525), prepare for those Committees the information required by 207(e) of the Immigration and Nationality Act, as amended.

1–103. There are reserved to the President the following functions under the Immigration and Nationality Act, as amended:

(a) To specify special circumstances for purposes of qualifying persons as refugees under Section 101(a)(42)(B).

(b) To make determinations under Sections 207(a)(1), 207(a)(2), 207(a)(3) and 207(b).

(c) To fix the number of refugees to be admitted under Section 207(b).

1–104. Except to the extent inconsistent with this Order, all actions previously taken pursuant to any function delegated or assigned by this Order shall be deemed to have been taken and authorized by this Order.

JIMMY CARTER.

THE WHITE HOUSE, *April 15, 1980.*

PROPOSED REFUGEE ADMISSIONS AND ALLOCATIONS FOR FISCAL YEAR 1980 IN ACCORDANCE WITH THE REFUGEE ACT OF 1980

SUMMARY

The attached report has been prepared for the Committees on the Judiciary of the House and the Senate in compliance with the requirements of the Refugee Act of 1980. The Act requires that the Committees be provided with information on the six areas of concern as follows:

(1) Nature of the refugee situation

During the past year, there have been significant increases in the numbers of refugees and displaced persons throughout the world, with estimates as high as 14 million. Although some crises are short lived because refugees are repatriated or resettled in place, situations in Southeast Asia, the Horn of Africa and Afghanistan suggest an ominous trend toward massive and long-term refugee problems. Large numbers of refugees impose economic and political strains on countries of first asylum and are a threat to peace in their respective regions.

(2) Number and allocation of refugee admissions

The proposed number and allocation of refugees to be admitted to the United States during Fiscal Year 1980 is as follows:

REFUGEE ADMISSIONS, FISCAL YEAR 1980

Area of origin	Approximate number admitted 1st half of fiscal year	Approximate number to be admitted remainder of fiscal year	Total number of admissions for fiscal year 1980
Asia			169,200
Indochinese	84,000	84,000	(168,000)
Other	600	600	(1,200)
Soviet Union	18,000	15,000	33,000
Eastern Europe	2,000	3,000	5,000
Middle East	500	2,000	2,500
Latin America			17,000
Cubans	9,000	7,000	(16,000)
Other	64	936	(1,000)
Africa	120	1,380	1,500
Subtotal	114,284	113,916	228,200
Asylum status adjustments			2,500
Total			230,700

(3) Proposed plans and cost of their movement and resettlement

A framework for the selection, processing, transporation and resettlement of refugees is provided. We propose to give preference to refugees with ties to the United States, such as close relatives or past associations with the U.S. Government or American institutions, and to refugees without such ties who are of special humanitarian concern to the United States, such as political prisoners.

Resettlement assistance includes placement with sponsors, reception, and initial assistance and orientation by voluntary agencies. In addition, refugees are eligible for federally-funded assistance necessary to help them become self-sufficient in the shortest possible time, including language and vocational training and job placement. Needy refugees are also eligible for cash and medical assistance. Special services are provided to unaccompanied minors.

It is expected that the total cost of assistance to refugees being resettled in the United States during Fiscal Year 1980 will be approximately $1.05 billion.

(4) Anticipated social, economic, and demographic impact of their admission to the United States

Despite the difficulty that refugees have created in some parts of the country, we expect that they will make a positive contribution to the United States as have refugees before them.

(5) Resettlement efforts of other countries

Third country participation in the resettlement of refugees has been and is expected to continue to be substantial during Fiscal Year 1980. Of the 736,025 Indochinese refugees resettled, 432,749 have been admitted to countries other than the United States, including 254,345 resettled by the People's Republic of China. Africa and Latin America have resettled most of their refugees within their own regions. Canada, Western Europe, and Scandinavian countries, Australia, New Zealand and Israel have accepted significant numbers of refugees from other regions.

(6) Impact of refugee resettlement on foreign policy

The acceptance of refugees for resettlement in United States is of critical importance in furthering U.S. humanitarian as well as political and strategic objectives in the world.

(1) A description of the nature of the refugee situation

Over the past year, there have been significant increases in the numbers of refugees and displaced persons throughout the world. The total number is estimated to be as high as 14 million. Civil strife, armed conflict, and human rights violations, including persecution on ethnic, religious, racial and political grounds are among the primary causes for the continued growth of the world refugee population.

Refugee problems affect every continent. Although some crises are short-lived because refugees can be repatriated or resettled in place, recent developments in Southeast Asia, the Horn of Africa and Afghanistan suggest an ominous trend toward massive and long-term refugee problems.

Large numbers of refugees impose serious economic strains on countries of first asylum; they have a destabilizing impact on the internal political, social and ethnic balance of their societies; and they are a threat to peace and stability in their respective regions. Refugees seeking a place to live have resettlement needs which must be shared by the international community. We are prepared to offer resettlement opportunities consistent with our long history of humanitarian concern.

For further details on the worldwide refugee situation see the "Overview of the World Refugee Situation," Section H.

(2) Number and allocation of the refugees to be admitted and conditions in their countries of origin

In response to urgent humanitarian needs and foreign policy concerns, it is proposed to admit 228,200 refugees to the United States during Fiscal Year 1980 and to adjust the status of up to 2,500 persons granted asylum in the United States in earlier years, pursuant to Title II, Section 209(b) of the Refugee Act of 1980.

The 228,200 admissions include approximately 114,284 refugees already admitted during the first half of the fiscal year. Admission of Soviet and Indonese refugees at levels described were approved in Congressional consultations in October and December. For the second half of Fiscal Year 1980, the numbers and allocations have been adjusted to reflect the provision of the Refugee Act of 1980.

The table which follows provides a breakdown of the proposed total:

REFUGEE ADMISSIONS, FISCAL YEAR 1980

Area of origin	Approximate number admitted 1st half of fiscal year	Approximate number to be admitted remainder of fiscal year	Total number of admissions for fiscal year 1980
Asia			169,200
Indochinese	84,000	84,000	(168,000)
Other	600	600	(1,200)
Soviet Union	18,000	15,000	33,000
Eastern Europe	2,000	3,000	5,000
Middle East	500	2,000	2,500
Latin America			17,000
Cubans	9,000	7,000	16,000
Other	64	936	1,000
Africa	120	1,380	1,500
Subtotal	114,284	113,916	228,200
Asylum status adjustments			2,500
Total			230,700

ASIA

The proposed number of admissions from Asia for Fiscal Year 1980 is 169,200. Of this number, 168,000 will be refugees from Indochina and 1,200 will be other refugees from Asia.

Under the parole authority vested in the Attorney General by Section 212(d)(5) of the Immigration and Nationality Act (INA) prior to its amendment by Section 203(f)(3) of the Refugee Act of 1980, approximately 84,000 Indochinese were admitted during the first half of Fiscal Year 1980. The total number of Indochinese refugees who were accepted in the United States under parole or other provisions of the INA during the five years since the collapse of the former governments of South Vietnam, Laos and Cambodia was 332,000 as of March 31, 1980. The admissions projected for the remainder of Fiscal Year 1980 will bring the total to 416,000.

The current and proposed resettlement rate of 14,000 Indochinese a month is in keeping with President Carter's announcement at the Tokyo economic summit on June 28, 1979, that the United States intended to double its resettlement of Indochinese in response to the crisis in Southeast Asia caused by mounting arrivals of refugees by land and especially by boat in countries of first asylum where refugee camps were already overflowing.

At that time, nearly 360,000 refugees were living in crowded, unsanitary sites on the periphery of the South China Sea or in a string of camps running along the Thai border. The plight of the boat refugees and their impact on first asylum countries in the spring of 1979 attracted worldwide attention and galvanized the international community. United Nations Secretary General Waldheim convened a meeting in Geneva on July 20–21, 1979 to deal with the crisis. Following the U.S. decision to double Indochinese refugee resettlement, many nations pledged additional resettlement offers. As a result, since September, the monthly departures of refugees from the camps to permanent homes increased to an average of 25,000 a month. At the same time, the arrivals of refugees dropped sharply after the Socialist Republic of Vietnam (SRV) indicated at the Geneva meeting that it would suspend its program of forced departures of its unwanted ethnic Chinese minority and control the clandestine escapes of ethnic Vietnamese.

There are presently 230,000 boat and overland refugees in first asylum countries: 120,000 from Laos, 100,000 from Vietnam, and 10,000 from Kampuchea. Food shortages and civil war have driven another 150,000 Khmer into Thai holding centers since October, but the Thai Government has not granted refugee status to these "new Khmer" for fear that they would be added to the rolls of the 140,000 Indochinese who have been in Thailand for years awaiting resettlement. Clustered along the Thai-Kampuchean border are hundreds of thousands of Khmer seeking food and a haven from the fighting consequent to the Vietnamese invasion.

An estimated 20,000 of the 150,000 new Khmer in Thai holding centers have close ties with the United States by virtue of family connection or former employment. It is necessary, however, to proceed cautiously in dealing with this problem because of Thailand's concerns regarding the status of these people and the possibility of movements of additional Khmer to and over the border. Even though the Southeast Asian camp populations have been reduced by approximately 130,000 since last summer, the number of those remaining in camps is unacceptably high to first asylum countries and must be further and steadily reduced if new arrivals are not to be turned back to sea or forcibly repatriated.

New Indochinese refugee flows are inevitable. Armed forces of the governments of Laos and of Vietnam are harassing Hmong and other hill tribespeople of Laos. Those who have not yet abandoned their traditional way of life and been relocated in rigidly controlled areas have been subjected to air, artillery, and infantry attacks, and according to repeated refugee claims, chemical warfare. Ethnic Lao, both farmers and tradespeople, are severely taxed and deprived of political liberty. From five to six thousand Hmong and Lao move into Thailand each month. The Hmong survivors, who make up half of that number, often show evidence of brutal attacks, the severity of which suggests that Pathet Lao and Vietnamese are retaliating for previous associations of the Hmong with the United States.

The SRV also continues to penalize those associated with the former government of the Republic of Vietnam and is especially repressive to ethnic Chinese. Those who previously were members of the middle class are subjected to economic persecution. Political liberties are almost nonexistent for the entire society. The war in Kampuchea and the confrontation with the People's Republic of China (PRC) have compounded the food production problems of the SRV. Military recruitment to support aggression in Kampuchea has increased the incentives for escape from what is an ever more rigid totalitarian state. Even with the SRV's moratorium on forced departures and the intensified surveillance against covert escapes, the number of boat refugees has averaged approximately 3,000 a month during the first half of Fiscal Year 1980.

Moreover, Vietnamese authorities have made it quite clear in exchanges with other countries that the moratorium on the expulsion of its unwanted citizens will not be sustained unless resettlement countries accept people directly from Ho Chi Minh City in addition to those who qualify under the normal immigration procedures of those countries. Renewal of the officially sponsored expulsion program by the Vietnamese authorities, which refugee reports indicate could be reinstituted very rapidly, would subject people to lifethreatening circumstances if first-asylum countries were to shut their doors and reject a large proportion of new arrivals, as they did last year.

The 14,000 monthly admissions of Indochinese are drawn from the refugee populations in all the first-asylum countries and will also be drawn from Vietnam as soon as the SRV permits persons who qualify for admission to the United States to leave that country. Section 201 of the Refugee Act of 1980 states that the President, after appropriate consultation with members of the Judiciary Committees of the Senate and the House of Representatives, may specify for special circumstances that a person within the country of his nationality is a refugee. Accordingly, following these consultations, the President plans to specify that persons in Vietnam who otherwise qualify for admission to the United States under the Refugee Act of 1980 are refugees of special concern to the United States.

The decision concerning the allocation of movements from individual first-asylum countries is based on several factors including the rate of flow of new arrivals into specific countries, the composition of that flow in terms of our criteria for selection based on links to the United States, and the political situations and refugee policies in those countries. Presently, more than half of our monthly refugees intake is drawn from Thailand. Hmong, Lao, and Khmer overland refugees now constitute approximately 50 percent of the monthly admissions to the United States, and Vietnamese nationals make up the remainder. No fixed proportions can or should be set, however, because of the uncertainties of the situation.

In addition to Indochinese, we propose that the United States admit up to 1,200 other Asian refugees who will seek and qualify for admission to the United States during Fiscal Year 1980. Of this number, 600 have already been admitted during the first half of Fiscal Year 1980. Many of these refugees are expected to be ethnic Chinese who have escaped from China. This is a continuation of the previous program of admitting Chinese under conditional entry (Seventh Preference).

SOVIET UNION

The proposed number of refugees to be admitted from the Soviet Union for Fiscal Year 1980 is 33,000. Approximately 18,000 Soviet refugees have been admitted during the first half of Fiscal Year 1980.

Refugees coming from the Soviet Union are expected to continue to be primarily Soviet Jews, with Armenians making up most of the non-Jewish arrivals. Last year over 50,000 refugees left the USSR of whom some 60 percent came to the United States and 30 percent resettled in Israel. Of the remaining 10 percent, most resettled in Australia, Canada, New Zealand and Western Europe. Although it is not possible to predict the absolute number of Soviet refugees for Fiscal Year 1980, we expect the previous pattern of distribution to continue.

The United States has had a special concern for Soviet Jewish refugees since World War II which has been reinforced by Congressional action and by the establishment

of the President's Commission on the Holocaust. Jews now leave the USSR because they are subject to severe discrimination by the Soviet authorities. Some of these refugees also leave in order to be reunited with relatives in the United States.

The estimates for admissions of Soviet refugees in Fiscal Year 1980 reflect a downturn in recent months in the number of Jews permitted to depart the Soviet Union. In order to do justice to the needs of an increasing number of refugees worldwide, we must base our projections on current perceived trends. We, of course, deplore restrictions by Soviet authorities which have led to the downturn in the number of Jews permitted to leave the USSR. Should there be an increase in the numbers of Soviet Jews seeking admission to the United States, we are prepared to consult with the Congress on additional refugee admissions numbers and, if necessary, seek additional funds.

In addition to Soviet Jews, there are Armenians and other Christians who have suffered discrimination in the Soviet Union and have aroused the special interest of members of various religious denominations in the United States. Armenians have had a particularly difficult time since their return to the Soviet Union after World War II. The discrimination which Armenians and members of certain other Christian groups face and their strong desire for family reunification make these refugees of special humanitarian concern to the United States.

EASTERN EUROPE

The proposed number of refugees to be admitted from Eastern Europe for Fiscal Year 1980 is 5,000. Approximately 2,000 have been admitted during the first half of Fiscal Year 1980. Based on Fiscal Year 1979 movements, an estimated 10,000 refugees will leave for the West from communist-dominated countries of Eastern Europe other than the Soviet Union during Fiscal Year 1980.

Romanians are the largest Eastern European group expected to be admitted into the United States during this period. Under a special Third-Country-Processing (TCP) program, Romanians seeking reunification with relatives in the United States are pre-screened by our Embassy in Bucharest, and subsequently travel to Rome for final documentation by the Immigration and Naturalization Service (INS). The TCP program was initiated early in 1975 and has steadily increased in volume to reach the current rate of 1,200 persons per year. Additional Romanians fleeing their country are processed in Western Europe for third country resettlement, and many of them come to the United States.

In view of the emigration provisions of the Jackson-Vanik Amendment to the Trade Act of 1974 under which Romania was granted Most Favored Nation tariff treatment, we anticipate that the Romanian authorities will permit a steady flow of refugees. If the level of Romanian refugee cases increases, we will consult with the Congress on additional refugee admissions numbers and funding if necessary.

Other Eastern European refugees—the majority from Czechoslovakia, Poland and Hungary, and lesser numbers from Bulgaria and Albania—find their way to countries in Western Europe which offer them temporary asylum. If patterns of previous years persist, about half of these Eastern European refugees will remain in Western Europe or emigrate to Canada or Australia. The other half will apply for admission to the United States.

Eastern European refugees are of special humanitarian concern to the United States principally because of the oppression they have suffered under communism. In addition, many of them have relatives in the United States.

MIDDLE EAST

The proposed number of refugees to be admitted from the Middle East for Fiscal Year 1980 is 2,500. Approximately 500 have been admitted during the first half of Fiscal Year 1980.

The present situation in the Middle East—defined here as extending from the Indian sub-continent to the Mediterranean, and along the North African littoral—is such that it is difficult and impractical to break down refugee allocations by separate groups for the remainder of Fiscal Year 1980. Consequently, the proposed 2,500 refugee admissions will be allocated among the groups noted below depending on circumstances of concern to the United States.

Some 2,000 Assyrians, Christians who left Iraq during the past few years claiming persecution, are temporarily in Greece where they have applied to the INS for admission into this country as refugees. Many persons in this group have relatives in the Assyrian-American communities of Chicago, Detroit, Los Angeles and Hartford. Representatives of these communities support the claims of the Iraqi Assyrians that they were subject to persecution in Iraq. It is difficult to confirm these claims at this time. Nevertheless, during Fiscal Year 1980, we propose to admit a certain number of Assyrian-Christians, principally those who can demonstrate family reunification objectives in coming to the United States, and who can meet the requirements of the law for admission as refugees.

Another Middle Eastern group of special concern to the United States consists of 30,000 Iraqi Kurds who fled to Iran and remained there after the collapse of the Kurdish revolt in Iraq in 1975. We have identified a group of approximately 700 Kurds whose close family members were admitted to the United States in 1976 and 1977. If the United Nations High Commissioner (UNHCR) is able to arrange for the movement of any of these Kurds from Iran, we are prepared to accept them if they otherwise qualify.

Uncertainty over the future of Iran has begun to generate a significant number of applications at our posts in Europe from Iranians seeking admission into the United States as refugees. Although conditions of persecution affecting Jews, Bahais, Armenians and other Iranians are unclear at present, members of these various Iranian groups are fearful of persecution should they return to Iran. We would consider, as part of the total of 2,500, the admission of a certain number of Iranians who could demonstrate compelling humanitarian reasons for admission to the United States and who could otherwise qualify as refugees under the law.

Conditions in Afghanistan are generating increasing numbers of Afghan refugees, many of whom are seeking admission to the United States. We propose to admit a certain number who have been persecuted, or have a justified fear of persecution, and who wish to be reunited with family members and can otherwise qualify as refugees under the law.

LATIN AMERICA

The proposed number of refugees to be admitted from Latin America during Fiscal Year 1980 includes 16,000 Cubans and 1,000 other Latin Americans. Approximately 9,000 Cubans and 64 other Latin Americans entered the United States during the first half of Fiscal Year 1980.

Most refugee admissions to the United States from Latin America historically have come from Cuba. During the 1960's and early 1970's, the United States followed a policy of accepting Cuban citizens fleeing their homeland as refugees. Internal opposition to the Cuban Government resulted in the arrest and sentencing of tens of thousands of Cubans for political reasons. Since 1959, almost one million Cubans fled their homeland, and nearly 800,000 of them were resettled in the United States.

In the early 1970's, however, the Government of Cuba placed severe restrictions on the number of its citizens allowed to leave the island. This lasted until late 1978 when the Government of Cuba instituted a more liberal immigration policy and agreed to release several thousand political prisoners being held in Cuban jails. The Cuban Government also began to issue exit permits to political prisoners previously released from Cuban jails. In terms of actual departures from Cuba, the effect of the new Cuban policy was not felt until the second quarter of Fiscal Year 1979.

In Fiscal Year 1980 we propose to admit 16,000 Cuban refugees for resettlement in the United States. Of this number, approximately 12,000 will be former political prisoners and family members and approximately 4,000 will be family reunification cases.

We estimate that during Fiscal Year 1980 some 17,000 former political prisoners and family members will apply for entry into the United States. Of this number, 2,500 will qualify for immigrant visas. The remainder (14,500) will apply for admission as refugees. Of this number 12,000 will be admitted as refugees during Fiscal Year 1980. Of the remaining 2,500, some will go to other countries; the balance, mostly applicants in the latter part of the year, will be processed in Fiscal Year 1981. Most of the 4,000 family reunification cases admitted during the first half of Fiscal Year 1980 entered the United States from Spain under the conditional entry (Seventh Preference) provisions of the Immigration and Nationality Act.

Historically, the United States has also provided a haven from persecution to refugees from other Latin American countries. Prior to the 1970's, refuge was offered to those who qualified for political asylum in the United States. In recent years, in addition to providing asylum, we have implemented several refugee programs designed to offer permanent resettlement to small groups of qualified refugees. Since the summer of 1978, the Hemispheric "500" Program has assisted political detainees and other refugees from the area to enter the United States for resettlement. This program has issued certificates of eligibility in 239 cases, mostly political detainees in Argentina. The Government of Argentina, however, has failed to allow the departure of the great majority of these individuals. To date, only 80 individuals (40 of the 239 certified cases) have traveled to the United States. The others have a commitment from the United States to allow them to resettle here. They are waiting for exit permits from their governments.

During Fiscal Year 1980, we propose to admit up to 1,000 Latin American refugees, in addition to Cubans, for resettlement in the United States. Included in this figure are 650 individuals already approved through the Hemispheric "500" Parole Program. Their ability to move to the United States during Fiscal Year 1980 will depend on the willingness of their home governments to provide them with exit permits.

In admitting Latin American refugees, the United States is upholding its long-standing humanitarian tradition of offering a haven to residents of the Western Hemisphere.

HAITI

We are not proposing to admit any Haitians as refugees because we do not expect that a significant number of those outside the United States will meet the eligibility requirement of the Refugee Act definition and demonstrate that they are subject to political persecution in their homeland. Several thousand Haitians have applied for political asylum after arrival in this country, but to date only a few hundred have successfully

shown that they are fleeing political persecution rather than economic hardship.

Nonetheless, we will continue our long-standing policy of examining on a case-by-case basis applications for political asylum from Haitians already in this country. We are fully committed to affording political asylum to all Haitians who qualify. We will also begin accepting applications from Haitians in third countries who wish to enter the United States as political refugees, and will examine each case on its merits. As with refugees from Latin America and elsewhere, we will consider admitting Haitians who are able to demonstrate that they are unable or unwilling to return to Haiti because of a well-founded fear of political persecution, that they have a close association with the United States, that they have no other resettlement opportunities, or that there are other humanitarian reasons for admitting them to the United States as refugees.

AFRICA

The proposed number of African refugees to be admitted during Fiscal Year 1980 is 1,500. Approximately 120 were admitted during the first half of Fiscal Year 1980 prior to the enactment of the Refugee Act of 1980.

Internal strife, international conflict and racial discrimination continue to generate large numbers of refugees from African countries. In 1979, the UNHCR estimated the number of refugees in Africa to be nearly two and one-half million. Other estimates of refugees and displaced persons in Africa are close to 4 million. African governments and people generally view the problem of refugees as their own responsibility and, for the most part, asylum for African refugees is provided within Africa. Thus, despite the increasing demands for outside financial assistance to care for refugees in Africa, to date there has been limited demand for resettlement of African refugees in countries outside Africa.

However, we expect a steadily growing number of applications for admission to the United States from Africans. Religious differences, political affiliations and racial considerations make it increasingly difficult for Africans to obtain asylum in neighboring countries. In addition, the Refugee Act will enable many more Africans to apply for admission to the United States as refugees. Prior to the enactment of the Refugee Act of 1980, most Africans were ineligible for admission. Eligibility was restricted to Africans fleeing communist-dominated countries or coming from that portion of the Horn of Africa defined by law as part of the Middle East.

Previous numbers of applicants did not accurately reflect African interest in resettlement in the United States because lack of access to U.S. processing centers made it difficult for most Africans to enter the application process.

The proposed admission levels for Africa are continent-wide rather than country-specific because of the volatile nature of African politics and the difficulty of foreseeing precisely which African countries will generate those who actually apply and qualify for refugee status during Fiscal Year 1980. Nonetheless, by far the largest number of Africans seeking admission to the United States is expected to continue to be Ethiopians. The number of Ethiopians admitted has increased as follows:

Year:	*Number admitted*
1976	14
1977	25
1978	154
1979	342

The voluntary agencies in Europe reported in January 1980 that 700 Ethiopians registered with them and estimated that another 1,400 unregistered Ethiopians in Europe are also seeking resettlement. In addition, an estimated 30 Ethiopians in Somalia, 570 in Djibouti, and 500 in the Sudan need third country resettlement opportunities and would qualify under existing U.S. refugee laws.

While as many as 3,200 Ethiopians may apply for admission to the United States as refugees, we believe that 1,200 is a realistic estimate of those who could qualify and be processed during the remainder of Fiscal Year 1980.

Most of the remaining refugee admissions numbers are expected to come from southern Africa where the United States has traditionally supported majority rule, stability and free institutions. We expect to receive applications from Africans from this region who have been persecuted or have a well-founded fear of persecution, should they return. Those who are of special concern to the United States because of family reunification, previous employment and/or educational ties to U.S. institutions and individuals would be given preference.

In addition to Ethiopia and southern Africa, other situations may develop in Africa which will create refugee issues of special humanitarian concern to the United States.

ASYLUM

During the second half of fiscal year 1980, pursuant to Title II Section 209(b) of the Act, we intend to permit the adjustment of status of up to 2,500 individuals who were granted asylum in the United States during past years. Making these numbers available will not increase the cost of the program, since these individuals are already in the United States and are permitted to stay under the terms of the UN Protocol Relating to the Status of Refugees. Adjustment simply frees them of the uncertainties of asylum or parole status by granting them permanent resident alien status. Because adjustment in this fashion was not available until enactment of the Refugee Act, it is not possible to predict the likely number of applicants. If fewer than 2,500 applications for adjustment of status are received, the additional numbers will lapse at the end of the fiscal year.

(3A) Proposed plans for their movement and resettlement

The Refugee Act of 1980 provides a comprehensive and flexible framework for refugee admissions that will make it possible for the United States to respond quickly and effectively to situations where compelling humanitarian and foreign policy concerns warrant moving refugees from first-asylum countries (and in some cases from their country of nationality) to the United States for resettlement. Because the Refugee Act eliminates the previous geographical and ideological criteria for admission, it will also enable a much larger pool of people to apply for refugee admission than were previously eligible. Given the expected number of applicants from around the world and the limit on our resources for absorbing refugees in this country, we must now develop criteria for assigning priority to applicants from groups determined to be of special humanitarian concern to the United States.

The U.S. Coordinator for Refugee Affairs will be working closely with the Secretary of State and the Attorney General to develop such criteria and other procedures necessary to implement the Refugee Act. That Act defines a refugee as a person who is persecuted or has a well founded fear of persecution on account of race, religion, nationality, membership in a particular social group or political opinion.

In admitting such persons to the United States, we expect to give preference to refugees with ties to the United States through close relatives, past employment with the U.S. Government or U.S. institutions (including training in the United States), and involvement in programs and policies supported by the U.S. Government, and to refugees who do not have such ties but who are of special humanitarian concern to the United States such as former or current political prisoners.

We welcome Congressional views on such criteria and ways to ease the transition to a more equitable and rational admissions system. It will clearly take a great deal of time and careful consideration before new procedures can be put into effect. In the meantime, our policies may reflect as much historical precedence as the spirit of the new Refugee Act. Thus, differences in admissions levels and the processing of applicants from various parts of the world do not necessarily indicate the importance we attribute to particular regions or groups of people. Although we hope to move toward a more equitable geographic distribution of refugee admission numbers, we must maintain the flexibility to respond to changing refugee needs and compelling national interests in specific areas.

In tandem with our efforts to develop a more rational and equitable admissions system, we will be intensifying our efforts to seek international solutions to the political causes as well as the humanitarian consequences of refugee problems.

While we are prepared to continue taking the lead in supporting multilateral refugee relief and resettlement efforts, we believe it is imperative for other countries to do their share as well. We would hope that universal support for the principles of burden-sharing would lessen the need for the kind of massive U.S. refugee assistance we foresee for the near future. We would also hope that respect for fundamental human rights would allow people to remain in their homelands, rather than feel obliged to seek asylum elsewhere.

Although we anticipate that most refugees will be processed at the Immigration and Naturalization Service (INS) ports which have traditionally prepared refugees for movement to the United States, we do not exclude the possibility that some refugees may be processed at newly established INS posts or by State Department officers.

The following sections describe plans for selecting refugees from various parts of the world, transporting them to the United States, and assisting their resettlement in this country. Under the Refugee Act, all refugees, regardless of country of origin, will be eligible for those basic services which help them become self-supporting and contributing members of society as soon as possible. In the past, these services were developed primarily with the Indochinese and Cubans in mind. The programs described in the section on the Indochinese will be accessible to all other refugees, with the exception of a few Indochinese-specific programs including educational aid to school districts with large concentrations of Indochinese children.

SOVIET AND EASTERN EUROPEAN REFUGEES

The majority of Soviet refugees leave the Soviet Union and enter the West by rail into Austria where those who wish to resettle permanently in Israel are processed by the Jewish Agency for Israel. The remainder are registered by several voluntary refugee agencies under contract to the United States Department of State. Refugees then go by rail to Rome, Italy, where they are maintained at less expense and are processed for admission to other Western countries, principally the United States. After the documentation process is completed, the Intergovernmental Committee on European Migration (ICEM) arranges for their flight to the United States.

Other refugees from the Soviet Union, principally Armenians, are usually preprocessed by our Embassy in Moscow. They fly to Rome at their own expense, where the final steps in documentation are completed by INS. After a short stay, these refugees are flown to the United States by ICEM.

Eastern European refugees are divided into two groups. Those persons in the Romanian

Third Country Processing (TCP) group are pre-processed in the Embassy at Bucharest, and then fly at their own expense to Rome for a very short period of final processing by INS, after which ICEM moves them to the United States.

The other group consists of refugees leaving other Eastern European countries without the permission of their governments to emigrate. They are received in refugee camps in the countries of first asylum in Western Europe, principally Austria, Italy, the Federal Republic of Germany, Greece, and France. When accepted in those countries for first asylum, the refugees are registered by one of the various voluntary agencies which can be most helpful in getting a permanent resettlement opportunity for the particular individual or family as quickly as possible. After such a settlement is developed and admission documentation is completed, those refugees who have selected the United States for admission and have been found to qualify are flown to the United States by ICEM.

The policy of the United States has been to accept all Soviet and Eastern European refugees who wish to come to this country, subject to eligibility under the law. The Administration proposes to continue this policy. Should more Soviet and Eastern European refugees apply for admission to the United States than the proposed allocation of admissions numbers, the Administration would expect to consult with the Congress concerning additional refugee admissions and supplemental funding.

The INS officers determines the acceptance of all Soviet and Eastern European refugees.

REFUGEES FROM THE MIDDLE EAST

Refugees from the Middle East who reach INS processing posts in Western Europe, i.e., Rome, Vienna, Athens, and Frankfurt, are permitted to remain in the country of first asylum, usually on the assumption that they will be resettled elsewhere. They usually establish contact with a voluntary agency of their choice and in some cases are assisted by the country of first asylum and an international relief organization. Some refugees accepted for resettlement have paid for their own transportation to the United States.

Our policy has been to accept those refugees from the Middle East who have demonstrated that they have suffered persecution or fear of persecution. At posts where INS officers are located, they will continue to determine the acceptance of refugees from this region.

CUBAN AND OTHER LATIN AMERICAN REFUGEES

The Cuban refugee program is primarily concerned with the admission for resettlement in the United States of current and former political prisoners and their families. This group will be given first priority and will be moved directly from Havana to Miami, as provided in Title II Section 201 (b) of the Refugee Act of 1980.

Within this group, preference will be given to those individuals and their families who served the longest prison terms. Second priority will be given to a limited number of family reunification cases of extreme humanitarian concern. These latter cases will be processed on a case-by-case basis and be judged on their own merits by INS. For those Cuban refugees who fled to Spain, a third priority will be created, allowing individuals who do not qualify under the first two preferences to enter the United States and be processed in Spain on a first-come-first-served basis before entering the United States. Except for cases of extreme emergency we do not plan to process Cuban refugees in any other country.

Transportation for the movement of most Cuban refugees being resettled in the United States is paid by the Cuban-American community, either through organizations or individuals assisting their families and friends. In some cases, primarily those arising in Spain, ICEM has provided travel loans to individual Cuban refugees. In the second half of Fiscal Year 1980, the United States will, if necessary, support the movement of 5,500 Cuban refugees from Havana to Miami, plus an additional 1,500 Cubans who will arrive from Spain. The bulk of Cuban resettlement takes place in the Miami area although, over time, as many as half of the newly arrived refugees move to other areas of the country. Domestic resettlement assistance is provided through the Cuban refugee program funded and operated by HEW.

Resettlement of these refugees in the southern Florida area may, at times, present short-term problems, e.g. housing, but the absorptive capacity of the Cuban community in southern Florida, numbering between 500,000 and 600,000 out of a total population of 3.0 to 3.2 million people, has traditionally succeeded in facilitating the integration of new arrivals into the local society and economy.

With regard to other Latin American refugees, first priority will be given to political prisoners (or detainees) and their families. Second priority will be given to Latin American refugees under UNHCR protection. Third priority will be given to humanitarian family reunification cases. Cases in both first and third priorities will usually be processed as provided in Title II Section 207(b) of the Act. Within each priority, the cases will be processed on a first-come-first-served basis.

The movement of these refugees will be carried out individually and, to the extent possible, financed by their own funds. In cases where financial assistance for the movement is necessary, support from ICEM is secured on a loan basis. Domestic voluntary agencies will assist in the resettlement of these individuals.

AFRICAN REFUGEES

In admitting refugees from Africa to the United States, the following criteria will be considered in assigning priority to applicants who otherwise meet the requirements of U.S. law:

First priority will be given to reuniting nuclear families;

Second priority will be given to persons who have had close links to the United States Government or private American institutions.

In limited cases, we will consider applications from those who are faced with compelling humanitarian reasons to seek resettlement elsewhere.

Since this is essentially a new program, we have not yet worked out the procedures for transporting African refugees to the United States. We expect that those who apply for refugee admission from INS posts in Europe will be processed and transported in a similar way as other refugees processed in those posts.

INDOCHINESE REFUGEES

The current and proposed methods of selecting Indochinese refugees to be admitted to the United States from first asylum camps and directly from Vietnam are based on two principal considerations: (1) life-threatening factors related to circumstances in which a particular refugee group finds itself; and (2) priority standing under established admission criteria.

As a first step, a determination is made of the number of refugees to be admitted from each of the first asylum countries, which include Thailand, Malaysia, Indonesia, the Philippines, Singapore, and Hong Kong, and directly from Vietnam. Quotas for each country are based on the refugee population of the country of first asylum, the resettlement programs of other countries, the proportion of refugees in the asylum country qualifying for high priority status under U.S. program criteria and political factors within the country and the region including those affecting the status and safety of the refugees.

In the spring and summer of 1979, Malaysia and Indonesia were given higher quotas because of the heavy flow of boat refugees into those countries. More recently, the quota for Thailand, with its growing number of land refugees, has been increased because of a significantly lighter flow out of Vietnam by boat and a larger number of land refugees in Thailand. Country quotas are regularly reviewed and adjusted. While we expect to adhere to the above principles during the remaining period covered by this consultation, we believe that an advanced U.S. commitment to specific country quotas would be unwise.

Within the quota established for any first asylum country, priority in the selection of refugees to be admitted from that country is based on U.S. program criteria. These criteria are as follows: Category I consists of close relatives of people residing in the United States; Category II includes former U.S. Government employees; Category III is made up of persons with a former close association with the United States; and Category IV includes more distant relatives of people residing in the U.S., and on humanitarian grounds, others not resettled elsewhere. Those in Categories III and IV generally cannot be considered if they have been offered resettlement opportunities in countries other than the United States. The criteria to be used in admitting refugees directly from Vietnam will similarly include close relatives, former U.S. Government employees, and other persons formerly closely associated with the United States.

In order to select those refugees from the larger groups who are eligible for inclusion in the U.S. program, a full screening of all refugees seeking admission to the United States is conducted. The preliminary screening is undertaken by voluntary agency personnel under contract to the U.S. Government for this purpose. In each major location where such processing takes place, one of the resettlement agencies is called upon to fulfill the role of the Joint Voluntary Agency Representative (JVR). The agency so designated:

Provides support to the U.S. Government refugee coordinator in the screening and processing of refugees;

Serves as the link between the field and the American Council of Voluntary Agencies (ACVA) for the coordination of sponsorship assurances; and

Serves as the joint representative for all resettlement agencies in responding to individual case inquiries or other matters of interest to the resettlement agencies at the location in question.

The JVRs in major first asylum countries are:

Church World Service in Malaysia

American Council for Nationalities Service in Indonesia

U.S. Catholic Conference in Singapore and in the Philippines

Lutheran Immigration and Refugee Service in Hong Kong

International Rescue Committee in Thailand

The JVR staff interviews interested refugees and compiles biographic information which leads to a preliminary classification of the refugee into one of the program categories. Parallel activities are undertaken at this time, such as security checks, and U.S. relative and former U.S. Government em-

ployment verifications. As files near completion, a U.S. refugee officer from the Department of State reviews them to determine the categories of the refugees and to resolve outstanding questions, whereupon the refugees are interviewed by an (INS) officer and approved or rejected for admission into the U.S. program. Files on approved refugees are then sent to the voluntary agencies for sponsorship assurances. Such assurances are in turn provided to the refugee office overseas.

Many refugees now coming to the United States already have contacts here; the voluntary agencies have estimates that up to eighty percent of arriving refugees have friends or relatives already in the United States. The practice of the voluntary agencies has been to seek a sponsor in the location where such a friend or relative resides on the assumption that the refugee would, in any case, choose to go to that location. If refugees were to go elsewhere, experience has shown that they often would remain only temporarily before proceeding to join friends or relatives, leaving behind a disappointed sponsor and wasted resettlement resources.

When the sponsorship assurance is received by the JVR in the country of first asylum, the case is turned over to the local staff of ICEM, which has a contract with the Department of State to provide outprocessing and transportation services. Such services include health screening to determine whether a refugee will be allowed to immigrate to this country. Currently refugees are screened for medical conditions which, under immigration law, may prevent them from immigrating to this country. The Center for Disease Control (CDC) of the U.S. Public Health Service, oversees the health screening procedures used by ICEM. Once medically cleared overseas, refugees travel to the United States carrying their medical records, which include chest x-rays. All refugees receive a visual inspection and medical records review at U.S. ports of entry by CDC quarantine officers. If necessary, refugees may be quarantined or assisted in gaining access to emergency medical treatment as required. CDC provides state and local health departments with prompt notification of refugees arriving within their area of jurisdiction.

ICEM arranges for the travel of refugees to the United States. This is accomplished through the booking of block commercial space at the ICEM rate which is normally 50 percent of the economy fare, and through the booking of refugee charter flights. Because of the requirement to compensate charters for out-bound flight time, the per capita costs are significantly higher in the case of refugee charters. It has proved possible, however, to use some of these outbound flights for personnel and supplies involved in relief programs, particularly the Kampuchean relief effort.

Refugees arriving by commercial flights are often booked straight through to the airport nearest their sponsor's location. In the case of charters, flights are booked through Travis Air Force Base near San Francisco, and overnight accommodations are available as required in barracks at the former Hamilton Air Force Base in the same area which have been made available to the refugee program. Both ICEM and the individual voluntary agencies provide some assistance to the refugees in transit at ports of entry, including the provision of warm clothing when necessary, onward bookings, and overnight accommodations where required.

When the refugees arrive at their resettlement location, they are met by the voluntary resettlement agency responsible for their reception, placement, and initial resettlement assistance. For Fiscal Year 1980, the State Department provides a $500 per capita grant to the resettlement agency to assist in meeting the expenses involved in such services. The Department of State has recently negotiated new grant agreements with the resettlement agencies which define the basic minimum services which the resettlement agencies are expected to make available to the refugees other uses to which the grant funds can be put. While these new grant agreements have not yet been signed and certain technical negotiations are still under way, the agencies have acknowledged their basic agreement in principle services which include pre-arrival services, reception, counseling and referral, consultation with public agencies, and assistance to unaccompanied minors.

In the public sector, the lead Federal agency in domestic resettlement is the Department of Health, Education, and Welfare (HEW), which administers almost all assistance programs for refugees. Before the passage of the new Refugee Act, HEW reorganized and strengthened its Office of Refugee Resettlement, with the Director reporting directly to the Under Secretary and the Secretary. In the regions, refugee programs report directly to the principal HEW regional officials.

HEW's programs and government refugee policies are designed to help refugees become economically self-sufficient in the shortest possible time.

The Department's refugee programs include: Cash Assistance—

In order to receive income assistance, refugees must meet the same income and resource eligibility requirements as nonrefugees in their state of residence. Like other residents, they are limited to the usual level of resources permitted (bank accounts, personal property, real estate, etc.) and to the level of income specified by each state.

Like other residents, refugees receiving cash assistance must register with state or local employment services and agree to accept jobs which they are capable of performing. Refusal to accept suitable work or training can result in termination of a refugee's eligibility for cash assistance.

Some state and localities do not provide cash assistance to non-refugee adults without minor children, or to non-refugee families with employable males as the heads of household. The Federal Government has waived these restrictions in the case of refugees on grounds that to do otherwise could promote the dissolution of newly arrived or reunited refugee families, could place a burden on local charitable resources, or could encourage secondary migration to areas having more comprehensive assistance and programs. The waiver does not place added burdens on local or state resources since cash assistance is 100 percent federally funded.

Medical Assistance.—Like U.S. residents, refugees who receive cash assistance are automatically eligible for medical assistance. Refugees who do not receive cash assistance are nonetheless eligible for medical assistance if they meet the income and resource limitations which apply in the state's Medicaid medical assistance program. Additionally, like other residents, some refugees whose incomes are above the medical assistance standard may be eligible if their medical expenses are so high that, after such expenses are deducted, the refugee's net income meets cash assistance eligibility standards. This is called the "spend-down" provision.

Largely because of hardships encountered in fleeing their homelands, or as the result of lengthy confinements in refugee camps, refugees tend to have more health problems than the U.S. population in general. Ensuring refugees adequate health care early can save health care dollars over the long term, while assisting the refugees in reaching economic self-sufficiency as soon as possible.

Social Services.—Like U.S. residents, refugees who meet income and resources criteria are eligible for the broad range of social services offered under Title XX of the Social Security Act. However, because the comprehensive service plans required of states under Title XX do not always cover services which refugees urgently need—such as English language training—HEW's Office of Refugee Resettlement also funds "refugee-specific" social services. These usually are provided by state purchase of service agreements with local service provider agencies. In addition to language training, these projects offer a wide array of services, including skills training, job counseling, information and referral, and social adjustment services, designed to help refugees become fully productive residents in the United States as quickly as possible.

Special Projects.—HEW's Office of Refugees Resettlement has also funded, through competitive special project grants, a variety of language instruction, skills training and mental health projects specifically designed to help Southeast Asian refugees gain self-sufficiency. More than half of the grants have been awarded to non-profit, private resettlement and social service agencies.

In Fiscal Year 1980, the Office of Refugee Resettlement will fund national coordinating services to support different phases of resettlement, including:

English as a Second Language (ESL), technical assistance and clearing house services;

Information for state and local governments,

Capacity building for local voluntary agencies and Indochinese self-help groups;

Joint ventures with other government agencies.

Educational Assistance. Through a series of separate authorizations, Congress has provided funding to school districts to help them meet the special educational needs of refugee children, primarily English language training. In late 1979, the Congress appropriated $12 million for this purpose in the 1979–80 school year, with the money going to the states for redistribution to school districts in the form of per capita grants.

The Director of the Office of Refugee Resettlement is working with the Department of Education to design specific educational programs which will be better able to target funds to those schools which need help for refugee children.

Increasingly, other Federal agencies have become involved in the resettlement process, primarily through the operation of the Interagency Committee on Refugee Affairs chaired by the U.S. Coordinator. The aim of their involvement is to insure that refugees, if they meet program eligibility criteria, can receive appropriate services. Refugees do not receive preferential treatment from these other agencies but are eligible for such assistance in light of their disadvantaged condition upon arrival in this country. For example, a number of programs in the Department of Labor (DOL) are being used to assist refugees in securing training and jobs.

The DOL is committed to making its national program, the Comprehensive Employment and Training Act (CETA) work for all eligible disadvantaged persons, whether they are native-born or not. With many Indochinese refugees still dependent on public support, there is a need to make sure that job-training programs reach them and help them become self-sufficient as quickly as possible.

For a number of reasons, the DOL has decided to emphasize services for refugee youth:

Young people in the 16 to 21-year-old

bracket make up one-fifth of all new refugee arrivals;

Their arrival coincides with a rapid expansion of youth job-training programs; and

The young refugees have full careers ahead of them, so they will probably benefit most from employment and training services.

One of the first steps the DOL is taking to help refugee youth is to enroll more of them in the Job Corps. There will be as many as 2,000 this year. These youngsters will be placed in clusters in 20 Job Corps centers located near communities with substantial refugee populations. Language instruction and other parts of the regular Job Corps curriculum are being adapted to their special needs.

The DOL also plans to provide extra funds for regular CETA job-training programs to cities and counties with large numbers of refugee youth. These additional dollars will make it possible to hire multilingual staff, supplement existing youth programs, and test ways to best serve this group.

So that the experience gained in serving these youthful participants will not be lost, a plan is being drawn up for the careful study of their progress while in the program and later when they enter the labor market. The youth emphasis will have spillover effects that should improve assistance to the refugee groups as a whole.

Also taking part in the effort is the DOL's network of 2,500 local Job Service offices that offer all workers, including refugees, basic employment services including counseling, testing, and job referral.

The new Targeted Job Tax Credit Program also helps the entire refugee group. It provides tax credits over two-year periods for private employers who hire workers with various disadvantages.

ACTION, through a number of its programs, is also giving increased attention to the need for local community involvement in the refugee program. HEW has recently signed an interagency agreement with ACTION to utilize the latter's resources to marshal more volunteers to aid local resettlement efforts in areas with high refugee populations. ACTION will offer training to Indochinese self-help groups under the agreement.

In addition, the Community Relations Service of the Department of Justice has responded to various local communities where refugees are resettling.

These activities will assist the Indochinese refugee population in gaining needed skills to earn their livelihood and create an environment where they can begin to build new lives.

State and local governments, besides administering various programs for refugees, have taken an active role in resettlement. Three states actually function in the role of resettlement agencies under contract with the Department of State—Iowa, Michigan, and most recently, Idaho. Many states, under the direction of their respective governors, have formed coordinating units or task forces to respond to refugee needs and problems. At the local level, coordinating councils or forums have also been established, with participation by a broad range of groups. These coordinating units are exceedingly important in the resettlement program because they can respond to unique local situations.

(3B) ESTIMATED COST OF REFUGEE MOVEMENT AND RESETTLEMENT

Cost associated with the care and maintenance, processing, transportation and initial reception and placement of refugees are borne by the Department of State. Once refugees arrive in this country, they are eligible for many of the same services available to disadvantaged Americans. Costs associated with these services are borne by many other federal agencies, but primarily by the Department of Health, Education, and Welfare (HEW). During Fiscal Year 1980 it is expected that the total cost of assistance to refugees being resettled in the United States will be approximately $1.05 billion.

During Fiscal Year 1980, the United States expects to admit a total of 230,700 refugees for permanent resettlement, including 2,500 already in the United States who will have their asylum status adjusted. This total, as indicated previously, is composed primarily of Indochinese refugees (168,000), refugees from the Soviet Union (approximately 33,000), Cuban and other Latin American refugees (about 17,000) and several other groups. All of these groups, except ex-Cuban political prisoners who are resettled directly from Havana, have a significant impact on costs borne by the Department of State.

Department of State costs for the care, maintenance, and resettlement of Indochinese refugees are expected to total approximately $272 million: $62 million for care and maintenance in Southeast Asia and $210 million for resettling 168,000 Indochinese refugees in the United States.

Costs in Southeast Asia include:

[In millions of dollars]

Projected U.S. contribution to the UNCHR care and maintenance program for Indochinese refugees [1]	$30
Projected U.S. contribution to Refugee Processing Center (RPC) construction costs	15
Estimated costs for transportation of refugees to RPC's	9
Estimated cost of refugee oriented aerial reconnaissance program in South China Sea	8
Subtotal	62

Department of State cost of Indochinese resettlement in the United States include:

[In millions of dollars]

Selection and documentation of refugees	$10
Transportation to the U.S. [2]	116
Reception and placement grants	84
Subtotal	210
Grand toal	$272

[1] Does not include U.S. contribution to Khmer relief program.

[2] These funds are contributed by the United States to a loan fund managed by the Intergovernmental Committee for European Migration (ICEM) which finances transportation of Indochinese refugees to the United States.

Of the 60,200 non-Indochinese proposed for admission to the United States in Fiscal Year 1980, it is estimated that the admission of 51,000 will be aided by utilizing funds from the State Department appropriation for Migration and Refugee Assistance. It is estimated that significant overseas and initial assistance will not be required for about 9,200 entrants, most of whom will be Cubans.

These approximate costs include:

[In millions of dollars]

Contractual assistance [1]	$37.9
Transportation [2]	6.0
Reception and placement grants	17.8
Far East refugee program [3]	.3
Total	62.0

[1] Contractual assistance includes care and maintenance for some refugees while they await processing for resettlement to the United States, the costs of documentation, voluntary agency operations and language training for a small percentage of the refugees.

[2] These funds are contributed to a loan fund managed by ICEM which finances transportation for these refugees.

[3] The Far East Refugee Program (FERP) provides limited services to refugees from the People's Republic of China who escaped into Hong Kong and sought permission to enter the United States under the conditional entry (Seventh Preference) provisions of the Immigration and Nationality Act.

Approximately 16,000 Cuban refugees, of whom 12,000 are former political prisoners and their families, will be admitted to the United States in Fiscal Year 1980. Most of these individuals will be processed for admission directly through the U.S. Interest Section in Havana. The vast majority of Cuban refugees are assisted monetarily by the Cuban community in the United States in financing their travel to this country. The small portion of Cuban refugees not able to secure community financing secure assistance from ICEM with funds contributed by the United States. In the second half of Fiscal Year 1980, the United States will, if necessary, provide $50 each or a total of some $300,000 for 6,000 former political prisoners and their families to provide support for their movement.

The only other significant and identifiable costs associated with the admission of these refugees are administrative and operational expenses borne by the Department of State for all refugee related activities and the Immigration and Naturalization Service (INS) for financing overseas processing of these refugees. These costs are estimated to total approximately $7.5 million in fiscal year 1980.

Domestic assistance

Once refugees arrive in this country, under U.S. law they are eligible for assistance to become productive and self-sufficient. While there are a series of programs for which refugees may be eligible because of their income level, e.g., food stamps, comprehensive employment and training programs, Section 8 housing, the focus of our review in this report is on those costs associated with refugee admissions which are directly attributable to such admissions under the HEW refugee assistance program.

The major components of HEW's refugee assistance program are:

(1) Reimbursement to states in providing cash and medical assistance to refugees and services such as English language and vocational training, employment counseling and a variety of social services similar to those funded under Title XX of the Social Security Act;

(2) Matching grant assistance to voluntary agencies which provide comprehensive resettlement services to Soviet Jewish refugees; and

(3) Proposed educational assistance, on a discretionary basis, to selected school districts to meet the unique educational needs of refugee children.

Other activities under the umbrella of HEW's refugee assistance program include the continued phasedown of the Cuban refugee program, and special projects to assist Southeast Asian refugees in becoming self sufficent.

(4) AN ANALYSIS OF THE ANTICIPATED SOCIAL, ECONOMIC, AND DEMOGRAPHIC IMPACT OF REFUGEE ADMISSIONS TO THE UNITED STATES

It has been estimated that the total number of arriving refugees in the current year will increase the U.S. population, estimated at 220,400,000 in July 1979, by about one-tenth of one percent (0.1%).

Another way of assessing the demographic impact is to analyze what the arrival of the refugees does to the rate of U.S. population growth. In the last 5 years, the Census Bureau has estimated the U.S. population has grown an average of 1.7 million a year. This figure is determined by adding births and gross immigration, and then subtract-

ing from that sum the number of deaths and the number of persons leaving the Nation permanently (emigration). The rate of growth in FY 1980, which is quite low by world standards, will be increased from 0.77% to about 0.87% because of the arrival of refugees who will constitute about a third of the total flow of aliens migrating legally to the United States during the year.

Refugee populations have different sets of demographic characteristics, just as do different segments of the resident population. Some populations are older, on the average, than others; some have somewhat differing proportions of men and women. For comparative purposes: the U.S. population in 1975 was 51.3% female; 25.1% were under the age of 15; and the median age for males was 27.6 years, and for females, who live longer, it was 30.0.

Assuming the continuation of past trends among refugees, we except that the Eastern Europeans and the Cubans will be somewhat older as a group with a smaller proportion of children (about 20%) than in the general American population. The Indochinese, on the other hand, are likely to be younger than the resident population. The earlier arrivals had a median age of between 19 and 20 years. There will be a higher percentage of males than in the resident population, perhaps 55% or slightly more, and there will be a much larger proportion of children, about 38%, as compared with 25% in the total U.S. population.

Because of the large proportion of children among the Indochinese refugees, the ratio of dependents to workers will be higher, in this population than in the population at large, for some years. The proportion of refugees entering schools similarly will be higher than would be the case for a comparable number of American residents. The new refugee pupils are expected to be largely concentrated in the 10-16 age group. This may pose special problems because of the need to fit them into the middle or latter half of the elementary-secondary progression. Their lack of English and long periods without schooling may further complicate planning for these pupils. For the older pupils, job training also becomes an important consideration.

The refugee population as a whole, like other segments of the population, will not be distributed evenly over the Nation. Because the United States gives the highest priority to family reunification in the admission of new refugees, most of the new arrivals are expected to join family members who are already in this country and therefore to settle in patterns similar to those set by the earlier groups of refugees.

The Eastern European refugees are expected, similarly, to follow the pattern of Eastern European immigrants over the years, settling in the major cities of the North and the East, with some going to the West Coast. The Cubans will settle principally in Florida. There will be refugees arriving in all states of the Nation and in all major cities.

We have learned in the last few years that the refugees make use of their hard-won freedom of movement. Among the Indochinese refugees, there has been a substantial amount of secondary, i.e., post-arrival, migration. This secondary migration has been in the same direction as the internal movements of the resident population, i.e., to the South and to the West. It is estimated, for example, that the net secondary migration of Indochinese refugees to California and Texas was approximately 7,250 and 1,760 respectively during the period from February 1, 1978 through January 31. 1979.

Estimates of subsequent secondary migration will be developed when January 1980 alien registration data become available in late Spring of 1980.

There are indications that the Indochinese, like other groups of newcomers to the United States, are tending to draw together in ethnic neighborhoods. Although an analysis of the geographic locations of the Indochinese alien population as of January 1979 showed that a majority of the refugees were living in zip-code areas with less than 100 other Indochinese, there has been an increasing proportion of the population concentrated in zip-code areas with 250 or more Indochinese: there were 38 zip-code areas with 250 or more refugees in January 1977 containing 13% of the total U.S. Indochinese population; 48 such areas in January 1978 containing 16% of the total; and 72 such areas in January 1979 containing 22%.

(HEW/ORR) ESTIMATED NUMBER OF REFUGEES (INDOCHINESE) BY STATE

	Arrived in March 1980	Total as of March 31, 1980
Alabama	49	1,722
Alaska	17	268
Arizona	83	2,398
Arkansas	62	2,398
California	4,037	107,792
Colorado	228	6,807
Connecticut	151	3,020
Delaware	13	195
District of Columbia	216	3,776
Florida	280	6,952
Georgia	175	3,106
Hawaii	160	5,045
Idaho	30	569
Illinois	579	11,689
Indiana	156	3,054
Iowa	252	5,418
Kansas	150	4,222
Kentucky	75	1,594
Louisiana	166	9,567
Maine	37	513
Maryland	108	3,368
Massachusetts	388	3,880
Michigan	332	5,832
Minnesota	683	9,768
Mississippi	24	1,057
Missouri	116	3,020
Montana	25	937
Nebraska	78	1,891
Nevada	80	1,765
New Hampshire	10	222
New Jersey	97	2,779
New Mexico	117	1,481
New York	504	9,299
North Carolina	162	2,937
North Dakota	25	550
Ohio	206	4,566
Oklahoma	245	5,131
Oregon	554	9,626
Pennsylvania	504	13,416
Rhode Island	85	1,951
South Carolina	34	1,160
South Dakota	29	609
Tennessee	194	3,182
Texas	983	31,048
Utah	321	3,848
Vermont	25	112
Virginia	323	9,112
Washington	698	13,294
West Virginia	27	299
Wisconsin	236	4,467
Wyoming	23	250
Virgin Islands	0	11
Guam	8	375
Puerto Rico	0	28
Other and unknown	0	1,475
Total	14,110	332,851

Ethnically and linguistically the 1980 refugee arrivals in the United States will include eight major groups of persons and many smaller groups. The major groups are:

Spanish speaking Cubans, who are literate in their own language, but few speak English;

Africans speaking several languages, including some with French or English as a second language;

Eastern Europeans speaking Russian and/or other languages;

Ethnic Chinese from Vietnam with literacy in both Vietnamese and several Chinese dialects;

Vietnamese, some of whom are illiterate;

Laotians, most of whom are literate and have varying abilities in other languages;

Cambodians, some of whom are illiterate in their own language;

Lao Hmong, from a nonliterate society, some of whom speak Lao.

It is expected that, in the long term, the economic impact of the refugees will be positive. Historically, refugees, like immigrants, have proven to be viable, productive people in their new lands. Typically, they were productive citizens in their own countries.

Most refugees, however, arrive in the U.S. destitute. At the outset they face a new language and many problems of adjustment. Often, they do not find jobs immediately and require assistance while looking for employment or while undergoing training. As a result, the majority of newly arrived refugees will be eligible for cash and medical assistance. It is estimated that an average of 49 percent of newly arriving refugees will require cash assistance and medical assistance during their first two years in the United States; this includes an estimated 33 percent who will require partial aid to supplement low earnings in order to meet minimum family needs. In addition to these direct expenditures on refugees, one or two percent of the new arrivals will be too disabled or too old to work, and they will receive supplemental security income. Further, school children, who comprise at least 28 percent of the new refugee flow, require special educational services such as English as a Second Language, counseling, tutorial services and instructional materials.

Another economic impact of the refugees is on the labor market. The newly arriving refugees will increase the size of the labor force, in the year to come, by about seven hundredths of one percent (0.07 percent), adding an estimated 70,000 to a labor force numbering about 105,000,000. Although there is continuing concern about potential competition for jobs among different groups, there have been no major disruptions to date and only isolated instances of direct economic competition.

Working-age refugees have to overcome a number of obstacles to employment in the United States. Most of the refugees, when they enter the U.S. labor market are in an alien environment where the work to be done, the work place patterns, and the language are all different from what they experienced in the past. Recent refugees from Cambodia, Laos, and Vietnam have had less formal education, and perhaps, have fewer marketable skills than their predecessors who came to this country in 1975. Most new refugees speak no English and some are illiterate in their own language. For many of the women among the Asian refugees, securing child care arrangements is necessary in order to work.

For these and related reasons, it often takes time for refugees to find jobs and to secure work at or near their skill levels. For those who must make a downward occupational adjustment, as many do, it is particularly painful process. For those increasing numbers of refugees, without experience in a developed, urban society, training and orientation will be required in order to be able to enter the job market at even the lowest levels.

There are indications, in recent data, that the Indochinese refugees, even 2 or more years after arrival, tend to have lower labor force participation rates than other Americans of the same sex and age group. The history of refugee movements, however, suggests that this is a passing phase, and that labor force participation rates and employment climb with the passage of time, and that dependency rates fall. For example, among Indochinese refugees who arrived in

the United States during 1975, labor force participation rates show a direct relationship to length of time in the United States. A survey conducted in April-June 1979 showed that 58.4% of adult males who arrived in 1977 were in the labor force, compared with 65.5% of those who arrived in 1976 and 69.1% of those who arrived in 1975. The same survey showed the rates for adult females to be 29.6% for 1977 arrival, 34.4% for 1976 arrivals, and 42.9% for 1975 arrivals as of April-June 1979. The comparable U.S. labor force participation rates are 78.2% for males and 50.7% for females.

An economic impact of the refugees, which is often overlooked, is their role as taxpayers. Many refugees pay Federal and State income taxes. These contributions, added to those that are being made by prior waves of refugees, are sure to climb in 1980 and thereafter, as will the refugees' contributions to the social security system.

There is an additional economic impact of the refugees which is both self-evident and hard to quantify. This is the increasing number of businesses, large and small, which the refugees have started, thus creating jobs for themselves and for others, generating corporate and sales taxes, and spinning off other economic benefits as well. There is no adequate data on this subject, but the substantial Cuban business community in South Florida, and the recent mushrooming of Indochinese-operated small businesses provide evidence of this trend.

There are always social impacts accompanying large movements of populations, and this is the case with refugee movements as well. While most of these impacts are mild or beneficial, some are not. In recent months several cases of community tensions between refugees and resident populations have arisen. While very few problems can be considered to have purely social impacts, there are a number of sources of tensions, principally group rivalries for what are perceived to be, and often are, limited resources in housing, in government-provided services, and in economic opportunities.

Housing, particularly, has been a source of tension for social and economic reasons. While the total number of refugee families to be housed is small, housing often may be the center of problems because:

There is a serious nationwide shortage of rental housing units in many areas. During the first quarter of 1979, the national vacancy rate declined to 4.8 percent, the lowest since the Census began its survey in 1956.

Most incoming refugees eventually resettle with family, friends, or others with similar ethnic or cultural backgrounds, perpetuating the concentration of refugee in certain areas. Where these areas have housing problems, they may be exacerbated by refugee resettlement. This is particularly relevant in such areas as Denver, Honolulu, Houston, New Orleans, San Francisco and the counties of Los Angeles and Orange in southern California.

In a similar vein, much of the tension along the Gulf Coast between the refugee and indigenous populations has related to competition for limited quantities of shellfish and seafood among residents and refugee fishermen. Another source of tension is lack of knowledge. Residents perceive the life patterns of the newcomers as strange and threatening; the refugees, on the other hand, being new arrivals, are unaware of the folkways of their new neighbors and may unwittingly offend them. Finally, there is often some element of racism underlying these tensions. Both refugees and receiving communities need orientation, cultural knowledge, and social skills in order for mutual adjustments to take place. But despite these efforts, in the years to come there may be additional flare-ups. If America's experience with past immigrant and refugee populations runs true in the future, time does tend to dull these passions as the newcomers become a part of the community and the economic system.

Many refugees come to the United States with little orientation to or understanding of life in this country. Their preparation for migration is less complete than that of other immigrants, those who leave their homeland voluntarily, and generally in a more well-planned manner. For the Indochinese refugees, the Department of State is now considering the feasibility, costs and benefits of providing some orientation and language training prior to their arrival in the United States.

In terms of physical health, refugees have a somewhat different range of health characteristics than the resident population. On the one hand, it is the fit who survive the often severe trauma of exodus. On the other hand, the refugees carry with them some scars of those experiences, months or years of malnutrition for some, and camp-induced health problems for others. Some Indochinese refugees arrive with health problems, such as the frequent presence of internal parasites, and commonly need substantial dental work. These conditions are severe for the individual, but do not present public health hazards. Like several other immigrant populations, Indochinese refugees have a higher incidence of tuberculosis. However, proper health screening procedures, as are being implemented prior to the refugees' departure to the United States from Southeast Asia, lead to early identification, treatment, and effective control. While refugees' health suffers, they present minimal risk to the public health.

Refugees must adjust to the social and economic realities of life in American society. Suddenly, they find themselves in a society in which the class system is less rigid than the one they know in which both social and economic mobility are greater and in which the democratic system of government is both nonrepressive and less paternal. In this context, refugees sometimes are faced with frustrations and sometimes are forced to make accommodations in order to get by, but like immigrants they are also faced with new challenges and opportunities for advancement from whatever initial entry they make into American life.

In summary, most of the short-term impact of the refugees on U.S. life is transitory; and since their numbers are relatively small, these passing effects of the refugees are those of immigrants generally—effects that the United States has historically determined to be favorable, on balance, both to the newcomers and to the host society.

(5) EXTENT TO WHICH OTHER COUNTRIES WILL ADMIT AND ASSIST IN THE RESETTLEMENT OF REFUGEES

Third country participation in refugee resettlement has been and is expected to be substantial in Fiscal Year 1980. A description of that participation follows:

INDOCHINESE REFUGEES

Prior to the United Nations meeting on Indochinese refugees held in July 1979, non-communist third countries had resettled approximately 100,000 Indochinese since 1975. France, Canada, and Australia accounted for three-fourths of that total. Since the July meeting, the number of refugees resettled in third countries has increased significantly. Nearly 100,000 more refugees have been resettled in several non-communist countries with Canada accepting the largest single block of this number.

Another 260,000 Indochinese refugees, most of them ethnic Chinese, were resettled during 1979 in the People's Republic of China. In addition, China offered to accept an additional 10,000 refugees for resettlement from the camps in Southeast Asia at the July United Nations meeting and that effort is proceeding.

Roughly three-quarters of a million Indochinese have been resettled in third countries, including some 332,000 in the United States as of March 31, 1980. During the last half of Fiscal Year 1980, it is anticipated that the number of Indochinese being resettled each month will average 25,000 of whom 14,000, or 56 percent, will be resettled in the United States. A table showing third country resettlement figures for Indochinese refugees follows.

REFUGEES FROM THE SOVIET UNION

Assuming past trends hold true, some 60 percent of the Jews who leave the USSR in Fiscal Year 1980 will seek to be resettled in the United States. Israel, which is willing to accept all Jews who wish to immigrate there, will receive about 30 percent of the total. The remainder can be expected to resettle in Australia, Canada, New Zealand and Western Europe. Over 50,000 Soviet Jews emigrated in calendar year 1979.

The other principal group of refugees will be Armenians of whom some 3,500 emigrated from the Soviet Union in Fiscal Year 1979 bound for the United States.

We anticipate admitting approximately 33,000 refugees in Fiscal Year 1980 who will be coming to the United States for purposes of family reunification and other reasons which will qualify them for entry into this country.

INDOCHINESE REFUGEES—THIRD COUNTRY RESETTLEMENT, LAND AND BOAT REFUGEES

[Pro rated to annual rate]

Resettlement country	Resettled prior to August 1977	Resettled August 1977 through Jan. 31, 1980	Cumulative resettlement	Resettlement offers
Australia	5,857	28,242	34,109	14,000
Austria	218	330	548	580
Belgium	889	1,850	2,739	2,062
Canada	8,543	31,145	39,688	36,000
China (PRC)	0	254,345	254,345	10,000
Denmark	300	1,055	1,355	800
France	33,980	26,211	60,191	22,600
Germany (Federal Republic)	1,059	10,107	11,166	10,000
Hong Kong	157	112	269	0
Israel	66	262	328	200
Italy	222	962	1,184	1,000
Japan	9	246	255	500
Luxembourg	6	58	64	100
Malaysia	1,584	735	2,319	600
Netherlands	276	2,347	2,623	1,360
New Zealand	261	1,384	1,645	1,200
Norway	399	1,344	1,743	2,400
Philippines	119	12	131	0
Sweden	0	1,549	1,549	2,000
Switzerland	839	2,805	3,644	1,000
United Kingdom	1,196	5,642	6,838	10,000
Other	2,477	3,549	6,026	7,888
Total	58,457	374,292	432,749	241,920
United States	145,567	157,709	303,276	168,000
Grand total	204,024	532,000	736,025	292,920

REFUGEES FROM EASTERN EUROPE

Roughly 10,000 Eastern Europeans can be expected to seek resettlement in fiscal year 1980 of whom half will settle in Western Europe, Australia, Canada, or New Zealand. The balance will seek resettlement in the United States.

REFUGEES FROM THE MIDDLE EAST

It is not possible to predict, with any degree of accuracy, the number of persons from the Middle East who may seek refuge in other countries. However, Western European countries, Australia, Canada, and New Zealand have traditionally accepted refugees from Middle Eastern countries, particularly Assyrians, Kurds, and Iranians and would consider accepting Afghans. Since receiving countries can be expected to permit entry for family reunification cases, Canada, Australia, and Sweden can be expected to accept some Assyrians. Modest numbers of Kurds would likely be accepted by Austria, the Federal Republic of Germany, Canada, the United Kingdom and the Netherlands. Iranians might be accepted in a number of Western European states and Canada. Israel would accept all Iranian Jews wishing resettlement there.

LATIN AMERICAN REFUGEES

The United States historically has accepted most Cuban refugees wishing to enter the United States for permanent settlement. In the past, Costa Rica, Venezuela, Colombia and other Latin American countries have provided asylum to significant numbers of Cuban refugees.

Of the other Latin American refugees, most find resettlement in other Latin American countries.

AFRICAN REFUGEES

African refugees, for the most part, have been provided resettlement opportunities in other African countries or in European countries. The United States traditionally has provided entry for resettlement mostly to refugees from Ethiopia. However, Scandinavian countries, France, Germany and Canada also admit Ethiopian refugees on a case-by-case basis.

(6) IMPACT OF THE PARTICIPATION OF THE UNITED STATES IN REFUGEE RESETTLEMENT ON THE FOREIGN POLICY INTERESTS OF THE UNITED STATES

The acceptance of refugees for resettlement in the United States is of critical importance in furthering humanitarian, as well as political and strategic objectives in the world.

INDOCHINESE REFUGEES

In Southeast Asia, the provision of first asylum to refugees fleeing Indochina is directly or implicitly dependent upon reasonable assurances that the refugees will be resettled in third countries. A variety of political, economic, and social factors preclude the first asylum countries of Southeast Asia from accepting for permanent settlement the large numbers of refugees who have fled Indochina. There are presently 230,000 Indochinese being provided first asylum in Southeast Asian countries, mostly in Thailand, in addition to the hundreds of thousands of Khmer who have sought refuge along, the Thai-Kampuchea border. Although the outflow of refugees from Laos and Vietnam has markedly declined since mid-1979, the rate of exodus has begun to rise again and is reaching 7,000 per month.

Some ASEAN countries at times in the past have refused to provide the refugees first asylum and have physically pushed them back across borders or towed them back out to sea at great costs in terms of human sufferng and death. At present, the new government in Thailand is facing the dilemma posed by the presence of large numbers of Khmer and other Indochinese refugees within and along that country's borders. A continuation of U.S. resettlement efforts at the current level is vital if Thailand and other first asylum countries are to continue to accept refugees entering their countries and refrain from physically ejecting those presently within their borders.

A major reduction in the numbers of refugees the United States accepts from Southeast Asia would likely signal the Vietnamese authorities that we take for granted the continued moratorium on their expulsion by boat of their unwanted populations. Such a signal could destroy any hope for successfully etablishing a program for the orderly departure of those wishing to leave Vietnam and block the departure of thousands of persons wishing to be reunited with family members in the United States and other countries. In such circumstances, it is likely that the Vietnamese would revert to the practices which led to the massive boat exodus in 1979. Resumption of boat departures on such a large scale would seriously aggravate political and other difficulties for the ASEAN states, would heighten U.S. concern for the stability of the region, and could have profound humanitarian consequences.

Another result of a reduction or a slowing down in the number of refugee departures from the first asylum countries of Southeast Asia could be to extend the time in which the refugees would be confined to unproductive and unhealthful life in refugee camps. The prospect of a possible long-term refugee presence has always been a serious concern of the first asylum countries of Southeast Asia and would directly add to pressures for those governments to deny entry to or expel the refugees.

The President's decision in July 1979 to double the U.S. Indochinese refugee intake to 14,000 per month has been among the most effective means of demonstrating our support for ASEAN in the face of Vietnamese aggression. That rate of admission, in addition to being significant in absolute terms, also sets an example for other refugee-receiving nations and, in large measure, has been responsible for similarly positive actions by those countries. For example, from October 1979 through February 1980 other nations accepted an average of 11,000 Indochinese refugees per month for resettlement. It is not likely that rate would be possible without U.S. leadership. In sum, U.S. refugee admissions are the most tangible and to the nations of Southeast Asia, the most vital element in the states U.S. commitment to that region's stability and progress.

REFUGEES FROM THE SOVIET UNION AND EASTERN EUROPE

The United States has traditionally supported the concept of freedom of movement and other human rights in its policy toward the Soviet Union and Eastern Europe. This position has been reinforced by the Jackson-Vanik Amendment to the Trade Act of 1974 which linked freedom of emigration to foreign trade, the United States adherence to the Final Act of the Conference on Security and Cooperation in Europe signed in Helsinki in August 1975, and the overall emphasis on human rights which has characterized U.S. foreign policy since 1977.

The continuity of the United States refugee policy as it pertains to persons from the Warsaw Pact States has followed logically from U.S. policy since the end of World War II and the Cold War. Assistance, including admission to the United States, for those able to escape or otherwise exit those States has become an integral part of our policy toward that part of the world. That policy, and its consequent refugee admission level, has had the consistent and continued support of the Congress.

REFUGEES FROM THE MIDDLE EAST

The United States has traditionally supported the development of stable and independent nations in the Middle East and that policy is of even greater importance to U.S. national interests today. The resettlement of persons from the Middle East who fear persecution and wish permanent settlement outside of that region can contribute importantly to the stability of the area. In those countries of the region where communist-dominated regimes have emerged, our refugee admissions policy is similar to that which the United States follows toward refugees from the Warsaw Pact States discussed above.

LATIN AMERICAN REFUGEES

The admission of refugees from Latin America is an important element in U.S. foreign policy toward that region. Allowing fellow residents of the Western Hemisphere who wish to flee their countries of nationality to escape persecution or other violations of human rights is fundamentally consistent with promoting free and democratic societies in the Latin American region generally. Of particular interest to the United States has been the freedom of Cuban political prisoners to migrate, a policy re-enunciated by every U.S. Administration since that of President Kennedy.

AFRICAN REFUGEES

Although African refugees in most cases prefer resettlement within Africa, it is important for the United States to provide admission for those Africans who seek the opportunity to settle in the United States and who qualify for admission under the Refugee Act of 1980. The impact of the new Act in terms of the number of refugee admissions from Africa is not possible to predict at this time. For Fiscal Year 1980, it can be anticipated that most refugees from that continent who will seek admission to the United States will be those who have fled the communist-dominated regime in Ethiopia. Most such persons have had close previous association with the United States or will have family members in the United States with whom they will wish to be reunited.

APPENDIX A

EMERGENCY ADMISSION OF CUBAN REFUGEES

NATURE OF THE REFUGEE SITUATION

Cubans began crowding into the Peruvian Embassy compound in Havana seeking asylum on April 4, after Cuba withdrew police protection from the Peruvian Embassy and announced that anyone wanting to leave for Peru would be allowed to do so. By April 7, the compound was jammed shoulder to shoulder with an estimated 10–12,000 Cubans awaiting Peruvian action. The Cuban Government announced that those inside would be free to come and go without reprisal and would be provided with medical help, food, and water.

This event followed months of contention between Cuba and Peru and Venezuela over the right of asylum. The dispute stems from several attempts by Cubans seekings asylum to crash through gates at Peruvian and Venezuelan diplomatic properties. Cuba contends that the right of asylum does not extend to those who force their way into embassies. Venezuela and Peru argue this is solely up to them to decide. The situation was exacerbated last week when a Cuban guard was killed, apparently by gunfire from fellow guards, while attempting to stop a group from gate-crashing the Peruvian Embassy.

The incident has provoked an outpouring of feeling from Cuban Americans in Dade county, and various efforts around the country to collect food and medicines for the refugees.

Several nations, including Peru, Spain and Costa Rica, have publicly pledged resettlement opportunities for some of these per-

sons. Many other nations are currently reaching decisions concerning the possible permanent resettlement of these refugees.

NUMBER TO BE ADMITTED TO THE UNITED STATES

In response to this tragic situation, the United States has decided to accept for permanent resettlement between 25 and 33 percent of the people who have sought refuge at the Peruvian Embassy compound, up to a maximum of 3,500 people. The persons to be admitted are those who either have close family ties to persons in the United States or who are ex-Cuban political prisoners and their families.

The White House announced this decision on April 14, following emergency consultations with the Congress, in accordance with the provisions of the Refugee Act of 1980 (PL 96–212). The specification and determination signed by President Carter concerning this group is attached.

PROCESSING AND RESETTLEMENT

In view of the lack of detailed information on the number of people in the Peruvian Embassy and the absence of biographical information on the refugees, it is difficult to describe accurately our plans for allocating these refugees admission among the potential pool of applicants. The United States hopes that one or more of the Latin American countries will agree to establish a sanctuary while these Cubans undergo processing for resettlement to third countries. At the present time, Costa Rica has offered to serve as one of the staging points. This arrangement will allow for thorough screening and processing of those refugees to be admitted to the United States. We would hope that this generous offer by the Government of Costa Rica will make it possible to resettle these people in an orderly fashion.

COST OF RESETTLEMENT

The preferred method of resettlement from third countries would cost the State Department up to an estimated $4.25 million, including the U.S. "fair share" of the cost of transporting all 10,000 asylum seekers to a third country (or countries), care and maintenance while the refugees are being processed and the transportation of up to one-third (a maximum of 3,500) of the refugees to the United States for permanent resettlement.

It should be noted that the Department of State does *not* intend to pay for reception and placement grants for these refugees. This decision reflects the clear commitment of the Cuban-American community to provide substantial assistance to these persons, most of whom will be relatives of Cubans already in the United States.

Once in the United States, these refugees will be eligible for assistance intended to aid in their successful resettlement and integration into life in the United States. The Department of Health, Education and Welfare, which funds most of this domestic assistance, expects that it will be able to absorb the added costs with funds currently available, or currently sought, for Fiscal Years 1980 and 1981.

ANTICIPATED SOCIAL, ECONOMIC AND DEMOGRAPHIC IMPACT

Since this admission decision is primarily designed to facilitate family reunification, we expect both their initial and long-term resettlement patterns will be similar to the existing Cuban-American community, with most going to South Florida and smaller numbers to the New York metropolitan area, California and elsewhere. The Cuban-American community has adapted well and prospered in the United States. We see no reason to expect that these new arrivals (who would amount to less than 0.5 percent of the total number of Cuban refugees admitted to date) would be any less successful in this process of integration.

THE WHITE HOUSE,
Washington, D.C., April 14, 1980.

MEMORANDUM FOR THE SECRETARY OF STATE

Presidential Determination No: 80–16

Subject: Specification pursuant to Section 101(a)(42) of the Immigration and Nationality Act (INA), as amended, and Determination pursuant to Sections 2(b)(2) and 2(c)(1) of the Migration and Refugee Assistance Act of 1962, as amended (the "Act"), authorizing the obligation of $4,250,000 in funds.

Pursuant to Section 101(a)(42) of the INA as amended, I hereby determine, after appropriate consultation with the Congress, that special circumstances exist such that persons who have taken sanctuary in the Peruvian Embassy in Havana who otherwise qualify may be considered refugees even though they are still within their country of nationality or habitual residence.

Pursuant to Section 207(b) of the INA as amended, I determine that an unforeseen emergency refugee situation exists, that the admission in response to the emergency refugee situation of 25 to 33 percent of the persons who have taken sanctuary at the Peruvian Embassy in Havana, up to a maximum of 3500 refugees, is justified by grave humanitarian concerns and is otherwise in the national interest, and that the admission to the United States of these refugees cannot be accomplished under subsection 207(a) of the INA.

In order to respond to the urgent humanitarian needs of those people in Cuba who have taken sanctuary at the Peruvian Embassy in Havana, I hereby determine pursuant to Section 2(b)(2) of the Act that it is in the foreign policy interests of the United States to designate such persons at this Peruvian Embassy as a class of refugees eligible for assistance under the Act. Pursuant to Section 2(c)(1) of the Act, I hereby determine that it is important to the national interest that up to $4,250,000 in funds appropriated under the United States Emergency Refugee and Migration Assistance Fund be made available to aid in the resettlement of these refugees.

The Secretary is requested to inform the appropriate committees of the Congress of this determination and the obligation of funds under this authority.

This Determination shall be published in the Federal Register.

JIMMY CARTER.

REFUGEE ADMISSIONS, FISCAL YEAR 1980

Area of origin	Approximate number admitted 1st half of fiscal year	Approximate number to be admitted rema nder of fiscal year	Total number of admissions for fiscal year 1980
Asia			169,200
Indochinese	84,000	84,000	(168,000)
Other	600	600	(1,200)
Soviet Union	18,000	15,000	33,000
Eastern Europe	2,000	3,000	5,000
Middle East	500	2,000	2,500
Latin America			17,000
Cubans	9,000	10,500	(19,500)
Other	64	936	(1,000)
Africa	120	1,380	1,500
Subtotal	114,284	117,416	231,700
Asylum status adjustments			2,500
Total			234,200

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

ONE-HOUR RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 1 hour.

There being no objection, the Senate, at 12:47 p.m., recessed until 1:47 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. RIEGLE).

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the the quorum call be rescinded.

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

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

EMERGENCY HOME PURCHASE ASSISTANCE AUTHORITY AMENDMENTS OF 1980

Mr. ROBERT C. BYRD. Mr. President, under the order previously entered, the majority leader is authorized, after consultation with the minority or his designee, to call up S. 2177, Calendar No. 693, Emergency Home Purchase Assistance Authority Amendments of 1980.

I have consulted with the distinguished acting Republican leader, Mr. STEVENS, with Mr. GARN, who will manage the bill on his side of the aisle, and with Mr.

WILLIAMS, who will manage the bill on this side of the aisle; and I am authorized to say on their behalf that all parties named are ready to proceed, and they are present in the Chamber at this time.

Therefore, I ask that the Chair have the bill reported to the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2177) to amend the mortgage amount, sales price, and interest rate limitations under the Government national mortgage association emergency home purchase assistance authority, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs with an amendment to strike all after the enacting clause, and insert the following:

That this Act may be cited as the "Emergency Home Purchase Assistance Authority Amendments of 1980".

SEC. 2. Section 313 of the National Housing Act is amended—

(1) by inserting "and if the Secretary determines that the implementation of this section will not significantly worsen inflationary conditions," after "1968," in the first sentence of subsection (a)(1);

(2) by inserting ", and to promote the construction of multifamily rental housing" before the period at the end of the second sentence of subsection (a)(1);

(3) by adding at the end of subsection (a) the following:

"(4) The program authorized by this section may not be activated unless the most recently available four-month moving average annual rate of private housing starts (seasonally adjusted and exclusive of mobile homes) as determined by the Director of the Bureau of the Census is less than 1,600,000.

"(5) The program activated pursuant to paragraph (4) shall be terminated whenever the most recently available four-month moving average annual rate of private housing starts (seasonally adjusted and exclusive of mobile homes) as determined by the Director of the Bureau of the Census is 1,600,000 or more.";

(4) by inserting "or loans" before "(1) which cover" in the first sentence of subsection (b);

(5) by inserting "including mobile homes" after "four-family residences" in the first sentence of subsection (b)(2);

(6) by inserting "or a mobile home" after "four-family residence" in clause (A) of the second sentence of subsection (b);

(7) by striking out all that follows "such mortgage involves an original principal obligation not to exceed" in clause (B) of the second sentence of subsection (b) and inserting in lieu thereof the following: ", for that part of the property attributable to dwelling use in the case of a more than four-family residence, the per unit limitations under the section of the National Housing Act under which the project mortgage is insured or, in the case of a mobile home loan, the limitation contained in section 2(b) of this Act which would apply to such loan if insurance with respect to an obligation representing such loan were provided under section 2 of this Act:";

(8) by striking out "the lesser of (i) 7½ per centum per annum, or (ii)" in clause (C) of the second sentence of subsection (b);

(9) by striking out all that follows "such mortgage involves a principal residence the sales price of which does not exceed" in clause (D) of the second sentence of subsection (b) and inserting in lieu thereof the following: ", in the case of a one-family residence, 90 per centum of the average new one-family house price in the area, as determined by the Secretary; or in the case of a two-family residence, 100 per centum of such average; or in the case of a three-family residence, 120 per centum of such average; or in the case of a four-family residence, 140 per centum of such average.";

(10) by striking out "enactment of this section" in subsection (e) and inserting in lieu thereof; "the issuance of the commitment to purchase the mortgage";

(11) by striking out "the lesser of (A) the per unit amount specified in subsection (b)(B), or (B)" in subsection (h)(1);

(12) in subsection (h)—

(A) by inserting "and" at the end of clause (3);

(B) by striking out paragraph (4); and

(C) by redesignating paragraph (5) as paragraph (4); and

(13) by adding at the end thereof the following new subsection:

"(i) The Association may not purchase under this section any mortgage or loan which was executed or made (1) to finance the conversion of an existing rental housing project into a condominium or cooperative project, or (2) to finance the purchase of an individual unit in a condominium project or the purchase of a share in a cooperative project, in connection with such a conversion.".

The PRESIDING OFFICER. The Chair advises that there is a time limitation on this bill.

Mr. WILLIAMS. Mr. President, I yield myself such time as I may need for an opening statement on this measure.

Mr. President, this is legislation designed to revise and update the provisions of the Emergency Home Purchase Assistance Act of 1974, to make it more workable in light of today's economic conditions. This legislation comes before the Senate at a time when we face the grim reality of a serious decline in housing production, a decline so grave, it may be unprecedented in the post-war era.

Housing starts have been on a continual slide for several months already. The latest figures—for the month of March—showed a disastrous 300,000 unit decline from the February rate, to an annualized rate of 1 million units, close to the lowest rates experienced during the 1974–75 recession.

A production level of 1 million units a year is only half the amount we need, at a minimum, to meet the continually expanding housing needs of our population, and bears out some of the worst predictions of housing analysts.

The economic impacts of a housing collapse are staggering. For every 100,000-unit drop in housing starts, it has been calculated by the National Association of Homebuilders that 176,000 jobs would be lost, as well as wages amounting to more than $3 billion; and revenue losses to Federal, State, and local governments would total over $814 million. The total direct economic activity lost would be more than $13.6 billion. A sharp drop-off in housing production at a time of continued demand can only mean a shortage of housing in the next few years, which will cause intense upward pressures on house prices, similar to the housing cost spiral which started after the housing recession of 1974.

A decline in housing production also has serious impacts on related industries. The Wall Street Journal, for example, recently pointed out that the wood products industries are suffering significantly as a result of the housing downturn. These and other industries will also see an increase in unemployment, a cutback in production that will undoubtedly create inflationary shortages, and long-term damage to productive capacity that will be keenly felt when credit eventually becomes more available and less expensive.

Mr. President, I have painted a gloomy picture to start our consideration of this legislation. I believe that my colleagues should be aware of the seriousness of this situation as the debate begins, because the purpose of this debate transcends the simple act of revising the Brooke-Cranston program. The debate today will bring us face to face with a difficult dilemma: The complex task of fighting inflation and preserving our economy will inevitably cause dislocations in certain sectors of the economy, and these dislocations may exacerbate the very problems we are trying to solve.

Our purpose today is to revise a program which was originally designed to cushion some of the impact of this dislocation. The Emergency Home Purchase Assistance Act, commonly known as Brooke-Cranston, was originally enacted during the 1974 recession to respond to a severe decline in housing production. At that time, housing starts dropped below the million mark. The purpose of the program was to stimulate the housing market during periods of economic downturn by assuring that below market rate mortgages would be purchased by the Government National Mortgage Association.

The program has been used three times for single-family housing, providing for the purchase of 190,000 mortgages. The program has also been used as a spur for multifamily production, resulting in the purchase of mortgages covering 185,000 multifamily units.

The Banking Committee has reported this legislation because the program as currently structured would be unworkable in today's economy. Under current law, the maximum allowable interest rate on mortgages to be purchased is 7½ percent—in a market where mortgage rates are double that figure, or higher. The basic mortgage limit of $42,000 and sales price limit of $48,000 are also unrealistically low, in light of today's marketplace.

In order to make Brooke-Cranston an effective and workable standby program, the reported bill would make the following changes:

The cap on interest rates would be removed, allowing the Secretary to establish a rate up to the FHA rate.

The existing mortgage and sales price limits would be removed for single-family housing and in place we would have a new method keyed to area price

differentials. The price limit would be 90 percent of area average new house price—with corresponding increases for two through four unit houses. Multifamily housing—whether FHA or conventional—would be subject to the mortgage limits of the comparable FHA program.

These two changes allow the program to be available as standby assistance, without the need periodically to relegislate costs and interest rates.

The committee's bill also makes several other changes to the program:

The program could not be implemented unless the 4-month average housing start rate has dropped below 1.6 million. It would also be automatically deactivated when the average rate goes above 1.6 million.

The Secretary must find that implementation of the program would not significantly worsen inflationary conditions.

To the extent feasible and consistent with the main purpose of the section, the Secretary would have the discretion to direct a portion of assistance to promote construction of multifamily housing.

The authority of the Secretary to include mobile home loans in the program is clarified.

The bill also expands the existing prohibition regarding use of this program to purchase blanket or individual mortgages in a conversion of a rental building to condominium ownership.

Mr. President, I believe that these changes proposed in the committee's bill would significantly strengthen the Brooke-Cranston program as a standby, emergency measure to help slow a serious decline in housing production.

It is important to note at this point that passage of the legislation in question will not, in itself, activate this program—or even authorize any new funds. The funds are now authorized—up to $17.75 billion in purchase authority. They would have to be released in an appropriations act, and the program would have to be activated by the Secretary of HUD.

However, it has become clear to both the administration and many Members of Congress that Brooke-Cranston is an initially expensive program, and its implementation could make more difficult the achievement of a balanced budget for fiscal year 1981. It is viewed as expensive because the program requires high initial outlays of cash to purchase home mortgages before the bulk of the outlays can be recaptured through their later sales by GNMA.

The hesitation of many Members was evident in the failure of the Budget Committee to include any allowance for the use of Brooke-Cranston in either fiscal year 1980 or fiiscal year 1981. Moreover, it is no secret that despite the severe problems facing the housing industry, the administration has not yet indicated any inclination to release appropriations or to trigger the program.

The Senate leadership has been concerned enough about the current state of the housing market and in response to that groups have gathered together and out of this have come suggestions to spur housing production that would have little or no budgetary impact. One of the suggestions was developed into an amendment to S. 2177, a proposal that will help achieve our goal as effectively as Brooke-Cranston but at less initial cost.

However, we must first focus on the basic purpose of this legislation before us—to have available an effective countercyclical housing assistance program. We cannot rule out the possibility that Brooke-Cranston with its substantial resources, may be needed before this current slump is over. And we cannot avoid the fact that the program must be revised so that it can provide a quick, efficient stimulus when necessary.

For this reason I am strongly urging the passage of S. 2177 as reported and will state that after the co-floor leader, the Senator from Utah, has spoken, I will offer the amendment that I think is more realistic in many ways from our immediate needs.

Mr. President, I ask unanimous consent that the following staff members be accorded the privilege of the floor during consideration of S. 2177: Albert Eisenberg, David Yudin, Frank Shafroth, Steven Rohde, Carolyn Jordan, Robert Woods, Jesselie Barlow, Philip Sampson, Scott Brown, Michele Trucotte, and John Collins, of the staff of the Committee on Banking, Housing, and Urban Affairs, and David Gogol, of Senator LUGAR'S staff.

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

Mr. WILLIAMS. Mr. President, it is a pleasure to yield now to the distinguished Senator from Utah, the co-floor manager of the bill.

Mr. GARN. Mr. President, I thank the distinguished Senator from New Jersey.

Today we have a housing legislative package before us revising the Brooke-Cranston and section 235 homeownership program.

There was a joint meeting 3½ weeks ago with the majority and the minority Senate leadership and administration officials to discuss the seriousness of present housing conditions.

Today we have a joint agreement on a package containing amendments to the Brooke-Cranston and section 235 programs. However, this is possible only because of the agreement reached Sunday between the staff. The minority was excluded from Housing Task Force and subsequent meetings for over 3 weeks and was only brought in on Wednesday of last week. Would it not have been better to have worked together so we could bring a clean bill to the floor which we could all support? I am not pleased with the way this has been handled.

We all share the same concern that the home-building related industries not bear a disportionate share of the burden in our joint efforts to balance the budget and reduce Federal spending.

Now I shall address the specifics of the legislation before us. Traditionally, I do not like these so-called "emergency programs" because they often find their way into becoming permanent, costly Government substitutes for private sector activity.

But I agreed to support amendments in committee that would update, not expand, the program and keep it in line with its original purpose to act as a countercyclical stimulus on an emergency basis to help homebuilders with unsold inventories and home buyers who have been temporarily priced out of the market because of rising interest rates.

We recognize that there are many who predict worsening market conditions will become such that HUD Secretary may well want to reactivate this program in the near future. Therefore, it makes sense that we should have a workable program in place that corresponds with today's economic conditions.

However, this is not the time to make major changes or unnecessarily broaden the original purposes of this act.

During committee markup I strongly supported a Proxmire amendment to limit the subsidy to 2 percent and thus assure the program provided only a narrow subsidy the way it was originally used back in 1975–76. That amendment was defeated by 1 vote. I, therefore, voted against reporting S. 2177 out of committee because it was impossible to assure that the program would be targeted to those who had been temporarily priced out of the market.

The program can be activated at the HUD Secretary's discretion and could become a powerful political tool, especially in an election year. This coupled with the need to balance the budget and reduce Federal spending, makes the subsidy limitation absolutely critical.

I am not against Brooke-Cranston. I just want to see it remain as originally intended, targeted to those homebuilders and home buyers temporarily knocked out of a market because of rising interest rates.

I will join with Senator PROXMIRE in again bringing up an amendment limiting the interest rate subsidy. Our amendment will limit the subsidy to 3 percent for single-family, and 4½ percent for multifamily, below the prevailing market rate which is generally one-half to 1 percent above the FHA rate.

An agreement has been reached this weekend with the majority of the committee to accept a compromise on this rate limitation.

Furthermore, I am very supportive of the concept of a revised section 235 program which Senator WILLIAMS will bring up later. I will have an amendment to his, which is a series of cleanup revisions which Senator WILLIAMS has agreed to accept.

However, because of the signals we are sending out to the credit markets with this revised section 235 program, it is even more imperative that we adopt the Proxmire-Garn amendment to limit the Brooke-Cranston subsidy. I am pleased that we have reached an agreement on this matter.

This is not the time to make major changes or unnecessarily broaden the original purposes of Brooke-Cranston, especially coupled with an expanded section 23 program.

Even though the revisions to the section 235 program is viewed as a substitute for Brooke-Cranston, there is nothing to prohibit the Secretary from reactivating the Brooke-Cranston program at some

future date. Assuming the Senate adopts the two amendments which have joint agreement; namely, to limit the Brooke-Cranston subsidy and my section 235 amendment, I will support and vote for S. 2177.

Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER (Mr. STENNIS). The Senator from New Jersey.

AMENDMENT NO. 1705

(Purpose: To amend section 235 of the National Housing Act)

Mr. WILLIAMS. Mr. President, I send an amendment to the desk and ask that it be stated. I offer this on behalf of the Senators who are stated in the amendment, together with the Senator from Utah, who is the floor manager for the minority on this bill.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. WILLIAMS) for himself, Mr. PROXMIRE, Mr. CRANSTON, Mr. MORGAN, Mr. RIEGLE, Mr. STEWART, Mr. CHILES, Mr. BRADLEY, Mr. MAGNUSON, Mr. TSONGAS, and Mr. GARN proposes an amendment numbered 1705.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the bill, add the following:

SEC. . Section 235 of the National Housing Act is amended by adding at the end thereof the following:

"(p)(1) Notwithstanding any other provision of this section, the Secretary shall make and enter into contracts to make periodic assistance payments on behalf of homeowners, to mortgagees holding mortgages (A) which cover dwellings the construction of which is completed on or after the date which was one year prior to the date of enactment of this subsection and which have never been owner-occupied, (B) which meet the requirements of this subsection, and (C) which are executed, or for which the commitments have been made, on or after the date of enactment of this subsection and prior to March 1, 1981, or such earlier date as the Secretary may deem appropriate where the Secretary determines that there is no overriding need for emergency stimulation of the housing market.

"(2) A mortgage to be assisted under this subsection shall—

"(A) where the Secretary deems appropriate, provide for graduated payments pursuant to section 245(a);

"(B) involve a principal residence the sales price of which does not exceed 80 per centum of the average new one-family house price in the area, as determined by the Secretary, or $60,000, whichever is greater; and

"(C) bear interest at not to exceed such rate and contain such other terms and conditions as the Secretary may prescribe.

"(3) The amount of the assistance payments shall not at any time exceed the lesser of—

"(A) the balance of the monthly payment for principal, interest, taxes, insurance, and any mortgage insurance premium due under the mortgage remaining unpaid after applying 20 per centum of the mortgagor's income; or

"(B) the difference between the amount of the monthly payment for principal, interest, and any mortgage insurance premium which the mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest which the mortgagor would be obligated to pay if the mortgage were to bear interest at the rate of 11 per centum per annum.

"(4) The Secretary shall recertify the mortgagor's income at intervals of not more than two years for the purpose of adjusting the amount of assistance payments payable under this subsection.

"(5) Assistance payments to a mortgagee by the Secretary on behalf of a mortgagor shall be made only during such time as the mortgagor continues to occupy the property which secures the mortgage.

"(6) The Secretary shall provide, upon disposition of the property, for recapture of an amount equal to the lesser of (A) the amount of assistance actually received under this subsection, or (B) an amount equal to 75 per centum of the net appreciation of the property, as determined by the Secretary. For the purpose of this paragraph, the term 'net appreciation of the property' means any increase in the value of the property over the original purchase price, less the reasonable costs of sale and any increase in the loan balance as of the time of sale over the original loan balance. In providing for such recapture, the Secretary shall provide incentives for the borrower to maintain the property in a marketable condition. Notwithstanding any other provision of law, any assistance under this subsection whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that Secretary may provide for recapture of such assistance.

"(7) The Secretary shall establish limits applicable to mortgagors to be assisted pursuant to this subsection. In setting such limits, the Secretary (A) may prescribe different limits for different areas, taking into account variations such as prevailing levels of construction costs, unusually high or low median family incomes, or other factors, and (B) shall, to the maximum extent feasible, assure that the assistance payments pursuant to this subsection shall be used to promote homeownership opportunities for moderate income homebuyers.

"(8) The Secretary may not make assistance payments under this section with respect to any dwelling which does not meet all minimum property standards applicable under this Act. The Secretary shall develop a system to allocate funds available under this subsection so that preference in allocating funds shall be given to areas where housing construction activity is most in need of stimulation.

"(9) The aggregate amount of contracts entered into under this subsection shall be limited to the amount of contract authority available under subsection (h)(1) and shall not exceed $135,000,000 per annum.".

Mr. WILLIAMS. This amendment would create a special homeownership assistance program under section 235 of the National Housing Act as a temporary low-cost response to the deepening crisis in the Nation's housing markets. Let me make clear from the outset that this program is not meant to supplant Brooke-Cranston as our primary countercyclical program. Rather, it is designed to offer meaningful and relatively inexpensive assistance to our troubled housing sector in the near term, in recognition of the fact that triggering of Brooke-Cranston is unlikely at any time soon, and that Brooke-Cranston does entail sizable outlays for fiscal year 1981. The need for revising and updating of the Brooke-Cranston program is not affected by this amendment.

The amendment results from the efforts of groups brought together by the distinguished majority leader, and which I am pleased to chair. The majority leader deserves to be warmly commended for his foresight, concern, and leadership in stimulating early response to the needs of the housing market by the Senate.

The mandate, as it come to us from the leadership, in light of the hardships plaguing homebuilders and homebuyers alike, was to develop proposals to assist the housing sector of the economy, consistent with the goal of a balanced budget for fiscal year 1981.

This amendment fulfills that charge. It would require no new budget authority, no new appropriations, and less than $100 million in outlays for fiscal year 1981. I am pleased to be joined on this measure by the distinguished chairman on the Senate Banking Committee, Senator PROXMIRE, and by the other members of the task force, Senators CRANSTON, RIEGLE, MORGAN, STEWART, CHILES, and BRADLEY. I am also pleased that despite its initial skepticism, the administration has decided to lend its support to the thrust of this proposal contained in this amendment that has just been offered.

Specifically, my amendment would create a special section 235 homeownership assistance program that would authorize below market interest rate mortgages for as many as 100,000 homebuyers. Assistance would take the same form as with the existing section 235 program—a direct Federal payment to the lender on behalf of the homebuyer, with the amount of the payment keyed to income and mortgage amount. However, the special program would provide a much shallower subsidy, reducing the effective subsidized rate to as low as 11 percent, as opposed to as low as 4 percent under the present program. In addition, the amendment would authorize the Secretary of Housing and Urban Development to add a section 245(a) graduated payment feature to the program to reduce effective interest rates to the homebuyer to as low as 8 percent.

Under this special section 235 program, assistance payments would be available for persons buying dwellings that sell for up to 80 percent of the average new house price for their area, or $60,000, whichever is higher. Income limits would be set by area and at a level to be determined by the Secretary, with the stipulation that those of moderate income be served to the maximum extent feasible. The special program would also provide for the recapture of all or part of the Federal subsidy upon sale of the home, if there is appreciation in the value of the home, thus significantly reducing the program's ultimate outlays.

In keeping with the program's temporary purpose, the program would remain in effect only through March 1, 1981, unless the Secretary of HUD determines that there is no longer a need for emergency stimulation of the housing market.

Approximately $165 million of contract authority is currently available for the section 235 program, pursuant to a 1975 court order that overturned the im-

poundment of the program's appropriations during the Nixon-Ford administration. The amendment proposes that $135 million of this amount would be used for the special section 235 program, retaining $30 million for the existing program. Up to 100,000 mortgages could be assisted under the special program, reserving sufficient authority for about 10,000 units for the existing program in 1980 and 1981.

This program would be available, based on the Secretary's determination to spur production of new housing or to provide assistance to those caught with housing inventories that restrict their ability to start new production. According to estimates of the Congressional Budget Office, if the program becomes operational by August, there would be no outlays for fiscal year 1980, and approximately $86 million in outlays for fiscal year 1981, minus of course any recapture of subsidy.

Mr. President, let me take a brief moment to illustrate how this special assistance program would lower mortgage payments: A $50,000 mortgage at 14 percent interest (the current FHA rate) requires a monthly payment of about $600, and an annual income of $35,500 to support that mortgage. Under my amendment, that $50,000 mortgage, with a GPM provision attached, would have an initial monthly payment of $364, and require an annual income of $21,800. Without the graduated payment mortgage provision, the homebuyer would be required to pay $476 a month, still substantially lower than the unsubsidized amount. Under the program, homebuyers would be required to pay at least 20 percent of their monthly income toward their mortgage payment, as in the existing 235 program. This required payment, combined with the rising income of the homebuyer, can be expected to reduce, and ultimately wipe out, the Federal subsidy. According to HUD, two-thirds of those who have entered the 235 program are no longer receiving any subsidy.

Mr. President, this amendment would provide a strong, yet prudent response to the worsening crisis in housing production. It is a unique opportunity to use available funds to cushion the fall-off in housing activity, while respecting the goal of a balanced budget for fiscal year 1981. It is not designed to replace Brooke-Cranston, which needs to be updated, and which may yet be called upon to play a role in averting depression in the housing activity, while respecting the provide, however, a more immediate shot in the arm that I believe is urgently needed by the housing industry to protect its productive capacity and to keep it from suffering unfairly from broad efforts to bring inflation under control. I hope that the Senate will give this amendment speedy approval.

Mr. President, I ask unanimous consent that a table showing how the section 235(p) program will work be included at this point in the RECORD.

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

Section 235(p) program example assuming $50,000, 30-year mortgage

With a standard 14% mortgage: Monthly principal and interest: $592.43; income to qualify: $35,545.80.

With a standard 11% mortgage: Monthly payment: $476.16; income to qualify: $28,569.70.

With a GPM 245(a) plan III: First year monthly payment: $364.14; income to qualify: $21,848.40.

Under GPM plan III, monthly payment increases by 7.5% each year for five years. Monthly payments escalate as follows:

Year 1	$364.14
Year 2	391.44
Year 3	420.80
Year 4	452.36
Year 5	486.29
Years 6–30	522.76

Mr. WILLIAMS. I think that the 235 program has a proven record of usefulness to those who have qualified under it for homeownership. It does go to one of life's most sought after goals for families—homeownership; and it does so in a way that can be useful now in this period when interest rates are keeping moderate income people out of the market.

This proposed special 235 program is a significant improvement, of course, not only in terms of price limits and interest rates, but also with the graduated payment mortgage (GPM) provision included in it. I am happy to note, and I note it with a pleasant feeling of nostalgia, that the GPM in its present form is so much the product of the creativity and wisdom of the Senator from Utah.

So this 235 update impresses me as a wise, and effective, response to what we know is needed across the country, so that in all our communities we can have good, modest homes.

And I think this can happen under this proposal. I am happy to note that the Senator from Utah is still creative in this process and will have some amendments that we look forward to.

The PRESIDING OFFICER. May we have quiet? We do not have many Senators in attendance, but the Chair is having trouble hearing the speakers, nevertheless.

The Senator from Utah.

UP AMENDMENT NO. 1045

Mr. GARN. Mr. President, I submit an unprinted amendment to amendment No. 1705 and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair is advised that, until time has expired on the Williams amendment, further amendments are not in order, except by unanimous consent.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that Mr. GARN may offer his amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none. It is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Utah (Mr. GARN) for himself, Mr. PROXMIRE, and Mr. WILLIAMS, proposes an unprinted amendment numbered 1045.

Mr. GARN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 1, line 9, strike out "owner-occupied" and insert in lieu thereof "sold".

On page 2, line 6, after the period add the following: "The Secretary may establish such criteria, terms, and conditions relating to homeowners and mortgages assisted under this subsection as the Secretary deems appropriate, consistent with the provisions of this subsection. The Secretary is authorized to insure a mortgage which meets the requirements of and is to be assisted under this subsection.".

On page 2, line 11, strike out "(a)".

On page 2, line 16, strike out "and".

On page 2, between lines 16 and 17, insert the following:

"(C) involve a principal residence the sales price of which does not exceed the appraised value of the property, as determined by the Secretary; and".

On page 2, line 17, strike out "(C)" and insert in lieu thereof "(D)".

On page 3, lines 5 and 6, strike out "which the mortgagor is obligated to pay under the mortgage" and insert in lieu thereof "which would be required if the mortgage were a level payment mortgage bearing interest at a rate equal to the maximum interest rate which is applicable to mortgages insured under section 203".

On page 3, line 8, strike out "to bear" and insert in lieu thereof "a level payment mortgage bearing".

On page 3, line 21, strike out "75" and insert in lieu thereof "50".

On page 4, line 3, after "shall" insert ", to the extent necessary,".

On page 4, strike out lines 5 through 9.

On page 4, line 16, after "feasible" insert "consistent with the emergency purpose of this subsection".

Beginning with the word "The" on page 4, line 23, strike out all through page 5, line 2, and insert in lieu thereof the following: "The Secretary shall allocate funds under this subsection so that preference is given to areas where housing construction activity is most in need of stimulation, as measured by factors such as population, the relative decline in building permits, and such other factors as the Secretary may deem appropriate. Section 213 of the Housing and Community Development Act of 1974 shall not apply to this subsection. A mortgage which meets the requirements of this subsection may be eligible for assistance under this subsection irrespective of how many other mortgages covering dwellings in the same subdivision will be assisted under this section.".

Mr. GARN. Mr. President, as I have already discussed, I support the concept of the special mortgage assistance program created by amendment 1705. The program will help homebuilders sell a modest number of homes and builds on the 235 program which has been very successful in Utah. Plainly put, a number of technical and correcting changes are needed to make the program workable. My amendment will accomplish that, but would have been unnecessary if this program had initially been developed with the bipartisan cooperation that the seriously troubled housing industry deserves.

That bipartisan cooperation did come over the weekend and that is why I think we have been able to come to some very worthwhile agreements.

The changes made by my amendment are:

First, the houses which are eligible for assistance under the program must "have never been sold" rather than "have never been owner-occupied." This change will insure that the assistance is focused on home sales by builders whether directly after completing construction or after the builder rents the home to cover carrying costs. Without this change an investor could buy a house and then sell it under the program.

Second, explicit authority to insure the mortgages assisted under the program is added. Without this amendment, the mortgage limits in present FHA insurance authorities would in many cases prevent HUD from insuring mortgages which meet the higher sales price limit this new emergency program allows. It should be noted that the mortgage does not have to be insured, but with this amendment it can be if the lender, home buyer and FHA agree it should be.

Third, the authority to add a graduated payment mortgage feature to assisted mortgages is amended to include the graduated payment mortgages authorized in section 245(b) by the Homeownership Opportunity Act which was part of last year's housing authorization legislation.

The distinguished Senator from New Jersey mentioned that I played a part in that. Yes, I did. But without his help we could not have had it passed. We had a difficult time with that program in the House of Representatives. It took several weeks to have them see the light of day. I want to acknowledge the help that Senator WILLIAMS gave me on that GPM program in the Homeownership Opportunity Act last year.

Fourth, a limitation is added so that the sales price of the home cannot exceed its appraised value. This will help insure that the Government does not make extra assistance payments for an overpriced home.

Fifth, the amount of the assistance payments is limited to the difference in monthly payments between a normal mortgage at the FHA interest rate and one at 11-percent interest. (If it is a smaller amount, the remainder of the monthly mortgage payment after the buyer pays 20 percent of income would be the maximum assistance.) By limiting the assistance formula to the FHA interest rate, the homebuyer will have an incentive to find the best financing arrangement possible. As originally drafted, the Government's assistance would automatically increase no matter how high the lender raised the interest rate. Furthermore, this change makes it clear that even for a graduated payment mortgage the assistance calculation is based on a level payment mortgage.

Sixth, the provision for recapturing the assistance payments on the sale of the house is made more reasonable by limiting the recapture to 50 percent, rather than 75 percent, of the net appreciation. (The recapture would also never exceed the total assistance payments.) While I support the concept of recapture as a way to reduce the long-run program costs, leaving the homeowner with only one-fourth of appreciation nearly eliminates one of the big attractions of home ownership and may drastically reduce the incentives for proper maintenance and upkeep. A 50–50 split of net appreciation between the Government and the homeowner is provided in my amendment and is more reasonable. Because the recapture concept is new to FHA programs, the Secretary should insure that potential homebuyers understand the program and will not assume it is like the existing section 235 program which does not have recapture.

Seventh, a technical correction is made to the provision giving the Secretary authority to establish income limits for the program.

Eight, under amendment 1705, funds are to be allocated with preference to areas where housing construction is most in need of stimulation. My amendment makes it more specific that need is to be measured by factors of population, the relative decline in building permits, and other objective factors. Frankly, I am concerned that this program could be implemented with too much regard to election year politics. Under my amendment objective factors must determine where the limited assistance is allocated.

Finally, two technical provisions are added to override the limit that no more than 40 percent of the homes in a subdivision can be assisted by the present 235 program and the requirement for local government review for consistency with housing assistance plans of projects with more than 12 houses. Neither of these were meant to apply to moderate income housing.

I think these changes will make the amendment by Senator WILLIAMS a very workable program that will at least give some rather immediate short-term assistance to at least a moderate number of homebuilders who are in difficulty in this country and, even more importantly, provide that some people who simply are priced out of the market will be able to get into adequate housing.

Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER (Mr. BAUCUS). The Senator from New Jersey.

Mr. WILLIAMS. Mr. President, I will be very brief. I just want to rise to commend the Senator from Utah and also to thank him for his positive helpful role in the development of this section 235 proposal before us. The amendment, I know, is another demonstration of the Senator's deep concern for the serious economic problems facing the housing sector and his sensitivity to the need for a rational and prudent response to what I describe as a grave problem in our Nation today.

Mr. President, I am pleased to accept and cosponsor the amendment of the distinguished Senator from Utah.

The Senator's amendment would make several important refinements to the 235 proposal as originally drafted.

A few of the more important provisions should be noted:

Specific authority is created for the Secretary to insure mortgages under subsection 235(p). It is important to clarify that this program can be used for both FHA-insured and conventional mortgages, and it is over intent that the program be available for both kinds of financing.

The graduated payment feature, if used, could be pursuant to either section 245(a) or section 245(b), the new GPM developed in last year's housing bill. The 245(b) GPM allows for a smaller downpayment and a smaller increment in annual income and will help assure that this program is targeted to moderate-income families. This provision might also encourage HUD to step up their implementation of the 245(b) program.

The maximum assistance payment for a conventionally financed dwelling under 235(p) would not exceed the payment level that would be applicable if the mortgage were FHA insured. This will help moderate the cost of this program and exert some downward pressure on the interest rates used in this program.

The recapture provision would be modified to limit recapture of the subsidy upon the sale of the home to 50 percent of the appreciation on the home, or the actual subsidy received. This provides for an effective recapture mechanism while assuring that homeowners have the proper incentive to maintain their properties.

The allocation provision would be amended to provide additional direction to the Secretary as to how the program funds should be allocated. It stresses that the Secretary should focus his allocation primarily on sectors such as population. He would also be able to utilize other factors that may be appropriate.

Mr. President, these are some of the important features of this amendment. I believe they strengthen the proposal and help assure that we will create a workable response to a serious housing crisis.

All of the provisions of the amendment have been outlined. It impresses me that each one of them is significant in making this kind of program that can go to work efficiently and quickly after we have passed this legislation and it has been signed. Every one of them is a significant contribution to making section 235 fairly and finely tuned to the needs it is designed to meet.

I commend the Senator from Utah and thank him. I am very grateful to be a part of this as a cosponsor of this amendment.

Mr. PROXMIRE. Mr. President, will the Senator from New Jersey yield time on the amendment?

Mr. WILLIAMS. Mr. President, I yield.

Mr. PROXMIRE. Mr. President, I am pleased to cosponsor the amendment offered by the distinguished Senator from New Jersey, as it will be amended by the distinguished Senator from Utah (Mr. GARN).

In developing the approach embodied in this amendment, we were faced with the dilemma of attempting to constructively respond to the immediate crisis in homebuilding while at the same time not endanger the overriding objective of a balanced budget which is essential in combating inflation. I believe that this

amendment is a responsible effort to respond to this dilemma. Indeed it has the special attraction of providing very substantial long-term cost savings compared to current law.

There cannot be any doubt that home construction in the United States is now encountering a real crisis. Housing starts in March were at a seasonally adjusted annual rate of 1,041,000, a drop of approximately 300,000 units from the February level. The March level of housing starts is the worst month since April 1975. Building permit data for March was at a seasonally adjusted annual rate of 941,000 units, which indicates continued trouble in the months immediately ahead. The sharp downturn in housing starts is creating serious unemployment in the construction industry.

It must be emphasized that the root cause of today's homebuilding crisis is inflation. An inflation rate of close to 20 percent inevitably results in interest rates which, by historical standards, seem incredibly high. As a long-term solution, there is simply no alternative to winning the fight against inflation. On a short-term emergency basis, however, we should take action to stimulate new construction and assist homebuyers, as long as such action does not impede the overriding objective of combating inflation.

This amendment has the potential for providing assistance for up to 100,000 units, depending on market conditions at the time the program is implemented. Whether and to what extent this assistance would be provided for the existing inventory, or be used instead to stimulate new construction, would be left entirely to the discretion of the Secretary to evaluate the need at the time the program is implemented.

It must be emphasized that the benefits of this amendment can be realized without the need for any new authorization or appropriation. The amendment utilizes an existing pot of funds obligated years ago. It is true that since the funds would be spent initially at a somewhat faster rate than currently anticipated, there would be a net increase in outlays, according to a CBO estimate, of approximately $86 million in fiscal year 1981. By contrast, however, to assist 100,000 single family units under the Brooke-Cranston program could require outlays of $5 billion, almost 60 times as much. I repeat that—60—times as much.

While the net increase in outlays in fiscal year 1981 is estimated at $86 million, on a long-term basis this amendment to the section 235 program will actually result in very substantial cost savings. This is attributable to the recapture provision which is included in the amendment. There is no similar recapture provision in the existing section 235 law.

According to a CBO staff estimate, based on an assumption of an average annual appreciation rate of only about 5 percent, which I think is very conservative, in the value of houses assisted under the temporary program, it is estimated that approximately 76 percent of the actual subsidy dollars paid out will ultimately be recaptured, even with the amendment or it would be amended by the Senator from Utah. Assuming that the entire $135 million in available annual contract authority is utilized for the emergency program, the estimated total of actual subsidy payments under the temporary program would be $1.1 billion, of which an estimated $835 million would ultimately be recovered pursuant to the recapture provision.

If the $135 million in annual contract authority were instead used as contemplated under the existing law without the amendment, it seems reasonable to assume that the actual subsidy payments would be at least $1.1 billion, with none of it recaptured. Thus, using these assumptions, the effect of this amendment to the section 235 program would be to save at least $835 million in long-term cost.

I am speaking of the amendment as modified by the Senator from Utah.

There is one significant disadvantage to this proposed temporary program which must be noted. While the amendment would guarantee retention of enough contract authority to assist approximately 10,000 families under the existing section 235 program which is targeted to more moderate income homebuyers, it must be recognized that as a result of this amendment, up to $135 million in contract authority will be redirected to address the needs of the immediate crisis. This $135 million in contract authority could have assisted perhaps 35,000 families under the existing section 235 program.

The decision to redirect this contract authority is indeed painful. However, given the realities of the crises we are facing in homebuilding and inflation, I believe that this amendment, while painful, is nevertheless in the overall public interest.

I urge favorable consideration of the amendment by the Senate, and I congratulate the Senator from New Jersey for offering the amendment.

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

Mr. PROXMIRE. I am happy to yield to my good friend.

Mr. WILLIAMS. Mr. President, I will say that the Senator from Utah has amendments, too, which impress me as making a good product a lot better.

Mr. PROXMIRE. I agree wholeheartedly. I was speaking on the amendment as proposed to be amended by the Senator from Utah.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS. Mr. President, the Senator from North Carolina is seeking recognition.

Mr. MORGAN. Mr. President, I also want to speak on the amendment and on the bill.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, I will present comments which apply generally to the bill. I do support the amendment of the distinguished Senator from Utah. My homebuilders in North Carolina tell me they agree with it.

Mr. President, I also wish to record my support for the proposed changes in the section 235 homeownership program.

This program has benefited homebuilders and homebuyers in North Carolina. It recently has proved to be very successful in expanding homeownership opportunities in smaller towns and rural areas of the State.

The present program, however, has increasingly been limited in applicability by income and mortgage ceilings which have not kept up with inflation.

The amendments proposed today could encourage homebuilding activity very quickly without significant impact on the budget, since funds for the programs are already authorized and appropriated. They could encourage homebuying by families in need of assistance. but not at significant cost to the Treasury, since the revised program would authorize a recapture of the subsidy at the time of sale or transfer of the house.

New authority to use a graduated payment mortgage in conjunction with the homeowners assistance program would enable homebuyers who need the program the most, such as the first-time homebuying family, to manage the higher payments made necessary by the recent increases in interest charges.

It is estimated that the revised program could result in the production or sale of an additional 95,000 houses, and the creation or retention of twice as many housing industry jobs.

Mr. President, we need increased housing production and housing industry employment now. We need such selective aid if we are to avoid a deep recession in the months ahead. I believe the proposed amendments to the section 235 homeowner program will, if enacted now, help avoid a deep recession without necessarily fueling further inflation.

I urge my colleagues in the Senate to vote "yes" on the proposal to revise the section 235 homeownership program.

Mr. President, I join my colleagues on the Banking, Housing, and Urban Affairs Committee in urging the Senate to pass S. 2177, the Emergency Home Purchase Assistance Act Amendments of 1980 now.

The Emergency Home Purchase Assistance Act, which I generally refer to as the Cranston-Brooke Act in recognition of the key legislative role played by my distinguished colleague from California, was enacted to stimulate the housing industry in the face of a severe decline in home building and sales in 1974.

The emergency program had substantial success then. Housing starts and employment rose after the program was enacted. Sales of some 190,000 single family and 185,000 multi-family units were spurred by the program. The Nation's gross national product was enhanced by over $1 billion, according to estimates made by the General Accounting Office.

Mr. President, the housing industry is in similar circumstances today. Building suppliers, lenders, and others who work to satisfy our shelter needs are in depressed economic circumstances. Families who need housing are finding them-

selves frozen out. Although the Congress has enacted a number of programs to end the boom-and-bust cycles that have affected the housing industry for many decades, housing activity again has turned sharply downward. While the administration has taken steps to shield the housing industry from carrying the burden of anti-inflationary measures alone, the simple fact is that homebuilders and buyers are today bearing most of the burden.

The Committee on Banking, Housing, and Urban Affairs has recognized this situation and has approved amendments to the Emergency Home Purchase Act in order to permit it to function more effectively. I strongly urge my colleagues to approve the committee's recommendations.

The proposed amendments would improve the program by:

First. Requiring the Secretary to make a finding that first implementing it will not significantly worsen inflationary conditions and second prohibit implementing unless housing starts are less than 1.6 million starts over the most recent 4-month period.

Second. Eliminating the existing requirement that the prescribed mortgage interest rate be 7½ percent. Under the amendment, the Secretary of HUD would have discretion to set rates up to the established FHA rates. The amendment makes clear, however, that the Secretary is to minimize the amount of subsidy provided, consistent with making the program work.

Third. Limiting the sales price of eligible single-family houses to a price equal to 90 percent of the average new-house price in the area. The present relatively inflexible program ceiling would be updated and improved by granting the Secretary of HUD authority to establish ceilings by local area.

The amendments would also make clear that:

First. The Secretary continues to have the authority to use a portion of the funds for buying mortgages on existing houses which were constructed more than 1 year before the issuance of purchase commitments.

Second. The Secretary should allocate funds on a State-by-State basis, and should promote use of the program by first-time homebuyers and by builders constructing energy-efficient houses.

The amendments would continue existing authority to encourage construction of multifamily residences, but would prohibit use of program funds for buildings being converted from rental to condominium or cooperative status.

Mr. President, the EPHA amendments should be approved now. The downturn in housing threatens to spread depression today and to insure inflation in the future. By approving this measure, we will, I believe, be taking a prudent step in the right direction.

I thank my distinguished colleague for yielding.

Mr. PROXMIRE. Mr. President, we have not acted yet on the Garn amendment, I take it.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. Mr. President, I yield back the time on my amendment.

Mr. WILLIAMS. Whenever it is appropriate, I yield back any time that I have on the amendment.

The PRESIDING OFFICER. Is all time yielded back on the Garn amendment? Does the Senator from New Jersey yield back his time?

Mr. WILLIAMS. Yes, I yield it back, Mr. President.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, I believe everyone recognizes the economic problems facing our Nation's housing construction industry and the impending gloomy predictions for the future facing us as a result of the Federal Reserve Board's belt tightening—high interest rate policies. The housing construction industry is facing its worst recession since World War II. This recession in the housing construction industry could be the forerunner of a deep recession for the entire economy unless we take prompt action. However, whatever action we take must be carefully balanced so as not to add to our inflation woes, or interfere with our first priority, a balanced budget in 1981.

The Senate Housing Task Force, of which I am a member, has developed several proposals dealing with homeownership assistance that will soften the impact of the impending housing downturn. The Senate Task Force, appointed by Senator ROBERT BYRD and chaired by Senator HARRISON A. WILLIAMS, is charged with finding solutions to the housing crisis that are neither inflationary nor bust the budget. We came up with several recommendations, both legislative and administrative. Administratively, we urged HUD to extend FHA section 203(b) authority to interim construction financing presently being held by builders on their inventory. High cost construction financing is a problem for the builders who find it difficult to continue to roll these funds over. The extension of 203(b) authority to existing financing will allow the builders to roll over these mortgages at a lower FHA interest rate which is currently 14 percent. I am told that HUD will soon make this authority available.

Legislatively we are recommending several approaches. The first is to amend the Emergency Home Purchase Assistance Act of 1974, so that the cyclical Cranston-Brooke program will be updated to meet today's economic needs if the Secretary of HUD decides that it needs to be activated and can be activated when all failures are considered. Second, we are revising the section 235 program so that 100,000 new units will be available immediately without budgetary impact.

I am pleased to have been the coauthor, along with the distinguished Senator Edward Brooke, of the Emergency Home Purchase Assistance Act of 1974, commonly referred to as the Cranston-Brooke tandem program. In 1974, when this program was first proposed, it was intended to be a temporary cyclical shot in the arm to the homebuilding and construction industry in severe economic times when low housing starts, little or no mortgage credit availability, high interest rates, recession and high unemployment were prevalent.

The program attempts to help stabilize the housing market against cyclical slumps by increasing the supply of reasonably priced credit to stimulate the purchase of new and existing single family and multifamily units. Mortgage assistance is provided by allowing GNMA to issue commitments to purchase privately written, below market interest rate mortgages. GNMA purchases these mortgages at below market interest rates and subsequently sells these mortgages at the market rate. The actual cost of the program is the difference between the aggregate price of the mortgages purchased at the below market interest rate and the aggregate sales price of the mortgages at the market rate when they are sold.

It is generally accepted that each dollar of Government assistance for housing triggers private investment of between $15 and $20 for construction. This creates a demand for housing and related goods and services and thereby jobs and tax revenues are generated. On this premise, Senator Brooke and I sought to provide a program to stimulate housing and the economy in periods of economic strain at the lowst cost to the Government.

In January 1980, single family housing starts were down 17 percent from the previous January. Multifamily starts fell 33 percent from the level achieved in January 1979. Overall starts for February showed a decline to a rate of 1.3 million. Alarmingly, the March figures show that the expected starts declined 300,000 units in 1 month to a figure of 1.04 million. One million units is one-half of our Nation's housing start goal.

When housing starts are down dramatically, workers are idle not only in the housing construction industry but in other related industries as well. Industries that manufacture and sell home appliances, real estate, insurance, small businesses, and financial institutions all feel the strain of a depressed housing industry.

I believe that economic conditions facing today's housing market may warrant the triggering of Cranston-Brooke in the near future. In order to activate the program, the Emergency Home Purchase Assistance Act of 1974 (12 U.S.C. 1723(c)) must be amended so that it will be responsive to current market conditions.

The amendments we are considering today make these needed revisions by modifying the mortgage amount, sales price, interest rate limitations, and the triggering mechanism in the original act.

The first one of these revisions adds two new conditions to be met before the tandem program can be activated. The first requirement is that the Secretary of HUD must determine that the use of Cranston-Brooke will not significantly worsen inflationary conditions. This provision is intended to assure that the

Secretary takes into account a broad view of the economic impact which would result from the implementation of the program.

The second requirement is that implementation cannot occur unless the 4-month moving average annual rate of housing starts is below 1.6 million. This is only a floor and is not intended as a mandate for the implementation of the program. After the moving average reaches 1.6 million starts, it is still within the Secretary's discretion to activate the program.

Multifamily housing is an area that I am very concerned about. I am pleased that we are mandating eligibility for multifamily housing assistance under this program. This country is facing a severe rental housing shortage. Los Angeles County alone estimates that it currently needs 100,000 new rental units. The Cranston-Brooke program can be used to provide some assistance directed at our multifamily housing problems. However, we must take a closer look at all our programs for rental housing, including the tax laws, to see why they are not working in today's marketplace.

Interest rates under the original Cranston-Brooke bill were to be set by the Secretary of HUD based upon market conditions. It was our intent that the interest rate should be as high as the market could bear to reduce the cost to the Government.

It was Senator PROXMIRE, however, who fought on the floor in 1974 for the 7½-percent interest rate and won. It was my feeling at the time that such a deep subsidy was not required to make this program go and that it would cause unnecessary costs to the Government. I am pleased that S. 2177 strikes the 7½-percent interest rate level in existing law and allows flexibility for the Secretary of HUD to set the interest rate.

I believe that the new formula contained in S. 2177 for a sales price limitation is a good one. The sales price limit of 90 percent of the average (mean) new house price in the area, as determined by the Secretary, allows this program to reach more people than the old limit of $48,000, and thus makes the program more effective. It takes into consideration regional disparities of home costs, whereas the old fixed limit did not. Multifamily housing under the amendments will continue to be subject to a mortgage limit as determined by the National Housing Act.

Another significant amendment to the program permits mobile homes to be considered eligible for funds under this program. Many people are discovering that this form of housing better suits their needs and is a lower cost alternative to traditionally built homes. I supported the addition of mobile homes to these provisions.

Mr. President, it is imperative that this Congress pass S. 2177. As already outlined, the home building industry is in a recession and many in the industry are on the verge of default or bankruptcy. Traditionally, Cranston-Brooke has been the economic tool that has been used to assist that industry in similar times. We are updating the program so that all the tools necessary will be at our immediate disposal if they are needed.

Currently, the section 235 program offers mortgage insurance to increase homeownership opportunities for low- and moderate-income families, especially those families that are displaced by urban revitalization. HUD insures lenders against loss of mortgage loans to finance the purchase, construction, or rehabilitation of low cost one- to four-unit family housing. The interest rate for these loans are subsidized down to 4 percent and the maximum mortgage amount is $32,000. This program has been used very little since the 1974 moratorium on assisted housing by then President Nixon.

Senator WILLIAMS and I are offering an amendment that would temporarily change this program to direct HUD to use the $165 million available in contract authority to provide an emergency shallow interest rate subsidy for moderate-income housing. Of the $165 million currently available under 235 contract authority, up to $135 million would be used for the new program. This leaves sufficient authority to build 10,000 units of old 235 units in 1981 and the rest of 1980 as planned by HUD. It is important to retain these units because we must not turn our backs on our commitment of helping resettle low- and moderate-income displaced people and these 10,000 units will remain for that purpose.

In 1979, 8,000 units were built under the existing 235 program, and it is predicted that only 18,000 units will be constructed in 1980. Our new crash program will stimulate construction of around 100,000 moderate-income units which is a fivefold increase over the present rate. This program uses money that has previously been appropriated but never spent and will have little budgetary impact. It requires no new budget authority and increases outlays by a slight $75 million. This new 235 program will subsidize the interest rates down to 11 percent and mortgage limits would be $60,000 or 80 percent of mean area new house sales price, whichever is greater.

The new 235 mortgage will be combined with a graduated payment mortgage feature, allowing for lower monthly payments in early years. This would allow an initial monthly payment equal to that required under an 8-percent standard mortgage. These lower payments will qualify many first-time home buyers and lower income persons for this program. The program is to stay in effect for 9 months following enactment, unless the Secretary of HUD terminates the program earlier. After 9 months, the 235 program reverts back to its original purpose. There is also a recapture provision that requires the homeowner to pay back on resale of the home the amount of assistance actually received under the program.

Mr. President, while we cannot insulate the housing industry from the recession, I believe that the legislative and administrative steps that we are advocating will assist the housing construction industry and help to soften the impact of a recession in that industry. I urge that the Senate pass the Cranston-Brooke update and the section 235 revision.

● Mr. CHILES. Mr. President, I am pleased to be an original cosponsor of the amendment to broaden the section 235 housing program to allow its use for temporary relief to the hard-hit housing industry. High interest rates have brought housing construction to a screeching halt in Florida, as elsewhere in the country, and some Federal action is necessary.

This amendment was developed by an ad hoc task force of Senators who are particularly concerned with the housing industry, and I am glad that we were able to come together with the administration on a reasonable course of action.

Our amendment will allow the Secretary of Housing and Urban Development to provide assistance to help homeowners afford mortgages with interest rates over 11 percent. Even where mortgage money has been available, high interest rates have kept many low- and middle-income families from being able to afford them. The amendment also allows the Secretary to assist graduated payment mortgages, which are suitable for young families whose incomes can be expected to increase significantly over the course of the mortgage.

We have tried to build in a variety of protections for the taxpayer. First, we provide that the amount of subsidy paid shall be "recaptured" upon sale of the house, up to 75 percent of the net appreciation in value. Thus, the Federal Government becomes a co-investor to the extent that it participates in carrying the cost of the home.

Second, the assistance can only be used for a principal residence, where the sales price is not more than 80 percent of the average new one-family home price of the area, up to $60,000. The subsidy cannot be used for speculation, for vacation homes or to help people invest in high priced houses.

Finally, only families whose income does not exceed 130 percent of the area's median income will be eligible. While this will help the middle class families who are too strapped by inflation to qualify for regular mortgages, it will not provide subsidies to upper income people.

The bill we are amending is the reauthorization of the emergency mortgage assistance program, known for its original sponsors as the "Brooke-Cranston" program. This provides a much broader form of mortgage assistance at times of economic crisis. The Brooke-Cranston program works by buying up mortgages from lenders during periods of low liquidity, which often occurs when high interest rates cause people to take their money out of savings accounts and put it into short-term securities. I support the reauthorization of Brooke-Cranston, so that we have it in place when we need it. This bill makes some improvements by tightening up the original version,

and this should insure that it is a good bargain for the taxpayers.

Some people have argued that we ought to put out $10 billion of Brooke-Cranston assistance right now. I think that would cause more harm than good. Right now, the problem does not seem to be a lack of available funds for mortgages. Rather, the problem is that people cannot afford to pay the high interest rates. What has driven up interest rates is runaway inflation, and expectations by the financial market that the Government is not serious about restraining inflation.

Over the last few weeks, we have just begun to change those expectations. I was part of a Democratic leadership group that worked with the administration to develop a balanced Federal budget for the coming year. The Senate Budget Committee, of which I am a member, has reported a balanced budget resolution. The credit markets are beginning to believe us, and we have seen the first, small reductions in interest rates on Treasury bills. If we move ahead to spend an extra $10 billion on housing assistance before we have enacted the legislation to produce a balanced budget, no one will believe we are serious about inflation, and interest rates will stay high. That would be a disaster for housing and the rest of the economy.

Mr. President, no one likes to see the industry collapse. It drives people out of work in construction, in building materials, and in related industries like furniture and home appliances. In the long run, major housing downturns are inflationary. The experts tell us that there will be 2 million new families ready to buy houses this year and next year. If we lose a million units of production this year, all we are doing is cutting down on supply while demand stays high. That has got to drive up prices next year.

Some medicines can kill the patient rather than curing him. Further deficit spending by the Federal Government will add to financial instability and kill the housing industry, not cure it. I questioned the Secretary of the Treasury about whether we could expect some relief on interest rates by the fall. He responded that if we stay on track, both inflation and interest rates could be down sharply by the fall. That would allow the housing industry to recover and put more homes on the market in time for the big spring selling season. I think that if we do not see improvement by the fall, then we ought to consider further Federal assistance for housing.●

Mr. PROXMIRE. Mr. President, I understand that the pending business is the Williams amendment as modified; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Who yields time on the amendment of the Senator from New Jersey?

Mr. PROXMIRE. Mr. President, I have another amendment I should like to offer as soon as the Williams amendment is disposed of.

Mr. WILLIAMS. Mr. President, I yield back my time on the Williams amendment.

Mr. GARN. I yield back the minority's time on the Williams amendment, Mr. President.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Jersey.

The amendment, as modified, was agreed to.

Mr. GARN. I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS. I move to lay that moton on the table.

The motion to lay on the table was agreed to.

Mr. GARN. Mr. President, if the Senator from Wisconsin will yield, I promised the Senator from Connecticut that, if he has no amendment, he could make a statement. If the Senator would allow him to make the statement, then we can proceed with his amendment.

Mr. PROXMIRE. Mr. President, I have no objection.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, I commend the distinguished senior Senator from New Jersey and his colleagues for this response to the difficulties of the housing industry. The amendment offered by Senator WILLIAMS is a beginning. It has the particular virtues of being capable of immediate implementaton, inasmuch as funds are immediately available for it. The proposed revisions in section 235 should have the effect of broadening the availability of this instrument, and expanding its use. And putting the most optimistic face on this, let us concede the estimate that this amendment to S. 2177 may benefit some 100,000 prospective home buyers.

At this point, I believe it is important to review the legislative history of S. 2177 as reported out of the Banking Committee. Last December—December of 1979—the administration and I introduced separate pieces of legislation, S. 2177 and S. 2178, to update and revise the Emergency Home Purchase Assistance Act, commonly referred to as the Brooke-Cranston program. In anticipation of the growing housing crisis, I believed it was essental to have this emergency assistance program "ready to go", should the Secretary of HUD decide to activate it. Between 1974 and 1975, when the housing industry last hit bottom, Brooke-Cranston pumped approximately $9 billion of reasonably priced mortgage funds into the market. This initiative helped to stabilize the industry, save jobs, and build houses. In short, it threw to a critically important industry a life preserver as it fought to survive in turbulent economic waters.

Last October, the President of the National Association of Homebuilders warned the members of the Senate Small Business Committee that housing starts will drop drastically by June of this year. His worst prediction has come true. However, instead of anticipating the problem, the administration has dragged its feet. Only when confronted with a crisis situation in the housing industry did the administration, in concert with a Democratic housing task force, hastily slap together a revised section 235 program. I commend my colleagues for this action, however delayed.

Mr. President, the fact remains that the remodeled 235 program still does not adequately address the problems facing the housing industry; therefore, it does not address the difficulty facing prospective home buyers. Finally, it does nothing to attack the inflation which is, in a circular manner, both a cause and an effect of the housing crisis today.

Mr. President, the administration's housing proposal is not a solution; it is only a part of a solution. It is a beginning, and nothing more. Let me be frank to say that it may give a salutary appearance of action, which is especially desirable in an election year. I urge that we not avoid taking the right economic actions today merely because these may be construed to be the wrong political actions.

The fact is that the revision and implementation of section 235 is not a substitute for funding and activating Brooke-Cranston—the Emergency Home Purchase Assistance Act. My colleague makes no pretense that this proposal is a substitute for Brooke-Cranston. He tells us that Brooke-Cranston cannot be triggered "in the near future, largely because of the sizable outlays in fiscal 1981 its implementation would require."

Mr. President, the word "triggered" is problematic. It pertains to an action to be taken by the HUD Secretary upon certain findings. These findings, however, are findings of objective fact. Whether the Secretary makes the finding does not alter the facts. The Secretary may, for political or other reasons, refuse to acknowledge facts. Whether the Secretary acknowledges it or not, there exists today "inflationary conditions and related governmental actions on other economic conditions (which) are having a severely disproportionate effect on the housing industry and the resulting reduction in the volume of home construction * * *" and so forth. I am quoting from the enabling legislation.

Whether the Secretary of HUD admits it or not, we have inflation approaching 20 percent, and it has a debilitating effect on the housing industry. Government has forced interest rates over 20 percent to help deal with inflation. This has a disproportionate effect on the housing industry. Housing starts have dropped 42 percent since March 1979. In other words, there is a "resulting reduction in the volume of home construction."

The refusal to trigger Brooke-Cranston does not obscure the circumstances which reconstitute implementation of Brooke-Cranston, Mr. President. It is that simple. Further, if you subtract, as it were, the impact on our housing situation, the remainder would still be of such proportions as to constitute a crisis requiring further and more forceful action. The required action, obviously, is funding and implementing Brooke-Cranston.

In short, we need the revised 235 program and we need Brooke-Cranston. During the recession our country experi-

enced in 1974, Congress provided for funding of an $8.8 billion Brooke-Cranston program and, in addition, approved an income tax credit for the purchase of housing. The Brooke-Cranston program alone spurred the purchase of 190,000 single-family housing units and 117,000 multi-family housing units, for a total of over 300,000 units. The tax credit was utilized by 483,926 home purchasers.

An assistance program of the same magnitude is needed now. Activation and funding of the Brooke-Cranston program, which will produce 200,000 new housing units, in combination with a revised section 235 program and the 80,000 to 100,000 units it will add, would be a more appropriate response.

Mr. President, there can be no doubt that we must respond to the existing crisis in the housing industry on a level at least equal to that of our response during the 1974–75 recession. Figures released last Wednesday by the Commerce Department show that the crisis in the industry is far worse than even the most dire predictions. Total starts for the month of March fell to an annual rate of 1.041 million, a rate 22 percent below February and 42 percent lower than the year-ago month. Single family housing starts dropped to an adjusted annual rate of 606,000—the lowest since October 1966. Building permits, an indicator of future activity, were issued at a rate 18 percent lower than in February and 42 percent below the March 1979 rate.

The situation threatens to get worse. The National Association of Home Builders now project that housing starts for 1980 will fall below 1 million for the year—to a level of 965,000. Single-family starts are expected to reach only 525,400 for the year. This would be the lowest level of annual housing starts since 1945.

In short, the housing industry is hemorrhaging. It needs more than the band-aid of a revised section 235 program. It needs a remedy commensurate with the magnitude of the problem—activation and funding of both Brooke-Cranston and the 235 program.

In conclusion, Mr. President, let me say that some hard choices are going to have to be made—hard choices between the political rhetoric of balancing the budget and the human condition that is now being confronted in terms of those who cannot find a home, cannot rent a home, cannot build a home. Unfortunately, that choice is going to have to be made.

I do not see anything so glorious in an economic condition that has one balancing books while human beings find themselves without a roof over their heads, or, in the case of the construction industry, find themselves without a job.

Is there one among us here that would not go ahead and unbalance the budget to give a person a job, or a roof over his head, or an education, or to take care of those that are ill? I could go down the whole checklist.

I have heard nothing but balance the budget, balance the budget. Now we are confronted with the harsh economic realities of this time, which means it will no longer be possible to spend large sums of money and buy elections with public moneys come November. Instead, it will require a great deal of political courage to stand up for that which should be a priority to all of us—the condition of the people of this Nation—in the face of calls for a balanced budget.

There is no question in my mind that the problem of inflation has not been attacked. It will only be attacked when we develop an energy program. That is the cause of inflation, not an unbalanced budget. But, more importantly, why should the political campaigns be paid from the coinage of the unemployed, of those not housed, of those not getting an education, and so on down the line?

I will tell you what the section 235 revision is. It is an attempt to give the impression of something being done in the area of housing without abandoning the balanced budget. However, under these economic conditions, we cannot have both, 80,000 or 100,000 units means nothing in this country today, either in terms of those building the houses or those who need them.

I have made my choice. I have stated it here. In terms of alleviating the human condition, I am afraid we cannot balance the budget this year, and anything to the contrary is a charade.

I hope the administration will not feel, in any way, that it will get away with having done the job that must be done in the housing area by virtue of what takes place here today on the floor. Rather, there are steps that they could have taken 6 months ago—the implementation of Brooke-Cranston program.

I am glad we have updated the Brooke-Cranston program and revised the 235 housing program. Anything less than implementation of both of these programs, however, is only half a job done. It would not be sufficient nor adequate for the country at this time.

UP AMENDMENT NO. 1046

(Purpose: To exercise Congressional control over the cost of the Brooke-Cranston program)

Mr. PROXMIRE. Mr. President, I send an unprinted amendment to the desk, cosponsored by Senator GARN, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE), for himself and Mr. GARN, proposes an unprinted amendment numbered 1046:

On page 5, strike out lines 6 through 8, and insert in lieu thereof the following:

(8) striking out in clause (C) of the second sentence of subsection (b) the words "such mortgage involves an interest rate not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, but in no event shall such rate exceed the lesser of (i) 7½ per centum, or (ii) the rate set by the Secretary applicable to mortgages insured under section 203(b) of the National Housing Act" and inserting in lieu thereof the following: "such mortgage involves an interest rate which the Secretary may prescribe which shall be as high as feasible consistent with meeting the objectives of this section at the lowest feasible cost, but if such mortgage is executed to finance the acquisition of a one-to-four family residence, it may not bear interest at a rate lower than three percentage points below the average contract commitment rate for single family, 30 year conventional mortgages with loan-to-value ratios of 98 per centum in the monthly survey of all major lenders conducted by the Federal Home Loan Bank Board which is most recently available at the time that funds are released, and if such mortgage is executed to finance the acquisition of a more than four-family residence, it may not bear interest at a rate lower than 4½ percentage points below such average contract commitment rate";

Mr. PROXMIRE. Mr. President, my amendment is designed to place some limitations on the cost of the Brooke-Cranston program.

In doing this, it would make it more practical, feasible, and, in my judgment, make it more consistent with the attempt to balance the budget. I do not think these two priorities need necessarily contradict each other.

What impressed me with the homebuilders from my State is that they want both. They realize there is no way the housing industry will make progress until we get inflation under control. No way. We are just kidding ourselves if we say we will make a half a deal here and there and then balance the budget and fiscal policy does not matter.

That is not the view of the homebuilders nationally or, certainly, from my State.

Mr. President, this amendment would provide for economy in the Brooke-Cranston program by providing that the depth of the subsidy shall be as economical as feasible consistent with meeting the objectives of the program at the lowest feasible cost, and by providing an absolute floor on the interest rate which, for one- to four-family mortgages, would be not lower than 3 percentage points below the level, at the time that funds are released, of an index maintained by the Federal Home Loan Bank Board.

That means, at the present time, the index is 14.39 percent. This means at the present time the rate can go down to 11.39 percent. There is no question mortgages would move well at that level, and there is every indication mortgage interest rates are much less likely to rise than to fall.

For a multifamily mortgage, the floor would be set 4½ percentage points below this index.

As reported by the Banking Committee, the bill would leave responsibility for the decision on the ultimate cost of implementing the Brooke-Cranston program entirely to the discretion of the Secretary. While Congress authorizes purchase authority under this program, and releases such purchase authority in appropriations acts, the ultimate cost of the program is controlled not by the purchase authority but by the depth of the subsidy on each loan purchased. Under the bill as reported by the Banking Committee, there is no limit placed on the depth of the subsidy.

It is instructive to review the costs of the program, given different assumptions about the depth of the subsidy. According to CBO, if the subsidy is 5 percentage points, for each $1 billion in loans purchased the net cost to the Federal Government would be an estimated $275

million. If the full $15 billion in authorized purchase authority were utilized, the net cost would therefore be $4.13 billion. By contrast, if the subsidy were limited to 3 percentage points, the net cost would be an estimated $153 million for each $1 billion in loan purchases. If the full $15 billion authorized were used, the net cost would be an estimated $2.30 billion. This, of course, is a very sizable cost but it is still substantially below $4.13 billion.

At the hearing on this bill held by our Housing Subcommittee, we received testimony that the program works best at about a 1½ percentage point subsidy for one-to-four family mortgages. There was some testimony that if the Secretary were to decide to implement the program for multifamily mortgages, a somewhat deeper subsidy might be desirable. In order to provide flexibility to the Secretary, I offered in committee an amendment to place a 2-percentage point floor on the subsidy for one-to-four family mortgages, and a 3½ percentage point limit for multifamily mortgages. This amendment was defeated in committee by only one vote.

The amendment I am offering today is a compromise from the earlier amendment, in that it provides additional flexibility to the Secretary. In offering this compromise, I want to stress that except for very extreme conditions, I would expect the depth of the subsidy to be substantially below the limits prescribed in the amendment. This view is consistent with the provision in the amendment which requires that the interest rate on the mortgage be as high as feasible consistent with meeting the objectives of the program at the lowest feasible cost.

It should also be noted that if the subsidy on each loan is relatively small, the same amount of Federal subsidy can be used to assist many more units than if the subsidy is deep. Given the dramatic drop in housing starts in March to a seasonally adjusted annual rate of 1,041,000, if the program were to be implemented, the importance of spreading potential subsidy dollars to as many units as possible is obvious. So keeping the subsidy relatively small means more housing starts at less cost.

In making this point, I think it must be emphasized that given the need to balance the budget in fiscal year 1981—and I think that is a need, a necessity, if we are to have any kind of credible anti-inflation program—I do not think it is not realistic to expect that the Brooke-Cranston program would be activated any time soon. The temporary section 235 program which we are passing today is the appropriate vehicle for addressing the immediate crisis, because of its much smaller budget impact.

The index specified in my amendment currently is at a level of 14.39 percent. Thus, if the program were implemented today with this provision in effect, the interest rate for one-to-four family mortgages could be set at 11.39 percent, and 9.89 percent for multifamily loans. While these rates are high by historical standards, they are indeed a bargain in today's market, and clearly there would be takers at such rates—tens of thousands of them at that rate.

Mr. President, the failure to set limits such as are contained in this amendment would be a serious abdication of congressional responsibility to exercise control over the costs of the program. I urge favorable consideration of the amendment.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. I yield to my colleague from Pennsylvania.

Mr. HEINZ. Mr. President, I thank my friend from Utah for yielding. I shall not take a great deal of time.

First, I say to my colleagues that I support the passage of S. 2177. I urge swift action on this side of the Capitol and the other because we must take appropriate action to ease the impact that soaring interest rates have on those desiring to purchase a home. and on the housing industry in general.

This is not the most effective answer to the problems affecting housing, the homebuilders, and people who want to buy and own a home. In many ways this is really first-aid. It is a field dressing to allay the patient's fears, to keep the wounded alive until we confront the real culprit, the real enemy, which is inflation.

That is why I find myself in agreement with the Senator from Connecticut, and the Senator from Wisconsin, the distinguished chairman of the committee—that the war we must fight and win is a war aimed at none other than bringing inflation to its knees. This I hope we will do.

However, in the meantime, since inflation has been a problem that probably Congress has been too long contributing to, over too many years, the fact is that action now is necessary to deal with the disproportionate burden of the fight against inflation being placed on the housing industry.

Before setting forth later in my remarks a more comprehensive legislative program with which to deal with housing, I should like to cite a few statistics which dramatize the severity of the situation facing the housing industry today.

Since last year, housing starts have fallen off some 42 percent nationwide. In my home State of Pennsylvania, starts are off about 46 percent. During the meetings I have had in recent weeks with numerous representatives of the housing industry from Pennsylvania, I have heard distressing reports that in some parts of the State housing construction is off by as much as 90 percent.

Largely to blame for this rapid decline in housing starts, which in itself is inflationary as pent-up demand for housing continues to grow, is the weekly climb in interest rates.

To get an idea of just how devastating those interest rates are on the ability of prospective buyers to afford a home, I have some statistics.

A $60,000 home financed at 9.5 percent will cost a prospective buyer about $505 a month in principal and interest payments, on an equal monthly payment plan. Using the rule of thumb that a household should spend no more than 25 percent of its income on housing, a prospective buyer would have to earn slightly more than $25,000 to qualify for a mortgage at the 9.5 percent rate. We know, unfortunately, that 9.5 percent mortgage money is long gone at this point. Indeed, if you could get a mortgage at 14 percent today, it would be fortunate.

At 14 percent, the same $60,000 home would cost a prospective buyer today, in equal monthly payments, $711 a month. What that means is that that prospective buyer would have to earn about $800 more a month, or about $9,600 more per year, to qualify for that same home mortgage.

At a 20-percent interest rate, the monthly payment on the same $60,000 home would rise to more than $1,000. In order to qualify for that home, a prospective buyer would have to earn not the $25,000 of my first example, not the just under $35,000 of my second example, but close to $50,000—in other words, twice the income required in the first example, when the mortgage interest rate was 9½ percent.

So that housing construction does not grind to a virtual halt; so that massive unemployment in the housing industry does not result; so that the dream of homeownership can be realized for most Americans; and so that inflationary pressures are not created by a pent-up demand for housing—we need to move quickly at the Federal level to protect the vast productive resources of our Nation's housing industry. Specifically, we need:

First, passage and activation of the emergency home mortgage assistance program, popularly known as Brooke-Cranston;

Second, continued use of tax-exempt mortgage revenue bonds;

Third, new financial devices to encourage large institutional investors such as pension funds and insurance companies to provide additional mortgage money; and

Fourth, passage of legislation I have introduced, S. 1964, to promote additional savings and investment.

Let me briefly explain each of these proposals.

BROOKE-CRANSTON

The Brooke-Cranston program provides the Government National Mortgage Association (GNMA) with standby authority to subsidize interest rates on single-family and multi-family mortgages by purchasing reduced rate mortgages from lenders and then selling them at a loss.

On February 20, 1980, the Senate Banking Committee reported S. 2177 to allow the HUD Secretary to activate the program if he determined that inflation was having an inordinate effect on the housing industry. During committee consideration of the bill, I was instrumental in blocking efforts by other Senators to add additional conditions to the program which I felt would hamper its effectiveness in providing quick stimulus to the housing industry.

Although critics of the bill charged that it was inflationary, I felt that the

budgetary impact of activating the program would be far less than the consequences of numerous bankruptcies within the housing industry. For example, it has been estimated that if 3 percent of the Nation's homebuilders were to go bankrupt the Federal budget deficit would increase by $5.8 billion.

I urge my distinguished colleagues to speed passage of this bill and to contact the administration in support of its activation.

TAX-EXEMPT MORTGAGE REVENUE BONDS

Use of tax-exempt mortgage revenue bonds has provided an efficient means for State housing finance agencies and local housing authorities to provide low-interest mortgage money for home purchase and rehabilitation. The advantages of this type of financing are that it does not require a massive Federal bureaucracy to administer, it leaves a great deal of discretion and control in local hands, and it draws upon the resources of the private sector to provide needed housing.

Unfortunately, the Carter administration opposes continued tax-exempt status for mortgage revenue bonds; and on March 26, 1980, the House of Representatives passed 238 to 178 H.R. 3741, a Ways and Means Committee bill that effectively precludes continued use of this source of housing finance. If the use of tax-exempt mortgage revenue bonds is to be maintained, the Senate will have to produce an alternative to the House bill. As a member of both the Finance and Banking Committees, I have introduced S. 1726 to allow continued use of tax-exempt mortgage revenue bonds. I urge my distinguished colleagues in the Senate to support passage of legislation to allow this source of housing finance to continue.

NEW FINANCIAL INSTRUMENTS

To provide a larger pool of mortgage money, I am currently working to develop a means of making mortgage investments attractive to large institutional investors such as insurance companies and pension funds which normally are not active in the mortgage lending and secondary markets. The potential for large institutional investors to provide a massive pool of new mortgage money is great: For example, private pension funds have assets of over $321 billion, and Government pension funds have assets of over $234 billion. Ultimately, the solution would seem to be creation of a mortgage-backed security which would be attractive to large institutional investors.

S. 1964

The Individual Savings and Investment Act, which I introduced in December 1979, would encourage the additional savings needed to finance additional home mortgages. Although the "small savers" interest exemption adopted as part of the windfall profit bill is a step in the right direction, it really does not encourage new saving.

My bill would provide an inducement for individuals to put more money into savings—and to keep it in a savings account or investment—by establishing tax-deferral "rollover" accounts for reinvested interest, dividends, and capital gains. Adoption of this measure would not only encourage additional savings to provide funds for home mortgages, it would help encourage the additional capital formation needed to increase our productivity and thus reduce inflation. I ask your active support of S. 1964 with my colleagues on the Senate Finance Commitee and that you contact members of the House in support of its companion, H.R. 5779.

I urge my distinguished colleagues in the Senate to support S. 1964 and its companion, H.R. 5779.

In the long run, of course, we will see the reduction in interest rates which is necessary if homeownership is to be affordable and if the housing industry is to survive, only when the inflation rate is reduced. I am very disappointed that in his March address to the Nation the President did not propose stronger steps to deal with the double-digit inflation which I believe is the greatest single threat to our national security today.

Rather than a one-time series of spending deferrals and tax increases to produce a balanced budget in an election year—as the President has proposed—I favor a long term commitment to Federal fiscal responsibility. This longer term commitment should include:

First a constitutional requirement for a balanced budget and limits on the growth of Federal spending, which my bill, Senate Joint Resolution 56, would accomplish;

Second, limits on the proportion of our Nation's output which the Federal Government can usurp;

Third, a multiyear congressional budget process setting taxing and spending limits for future years; and

Fourth, controls over the burgeoning growth of Federal credit—which is increasing at a rate twice that of Federal spending.

In addition to this needed fiscal restraint, a credible anti-inflation effort will also require meaningful regulatory reform, including:

First, insuring that before regulations such as the building energy performance standards—which could add $3 to $5 per square foot in construction costs—are issued, the benefits can be justified relative to the costs imposed on the private sector;

Second, "weeding out" unnecessary, overlapping, and conflicting Federal regulations;

Third, making all Federal regulations subject to "sunset" provisions;

Fourth, requiring that regulatory goals are attained in the most cost-effective manner; and

Fifth, putting a budget-like cap on the costs that Federal regulatory agencies can impose on the private sector.

The final component of a successful anti-inflation effort must be a restructuring of our system of tax and other incentives to improve our alarmingly low rate of savings—now less than 3 percent compared to over 15 percent in West Germany—and to improve our rate of productivity growth which has traditionally been second to none but which is now actually negative.

Ultimately, inflation can only be reduced not by causing a recession but by "supply-side" measures allowing us to "outproduce" the rate of inflation. These include:

First, legislative changes to ease the tax burden on savings and investment;

Second, revisions in the tax depreciation schedules for business investment so that businesses are not penalized for investing in new plant and equipment;

Third, promotion of exports so that by increasing the sales of American goods overseas we import jobs; and

Fourth, adoption of meaningful regulatory reform and long-term Federal fiscal restraint.

These proposals were set forth in greater detail in my statement before the Senate Banking Committee on March 17, 1980, a copy of which was inserted in the CONGRESSIONAL RECORD of March 18, 1980.

Mr. President, I hope that I can count on the support of my colleagues in the Senate, for these proposals which I believe would go a long way toward addressing the concerns that we all have about the impact of inflation and high interest rates on the vital housing sector of our economy.

And with respect to S. 2177, Mr. President, I commend Senator WILLIAMS and Senator GARN for their very expeditious work in bringing this important measure to the floor. I support it, and I urge my colleagues to support it.

Mr. GARN. Mr. President, I support the amendment of the Senator from Wisconsin. I believe this is an amendment that is absolutely necessary; and in my initial remarks, I conditioned my vote on the entire bill today on its being agreed to.

The Secretary has the discretion to set interest rates. This amendment assures that the program remains the way it was originally intended, as a narrow or shallow subsidy. We expect the Secretary to use the maximum 3 percent subsidy only if required by extraordinary circumstances.

In addition to being a cap on the spending, so that we are not sending out signals of unrestricted bailouts regardless of cost, I think there is another important feature of this amendment and that is that it would allow more people to participate by spreading the money out in more shallow subsidies than deep subsidies to a few.

So I certainly support the Proxmire amendment, and I urge its adoption.

Mr. WILLIAMS. Mr. President, when the Banking Committee marked up the Brooke-Cranston revision legislation, it considered at length an amendment, which I opposed, placing a floor on the interest rate that the Secretary of HUD could establish for mortgages originated under the program. The amendment would have established a floor below the market rate—2 points below for single family mortgages, and 3½ percent points below for multifamily mortgages. The amendment was defeated, and for several excellent reasons. The most important reason was that the interest rate floors were unrealistically high, and could have imposed an inflexibility on the Secretary that would have threatened the pro-

gram's effectiveness. Moreover, there was not, and has not been, any reason to believe that the Secretary of HUD would act so irresponsibly as to establish interest rates for the program lower than necessary to spark the intended renewal of construction. Still, it should be acknowledged that the amendment's sponsors were certainly correct in desiring that the program's cost be held to a minimum.

The amendment offered today by the distinguished Senators from Wisconsin and Utah is much improved over the one offered in the committee. If current interest rates stay about where they are, or decline, I believe that the interest rate floors would not work at cross-purposes to the operation of the program. Interest rates under the program in the 11-percent range for single-family dwellings, and in the 10-percent range for multifamily projects should allow for helpful stimulus. The recent reduction in the prime rate by several major institutions may signal that mortgage interest rates have peaked and may actually be starting a most welcome decline. As a result, I have decided not to oppose the amendment.

However, a number of strong reservations remain. If interest rates should renew their climb, then the floors on the program allowable interest rate may prove to limit the program's reach and thus its effectiveness. Because the amendment would restrict the amount of subsidy permitted, with every jump in mortgage interest rates, more and more homebuyers would find Brooke-Cranston of little use. Calling something a bargain does not make it one.

Brooke-Cranston mortgages at 3 percent below market can hardly be considered attractive enough to draw sufficient numbers of buyers back into the market if the market rate increases to, say, 16 or 17 percent.

It has always seemed to me that the delegation of authority to the Secretary for the mechanisms of the program's implementation have served us in good stead in the past, and would no doubt continue to serve us well. The effectiveness of a program such as Brooke-Cranston depends on its ability to respond quickly and accurately to the conditions that exist at the time of its implementation. Flexibility for the Secretary to direct the program is thus essential. We cannot afford to impose restrictions on the program that so tie the Secretary's hands that the program becomes powerless to fulfill its mission.

While I do not feel that the interest rates allowed under this amendment pose any substantial obstacle to the program's operation if it should happen to be triggered in the near future, I must reserve the right to reevalute the amendment at the time that Brooke-Cranston goes to conference with the House. If conditions are changed so that the interest rate floors set in the bill would clearly interfere with the program's work I am hopeful that the sponsors themselves will acknowledge the need for, and be anxious to participate in, making necessary revisions, within, of course, the bounds set by conference committee rules.

I am happy to support the distinguish chairman of our committee in this amendment.

I yield back the remainder of my time.

Mr. GARN. I yield back the remainder of my time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GARN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1047

(Subsequently numbered Amendment No. 1711)

(Purpose: To allocate funds to the States)

Mr. DURKIN. Mr. President, I have an amendment at the desk which is covered by the time agreement.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) proposes an unprinted amendment numbered 1047.

Mr. DURKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the bottom of page 5, add the following: (12 by inserting after the first sentence of subsection (g) the following: "The amount of commitments to purchase mortgages pursuant to this section in each State and in the District of Columbia, Puerto Rico, Guam, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands shall bear the same ratio to the total amount available for commitment as the population of the State or other jurisdiction bears to the population of the United States, as determined by the Secretary of Commerce, except that no State of the fifty States shall receive less than ½ of 1 per centum of the total amount of allocations. Where the Secretary determines that any allocations under the preceding sentence will not be used, then the Secretary shall expeditiously reallocate the unused funds to those areas where they will be used most rapidly.".

Redesignate succeeding paragraphs accordingly.

Mr. DURKIN. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of my amendment: The Senator from Montana (Mr. BAUCUS), the Senator from Delaware (Mr. BIDEN), the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from Idaho (Mr. CHURCH), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. MELCHER), the Senator from South Dakota (Mr. PRESSLER), the Senator from Wyoming (Mr. WALLOP), and the Senator from Alaska (Mr. GRAVEL).

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

Mr. DURKIN. Mr. President, as a cosponsor of this important legislation and a supporter of the Brooke-Cranston program, I offer this amendment to insure that our smaller States would receive a fairer share of available Brooke-Cranston money. Too often, in targeting Federal assistance programs, we shortchange the smaller States. As the General Accounting Office recently pointed out:

Rural families have not benefited from Federal housing programs to the same extent as urban families.

On several occasions, Congress has recognized this type of inequity and has acted to insure a fairer distribution of Federal funds. This has been accomplished by including a State minimum allocation in such Federal programs as local public works—which was my amendment a couple of years ago—and another amendment I offered in the energy conference on the hospital energy conservation program. Such a solution is the sole purpose of my amendment.

My feelings on Brooke-Cranston were set forth a week or two ago in a Senate statement, and I think the need is even greater today than it was when I made the statement last week.

In New Hampshire, we are well on the way to having the majority of our homebuilders out of work, as well as the people they employ.

As we grapple to balance the budget, I think we must remind ourselves that each 1 percent increase in unemployment, beyond what it does to the family unit, beyond what it does to the individual who is unemployed, increases the Federal deficit by approximately $20 billion.

As an old timer said to me in a town meeting in Berlin, N.H., in the middle of the winter, he said:

Senator, I am impressed with your command of the statistics, but let me assure you the national figures are interesting, the State figures are interesting, the regional figures are interesting, but when I am out of work, the unemployment rate is 100 percent as far as I am concerned.

So the need for the Brooke-Cranston legislation is probably more pressing today than it was 1 week or 10 days ago. It is not my desire to alter the committee's intention to allocate Brooke-Cranston funds by population—except to add the requirement that no State shall receive less than one-half of 1 percent of the funds which are made available under the program. Nor do I intend to override or modify the committee language which insures that the Secretary can reallocate Brooke-Cranston money if it is not being used by a given State. For that reason, I have included a portion of the committee report language in my amendment.

I recognize that is very important language because until election night 1978 we had in the State of New Hampshire for 6 years a Governor who did not believe in federally assisted housing, and did his utmost to make sure that virtually little or no Federal housing money went into the State of New Hampshire.

So I concede that in some areas like

that the smaller States have not responded, but I might point out that that problem in New Hampshire was rectified on election night 1978, and we have a Governor in the State now who is totally committed to not only get our fair share but to try to make up for the 6 years where Federal housing was looked upon as a form of leprosy.

New Hampshire and our other smaller States—including Vermont, Rhode Island, North Dakota, South Dakota, Delaware, Montana, Idaho, Wyoming, Nevada, Alaska, and Hawaii—would benefit from this amendment. No great allocation bureaucracy would be required; and the amendment affects only 2.3 percent of the total Brooke-Cranston allocation.

There are special reasons for adding the State minimum to this vital antirecession program. As noted, the General Accounting Office has made it clear that equity is needed in Federal housing programs. In addition, our smaller States typically have smaller financial institutions that tend to suffer disproportionately during times of tight credit. I believe that explains some of the difficulties they had in using the Brooke-Cranston program when it was activated in 1974 through 1975. Obviously, the resources—administrative and financial—of the smaller financial institutions can be more easily strained and are being strained to the utmost today.

Beyond that, a housing unit tends to cost less in our smaller States. Accordingly, the effect of increasing the percentage of funds allocated to smaller States could in fact increase the total number of housing units constructed under the Brooke-Cranston program.

In sum, my amendment will insure fair play, will extend the impact of the Brooke-Cranston program, and will insure that our smaller financial institutions will have a better opportunity to participate. I urge my colleagues to support this first step in the effort to promote rural equity in Federal housing programs. And, of course, I urge your support of the effort to insure that the administration will in fact invoke the Brooke-Cranston program so that our housing industry will not collapse.

I think there is another reason that a minimum State allocation formula is important. This year is the year of the movable projects. We have projects announced Saturdays, we have projects announced Sundays, and we have projects announced on Monday just before the particular Presidential primary. And we see the projects moving westward.

New England's primaries are over and projects that were being talked about in my State and other States are ironically being discussed in Pennsylvania, in Philadelphia, which does not even have a shoe industry. During the New England primaries, they told our shoe industries they were concerned with the shoe laboratory for the area of the country that has been devastated by shoe imports. Lo and behold, the Secretary of Commerce goes to Philadelphia and announces in the last few days that the shoe laboratory is going to be put right next to Constitution Hall in Philadelphia.

And if they do not have the ground breaking before Tuesday, that shoe laboratory could wiggle across this country and probably show up in Ohio for the Ohio primary, probably be dangled in front of the Michigan voters before the Michigan caucuses, probably be discussed in Oregon, and it will be discussed in 10 counties in California before June 3.

So I think we have to pin down and make sure that the departments do not allocate funds based upon Presidential primary dates and how well the polls show the President is doing in the Presidential primary because the unemployed homebuilder in New Hampshire is just as unemployed and is up against the rope just as much as the homebuilder in Pennsylvania, Michigan, Ohio, Oregon, and California.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. DURKIN. I am happy to yield for a question.

Mr. WILLIAMS. Just along the lines that the Senator has been speaking about, has this prompted any thought in New Hampshire that maybe the next time will move their primary back farther and be part of the process longer? New Hampshire is the first in and the first out.

Mr. DURKIN. There has not been such an unprecedented mobility of projects in the country until this year, so we have not given much thought to that. But I think that New Hampshire will and should retain the first in the Nation Presidential primary even if we have to hold it at halftime of the Rose Bowl game. It may adversely impact us after the primary system or after the New England primaries are over, but it does give us a certain amount of impact during the 3 years prior to the New Hampshire primary because most incumbents if they are going to seek reelection know that the New Hampshire primary is first.

So I for one hope the State of New Hampshire keeps the primary first in the Nation, as I say, even if we have to hold it at halftime of the Rose Bowl game.

With all due respect to the chairman, I realize there is a little political event coming up in New Jersey and I did not want to leave New Jersey out as one of the States that may be considered by the administration.

There is another problem. New Hampshire is the second fastest growing State in the Union east of the Mississippi. Restricting housing in the misguided attempt to fight inflation—the growth is there—is going to trigger another round of inflation because the existing housing is forced up in value, forced up in cost, resulting in more and more of our people now having to pass up the American dream. So artificially restricting the housing market in any State but especially such a fast growing State as New Hampshire makes no economic sense whatsoever.

Mr. President, I have no great desire to continue debating at this particular point, and I would be especially happy to yield if the floor managers can accept this amendment.

Mr. GARN. Mr. President, I would like to accommodate my friend from New Hampshire, but I am not able to accept his amendment.

Interestingly enough, I rise in opposition to the amendment, but I am certainly not unsympathetic with the problems of a small State, representing one myself.

Those on the Banking Committee know there is a standard Garn amendment that goes on every housing bill that I can get it on which is known as the fair share amendment.

Mr. DURKIN. I would be glad to be added as a cosponsor.

Mr. GARN. Fair share allocation based on population, because I have been disturbed in the past by a change in the allocation formula where certain areas of a smaller State were not able to use housing money that, before it was made available to other housing agencies within that particular State, was taken away and reallocated to another State.

The essence of my amendment is to simply say that a State should be allowed to use its fair share. We ought to have every opportunity to use that first before it can be reallocated.

So essentially what you are doing is going beyond what I have been doing for 4 years or 5 years on the Banking Committee, that is, putting a fixed percentage on, and I oppose that because essentially what you are doing is giving to 10 States and taking away from 40.

They are not large amounts of money, but I look at the situation in the last allocation to New Hampshire, which was allocated two-tenths of a percent of the funds the last time. However, they were not used, for whatever reason, whether it was your Governor or not, and they were reallocated to another State.

I certainly think you should have had your full two-tenths of a percent to be used, based on population, and it should not have been taken away and given to another State.

But to go to this one-half of 1 percent beyond the population fair share I do not think is entirely fair. Apparently New Hampshire the last time used one-tenth of 1 percent, one-half of what they were actually allocated, and the rest was given to another State.

So GNMA feels the same thing would happen again even if you are allocated half of a percent, five-tenths, rather than two; that it probably would not be able to be used, and that would be true of other States as well.

One of the key things we are trying to accomplish here is speed. There is concern from GNMA that it would delay and postpone the allocation process.

I certainly would defend your fair share on the basis of population, as I have been doing for 5 years, but I would not go beyond that type of a fair share allocation to set a minimum amount for smaller States regardless of their population.

Mr. DURKIN. Mr. President, if the Senator will yield, as I indicated, one of the problems, and a very real problem, was that the Governor, Governor Thomson, did not want the Federal housing money spent and, as you know, the Gov-

ernor has a certain amount of influence in the State.

Since then, the New Hampshire Housing Authority has been energized by Governor Gallen and, in fact, one of the major planks in Governor Gallen's campaign was more adequate housing for the State of New Hampshire which, as I say, is the second fastest growing State east of the Mississippi, after Florida.

The amendment would not, as the committee amendment does not, differentiate on past performance, and in the event the State did not use the money the Secretary would still be in position to reallocate it, depending on what the final figure is, and again it is my understanding that the administration is opposed to this whole package, the whole effort, and does not want to take the steps that could be taken already.

Mr. GARN. Mr. President, will the Senator yield for just a comment? I want to make very certain that my opposition to this amendment is for entirely different reasons from those of the administration. I do not want to be associated with the administration at all.

Mr. DURKIN. That is funny, that is a growing feeling around town.

Mr. GARN. Some of us have had that feeling for 3 years, Senator. [Laughter.]

Mr. DURKIN. You are looking at one right here. I do not know if we have to continue——

Mr. WILLIAMS. Let me, before the Senator gets away, say that I would like to indicate support for the amendment of the Senator from New Hampshire, although I do it with some reservation, some concern, particularly if there is a limited appropriation of Brooke-Cranston funds.

The amendment would allocate funds in a manner that does not accurately reflect either past performance or per capita need of individual States that might benefit from the amendment, as we have reviewed it here. It could, consequently, limit the flexibility of the Secretary to make allocations in an efficient manner consistent with the intent of the program.

Mr. DURKIN. I have a high regard for Secretary Landrieu, and I think he has demonstrated admirable flexibility in the past. My amendment only impacts on 2.3 percent of the appropriation, and that gives him 97.7 percent flexibility.

Mr. WILLIAMS. Well, I do not know whether we are going to reach a vote on this today or not. But with some reservation, I still feel it is a fair approach that the Senator from New Hampshire has advanced.

Mr. DURKIN. I thank the floor manager.

● Mr. BAUCUS. Mr. President, I rise in support of the amendment proposed by the Senator from New Hampshire. While I understand and applaud the desire to allocate Brooke-Cranston moneys fairly and according to need, I do not believe that allocation by population accomplishes these objectives. For too long, Federal agencies have built in a bias against the less populous, more rural areas of this country by resorting to neat, clean allocation formulas, such as allocation by population. Taking the easy way out and agreeing to a strict population formula obviates the need to do the work necessary to discover where real need exists.

A recent GAO report entitled "Ways of Providing a Fairer Share of Federal Housing Support to Rural Areas" confirms that the distribution of Federal housing assistance has not been consistent with the relative need. The report finds that rural areas receive only about 20 percent of the Federal housing support available despite having one half of the substandard housing. Allocation of funds by population is only partly to blame. Unlike banks in large metropolitan centers, financial institutions in small cities, towns and rural areas do not have the resources to devote to low interest, long term mortgage loans. They are called upon to supply a wide range of credit needs. Alternative loan opportunities often provide a higher return to these banks. Moreover, officers in these banks have had only minimal experience administering Federal programs. They therefore do not aggressively seek out Federal loan assistance. Since the Federal housing agencies do not hear from these financial institutions and make little effort to seek them out, the money flows to urban centers more accustomed to handling Federal programs. And so it goes. A cycle is created that is difficult to break. Senator DURKIN's amendment can start us on the right track.

Assuming a $10 billion Brooke-Cranston package if the program is activated (the current assumption), Montana would receive approximately $30 million based upon a strict population of the United States. With Senator DURKIN's amendment, the Montana allocation would increase to $50 million. I have been in touch with bankers across the State of Montana, and they believe that $50 million comes close to meeting Montana's mortgage credit needs. They also assure me that if $50 million is allocated, they will use the entire allocation. Critics of providing more of this type of assistance to the less populous areas of this country contend that additional allocations are wasted because they are not used. This simply will not be the case in Montana. Problems encountered the last time Brooke-Cranston was activated will not be repeated. Expensive lessons have been learned.

Mr. President, it is time to stop treating the less populous States like second class citizens. It is time to begin targeting Federal assistance to meet the greatest needs. It is time to bring smaller, rural financial institutions into the game so that they can learn to adequately handle Federal assistance programs. It is time to recognize that a family in Libby or Plentywood, Mont., has the same right to an affordable home as does a family in Atlanta or Cleveland. For these reasons, I urge my colleagues to support this amendment.

On a related matter, next week the Senate will be called upon to renew and extend funding for the Brooke-Cranston program. Personally, as a matter of principle, I support a counter-cyclical housing program of this type.

On many occasions, I have commented to my colleagues about the substantial extent to which the State of Montana's economy depends upon the national housing market. Twelve of our most populous counties in western Montana depend almost entirely upon the forest products industry, which now is in severe depression because of reduced housing construction throughout the Midwest.

At the same time, I am committed to insuring a balanced budget for fiscal year 1981. Accordingly, I call upon my colleagues to work with me in developing programs that will insure countercyclical housing funds and yet maintain a balanced budget for next year.●

Mr. DURKIN. Mr. President, I suggest the absence of a quorum, to see if we can work out the time when we can have a vote and this can be voted on.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. ROBERT C. BYRD. Mr. President, I understand there is only one additional amendment to be called up. The manager of the bill, Mr. WILLIAMS, and the ranking manager, Mr. GARN, feel that is the only amendment; that there will be no further amendments.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I ask unanimous consent that on tomorrow, notwithstanding the outcome of the cloture vote, and notwithstanding rule XXII, the Senate immediately resume consideration of the pending business, S. 2177; that there be 10 minutes of debate to be equally divided between Mr. GARN and Mr. WILLIAMS; that no further amendments be in order; that upon the disposition of that debate, the 10 minutes being used or yielded back, the Senate immediately proceed without further debate, amendment, motion, point of order, or appeal, to vote on the amendment by Mr. DURKIN; that upon the disposition of that amendment, the Senate then, without further debate, amendment, motion, point of order, or appeal, immediately proceed to third reading of the bill S. 2177, and that without further debate, motion, point of order, or appeal the Senate then proceed immediately to vote on passage of the bill, which means that there would be two votes back to back following 10 minutes after the cloture vote, with the following proviso: That the Senate at 1:30 p.m. tomorrow go into recess for 30 minutes; that upon the reconvening of the Senate at 2 p.m. the Chair immediately, and without the required quorum call under rule XXII, order the clerk to call the roll and there be a vote on cloture.

Mr. STEVENS. Reserving the right to object and I shall not object——

Mr. ROBERT C. BYRD. That would mean that the Senate would come back

into session at 2 p.m. in executive session and immediately upon the disposition of the cloture vote, notwithstanding the outcome, the Senate would go into legislative session for such length of time as is necessary to carry out the order with respect to S. 2177, and upon consummation of that order we would return to executive session.

Mr. STEVENS. Mr. President, that answers one of my questions. The other question that I would ask is this: Is it my understanding that the 10 minutes to be divided here between the managers of the bill is prior to the vote on the Durkin amendment or after the vote?

Mr. ROBERT C. BYRD. Prior to the vote.

Mr. STEVENS. And once the 10 minutes are over, there will be two back-to-back votes?

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. And following those votes, we will resume consideration of the nomination?

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. I have no objection. I believe this is for the convenience of the Senate. There is some waiving of prerogatives under this agreement but it is necessary under the circumstances.

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

Mr. DURKIN. I thank the leader.

Mr. ROBERT C. BYRD. I thank all Senators. I thank Senator Hollings for his patience.

Mr. DURKIN. Mr. President, I will be happy to yield back the remainder of my time.

Mr. GARN. Mr. President, I yield back the remainder of my time on the Durkin amendment.

Mr. DURKIN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GARN. Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays.

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

Mr. GARN. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 1048

(Purpose: To amend section 512 of the Depository Institutions Deregulation and Monetary Control Act of 1980)

Mr. TOWER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 1048.

Mr. TOWER. Mr. President, I ask that further reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill, insert the following:

Sec. . Section 512 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended by adding at the end thereof the following: "A loan shall be deemed to be made during the period described in the preceding sentence if such loan—

"(A) (i) is funded or made in whole or in part during such period, regardless of whether pursuant to a commitment or other agreement therefor made prior to April 1, 1980;

"(ii) was made prior to or on April 1, 1980, and which bears or provides for interest during such period on the outstanding amount thereof at a variable or fluctuating rate; or

"(iii) is a renewal, extension, or other modification during such period of any loan, if such renewal, extension, or other modification is made with the written consent of any person obligated to repay such loan; and

"(B) (i) is in an original principal amount of $25,000 or more; or

"(ii) is part of a series of advances if the aggregate of all sums advanced or agreed or contemplated to be advanced pursuant to a commitment or other agreement therefor is $25,000 or more.".

Mr. TOWER. Mr. President, this amendment provides a technical change to the recently passed Depository Institutions Deregulation and Monetary Control Act of 1980. During Senate passage of the conference report, the distinguished chairman of the Senate Banking Committee (Senator PROXMIRE) and I entered into a colloquy regarding applicability of the preemption of State usury laws for business and agricultural loans. It was our intent to show that title V, part B, of the bill did apply to floating rate loans made prior to April 1, 1980, and to any renewal, extension, or modification of an existing loan made on or after April 1, 1980.

While we thought that the issue was clarified, apparently such was not the case. I have received many calls from lawyers, bankers, and other lenders stating that the law is unclear and requesting clarification at the earliest possible time. The language I am offering today simply makes it clear that the highest rate allowed either under State or Federal law can be charged on floating rate loans made prior to April 1, 1980, or on any renewal, extension, or modification of an existing loan where such renewal, extension, or modification is made on or after April 1, 1980, and is made with the written consent of the person obligated to repay the extension of credit.

I urge the adoption of the amendment.

Mr. President, I have discussed this amendment with the distinguished Senator from Wisconsin, the chairman of the committee (Mr. PROXMIRE). I have discussed it with the distinguished manager of the bill (Mr. WILLIAMS) and with the distinguished ranking member of the committee (Mr. GARN). It is my understanding that this amendment is acceptable to them.

Mr. WILLIAMS. Mr. President, that is accurate. The chairman of the full committee (Mr. PROXMIRE) has indicated his full support. This brings into statutory language what was understood at the time of conference as to that legislation. Am I right on that?

Mr. TOWER. Mr. President, that is correct.

Mr. WILLIAMS. Sometimes, it is wise to do it that way.

Mr. TOWER. Mr. President, I ask unanimous consent that I be permitted to have printed in the RECORD at this point the colloquy between Mr. PROXMIRE and myself on this report.

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

Mr. TOWER. Mr. President, if the distinguished Senator from Wisconsin will indulge me, I have a question about a provision of the bill I would like to get clarified. It relates to preemption of State usury laws for agricultural and business loans over $25,000.

It is my understanding that, on floating rate loans where the interest is contractually tied to the prime interest rate plus additional points, and where the total effective rate that is stipulated in the contract could not be put into effect because of the existence of State or Federal usury ceilings, the full effect of the contract interest rate could be charged on the total loan amount, assuming the increase does not exceed the limitations of this bill.

As an example, let us assume that a loan was made in January 1980, which called for an interest rate of prime plus 5 percent. Let us assume that a State usury law limiting such loans was 18 percent, and the effective contract rate could not be charged, because the prime rate was 18 percent and, if the 5 percent was added, the total would exceed the State usury law. With enactment of this bill, however, the State usury law would be preempted and, while the lender could not charge the maximum amount allowable in this example, 23 percent, it could charge up to 21 percent, the maximum amount allowed today under this bill.

Mr. PROXMIRE. May I say to my friend from Texas that I agree that a loan which called for an interest rate of prime plus 5 percent, and in this example the assumption is that prime is 18 percent, this bill would allow floating rate loans to be adjusted upward to the maximum amount allowed under this bill.

The precise language of the particular contract would be governing, in any particular case. But, if a contract stated that the interest rate to be charged would be prime plus 5 percent, or the maximum amount allowed under law, not to exceed prime plus 5 percent, or other similar language which would provide flexibility in determining what the rate would be, I see no reason why the rate allowed under this bill could not be charged on existing floating rate loans.

Of course, any person governed by these provisions should consult with their own lawyer about particular factual situations because of possible penalties under State usury laws, which, of course, differ.

Mr. TOWER. I thank the distinguished chairman.

Mr. GARN. Mr. President, I think this is a necessary clarifying amendment and I am willing to accept it on behalf of the minority.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS. I yield back what time I have.

The PRESIDING OFFICER The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GARN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. DOLE. Mr. President, I rise to express my support of the Emergency Home Purchase Assistance Authority Amendments of 1980.

The housing crisis presently facing our Nation does not just affect one segment of our economy. It has broad, wide ranging impacts throughout our entire economy. Most importantly, of course, thousands of Americans are unable to realize the dream of owning their own home. But others are suffering as the housing market dwindles. Home builders and subcontractors are going out of business. Construction workers are being laid off. Savings and loans and banks are losing business. Community growth dwindles.

All of these groups which are bearing the brunt of the housing crunch are supporting the Brooke-Cranston program amendments. I have heard from concrete contractors, home builders, realtors, savings and loans, banks, civic organizations, mortgage brokers, and city officials urging me to support this bill. We have all received hundreds of two-by-fours aimed at expressing the urgency of the problem.

The housing industry needs help. As interest rates are soaring, housing starts are plummeting. When the consumer cannot afford to buy, the contractor is not going to build. I think we would all agree that the root cause of the present problems in the housing industry is uncontrolled inflation. Inflation is disrupting the home building industry in the same way that it disrupts the entire economy. We must conquer inflation if we hope to turn this around.

We in Congress must make some difficult decisions in the next few months. We must restore public confidence by cutting spending and balancing the Federal budget. We must reduce taxes to speed development in the private sector. We must meet our energy problems, a major cause of inflation, head-on. Only by doing these things can we bring interest rates down and truly solve our housing problems.

The bill we are considering today can play an important role in increasing housing construction. Should the administration use its authority to implement the emergency Brooke-Cranston program, it will be important that Brooke-Cranston is designed to operate effectively in 1980 to meet today's needy. These amendments do that by updating legislation originally established in 1974. They bring new types of housing into the program and improve the criteria.

I urge my colleagues to vote for S. 2177. It is not the sole answer to our present housing problems, but it is an important step.●

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to executive session.

There being no objection, the Senate proceeded to the consideration of executive business.

NOMINATION OF WILLIAM A. LUBBERS

The PRESIDING OFFICER. The clerk will state the pending business.

The assistant legislative clerk read as follows:

Nomination of William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board.

Mr. ROBERT C. BYRD. Mr. President, the 1 hour under the cloture rule begins running at 4:30 today, does it not?

The PRESIDING OFFICER. The Senator is correct.

RECESS UNTIL 4:30 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess until 4:30 p.m. today.

There being no objection, the Senate, at 3:58 p.m., recessed until 4:30 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. PRYOR).

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. JAVITS. Mr. President, the National Labor Relations Board is a critically important agency. It is the focal point of the Federal Government's responsibility for seeing that workers in the private sector of our economy are able to make truly free choices as to whether or not they wish to be represented by a labor organization, and for seeing that the collective bargaining process, which is the cornerstone of our industrial democracy, is carried out fairly and effectively. It is important that the NLRB, operating as it does between the frequently antagonistic and adversarial representatives of labor and management, be both administratively efficient and scrupulously neutral in carrying out the mandates of the National Labor Relations Act. These requirements are as applicable to a position of General Counsel as they are to each of the five Board members themselves. The NLRB has deservedly enjoyed generally an excellent reputation as an exemplary regulatory Federal agency, and I have long had a keen interest in seeing that its excellent record continues undiminished.

Mr. President, the nomination of Mr. William Lubbers to be General Counsel of the National Labor Relations Board has engendered enormous controversey, principally concerning his ability to perform the duties of this position independent of Chairman John Fanning. Section 3(d) of the National Labor Relations Act grants the General Counsel "final authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe or as may be provided by law." This prosecutorial authority, in contrast to the decisionmaking judicial authority of the Board itself, has required that the General Counsel operate independently of the Board in the exercise of these prosecutorial functions.

The Labor and Human Resources Committee explored this issue and related objections to the nomination before us today. The hearings revealed that the nominee enjoys an excellent reputation within the labor-law community based upon his record of long service to the Board. There was no challenge to the nominee's ability competently to perform the duties of General Counsel, nor in my view was there basic evidence to support the contention that Mr. Lubbers does not bring a balanced perspective toward labor-management relations to this position. What was reiterated at the hearing was the simple assertion that Mr. Lubbers' long association with Chairman Fanning somehow prejudiced the ability of Mr. Lubbers to be an independent General Counsel, or to give the assurance of independence to the labor and management communities.

Mr. President, I do not believe that it would be proper to presume that the nominee's ability to be fair and independent is prejudiced by previous service in the agency to which he or she is nominated. If this were a proper standard for nominees, our country would be deprived of many outstanding public servants.

This nomination should be considered on the personal qualifications of the nominee, rather than on suspicion as to his independence. I hope that those who oppose his nomination will consider this criterion, and will seek not to rekindle the labor-management antagonisms that marked the labor law reform controversy in the 95th Congress. This is not the time in our history when we can afford to divide labor and management. If we are to solve the problems of inflation and declining productivity, a creative partnership between labor and management is vital. I urge my colleagues to keep this in mind as we consider the nomination before us.

One thing that does disturb me about this nomination, and that is the charge—and I have done my utmost to try to look into it because I thought it was so important—that the business community had a right to be deeply disappointed at the way in which this choice was made; that is, it had been given assurance that it would have some input in respect of this General Counsel, and that at least it would have a full opportunity to demur if it objected to the choice which was finally made.

I cannot say, Mr. President—I would like to but I cannot say—how much validity there is to that argument. It

has been made with deep sincerity by very distinguished people, and I have worried about it. Otherwise, I would have spoken on this nomination sooner. I have worried about it, but I have been unable to find sufficient backing for that point to justify me in casting my vote against the nominee.

For all of these reasons, Mr. President, I shall vote to confirm the nomination of William Lubbers.

Mr. HATCH. Mr. President, the most important labor relations issue since the 1977 Senate defeat of the so-called labor law "reform" bill is now before us. It concerns the President's appointment of William A. Lubbers to a 4-year term as General Counsel of the National Labor Relations Board.

Why is this appointment so important?

The NLRB's General Counsel is not simply another Government lawyer. He wields tremendous power over management, labor, and employees. It is crucial that the General Counsel be independent, impartial, and experienced. Mr. Lubbers is none of these.

WHY IS "INDEPENDENCE" NECESSARY?

Before 1947, the General Counsel was subject to the authority and direction of the Board. To remedy the oft-repeated charge that the NLRB served as prosecutor, judge, and jury, which prevented a fair hearing in unfair labor practice cases, Congress amended the law to separate the two functions. The 1947 Taft-Hartley Act amendments clearly created an independent Office of General Counsel—a "public" prosecutor of unfair labor practice charges. The law is undisputed that the General Counsel must be entirely separate from and independent of the five NLRB members or their staffs.

Without an independent General Counsel, the NLRB will once again become prosecutor, judge, and jury and the process of settling labor disputes is again tainted by the lack of separation of powers.

WHY IS "IMPARTIALITY" NECESSARY?

The General Counsel has final authority, subject neither to appeal to the NLRB nor to the Federal courts, both as to the investigation and prosecution of unfair labor practice charges by management or labor. Because his decision is unreviewable, the failure to investigate or file a complaint in an unfair labor practice case leaves the aggrieved party with no legal recourse. On the other hand, if a complaint is issued by the General Counsel on the basis of a frivolous charge, needless harassment results. Finally, if the General Counsel deliberately delays his decision, he may as a practical matter affect substantive rights.

For example, if a union is illegally picketing business property, the employer should have confidence that the General Counsel will impartially investigate and prosecute unfair labor practice charges, and do so in a timely fashion. Or, if a union brings frivolous charges before the General Counsel, an employer has a right to expect that he will not be harassed by unnecessary prosecution of such charges. In short, management needs to have confidence that the General Counsel will be fair and impartial as the "public" prosecutor of unfair labor practices.

WHY IS "EXPERIENCE" NECESSARY?

The General Counsel should be an individual with firsthand, practical experience in labor relations—not an "ivory tower" Washington bureaucrat who has never been involved in the real world, day-to-day problems involving labor and management. And since the General Counsel is responsible for administering the NLRB's 34 regional offices, and hundreds of Government employees—around 2,500, to be exact—he should have administrative experience.

Lacking practical labor relations and administrative experience can result in problems not only for the General Counsel, but also for the unions and employers that rely on the agency to settle disputes in a timely and fair fashion.

WHY IS LUBBERS UNQUALIFIED?

Lubbers lacks the independence, impartiality, and experience necessary for the job.

Independence? For 20 years, Mr. Lubbers served on the staff of present NLRB Chairman John Fanning. He admitted at his confirmation hearing that he agrees generally with the case decision-making by Chairman Fanning and in fact helped write many of the decisions issued by Fanning and the NLRB. He also admitted being very close to John Fanning. Prior to that, Lubbers served for 6 years on the staff of former NLRB member Abe Murdock. A total of 26 years on the staff of an NLRB member. And now he is expected to be "independent" from the NLRB or its staff?

Impartiality? Mr. Lubbers has helped write decisions for one of the most prounion members of the NLRB—John Fanning. Last year, during the labor law "reform" fight in Congress, Lubbers acknowledges offering "technical assistance" to union leaders, even though as an NLRB employee he should have remained neutral as three prestigous former Board officials, ex-General Counsel Nash, ex-Chairman Miller, and ex-Board member Walther testified was Board custom and policy. Again, his lack of objectivity is seen in one of his first decisions as General Counsel. Based on his recent arguments in the Dalmo Victor case, Mr. Lubbers has already expressed his views in favor of the nonstatutory and implied right of a big union to maintain solidarity during a strike, which Mr. Lubbers considered superior to the act's section 7 rights of individual employees to resign from a union. Apparently, when it comes to a showdown between a big union—in the Dalmo Victor case, the Machinists—and an individual employee—in that case, three women who resigned from the Machinists after an 18-month strike to go back to work—Mr. Lubbers will choose the union side and employees will suffer. It is interesting to note that early in his career, Lubbers was employed as an organizer for the American Federation of State, County, and Municipal Employees. And now he is expected to be impartial?

Experience? With the exception of his AFSCME employment, Lubbers has spent his entire career in Washington with the NLRB, writing decisions from case files. He has no "hands on" experience. He has never been responsible for administering a huge staff, spread out around the country. And now he is expected to be "experienced" to administer the NLRB's 33 regional offices?

In summary, Mr. President, what the Congress achieved by the 1947 Taft-Hartley amendments has withstood the test of time. The General Counsel and the Board have been substantially independent in the enforcement of the law—one the prosecutor, the other the judge. Clearly, that independent relationship may be undone by amending the act. Unfortunately, that independent relationship may also be reduced or even eliminated by another means—the relationship between the person who is chairman of the National Labor Relations Board and the person who is its General Counsel.

Regretfully I must insist that a relationship of the duration and intensity of that between Chairman Fanning and Acting General Counsel Lubbers has the potential for destroying the statutory duality of those offices.

It is, perhaps, unfortunate if an otherwise qualified person is denied appointment to a high Government office because a longstanding business relationship may affect the independence of his performance in that office. I submit, however, that it would be even more regretful if the delicate balance required between the two offices was injured or destroyed by such an appointment.

There are, Senators, many men and women, blacks and other minorities (NLRB Regional Director Curtis Mack was considered by the White House) who are as qualified as Mr. Lubbers to fill the office of General Counsel.

I believe and I hope that Mr. Lubbers and Chairman Fanning intend to comport themselves in accordance with the statutory design. I submit, however, that the public, labor and management, are entitled to an appointee free of even the appearance of impropriety.

In the name of fairness and impartiality, I urge this Senate to reject the nomination of William Lubbers. Let us consider in his place the name of someone in whom both labor and management can have confidence.

I might mention that this is not a prounion/antiunion approach. It is not a union/antibusiness approach or business/antiunion approach. It is not a Republican or Democratic issue. It is an issue of what is right under the circumstances.

Business had accepted three potential nominees: Two general counsel from major unions, who would certainly be as prounion as Mr. Lubbers, and Curtis Mack, who certainly is prounion, who is the regional director of the National Labor Relations Board, with tons of experience in the field that is involved here. All three of those have tons of experience.

So business has not necessarily stood aside and said: "We don't want to work with you." They have been willing to, but they have had the Lubbers' nomination rammed down their throats.

Now, I have made the point that Mr. Lubbers lacks independence, impartiality, and experience. But let me add a few other points.

Opponents of the Lubbers' nomination have been fair in an attempt to avoid a confrontation. There are many others, including competent union-affiliated lawyers, that business is willing to support and accept.

I also mentioned the top level black leader in this country in labor law, a regional director in Alabama, Curtis Mack, would be acceptable to business.

If we are going to give opportunities to blacks in our society, would not this have been a great opportunity for this administration? Let me give another.

The matter is essentially the same as the Agriculture Committee's handling of the Hugh Cadden nomination who was opposed because:

He came from the staff of a current commissioner in violation of the independence required by the Commodities Futures Trading Commission Act; and

He had absolutely no practical experienec or knowledge of commodity markets or trading; and

He was an ivory-tower bureaucrat.

If you add it all up, I think we have made pretty good arguments that it would be better for all concerned if we would reject this nomination. Why not the best? Why can we not have the best for these nominations—and certainly, especially when both business and labor can be in agreement—rather than have a confrontation every time we turn around because somebody wants to cater to one group or the other?

What the Congress achieved by the 1947 Taft-Hartley amendments has withstood the test of time. The General Counsel and the Board have been substantially independent in the enforcement of the law—one the prosecutor, the other the judge. Clearly, that independent relationship may be undone by either amending the act, or doing as has been done here, putting somebody in who, frankly, would not be independent of the Board itself.

I think it is something to think about.

The duration and intensity of that relationship between Chairman Fanning and Acting General Counsel Lubbers has the potential for destroying the statutory quality of those offices.

I think a good case has been made here. I hope that my colleagues will consider the importance of this particular position and the possible dislocation the Lubbers' nomination really could have between business and labor in this country especially since there has been a reasonable approach by business in this matter.

I think it is important for us to realize that we should not have people who have the slightest question concerning their devotion to being independent in this particular position.

The General Counsel's position is a life-and-death position in many ways. That position can be used in fairness, equity, and impartiality from a neutrality standpoint, or it can be used in a most partial way that basically could destroy the act. it could destroy the National Labor Relations Board, and could destroy the delicate balance we have today of basic good workmanship between management and labor in our society.

Let me say one other thing. I might mention that some inside sources at the Board have told us that Mr. Lubbers has made the statement which he denied in the hearing—I want that to be understood—he has made the statement, and I think these are reliable sources, that if he could get this position for 4 years he would do that which the Senate refused to do in 1978, and that is by independent General Counsel fiat enact labor law reform, even though the most able legislative body in the world rejected that particular contention and those particular points.

I think it important that everybody knows this. It involves very important issues. I think we have approached it in a reasonable and moderate way. I hope my colleagues will give every consideration to voting against cloture here today because that would be, at least in our opinion, the right way to go.

Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. WILLIAMS. Before the Senator from Utah leaves, I wonder if I can ask a question on his last observation. The Senator understands, and I think he said, from inside sources.

Mr. HATCH. That is correct.

Mr. WILLIAMS. I suggest it is dangerous to come to that conclusion which he came to on anything but a competent record that we can look at and understand, a decision or something within the public visibility of the individual. Could I ask, was this brought to the Senator as a description of a casual conversation?

Mr. HATCH. This was brought to me by impeccable sources within the National Labor Relations Board before the Lubbers' nomination was made and since, by the way. Of course, if the chairman can imagine, I cannot disclose the sources, but they were reasonable. I would say they were impeccable. I believe them to be true.

I also read into the RECORD last Thursday Mr. Lubbers' comments at the labor symposium in New York City where he implied exactly the same thing on the record. I think a reasonable mind would conclude that Mr. Lubbers has pretty well made up his mind to do that which the Senate decided not to do.

I know my colleague and friend from New Jersey would agree with me that if the Senate has spoken, we should abide by that, and so should the bureaucrats who run the agencies in our society as well.

Mr. WILLIAMS. Well, the Senator has said the Senate has spoken on labor law reform.

Mr. HATCH. That is correct.

Mr. WILLIAMS. We did not get a chance to speak definitively.

Mr. HATCH. Well, we spoke for 6 weeks.

Mr. WILLIAMS. No, no. There have been statements made repeatedly that the labor law reform was defeated or rejected. It was not. It was never decided because we never got to a vote, as the Senator will recall.

Mr. HATCH. I think my colleague from New Jersey would have to admit that under the rules a piece of legislation can be defeated through the use of extended debate, if the extended debate is not able to be overcome. That is what happened on that matter. It is one of the ways that a controversial piece of legislation can be defeated. It is a rule of freedom that the Senate provides for the minority in these matters.

Mr. WILLIAMS. Let us put it this way: Let us say, and this will be so accurate, labor law reform was obstructed by the failure to get 60 votes, not 51. The issue would come up if there had been 51 votes there.

Mr. HATCH. It was defeated by a proper utilization of the rules allowing what I call extended educational dialog, which apparently that was. All I can say is, be that as it may, the Senate did act through its rules. All I am saying is—and I think my great friend and colleague from New Jersey would agree—that he would not want ivory-tower bureaucrats, regardless of how good or nice or wonderful they may be, putting into effect statutes that the Senate has refused to put into effect. Am I correct?

Mr. WILLIAMS. I read the RECORD from Friday and I noticed that former member Murphy indicated there is a policy role for members of the National Labor Relations Board. Evidently the Supreme Court has indicated this, too. This was all record material.

Mr. HATCH. I have no doubt that there may be a policy role as long as it does not conflict with the actions of the U.S. Senate and House of Representatives, and as long as those policies do not conflict with the act itself, the National Labor Relations Act, the other appropriate labor laws, and the legislative record that we have.

Let me just say this: In terms of Lubbers' track record my distinguished chairman will recall when I asked him what cases he acted upon, Mr. Lubbers refused to answer on the basis of attorney-client privilege in front of the committee. I thought that was a pretty serious thing. As a matter of fact, I do not know what could be more serious than refusing to answer an august committee when some of the questions got a little tougher.

Mr. WILLIAMS. I think that this shows that he is a man who lives under law, and the law that he worked under when he was in those positions clearly prohibited him from revealing what was asked in some of the questions in the Senator's letter to him.

Mr. HATCH. If the Senator will permit me, he even refused to tell us the number of cases that he worked with Mr. Fanning on. He indicated there were plenty, but he did not tell us the number, and even refused to give us that little statistic. I thought that that alone has to cause any reasonable person looking at the record to question whether or not this person has been candid with the committee.

Mr. WILLIAMS. Without reading it, if the Senator will yield further——

Mr. HATCH. Surely.

Mr. WILLIAMS. Let me observe fur-

ther that regulation 18020, and I think these have been included in the RECORD already in this debate, certainly lays out those situations where there is confidentiality. I should think the Senator from Utah would be more disturbed if the nominee were furnishing information in violation of the clear regulations that he worked under.

Mr. HATCH. Will the Senator yield on that point?

Mr. WILLIAMS. Yes.

Mr. HATCH. I would be disturbed if he were divulging confidential matters that should not be divulged. I do not think our questions asked for confidential matters. We merely asked how many cases he had helped to write and helped decide with Mr. Fanning. We asked him to describe those cases, as I recall, and he refused to do that.

Those cases are on the record. I do not see anything so difficult or confidential or otherwise impossible about those matters.

Mr. WILLIAMS. On page 22 and page 23 of our hearings, I believe that we have a full record on all this and it was Mr. Lubbers' response to the letter of request. It runs to page 29. That certainly most completely and clearly indicates just why some of those questions could not be answered and have Mr. Lubbers continue to live within the law and the regulations that he worked under.

Mr. HATCH. The question of how many cases? Is that confidential? I would have even taken a percentage or an estimate. I presume that he has helped to write almost every case that Mr. Fanning has decided.

Mr. WILLIAMS. He included the Senator's entire request, which said:

So that we can evaluate this allegation, I ask you to collect and furnish to me, as soon as possible, every issued decision of the NLRB either recommended or written by you during the last five years of your staff association with Chairman Fanning. I believe this is a minimal requirement on your part to satisfy the concerns that you will be in fact independent in light of the perceptions your nomination has created among the public.

The response was:

During the period in question, July 3, 1972 to July 3, 1977, when I was appointed to the position of Solicitor, I served as an Assistant Chief Counsel to Member Fanning until May 4, 1976, supervising and directing the work of three or more legal assistants and advising Member Fanning on whatever other cases or policy matters he assigned to me.

He goes on, if I may just skip now:

All Board decisions issued and printed in bound volumes of NLRB reports during this period are reported in Volumes 198 through 230. Board decisions are obviously in the public domain. For me to identify cases assigned to Member or Chairman Fanning, and by him to me, as compliance with your request to "furnish every issued decision of the NLRB either recommended or written by [me] during the last five years of [my] staff association with Chairman Fanning" would necessarily cause me to do, would involve me in an unauthorized disclosure of matters I, as former staff counsel, am required to keep confidential. I must, therefore, respectfully decline to comply with this request.

I would be more worried, if I were the Senator from Utah, if this man were just spilling out a lot of information that he was prohibited from disclosing within their own basic law and regulation.

Mr. HATCH. Will the Senator yield again?

Mr. WILLIAMS. Yes.

Mr. HATCH. I thank my friend from New Jersey.

The letter that I wrote to Mr. Lubbers, I thought, was a reasonable request. It was written on December 5, 1979:

DEAR MR. LUBBERS: I am aware that you have been nominated by the President to be the next NLRB General Counsel. As you know, your confirmation hearing is scheduled for 9:30 a.m. on December 14.

Several business organizations suspect that your 20 years on the staff of NLRB Chairman John Fanning disqualifies you from assuming the independent duties of the General Counsel. They say that your role in writing many of Mr. Fanning's pro-union decisions will cause the public to question your independence and impartiality as you carry out the duties of the General Counsel.

So that we can evaluate this allegation, I ask you to collect and furnish to me, as soon as possible, every issued decision of the NLRB either recommended or written by you during the last five years of your staff association with Chairman Fanning.

We did not ask for all 20 of them.

I believe this is a minimal requirement on your part to satisfy the concerns that you will be in fact independent in light of the perceptions your nomination has created among the public.

Also, you might want to send me any speeches you have given or articles you have written while a Board employee on labor-management relations.

In addition, today in an interview with me you acknowledged that you furnished so-called "technical advice" to various supporters of the "Labor Reform Act" during the period you were an employee of the NLRB. You specifically mentioned meetings with Tom Donahue and Larry Gold of the AFL-CIO. Kindly list the occasions and approximate dates when you discussed any aspect of that legislation and with whom. Explain your specific role in drafting or discussing any of the provisions of that bill. Please attach a copy of all memos, letters, etc. you prepared concerning any of the proposals to amend the NLRB even though your name did not appear on those documents.

Sincerely,

ORRIN G. HATCH,
U.S. Senator.

What I am trying to bring out, Mr. President, is that I think those were reasonable requests, which he refused. He refused to give us explanations concerning the technical assistance he provided. I suspect the reason he did is that it was more than technical. That is up to him, but I felt our committte should have required him to give these rather reasonable requests, because we are talking about the independence, the impartiality, and the experience of a man who will have inordinate power once he gets that position.

Mr. WILLIAMS. I had not thought of this at the time, but it occurs to me now that we might have helped his confirmation as General Counsel, because if he had done what the Senator requested, he might well have been discharged from his job in the agency, and so he would have come in without that heavy weight on his back. He would have been a former person working at the National Labor Relations Board, because this regulation clearly says, and I think I had better read it again, that if he had disclosed it, he would be creating "grounds for discharge from his employment." Let me read what it says under "Confidentiality of Cases" one more time:

Confidentiality of Cases: Staff counsel are confidential employees of the Board Member for whom they work. When a case is pending before the Board for any type of action, staff counsel are under an obligation not to reveal (1) the identity of the Board Member or staff counsel assigned to cases; or (2) the status of cases to unauthorized persons, e.g., persons outside the Agency, or General Counsel or Division of Judges personnel. The only personnel with whom staff counsel are authorized to discuss pending cases are those on the Board side of the Agency; i.e., Board Members', Executive Secretary's, Solicitor's, or Division of Information staffs.

Unauthorized disclosure of the above information either before or after a case has issued is a serious matter, constituting grounds for discharge of any person making such disclosure.

Mr. HATCH. Will the Senator yield again?

Mr. WILLIAMS. Yes.

Mr. HATCH. Those rules apply to pending cases.

Mr. WILLIAMS. It says "before or after a case has issued."

Mr. HATCH. If the Senator will read it carefully, it says pending cases.

Mr. WILLIAMS. Either before or after a case has issued.

Mr. HATCH. That is true. Of course, he should not give information as to whom the case is assigned or who has responsibility, particularly during a pending case. We are talking about cases over the last 5 years, and they are on record. I do not see the problem.

Mr. WILLIAMS. The only loophole here after it has been decided is another paragraph that says:

After final action by the Board, cases pending enforcement may be discussed with those persons on the General Counsel's staff who are responsible for enforcing Board Orders.

Now, there is one other thing that has not been discussed, but I think it might, this whole question of appearances of lack of impartiality. Appearance, appearance, appearance has been raised time and again.

Certainly, Peter Nash raised it at our hearing. I would like to read what he had to say in that connection. At our hearing, Mr. Nash said:

I am confident in my own mind, knowing Bill Lubbers and John Fanning, that never would they breach either the letter or the spirit of section 3(d) of the Labor Act. But there are people in this world who do not know Chairman Fanning and Bill Lubbers; and I am concerned that the same kind of conviction that applied when I was a young, starting labor lawyer in upstate New York, might apply again. I think that is to the detriment of the administration——

He had said earlier:

However, when I was practicing law in upstate New York, nobody in upstate New York believed that. At least not those with

whom I talked, and there was a conviction that ran among labor attorneys that when the General Counsel issued a complaint that seemed to be foreclosed by Board precedent and the Board then reversed itself and found a violation consistent with the General Counsel's complaint, there was a conviction that the General Counsel and the Chairman had sat down and discussed whether or not a complaint ought to be issued and, indeed, what the theory ought to be of that complaint.

Now, Mr. Nash said that he knows this would never have happened with Mr. Lubbers and Mr. Fanning, but people who did not know them would feel that that might be the situation.

On these nominations, if we looked at each one to see where a person came from on his way to the position to which he has been nominated, we would be foreclosing many people from the positions they were nominated to.

We have so many people out of the U.S. Attorney's offices that have an aspiration to be on the bench, to be a judge, and they get appointed from their position within the U.S. Attorney's office to sit on the Federal district bench.

With respect to appearance, nothing can be closer, I am sure, than a group of lawyers working in the U.S. Attorney's office. When they leave the U.S. Attorney's office and then go to that bench, the same kind of wall has been built between the judge and the U.S. Attorney as the wall we have between the National Labor Relations Board and the General Counsel.

It seems to be convenient to raise this appearance business now, but if it were to be generally applied we would have many individuals frozen out of an opportunity to advance into positions of responsibility.

I can think of others, too. Judges coming out of private practice. History will show that some of the greatest members of the Supreme Court of the United States, right here, ran into this appearance business when they were nominated. Harlan Fiske Stone, for one. Hugo Black, another. Louis Brandeis was a third. They ran into this appearance debate, that they would bring to the Supreme Court all of their association from their practices of law prior to their nomination. Fortunately, the Senate cut through all this appearance business and went to the individual and examined the individual on the only thing that has to be found on any of these appointments, integrity, character, and, of course, competence.

Competence, character, and integrity have all gotten, on the range of one to four, the marks from every Member, every person, that has spoken in hearings on this nomination. We had no negatives on character, integrity, and competence.

There was no question on experience because Mr. Lubbers has been a faithful, faithful, faithful servant of the people in public position by working at the National Labor Relations Board, one way or another, for 27 years.

That kind of steadfastness and loyalty to a great institution, I should think, would be commended, but here it is found to be debilitating.

Mr. President, as I have stated at greater length earlier in these deliberations, no real reason exists to challenge the nomination of Mr. William A. Lubbers to be General Counsel of the National Labor Relations Board. Mr. Lubbers has a well-deserved reputation as a superb labor lawyer. His competence and his integrity are beyond question.

Mr. Lubbers' qualifications for this position are so apparent, and the reasons advanced against him so insubstantial, that it is remarkable that the debate on confirmation of this nomination has now extended for 4 days.

Mr. President, the record is clear with regard to Mr. Lubbers. His ability, his training, and his experience make him one of the most highly qualified candidates to be General Counsel this body has ever had the opportunity to consider.

His well established record and reputation for independence and integrity place virtually beyond question the fact that he will properly fulfill the office of General Counsel, with the utmost dedication to the law and to the public interest.

Unfortunately, however, there are those, as you know, who have attempted to raise questions where no real basis exists for inquiry.

I believe this matter requires comment, because the organized special interest groups that are fueling this debate and attempting to generate controversy where none should exist should not be permitted to cause further deterioration in an already strained labor-management relations atmosphere.

There has been considerable discussion over the past few days of the significance of two letters addressed to the White House by representatives of the business community. These letters, from representatives of the Business Roundtable and the National Association of Manufacturers, indicated that business interests would support any one of three alternatives to Mr. Lubbers if they should be nominated to be General Counsel.

These proposed alternatives were: A regional director in charge of the Board's Atlanta region, and two lawyers representing labor unions.

Mr. President, I submit that, upon analysis, this suggestion of "alternatives" to Mr. Lubbers in effect amounts to no more than an attempt to dictate to the President that he should nominate the mentioned regional director.

This is so because of the well-known fact that organized labor has never supported the appointment of any labor union lawyer or labor union official to a Presidential appointment at the National Labor Relations Board. The business spokespersons who wrote to the White House purporting to suggest a list of three alternatives have been involved in these matters long enough to know that this is so. Their memories cannot be so short, or their vision so narrow, that they do not appreciate the unacceptability of partisan labor union lawyers as nominees to the position of General Counsel.

Thus, they were in effect seeking to tell the President that instead of nominating William Lubbers, he should nominate the Atlanta regional director to be General Counsel.

The effrontery of this attempt to dictate the President's selection of a nominee has nothing to do with the qualifications of the Atlanta regional director. But it is most offensive to have partisan advocates in the business community generate a controversy based upon insubstantial and cynical arguments as a means of seeking to veto the President's selection and force their own alternative upon him.

This muscle-flexing by a well-financed special interest lobby threatens to further strain labor-management relations that are already suffering from recent confrontations over labor law reform and other issues.

If they are successful, the heretofore baseless argument that this nomination might harm labor relations or weaken the Board, will have proven to be a self-fulfilling prophecy. But, if that occurs, the fault will not lie with the President or with Mr. Lubbers; it will lie with the special interest lobbyists who have chosen to make an issue out of this nomination.

Mr. President, I have already stated the view that opponents of this nomination are applying a double standard here—they are raising against Mr. Lubbers arguments that could have been made—but were not—respecting prior nominees to this position.

Both the hearing record and the record of this debate are full of testimony as to Mr. Lubbers' unquestioned character and integrity, and his ability as a lawyer. Every witness who testified orally before the committee attested to the nominee's integrity. Those who have been in a position to know attested as well to his otustanding ability as a labor lawyer.

For example, former General Counsel Peter Nash testified that Mr. Lubbers is "by reputation" and by Mr. Nash's knowledge, "a superb lawyer." Further, Mr. Nash testified that he was comfortable in his own mind that "never" would Mr. Lubbers "breach either the letter or the spirit" of the law requiring the General Counsel to function independently of the Board.

Another former General Counsel of the Board, Arnold Ordman, who is the only two-term General Counsel in the history of the Board, also testified about Mr. Lubbers' ability and integrity, he stated:

> I personally observed Mr. Lubbers' work at the Board. I can attest to the high quality of that work, his incisive analysis, his perceptive grasp of the whole problem and his stubborn resistance to popular but sometimes inadequate decisions.
>
> These qualities have been recognized by his peers and superiors. He has moved up to increasingly responsible posts and discharged those responsibilities ably as has been attested to by every witness we have had here.

With regard to the assertion that Mr. Lubbers might not be sufficiently independent or impartial because of his prior association with Board Chairman Fanning, Mr. Ordman stated:

I resist the temptation to jeer . . . I have complete faith, like everyone else, in the nominee's integrity and high competence, and I commend him to you.

That is as he addressed our committee hearing on this nomination.

It is little wonder that Senator HUMPHREY stated last Wednesday:

We are not in any way questioning the man's integrity. It is beyond question.

Likewise, on the question of training and background, the record clearly demonstrates that Mr. Lubbers brings abundant experience to this position from his prior practice. As former General Counsel Ordman testified:

I know of no better way to learn the procedures of the techniques as well as the pitfalls of litigational strategy than the kind of work that Mr. Lubbers has done for years. Only the very oldest and most active practitioners in the labor field could have as much experience.

Likewise, former Board Chairman Frank McCulloch testified:

The NLRB is the best place to acquire training and experience in the administration of the labor law. Lubbers has that training and experience to an exceptional degree. The volume and scope of the agency's caseload and its heavy court docket compel senior attorneys to become experts in labor law as enacted by Congress and applied by the Board and courts. Lubbers' grasp of the law is recognized as outstanding. The sharply contested nature of the issues decided by the agency subjects it to a heavy legal crossfire, that requires balance, steadiness, insight and fairness in arriving at conclusions. Lubbers fully demonstrated that crucial balance and fairness in all his recommendations that I observed.

In the final analysis, all the arguments about Mr. Lubbers' qualifications for this post utterly fail, and his opponents are reduced to the argument that, even though there is nothing really wrong with this nomination, or this nominee, it should be rejected because the business community would not like the "appearance" it would create. To quote from the extended debate on this nomination last Thursday, an opponent (Senator SIMPSON) said:

I must stress there that word "perception." It is on the appearance of things we rise or fall in this arena, in Washington and in this Government—not on whether it is so, or is not so, but on the appearance of things. It is unfortunate that the judgment is made, but, nevertheless, it is.

On this point I will say just what I said when this argument was made to the committee:

The day we start guiding ourselves on unwarranted perceptions, or a false image, that is when we lose our rudder in life here. Believe me, I know this is an age of not substance but image, but I have got to stay with the substance.

But the most devastating rebuttal of the "appearances" argument is made by the opponents of this nomination. They would have us believe that they oppose Mr. Lubbers because he might appear less than impartial, but they would not feel that way about a labor union lawyer as General Counsel.

Mr. President, I submit that it is totally incredible to suggest that a dedicated union lawyer would automatically be accorded more trust by the business community than a career civil servant.

In any case, as in this case, the only assurance any of us can have is the oath of impartiality taken by the General Counsel, and the reputation of the General Counsel, individually, as a person of integrity.

On that score, as we have seen, Mr. Lubbers receives the highest possible marks from everyone who knows him.

Indeed, both the hearing record and the record of the debate are so full of testimonial for Mr. Lubbers' character, his integrity and his ability as a lawyer that long after his confirmation and service as General Counsel, when he is talking to his grandchildren or even their children, he will tell them not only about his distinguished career as General Counsel, but also about his proud reputation for integrity and ability which has been described in such glowing terms these past few days.

Mr. President, without impugning the sincerity or conviction of the Senators who have been leading the opposition to this nomination, I nevertheless suggest that the discussion of this matter has long since become redundant and unnecessary. Over the years that I have served in this body, I have had great admiration and respect for the sincerity and depth of conviction, as well as the dedication, that Senators have brought to this floor when they have found it necessary to engage in extended discussion as a means of defending and preserving principles that they deem important. It is within the rules of this body, and within the rights of Senators to do this.

This has occurred in recent Congresses on issues like the Panama Canal Treaty, natural gas deregulation, and labor law reform. And I remember well the extended discussions we had about the landmark civil rights legislation of 1964 and 1972. I submit that the questions asked here about this nomination—all of which have been fully and conclusively answered—simply do not warrant this kind of extended discussion. The 4 days of the Senate's time that have already been taken for this matter have been more than enough.

An objective review of the proceedings on this nomination demonstrates conclusively that no issue has been raised in debate that was not raised with the committee before it favorably reported this nomination. No substantial argument has been made on any day of our deliberations that was not made on the first day of our deliberations. Time, and a sense of proportion, compel the conclusion that it is time to vote on the merits of this nomination.

Mr. JEPSEN. Mr. President, separation of powers, as a doctrine, is a primary cornerstone of our American way of Government. The operation of judicial and administrative functions of Government have been, and should be, a basic tenet of insuring the rights and freedoms of individuals, and the precepts of our democracy. In a more direct focus, the separation of powers between prosecutor and judge, between the administrative general counsel and the judicial board of appeals cannot, by any principle even arguably within the parameters or bounds of our Constitution be condoned or permitted.

The appointment of William A. Lubbers as General Counsel of the NLRB blatantly contradicts these legal, political, and democratic ideals which we have safeguarded so long. To confirm such an appointment would disregard the doctrine of separation of powers and perilously endanger the credibility of a major Federal agency with a paramount impact on American employers, employees, and unions, by subjecting the business community to a General Counsel divorced from objectivity, independence, and undue influence, while married to the purposes of unionization as a longstanding doctrinaire of organized labor.

As independent agencies must be free of executive control, so must administrative positions be free from judicial control.

Numerous factors would prevent Mr. Lubbers from making impartial judgments. His clear political bias and philosophically set prounion prejudice would be improper and unacceptable influences on what should be independent execution of his duties as General Counsel.

It is clear that besides a political and philosophical bias, Mr. Lubbers is subject to improper outside pressures.

The same person cannot be allowed to investigate the facts of a case, and institute proceedings, when ultimately he would come from, and still exercise, bias, prejudgment, and influence on the ultimate adjudication.

The Administrative Procedure Act, section 554(d), places strict limitations on the mixing of functions at the administrative law judge level, which is particularly analogous here since administrative law judges' duties are technically administrative as employees of the executive branch placed within administrative agencies, yet in terms of practice their roles are clearly—unlike the NLRB's General Counsel position—judicial in nature. Section 554(d) strictly limits the mixing of functions, providing that these administrative personnel may not "be responsible to or subject to the supervision or direction of an employee or agent engaged in the performance of an investigative or prosecuting function for an agency." Section 554(d) further provides, and this is keenly relevant to the issue of Mr. Lubbers, "An employee or agent engaged in the performance of investigative or prosecuting functions for an agency in a case may not * * * participate or advise in the decision, recommended decision, or agency review, pursuant to the Administrative Procedure Act, section 557 of the title."

The preconceptions with which a decisionmaker, with unreviewable discretionary powers such as Mr. Lubbers would have, come to play in the proceedings in various forms: Either opinions considering law or policy, prejudice against a party or parties, or personal bias, or other disqualification.

Although generalized views and questions of law and policy, as distinguished

from views as to the practices of particular parties to the proceedings, do not generally disqualify an agency representative from adjudicating in, participating in, or exercising discretionary authority on prosecutions, the "expertise" acquired by Mr. Lubbers would not be an advantage, but would be a handicap since his past records and his present record under the interim appointment as General Counsel demonstrate his inability to maintain any visage of neutrality.

The actions of the General Counsel have binding consequences and therefore we cannot ignore Mr. Lubbers' qualification, or lack thereof, and expect with any certainty whatsoever normal adjudicatory proceedings by the NLRB. The rules against combination of functions cannot permit the appointment of a General Counsel so lacking in independence, impartiality, practical experience, and freedom from undue influence. The circumstances and the record, particularly evidenced in the Delmo Victor case, indicate that Mr. Lubbers has fixed opinions regarding labor relations which would interfere with the proper resolution of conflicts and performance of his responsibilities in a manner which theoretically, and by law, must reflect neutrality and objectivity.

The bias of Mr. Lubbers can be found in his prior public statements which indicate his clear hostility toward both management and workers who resist unionization or union coercive tactics.

A case involving the Federal Trade Commission, although not particularly on point, does have some relevance and interesting parallels to the issues present in the case of Mr. Lubbers. In American Cyanamid Co. against FTC, an FTC Commissioner who has previously served as counsel to a Senate subcommittee investigating the drug industry, during which time he had made statements which indicated that he believes American Cyanamid had violated the antitrust laws and had helped draft reports which were critical of the company, was held by the courts to be sufficient to disqualify him for FTC hearings involving the same issues.

Similarly Mr. Lubbers had also previously served as counsel to a panel, and in particular to the Chairman of that panel—the NLRB—where his record in drafting statements and opinions, where his remarks and speeches, and where clearly his advice and counseling of Chairman Fanning was blatantly antimanagement. His counseling of organized labor on congressional issues of labor law reform while a Government employee whose salary was paid from taxpayer payments, illustrates his clear disregard for the principles of conflict of interests, high caliber professional integrity and responsibility, and separation of the powers and functions of Government and the private sector.

Another FTC example is also relevant. In Cinderella Career & Finishing Schools against FTC, prior statements in a speech by an FTC Commissioner later led the court to set aside a decision by the FTC. Even though the Commissioner had not referred to the party by name, the court noted that the "appearance of fairness" had to be maintained. Although the present issues of Mr. Lubbers involve not a single case but his inability to maintain objectivity categorically, it is obvious, as in the FTC case, that prior statements in a speech by Mr. Lubbers illustrate dramatically that he cannot and does not emote an "appearance of fairness." It appears virtually impossible that employers would be able to change the General Counsel's mind as a result of his previous contacts with the subject matter and inherently discriminatory views fostered as a blatantly adversarial member of Mr. Fanning's staff.

Furthermore, congressional involvement in the present case is a concomitant problem. The issues involved in the suitability and appropriateness of Mr. Lubbers for the General Counsel position at the NLRB raise the specter of undue future legislative involvement. The controversy involving Mr. Lubbers has risen to such intense levels that continued calls upon Congress would likely ensue. Furthermore, it is hard to believe a more suitable compromise candidate is not available. Moreover, the strong influence and efforts exerted by parties in interest to the outcome of this proposed appointment could not help but have a substantial influence, consciously or subconsciously, on Mr. Lubbers' actions in the future performance of his duties.

It is obvious that Mr. Lubbers previous experience—as a union organizer for the American Federation of State, County, and Municipal Employees, as a key staff member and author of many prounion decisions for NLRB Chairman Fanning, and as an advocate of labor law "reform" legislation and provider of technical assistance to organized labor and congressional labor battles—has caused Mr. Lubbers to form deeply rooted philosophical conclusions as to the issues presented in current labor-management relations. What has developed is more than philosophical perspective of the issues, but rather formation of conclusions of fact which require Mr. Lubbers to be disqualified for consideration for this powerful position. We deeply question his ability to consider the merits of labor-management controversies.

It is of paramount importance that we insure the appearance of impartiality so as to guard against actual bias. Not only is Mr. Lubbers' failure to be impartial a matter of record, but the issue of "appearance" of impartiality is rendered moot by the very documented and predominant atmosphere of philosophical concreteness and prounion prejudice.

The parties who come before the National Labor Relations Board in earnest and good faith efforts to appeal the decisions of administrative law judges are entitled to fair, unbiased, and impartial evaluation of the record and decision-making as to their disposition. No doubt, bias or partiality would play a part in the unreviewable decisions of Mr. Lubbers. Such unfettered and unreviewable discretionary power such as the NLRB General Counsel has, cannot tolerate any semblance or visage of impropriety, collusion, or preordained belief.

The appointment of William Lubbers to the position of General Counsel of the NLRB would create serious doubts as to the credibility and feasibility of the Board to function in either its judicial or administrative capacities. The ability of the business community to seek good faith recourse via the agency would be severely inhibited. The perception of the NLRB within the business community could not help but be significantly lessened and compromised which ultimately would reflect poorly on the agency, on the administration, on the goals of effective and equitable labor-management relations, and on the purposes of the National Labor Relations Act itself. Such an appointment constitutes no less than an invasion of the agency's judicial function.

It is clear that the decisions of the General Counsel, should this appointment be confirmed, would be rendered by an individual whose thought processes has been subjected to inordinate influence, pressure, and a measure of union self-interest. Administrative decisions are invalid if based in whole or in part upon pressures exerted by outside forces. A person occupying a position as important as the NLRB General Counsel is bound to base his decisions strictly on the merits of the case, and should be free from undue influences past, present, and future. William Lubbers clearly does not meet this requirement.

Mr. Lubbers' track record indicates his clear preference for union ideologies, and that he considers the interest of organized labor to be paramount to the legitimate and lawful statutory rights, duties, and protections afforded to employees alike by the National Labor Relations Act.

Without an independent NLRB General Counsel, the often unnecessary and unjustified strife between organized labor and workers, or between organized labor and management, can only be heightened to the ultimate disservice of the NLRA and the congressional intent of the legislators who mandated it. We cannot permit the travesty which would ensue if Mr. Lubbers was allowed, in an atmosphere of prejudice and partiality, to combine the roles of prosecutor, judge, and jury. Mr. Lubbers is not the candidate of employers, is not the candidate of employees, is not the candidate of moderates, is not the candidate of rank and file labor. He is the candidate of organized labor bosses. A rational, reasonable, and responsible approach could never condone a General Counsel so much an ideologist and doctrinaire of one side of an issue which is already too polarized and uncompromising.

Mr. HOLLINGS. Mr. President, over the past several days we have heard an earnest and forthright debate on the confirmation of Mr. William A. Lubbers for General Counsel of the National Labor Relations Board. Many I suppose are surprised that a nomination of a Government lawyer would receive this much attention. Ordinarily it does not, and I will not take a lot of the Senate's time to recount or summarize the arguments that so many of my colleagues have stated. I, for one, oppose the nomination of Mr. Lubbers to this important job.

It must be pointed out, first of all, that the position Mr. Lubbers has been nominated to fill, General Counsel of the National Labor Relations Board, is unlike other positions of similar title. This position is statutorily defined in such a way to establish a strong and effective referee in the struggles between organized labor and management.

The National Labor Relations Act provides that the General Counsel "shall have final authority, on behalf of the Board, in respect of the investigation of (unfair labor practice) charges and issuance of complaints—and in respect of the prosecution of such complaints before the Board." This individual's power is final and has been so recognized by the Supreme Court. The free hand and broad discretion this individual has in making his prosecutorial decisions is total. The recourse for those who would oppose the General Counsel is to refuse to cooperate with the Board's investigations and elections processes, to defend against the General Counsel's complaints and litigate every disagreement, and to appeal the Board's decisions to the courts whenever possible.

Within our governmental system for the regulation of the labor disputes the National Labor Relations Board plays a key role. Its function is to remove all of the causes of labor strife in a manner that is consistent with our Nation's free-market system, and to promote the peace between the sometimes warring factions of industry and labor. In recent years the Board has enjoyed a reputation for impartiality, objectivity, and integrity matched by few other institutions or Government agencies.

It is because of this reputation, and the confidence that it inspires in both management and labor, that the Board has been largely successful in its mission of keeping the wheels of our economy turning. The Board could not function without this reservoir of confidence that it enjoys. Consider the facts: Ninety-five percent of the nearly 39,000 cases filed in fiscal year 1978 were never litigated by the Board. They were settled, dismissed, or withdrawn. The largest proportion of these charges were either settled by the respondent at the Board's suggestion, or were withdrawn by the charging party, again at the Board's request.

If the proportion of individuals who would agree voluntarily to settle cases were to fall by a few percentage points, the Board's administrative resources for enforcing the statute would be seriously strained. Therefore the confidence the Board has generated over the years and the creditability it has within the community it serves has been critical in its ability to function to its demonstrated high level of competence. Central to the Board's operation is the General Counsel. He is quite often the focal point, due to the discretion and power authorized under the act, and how he performs his job and the creditability he commands in the process of making tough decisions that confront the Board daily affects the total operation of the Board. The respect labor and management has for his discretion, judgment and objectivity in handling the cases before the Board is vital to the performance of his duties.

Not only is the General Counsel the Board's chief prosecutor, he is also the chief administrator of its field offices. He manages the staff of over 3,000. So long as the General Counsel is able to retain the respect of the representatives of both labor and management, his field attorneys and regional office personnel will continue to be successful in achieving the high degree of voluntary compliance with the law that they have in the past. But, if that respect is compromised for any reason, in fact or perception, the success of subordinate personnel will be limited.

I believe we must consider both of these distinct features of the job when we consider Mr. Lubbers. I will not join some of my colleagues in an attack upon Mr. Lubbers' integrity. I believe that his more than 20 years of Government service commend his honor. I will not attack his legal skill as others in this body have done. His record of advancement within the Board speaks well of his legal capacities and growth in this most specialized area of the law. Nor will I comment upon his lack of administrative experience, for this is not, in my mind at least, the most serious problem about his candidacy. On the other hand this omission on my part should not be taken as a dismissal of this deficiency.

My major reservation concerning Mr. Lubbers is the very controversy that surrounds his nomination to this most important and sensitive position. Not in my memory of service in this body has a candidate for this position elicited such strong and undying opposition as has Mr. Lubbers. Even when the nominee was selected from within the camp of labor, or of management, there was no similar swell of objection as we are now experiencing. This compels us to examine whether Mr. Lubbers can maintain the degree of confidence in both the labor and management ranks—confidence which I have described which is critical to the performance of the job as General Counsel. I do not believe he can. He is the wrong person, for the wrong job at the wrong time.

The objections to Mr. Lubbers' appointment have been voiced not solely by individuals representing management groups, but by at least one former Chairman of the National Labor Relations Board, Mr. Edward Miller, as well as a former member and a former General Counsel.

I feel that if we should confirm Mr. Lubbers as the General Counsel of the Labor Board, he would not be able to garner the trust and cooperation from all elements of the labor relations community upon which the success of his performance depends.

I am concerned that the implicit faith that each side has in the integrity, fairness, and objectivity of the Board would be endangered.

Without this trust and confidence, I have no doubt that the respect for the Board and for its processes would be seriously diminished.

Without this trust and confidence, the delicate relationship between the adversaries of labor and management will deteriorate.

That balance of power between labor and management institutions is a fragile equilibrium.

It is dependent upon the continued exercise of self-restraint both by labor and by management in their use of their inherent powers against each other.

I do not believe it is realistic for us to expect the continuance of this self-discipline and cooperation if employers, either in fact or perception, expect administrative bias.

It is unlikely that companies will continue to voluntarily comply with regional officers' requests for settlement of cases and avoidance of costly litigation and appeals where they feel, or perceive, that the agency's processes are inherently prejudiced.

Mr. Lubbers has been called a protege of Chairman Fanning. Allegations have been made that he is beholden to the Chairman, for whom he worked for 17 years.

It is doubtlessly true that Mr. Fanning has aided Mr. Lubbers in his rise within the agency.

Without a doubt the need for independence of the Board's prosecutorial and judicial arms from each other has been well established in our history.

It became apparent to us shortly after the passage of the Wagner Act.

The integrity of the Board was constantly compromised in those days before Congress wisely separated the General Counsel's office from the Board and carefully delineated the responsibilities of each.

It is important, no it is vital, that both the independence of the two functions, and the appearance of this independence be closely guarded and maintained.

Like Ceasar's wife, the General Counsel must not only be above reproach; he must also seem above reproach.

This cannot, in my opinion, he said for Mr. Lubbers.

The loud suspicions raised concerning his independence will not be quieted by our vote in favor of his confirmation.

Former Chairman of the NLRB Edward Miller succinctly stated the problem:

> [N]obody would ever think of running the judge's brother for district attorney. How could any accused person ever feel that he would get a fair trial if the district attorney and the judge were of the same family or had a long personal association? It wouldn't make any difference if the judge and his brother were the most honorable people in the world. You could never persuade a defendant that the deck wasn't stacked against him.

Mr. President, this is the problem with Mr. Lubbers. Regardless of the fact that both he and Chairman Fanning are civil servants who are above reproach, regardless of the merit he has shown in all his many years of dedicated public service, and regardless of the wisdom, or the lack of wisdom we may discern in his legal judgments, his long association with the present Chairman of the NLRB will always cloud, or be perceived to cloud, his decisions on how to exercise

the discretionary powers of his office into question.

This is a time of great economic difficulty for our Nation. Time and time again our attention is called to the fact that the productivity of our workers is falling. At the same time profits for many corporations, a reaping of profits of unbelievable magnitude—in fact I put a statement in the RECORD last Thursday reflecting the vast profit of the oil companies. We are confronted with a myriad of important and compelling problems and both business and labor will have to act in concert if we are going to see our way clear of this situation. In part this solution calls for the maintenance of stability in labor relations.

As I read the signs, the necessary cooperation between the competing camps of labor and management will not be assured by confirming Mr. Lubbers as the General Counsel to the NLRB. There are other candidates for this position, Mr. President, who are as qualified as he, and who will not elicit the opposition or suspicion that has been raised with Mr. Lubbers. Others have mentioned the names. There is no paucity of talent available for this job. Mr. Lubbers is the wrong person under the circumstances. For the reasons I have stated, Mr. President, I urge my colleagues to oppose this nomination.

CLOTURE MOTION

The PRESIDING OFFICER (Mr. RIEGLE). The hour of 5:30 p.m. having arrived, the clerk will state the motion to invoke cloture.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the nomination of Mr. William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board.

Harrison A. Williams, Jr., Daniel Patrick Moynihan, Spark M. Matsunaga, Paul E. Tsongas, John A. Durkin, Robert C. Byrd, Thomas F. Eagleton, Birch Bayh, Henry M. Jackson, Edmund S. Muskie, Gary Hart, Claiborne Pell, Jennings Randolph, Max Baucus, George McGovern, Dennis DeConcini.

VOTE

The PRESIDING OFFICER. A quorum call under the rule XXII having been waived, the question is, Is it the sense of the Senate that debate on the nomination of William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board shall be brought to a close? The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Iowa (Mr. CULVER), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from New York (Mr. MOYNIHAN), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Alabama (Mr. STEWART) are necessarily absent.

I further announce that, if present and voting, the Senator from Texas (Mr. BENTSEN) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Idaho (Mr. MCCLURE), and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I also announce that the Senator from Wyoming (Mr. WALLOP) is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 46, nays 40, as follows:

[Rollcall Vote No. 79 Ex.]

YEAS—46

Baucus	Glenn	Nelson
Biden	Gravel	Packwood
Boren	Hart	Pell
Bradley	Hatfield	Percy
Bumpers	Heflin	Proxmire
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Chafee	Javits	Sarbanes
Church	Leahy	Sasser
Cranston	Levin	Stevenson
Danforth	Magnuson	Tsongas
DeConcini	Mathias	Weicker
Durkin	McGovern	Williams
Eagleton	Melcher	Zorinsky
Exon	Metzenbaum	
Ford	Muskie	

NAYS—40

Armstrong	Hatch	Pryor
Bellmon	Hayakawa	Roth
Boschwitz	Heinz	Schmitt
Byrd, Harry F., Jr.	Helms	Simpson
	Hollings	Stafford
Cannon	Humphrey	Stennis
Chiles	Jepsen	Stevens
Cochran	Johnston	Stone
Cohen	Kassebaum	Talmadge
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
Durenberger	Morgan	Warner
Garn	Nunn	Young
Goldwater	Pressler	

NOT VOTING—14

Baker	Kennedy	Ribicoff
Bayh	Long	Schweiker
Bentsen	Matsunaga	Stewart
Culver	McClure	Wallop
Huddleston	Moynihan	

The PRESIDING OFFICER. On this vote, the yeas are 46, the nays are 40. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative the motion is not agreed to.

Mr. ROBERT C. BYRD. Mr. President, this will be the last rollcall vote today.

CLOTURE MOTION

I send to the desk a cloture motion.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the nomination of William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board.

Robert C. Byrd, Alan Cranston, John A. Durkin, Wendell H. Ford, Donald W. Riegle, Jr., John Glenn, William Proxmire, Harrison A. Williams, Jr., Max Baucus, Gary Hart, Jennings Randolph, Claiborne Pell, Paul E. Tsongas, Adlai E. Stevenson, Joseph R. Biden, Jr., Dennis DeConcini.

ORDER FOR RECESS UNTIL TUESDAY, APRIL 22, 1980

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its busines today, it stand in recess until the hour of 12 o'clock tomorrow.

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

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, as in legislative session, and that it not extend beyond 30 minutes, and Senators may speak, as in legislative session, for not to exceed 5 minutes.

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

The Senate will be in order. The Chair would ask Senators standing to find seats, and other persons in the Chamber also to find seats.

JOHN REDSTROM: A EULOGY

Mr. WARNER. Mr. President, the Commonwealth of Virginia lost one of its outstanding citizens on April 9, 1980 when John Redstrom died. John was the executive director of the Mental Health Association in Virginia. He was a young man, only 44 years old. His untimely death came as a shock to all of us.

As young men of his generation did, John served 3 years in the armed services of the United States. Upon return to civilian life in 1957, he made a list of the career routes which he felt would provide the greatest opportunity for his talents to be used in the service of his fellow men. He selected the mental health field. While an employee at the Farmington State Mental Hospital in Missouri, he started the first Jaycee chapter in a mental hospital. He also started a Boy Scout troop in a hospital for the mentally retarded. In 1964, the Jaycees voted him the honor of Outstanding Young Man in America.

John Redstrom's work with the Mental Health Association started in Florida. A tour of duty with the National Mental Health Association and with the State Association in New Mexico preceded his arrival in Virginia in 1971.

As State executive director for the Mental Health Association in Virginia, he provided a quality of staff leadership to the State board and the association's 26 affiliated chapters that was necessary to make that private-citizen volunteer organization an effective advocate of good mental health and a strong supporter of adequate services for the mentally ill.

His depth of character, his integrity, his compassion for his fellow man, his dedication to the needs of the mentally ill, his devotion to his family, and his reverence for the things that are God's earned John the respect, the love, and the confidence of all who knew him.

To his wife Martha, to his daughter Venita, to his son Rinaldo, to his brothers, his sisters, and his parents, let it be known that Virginia is a better place for having had John Redstrom with us. We all shall miss him, very much.

THE REMARKABLE GEORGE KOCH

Mr. HELMS. Mr. President, a recent story in the Washington Post offered strong testimony to the power that one individual with a dedication to justice can exert in a free society.

The story related the battle of George W. Koch on behalf of the rights of the employees of the Congressional Country Club. By profession, a trade association executive; by political allegiance a conservative Republican, Mr. Koch's action on behalf of the less fortunate reflects the American tradition of individual commitment to community life.

Following the Post story, the Capital Baptist, a National Capital area church publication, saluted George Koch in an editorial titled "Christ—and the Spirit of the Prophets—are Alive!"

Mr. President, because the Capital Baptist editorial contains material of inspirational quality to the society and the National Capital community, I ask unanimous consent that it be included in the RECORD.

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

CHRIST—AND THE SPIRIT OF THE PROPHETS—ARE ALIVE!

The prophet Amos reappearing in Washington? You've got to be kidding. The astounding thing is that someone with courage, tenacity, and above all a passion for justice—seeking redress of apparent wrongs against the lowly at the hands of the rich and mighty—like that eighth century B.C. Hebrew prophet, has surfaced at, of all places, suburban Washington's Congressional Country Club.

Congressional is the most prestigious golf and country club in the environs of the nation's capital. Set in Potomac on 300 acres of immensely valuable real estate, it has been the scene in recent years of the U.S. Open, the world's premier golfing event, and the PGA tournament. Beginning this year the Kemper Open moves from North Carolina to a new berth at Congressional.

Playground for presidents and wealthy business and professional men and their wives, the club for several years has been facing a court test from one of its own members, George W. Koch.

Three years ago a black waitress complained to Koch (pronounced Cook) that she had not been receiving all the salary due her from the club. According to The Washington Post, this stirred Koch to try to right what he saw as an injustice by the high and privileged, his peers and fellow club members, against one who served them.

His investigation widened. He has interviewed over 100 waitresses, dishwashers, locker room attendants, guards and maids, and worked through some 40,000 club documents—documents which the establishment apparently tried to dispose of as trash.

Koch believes Congressional has, by as many as 15 different schemes, defrauded hundreds of employees out of more than $1 million in wages since 1948. What started as a check of one employee's complaint has opened a Pandora's box of alleged gambling, accounting irregularities and kickbacks in purchasing.

Koch filed suit three years ago. He has been paying heavily ever since. The pursuit of justice has absorbed an enormous amount of time of this man who is president of the Grocery Manufacturers of America. It is no surprise that he and his family have been ostracized by some fellow club members.

Ten days after filing the lawsuit, Koch brought his wife and children to one of Congressional's restaurants. They were both shunned and harassed. Says Koch, "I wanted to teach my children a lesson . . . that you must never be driven from your home, your church or your country club because of harassment."

If his adversaries felt they could intimidate Koch they have been badly mistaken. A warning to Koch to "keep his nose out of personnel matters", which he perceived as an implied threat, only confirmed his indignation.

The club's attorney has asked if Koch has any history of mental disorder (the same insinuation was raised by Alger Hiss's attorneys about Whittaker Chambers, and it is a charge frequently used against dissidents in the Soviet Union).

As to financial costs, the Post reports that Koch has kept paying legal costs, now "upwards of $100,000".

Because of legal jockeying, no adjudication has yet come through the courts. But conditions have improved. The 20 percent deduction that the club took from the checks of workers as "standard restaurant practice" has ceased, and a dental plan has been instituted for employees.

The thing that his peers can't fathom is what motivates this man. It's obvious he has nothing to gain from his marathon efforts—and that's about all the secular mind can conceive as the mainspring of human endeavor.

Nothing would have been simpler than for Koch to ignore the first complaint, and never to have become involved. But, says this man of the best prophetic and Christian tradition, "Those people have been waiting on me since 1961. I have a responsibility to do those things which the board has refused to assume. If you don't, you have a cancer that will fester and corrupt society."

His opponents charge him with "a corny belief in the simple verities." All such attempted put-downs have failed to deter him. Koch is outraged by the defrauding of the less privileged: "I couldn't believe morally, ethically, or socially these people would steal from the little people. Stealing becomes more despicable when you steal from people who are working for you."

With a rare commitment to justice for the lowly, Koch says: "I can't save the world. But I have to carry out my responsibility where I have it. I will not stop until I have rectified what has been done wrong."

The waitress whose complaint started Koch on his quest was finally rehired and some of her back pay reimbursed. She wrote to Koch that he "was the kind of person that Christ taught his followers to be. Jesus said help the poor and see that justice be given to them. This is all you have tried to do for me and I do appreciate it."

The best sermons are those which are lived before and on behalf of others. We salute George W. Koch for a superb 'sermon', one which is evidently on-going.

What motivates this man? It seems clear that his inspiration arises essentially from the prophets and from Christ. He personifies what St. Paul experienced after coming to know the crucified but risen Lord: "With us therefore worldly standards have ceased to count in our estimate of any man; even if once they counted in our understanding of Christ, they do so now no longer. When anyone is united to Christ, there is a new world the old order has gone, and a new order has already begun" (Cor. 5:16–17 NEB).

George Koch is giving this city, and all who hear about his deeds, fresh and powerful evidence of Christ's resurrection. He has set an exceedingly high standard for all Christians.

ROBERT W. RUARK

Mr. TOWER. Mr. President, for the past few months, our Republican platform committee, of which I serve as temporary chairman, has been conducting hearings throughout the country in order to gather input from citizens at the grass roots level. I have been greatly impressed with the variety and caliber of testimony we have heard, as well as the common concerns which are clearly shared by people from all walks of life, and all areas of the country.

Needless to say, the big problem on everybody's mind these days is the economy, and we have heard many suggestions as to why we are in this mess and what to do about it. One of the oftencited causes of inflation and economic disruption in the marketplace is government regulation. Time and again we have heard of nit-picking and often contradictory standards set by the various Government agencies, and the cost burden they inflict on the private sector.

Just last Friday, I chaired our hearings in Davenport, Iowa, and was particularly impressed with a statement given by Mr. Robert Ruark, president of ABCO Engineering Corp., Oelwein, Iowa. In his comments, Mr. Ruark shared with our committee his own first-hand experience with regulations affecting his own small business operation, and I think it would behoove my colleagues to read his thought-provoking testimony.

Mr. President, I ask unanimous consent that Mr. Ruark's testimony be printed in the RECORD.

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

TESTIMONY BY ROBERT W. RUARK

Ladies and Gentlemen: You have before you today an "uncooperative citizen". That was the title given me over the phone by a lady bureaucrat of the F.T.C. a couple of years ago. But first let me give you a history of how I worked my way up to that distinguished title of "uncooperative citizen".

Thirteen years ago the Ruark family moved to Iowa (because of Taft-Hartley 14B) to start a small business to design and manufacture engineered belt conveyor systems for coal mines, rock quarries, gravel pits, etc. We incorporated under the laws of Iowa and named our business ABCO Enginering Corp. Today we employ thirty-five people and sell a little over a million dollars worth of conveyors per year to all parts of the U.S., South America and North America. In one sense we are lucky; we have not been as successful as General Motors, Chrysler, Exxon or Lockheed. That's the basic difference, you know, between "small" and "big business"—the degree of success and consequential government interference. We, also, don't provide nearly as many jobs.

But, back to ABCO's history and my title of "uncooperative citizen". Approximately six months after we started ABCO, Oelwein, Iowa was hit by a tornado! We had just started—our leased building came down around our ears—our creditors said you have no choice but apply for an S.B.A. loan. We did. We were granted $4,000.00—after giving the Government a mortgage for over $15,000.00 worth of new machine tools. The time involved during the summer of 1968 in applying reapplying, filling out forms, getting statements and dealing with a succession of rotating

bureaucrats when we should have been moving rubble was not worth it. Conclusion: The S.B.A. value to small business is not worth the cost to the taxpayers of this country. Let's stop all subsidies, loans and Government help for business and let private insurance provide protection. The Free Enterprise system is predicated on the right to failure as well as to success.

We sold a conveyor to the University of Iowa in October, 1972. In March of 1974 we received a four page Equal Employment Opportunity data reporting form with accompanying letter from the State Board of Regents Compliance officer stating that the Governor had signed Executive Order No. 15 in April, 1973, and that we had to break down our entire employee-force by male, female, race, job categories, promotions, etc.

Now, Oelwein, Iowa is a small North-Eastern Iowa town of 8,000 people. When we did not bother to answer this ridiculous form, he sent more letters threatening prosecution and banning us from all State Government business. We informed him that, not only would we not fill out this form, we would never sell a government agency or department our products again. Today they pay a 20 percent premium on parts and new machines because they have to purchase from our dealer and we have never sold direct to any government agency since that time.

I can hardly wait until E.R.A. is passed so that politicians and bureaucrats can get ahold of that one to start their harassing affirmative action programs, etc., to make sure that business complies to the "letter-of-the-law". I urge this committee to promote rights of all people regardless of race, religion or sex, as stated in our present Constitution.

In those early years of starting our little business my mother-in-law, who was our company bookkeeper, stated many times that she spent over 50 percent of her time on calculations and forms for the Government —social security, taxes, unemployment reports, etc. Today we hire an expensive accounting firm to help our bookkeepers—most of that time is directed toward government reports, etc. Our society is becoming less productive everyday in terms of real goods and services, but at ABCO we are filling out government forms and producing that type of information like never before.

I have a question. How do you post government documents (i.e., OSHA, minimum wage, etc.) as required by law by such-and-such date, when the Government printing office is so backlogged that they haven't even gotten around to printing them, and our postal service couldn't get them to us in time anyway.

CETA? Now there is a good example of a program intended to do a little good at a tremendous cost to the taxpayer. We tried several years ago to use their "service"—anyone can qualify, you know. Just tell the unemployment official what his or her handicap is and that employee, or potential employee, immediately qualifies for up to 50 percent wages paid by the taxpayers. It is nothing but a subsidy to business that costs a thousand dollars for every $10.00 worth of good. Lowering of the minimum wage would do more in one year towards hiring untrained and underprivileged than ten years of CETA will ever do. Government has no business advertising on T.V. and in newspapers and magazines promoting welfare and unemployment programs at the expense of the taxpayer. The current census ads even sound to me like they are promoting socialized medicine!

In 1970 we received the "long form" at ABCO. Now, we are reading much about 1980's "long form" for private citizens. But you ain't seen nothin' compared to a census long form for corporations! If I had answered that accurately in 1970, I would have put in at least two weeks of solid work.

You know, the law always states the penalty for not filling out these government forms, but they never say how accurate they must be. Please remember that the next time you read some statistic released by one of our Government agencies.

Profit Sharing and Retirement Plans? They must be Government approved. The rules and forms change every year. The Government really is making it hard on an employer to share profits with his employees.

NLRB, OSHA, EEOC, DEQ? What can I say, except basically, "You, the employer, is guilty, until you prove yourself innocent" . . . and always at your own time and expense.

Have you seen what President Carter sent us a few months ago? A twelve page bulletin on emergency building temperature restrictions. 1984 will soon be here!

How about a "non-exit" sign over the one door in my plant that does not go outside? I've looked everywhere and I can't find one. If anyone knows where I can buy a sign that says "NON-EXIT", please contact me. OSHA "on-site" consultations are a farce! If I want an expert on safety, my insurance company will send one, but forget about those government inspectors. We had one young Federal lady inspector who didn't know the difference between the hot and ground cables on a welding machine. OSHA shouldn't be just weakened, it should be abolished for good! It hasn't made working conditions safer!

Product liability costs? The "deep pocket" theory that has developed in this country in the last few years really is fueling inflation. The idea that all corporations have insurance and they can afford to share their wealth with private individuals must be controlled. Ralph Nader preaches against "his business", but he really is against ALL business—except that owned or totally controlled by Government.

Approximately March of 1977, I received form No. 59-101 and letter from the F.T.C. informing me that I had been picked to provide them with statistical information about my Company for two years, on a quarterly basis. This form required me to restate my entire balance sheet and profit and loss statements to fit their ridiculous form. And to mail it by the 25th of the month ending the quarter. Now, originally we only had annual statements. Then after a few years we felt we could afford semi-annual statements, but we had progressed to quarterly statements by 1977.

Only one problem—we didn't even get our inventory counted by the 25th of the month, let alone have completed statements from our accountants. So we were always late. We received many threatening form letters, telegrams, and one time even a telephone call direct from those hallowed walls of the F.T.C. building in Washington. I told that lady that I could not possibly get her the information by the 25th. She said just guess at it! I asked her why didn't she do it for me, if she had to have it that fast and it only required guessing. That's when she called me an "uncooperative citizen" and threatened me with—you guessed it—more forms to fill out over a longer period of time.

Ladies and gentlemen, this "uncooperative citizen" says, "Let's put these bureaucrats out of work and turn this nation back into a free enterprise, productive society that is free of 90 percent of the government controls we have today."

SMALL BUSINESS PERFORMANCE IN THE REGULATED ECONOMY

Mr. TOWER. Mr. President, the Center for the Study of American Business on February 1980 published an informative study entitled "Small Business Performance in the Regulated Economy" which brings home the plight of the small business firms in this country.

The authors of this study, Kenneth W. Chilton and Murray L. Weidenbaum, observe that the regulatory system is not neutral with respect to the size of the business firm but that a great deal of Government regulation has disproportionately adverse effects on smaller businesses. One of the most serious threats to the continued existence of the small firm is the requirement for major capital expenditures to meet environmental or workplace safety standards. The major conclusions reached by the authors of this study are;

It is more costly for small firms to borrow funds needed to meet regulatory requirements than it is for large firms.

The manufacturing sector is particularly hard-hit by the capital requirements of Federal regulations.

Federal standards may have a severe impact on the marketability of individual products.

Product bans have a selective but devastating impact on small firms.

The paperwork burden is particularly frustrating to the small entrepreneur.

This study makes clear that it is absolutely essential that Congress take steps to get Government off the backs of small business firms.

Mr. President, because of the importance of this report. I ask unanimous consent that its summary be printed in the RECORD at this point.

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

SMALL BUSINESS PERFORMANCE IN THE REGULATED ECONOMY

(By Kenneth W. Chilton and Murray L. Weidenbaum)

SUMMARY

In spite of the widespread concern about the various burdens imposed by government regulation in America today, there seems to be a naive belief on the part of some government policymakers and much of the public that the regulatory system is neutral with respect to the size of the business firm. In reality, a great deal of government regulation has disproportionately adverse effects on smaller businesses.

One of the most serious threats to the continued existence of the small firm is the requirement for major capital expenditures to meet environmental or workplace safety standards. Less frequent, but no less serious, are regulations that reduce the market for a firm's product, such as a ban on a product, or a performance standard that precludes the use of the product for its normal market application.

Typically, the small firm must rely on relatively short-term debt in order to finance its operations, and this reliance tends to make the firm a poor candidate for increased debt to meet regulatory requirements. For instance, if a large company has access to bond markets and borrows one million dollars to meet regulatory capital expenditures at a 10 percent rate, the annual amortization of principal plus interest on a 20-year bond would amount to approximately $96,500 a year. The same amount of money borrowed by a small firm on a ten year term loan basis at a 15 percent rate would require principal and interest payments of $193,000 a year—double that of the firm with access to bond markets. Furthermore, the small firm does not have the same ability to pass along those increased costs to the consumer. The large firm with large production quantities and less than

proportional regulatory costs can pass along its increased costs with a smaller increase in unit pricing. In other words, capital expenditures mandated by government regulation produce artificial "economies of scale."

It is also important to know which industry sectors are having the most difficulties with federal regulation and how serious these problems are. On the basis of the research in this report, it is clear that the manufacturing sector is particularly hard hit by the capital requirements of federal regulation.

In a survey of chemical specialties manufacturers conducted by the Center for the Study of American Business (89 respondents from a surveyed population of 225 firms), the increased operating expenses and capital expenditures required by the Environmental Protection Agency and the Occupational Safety and Health Administration were cited as being particularly troublesome. Fifteen percent of those firms having difficulty with EPA regulations (13 respondents) felt that the agency's regulations could cause the firm to close for an unspecified period. In addition, nearly 12 percent of these small chemical specialty manufacturers (10 respondents) felt that EPA regulations could cause a change in ownership of their firm.

A similar survey of the forging industry (a sample of 58 small firms in the industry) revealed that OSHA and EPA requirements could also cause these firms to close for some period of time. Twenty-two percent of the forging firms felt that OSHA could cause such a closing and 17 percent felt that the EPA could have a similar effect. Similarly, a study done by Charles River Associates in 1977 for the Lead Industries Association indicated that OSHA air/lead regulations could force the closing of about 113 single-plant battery firms in this industry, made up of a total of only 143 firms.

In other instances, federal standards may have severe impact on the marketability of individual products. One example of this is the effects of energy conservation standards set by the Department of Housing and Urban Development and by the Farmers Home Administration. In rural states such as Wisconsin, the FHA rule could force 80 percent of the concrete block plants to close, according to a spokesman for the Wisconsin Concrete and Products Association.

Product bans also have a selective but devastating impact on small firms. This is particularly true because of the narrow product lines typically offered by a small firm. One cogent example of this impact was the ban of the chemical Tris by the Consumer Product Safety Commission. The small, family owned, independent cloth cutters and sewers were ultimately forced to pay for the recall of all Tris-treated sleepwear products—a very heavy burden for these small firms. Furthermore, some forms of regulation, such as the Interstate Commerce Commission regulation of the trucking industry, clearly present barriers to entry by small firms. This protection of the approved carriers, of course, results in increased transportation costs to the firms using those approved carriers and ultimately to the consumer.

In an overriding sense, the adverse impact of the government's large paperwork burden is a qualitative matter. The very notion of paperwork is anathema to many small business people. The qualities of drive and independence that motivate a person to strike out as an entrepreneur can be hostile character traits when it comes to filling out bucreaucratic reports. It is impossible to measure the disincentive to this independent spirit provided by federal regulation.

A variety of regulatory reforms in this area has been suggested, including: exemption from minor paperwork requirements, two-tiered regulations for small and large firms, small business impact statements, and even total exemption of small firms from regulation. The simplest reform measure would be for the regulatory agencies to weigh carefully the effects of their activities on business in general and small business in particular, prior to final rule setting. This procedure would require a change in outlook on the part of many regulators from their current attitude that small business is an unfortunate but necessary casualty of their mission to serve "the public interest."

It is clear that the variety of regulation calls for a variety of reforms. In some instances, dissemination of information rather than standards is needed, as in product safety. In other areas, reorientation of the regulatory agencies toward goals rather than requirements is what is required, as in the case of workplace safety. Virtually all regulatory programs would benefit from a more reasonable approach of weighing their costs and benefits and setting priorities among regulatory programs so as to maximize the benefits derived. Some programs need to be specifically reviewed and revised by Congress to remove their impossible zero-risk requirements on American business. Reform of federal regulation is urgently needed to ensure the vitality of the small business sector of the American economy, as well as to assure other important national objectives.

MORE GAS LINES TO COME?

Mr. PERCY. Mr. President, according to the Department of Energy, current stocks for gasoline and other petroleum products are at high enough levels to give cause for optimism that the 1980 driving season may not bring long gas lines. If the demand for gasoline remains at or below 1979 levels, and if we suffer no interruption in our supply of imported oil, we should avoid serious problems this summer.

These are important "ifs," however, and the Nation must be prepared for any contingencies. Two of the most important energy responsibilities of the Federal Government are to make careful plans for coping with supply shortages, and to manage those shortages fairly and effectively whenever they do occur. This is especially true in light of the risk that a showdown in the Iranian crisis may cause a sudden and very serious crude oil shortage throughout the world. If Iranian harbors are mined this spring, we may indeed find ourselves lining up for gasoline this summer.

I am very concerned that should a gasoline shortage arise because of Iran or any other reason, the Department of Energy may be as ill-equipped to respond as it was last year. During the shortage of 1979, it became apparent that the gasoline allocation system failed to meet at least some of its intended objectives, resulting in competitive imbalances, public inconvenience, and some real economic hardship. No improvements of any consequence have been made in the 8 months since the disappearance of most gas lines. I find this surprising, as one would expect that DOE's difficult experience with these rules would motivate the Department to prepare itself better for any future shortages.

Unfortunately, if we do have a supply crisis this year, we are likely to see a repeat performance of what happened last year: long gasoline lines in some areas, more than enough supplies in others, real financial hardship for many small businesses, and the spectacle of watching the Nation's 250,000 gas station operators paging through 1,000 pages of regulations to learn how to comply with the rules.

Very shortly, the General Accounting Office will release a report very critical of DOE's administration of the gasoline allocation program—a report prepared at the request of a number of Senators and Representatives who had heard many constituents' complaints about the program. I hope that DOE will respond quickly to any recommendations made in this report. However, if DOE's past serves as any guide, we should not expect too much.

A few weeks ago, I asked the staff of the Senate Permanent Subcommittee on Investigations to make a preliminary review of this area. That review is now well underway. Additionally, I sent a letter to Secretary Duncan last week asking him to respond to five specific concerns:

The complexity of the allocation regulations;

The emergence of the Office of Hearings and Appeals as a de facto policymaker not subject to usual administrative procedures;

DOE's lack of "crisis management" capability in time of shortage;

DOE's failure to propose any substantive changes in the rules until now, with any future changes likely to occur too late to be of much help;

The absence of well-understood, carefully analyzed contingency plans in case we have to allocate home heating oil next winter.

When I receive a response to this letter, which I have requested by May 9, I shall have it published in this RECORD. We should then have a better idea whether the Government can manage the next supply shortage any better than it did the last one.

SOVIET CHEMICAL WARFARE IN AFGHANISTAN

Mr. CHURCH. Mr. President, there is mounting evidence that the U.S.S.R., as part of the Soviet effort to suppress the Afghan peoples' struggle for freedom, has resorted to the use of chemical warfare in Afghanistan. Reports of the use of incapacitating and even lethal nerve agents by the Soviet Union have now become so numerous that an international investigation should be carried out to gather the evidence available and make it known to the international community. Such despicable behavior would require condemnation by the entire world, lest Soviet leaders conclude that their brutal actions would go unnoticed.

Resort to chemical warfare by the Soviet Union would violate recognized international standards of conduct. It should be noted that the Soviet Union is a signatory to the Geneva Protocol of 1925, which prohibits the use in war of "asphyxiating poisonous or other gases, and all analogous liquids, materials or devices."

Admittedly, the Soviet Union, in signing the 1925 Protocol, included a reservation that stated the Protocol would not apply to countries which had not ratified the Protocol." Thus, the Soviets

may attempt to argue that use of lethal nerve agents in Afghanistan does not violate the 1925 Protocol because Afghanistan has not ratified the protocol.

However, Soviet use of methods used by no other country—not even Nazi Germany—since the invention of these nerve agents shortly before World War II would be an affront to fundamental notions of human decency.

The Soviets may also be violating other international agreements. The Soviet Union ratified the Hague Convention of 1907 respecting the laws and customs of war on land, and the four Geneva Conventions of 1949. These international agreements prohiibt the use of poison or poison weapons for killing or wounding participants or combatants. The Soviet action in supplying such materials to Vietnam, which Vietnamese troops used in Laos and possibly Cambodia, is further evidence of Moscow's brutality.

The use of nerve agents is one of the most inhumane and tortuous means of killing. They can nauseate, immobolize, paralyze, and blind their victims before they die.

Over 6 months ago, I warned that the Soviet Union might send its military forces into Afghanistan. On September 26, 1979, I stated that the Russians risked becoming bogged down in a struggle that "will cost them dearly in blood, money, and international prestige." The accuracy of this prediction has been confirmed by events during the 3 months since their invasion occurred. The Soviets have suffered 6,000 to 7,000 casualties, of whom well over 1,000 have been killed. While over 500,000 Afghan refugees have been forced into Pakistan, Moscow has so far made slow progress in suppressing the insurgents, who continue to fight bravely against heavily armed Soviet forces.

The Afghan puppet regime of Babrak Karmal, which was installed when the Soviets overthrew and killed his predecessor, is regarded with contempt by virtually the entire Afghan nation. The Afghan Army continues to disintegrate, and the Karmal regime could not remain in power a week without Soviet troops to protect it. One wonders how long the Soviet leaders will tolerate such an ineffective and unpopular regime before they cast it aside in their search for the impossible—a regime that is loyal to Moscow and acceptable to the Afghan people.

The Soviet Union should heed the repeated calls of such organizations as the United Nations and the Islamic Foreign Ministers' Conference for the removal of all foreign troops from Afghanistan. Only when Moscow recognizes the inalienable rights of the Afghan people to control their own destiny will the peace and security of Southwest Asia be assured.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

At an executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 3:28 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 474. A joint resolution to authorize and request the President to issue a proclamation designating April 24 through April 28, 1980, as "Jewish Heritage Week".

The message also announced that, pursuant to section 4(b), Public Law 94–201, the Speaker has appointed Mr. St. John Terrell of Trenton, N.J., and Dr. Edward Bridge Danson of Flagstaff, Ariz., to the Board of Trustees of the American Folklife Center in the Library of Congress, effective March 4, 1980.

HOUSE JOINT RESOLUTION ORDERED HELD AT DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that House Joint Resolution 474, a joint resolution to authorize and request the President to issue a proclamation designating April 24 through April 28, 1980, as "Jewish Heritage Week," be held at the desk pending further disposition.

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

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table, as indicated:

POM–689. A joint resolution adopted by the Legislature of the State of Virginia; to the Committee on Appropriations:

"SENATE JOINT RESOLUTION NO. 97

"Whereas, the hydraulic model was constructed as part of the comprehensive study for the Chesapeake Bay, which was authorized by Congress in Section 312 of the Rivers and Harbors Act of 1965; and

"Whereas, continued funding for the hydraulic model will be terminated after federal fiscal year nineteen hundred eighty-one; and

"Whereas, it has only been since federal fiscal year nineteen hundred seventy-nine that studies have begun to be undertaken using the model's capabilities in the areas of harbor, canal, estuary, low flow, high flow, wastewater and dispersion tests; and

"Whereas, additional research problems, capable of being addressed through use of the model, will need to be addressed after currently authorized funding for the model expires at the end of the federal fiscal year nineteen hundred eighty-one; and

"Whereas, the Chesapeake Bay Hydraulic Model is a scientific tool capable of being used in the future by the engineers, scientists, and water resources planners from different levels of government and from different academic institutions to analyze hydraulic problems that cannot be resolved from text books, experience, or the recently emergent numerical modeling field; and

"Whereas, the model as an instrument and physical display is unexcelled in its potential for the education of an interested public in the scope and magnitude of the problems and conflicts that affect this valuable resource both now and in the future; and

"Whereas, the model as an operational focal point promotes more effective liaison among the many agencies working in the Chesapeake Bay waters and helps to reduce duplication of research effort; and

"Whereas, by applying the knowledge gained from the Chesapeake Bay Study and the hydraulic model plans can be formulated that will insure a balance approach to developing the Chesapeake Bay's resources while protecting her natural beauty; and

"Whereas, the model is in place and operational after the expenditure of significant resources involved in its design, construction, adjustment and verification, and is a readily available tool to analyze phenomena of the nation's largest estuary; now, therefore, be it

"Resolved by the Senate, the House of Delegates concurring, That the Commonwealth of Virginia memorializes the Congress of the United States keep the model operational beyond federal fiscal year nineteen hundred eighty-one and that funds necessary to keep the model operational be appropriated by the Congress of the United States, with required resources and model uses determined and recommended to the Congress by a committee of representatives of the United States Army Corps of Engineers, the Commonwealth of Virginia and the State of Maryland; and, be it

"Resolved further, That the Clerk of the Senate is hereby instructed to transmit copies of this resolution to the Speaker of the House of Representatives, the President of the Senate of the United States, and the members of the Virginia delegation to the Congress in order that they may be apprised of the sense of this body."

POM–690. A resolution adopted by the House of Representatives of the State of Pennsylvania; to the Committee on Energy and Natural Resources:

"HOUSE RESOLUTION NO. 219

"The Federal Energy Regulatory Commission invoking section 202 of the Natural Gas Policy Act has proposed the three tier incremental pricing rule.

"Operation under phase 2 of the incremental pricing rule, proposed with the intent to ease the burden of deregulation on the residential consumer, will almost double the price of natural gas for most industrial users.

"Nationally, according to business experts, the loss of jobs could run into the hundreds of thousands and the cost run up for industry into the billions of dollars.

"A study of Wharton Econometric Forecasting of the University of Pennsylvania indicates phase 2 of the proposed incremental pricing for natural gas would result in a ½ percentage point increase in the national inflation rate and eliminate 600,000 jobs.

"According to the American Gas Association if the phase 2 incremental pricing goes into effect it will add over one billion dollars in increased foreign oil payments.

"The steel industry will be among the hardest hit. Its annual gas bill would increase by as much as 1.1 billion dollars.

"The consumption of natural gas is an integral part of the manufacturing process of the glass and ceramic industry which would be severely damaged; therefore be it

"Resolved, That the House of Representatives of the Commonwealth of Pennsylvania memorialize the Congress of the United States to support legislation to nullify the current Federal Energy Regulatory Commission's incremental pricing proposal for natural gas and to seek alternative solutions to the energy problem; and be it further.

"Resolved, That copies of this resolution be transmitted to the presiding officers of each House of the Congress of the United States and to each Senator and Representative from Pennsylvania in the Congress of the United States."

POM–691. A concurrent memorial adopted by the Legislature of the State of Arizona; to the Committee on the Judiciary:

"SENATE CONCURRENT MEMORIAL 1004

"Whereas, there is a growing perception by the American public that governmental problems alone are not capable of solving the social and economic problems which confront our nation; and

"Whereas, real disposable income has declined in recent years as inflation has both eroded the purchasing power of the dollar and caused most taxpayers to enter higher tax brackets; and

"Whereas, governmental spending, a major contributor to the rate of inflation, has been insulated from the effects of inflation because of the increased tax revenues resulting when taxpayers enter higher tax brackets; and

"Whereas, the lack of formal limitations on governmental spending has led to the development and growth of the "tax revolt", as evidenced by the passage in 1978 of "Proposition 13" by the voters of the State of California, by the subsequent passage of measures with similar intent by many other states and by the proposal of a new taxation-reduction initiative in California and other states; and

"Whereas, the effort to control governmental taxation and spending has led to the call for a constitutional amendment to balance the federal budget or for a constitutional convention for such purpose, or both, by at least thirty of the states, including eight of the thirteen western states; and

"Whereas, Article V of the Constitution of the United States provides that the Congress shall propose amendments to the constitution whenever two-thirds of each house has determined that this action is necessary; and

"Whereas, an expenditure limitation is a reasonable approach to control governmental spending, stabilize the burden on taxpayers and yet allow government to continue to provide essential services; and

"Whereas, a constitutional expenditure limitation at the federal level would be safe from the pressures of bureaucrats, special interest groups and politicians seeking to exceed a limitation otherwise established; and

"Whereas, the gross national product is a reliable index by which to measure the ability of taxpayers to support governmental spending.

"Wherefore your memorialist, the Legislature of the State of Arizona, prays:

"1. That the Congress of the United States again be advised of the concern of the People of the State of Arizona, as represented in the Arizona Legislature, in regard to the need for controlling governmental spending and taxation at all levels.

"2. That the Congress of the United States propose and submit for ratification by the states an amendment to the Constitution of the United States to impose a limitation upon annual federal government expenditures as a percentage of the gross national product.

"3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States, to each Member of the Arizona Congressional Delegation and to the President of the Senate and the Speaker of the House of Representatives of each of the states in this nation, together with the hopes and request of the Arizona Legislature that such state legislative bodies will swifty adopt a similar Memorial."

POM–692. A resolution adopted by the Senate of the State of Rhode Island; to the Committee on Foreign Relations:

"RESOLUTION

"Whereas, It was recently disclosed that a member of the inner circle at Buckingham Palace had confessed in 1964 to being a Communist spy, and that for fifteen years his solicitous friends in British government had covered up his overt treason so that he was still accepted in the best society, so-called; and

"Whereas, The citizens of the state of Rhode Island and Providence Plantations are revolted by the marked contrast between justice meted out to Father Patrick Fell, a working class priest of Coventry, on the one hand, and to a confessed communist spy member of the ruling class of Great Britain on the other hand; and

"Whereas, In 1973, Father Patrick Fell, an assistant at All Saints Church in Coventry, was sentenced on the flimsiest evidence to twelve years' imprisonment, not on the basis of any overt crime, but for conspiracy, which skeptics throughout the world question as the prevailing British ruling class definition of bad thoughts; and

"Whereas, Sentenced with Frank Stagg, who later was martyred by a hunger strike, Father Fell has been held in solitary confinement much of the time 'for his own protection,' denied visitors, refused visitation by Bishop Dreery of Corpus Christi who twice traveled to England to see him, and unable to see his aged father in Ireland who is not in good health and cannot journey to the prison; and

"Whereas, Beaten by his guards, the long suffering Father Fell will have his day before the European Court of Human Rights as the British government will once again be prosecuted for manifest violation of his rights; and

"Whereas, Already having served six years, Father Fell has been eligible for parole since April of the past year, but has been repeatedly refused parole by the British Home Secretary; and

"Whereas, The indignant citizens of the state of Rhode Island, confident in the belief that those who deny mercy shall receive none, assert that the case of Father Patrick Fell cries out for equal justice under a suspect British legal system which, historically, has denied equal protection to those of the Irish race and to those who sympathized with the suffering of that race under English domination; now, therefore, be it

"Resolved, That this senate of the state of Rhode Island and Providence Plantations hereby urges the President and the Congress of the United States to exercise their best offices in securing clemency for Father Patrick Fell from the British government; and be it further

"Resolved, That the secretary of state be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the President of the United States; to the presiding officer of each branch of Congress, to each member of the Rhode Island delegation in the Congress, and to the British Home Secretary."

POM–693. A concurrent memorial adopted by the Legislature of the State of Arizona; to the Committee on Energy and Natural Resources:

"HOUSE CONCURRENT MEMORIAL 2001

"Whereas, since the early years of this century, commercial river running through the Grand Canyon of the Colorado River has been a popular and accepted enterprise; and,

"Whereas, motorized watercraft have become widely used in river running because of flexibility, maneuverability, safety, efficiency and speed and are so popular with passengers that over eighty per cent choose motorized trips through the Grand Canyon; and

"Whereas, due to the perceived impact of numerous visitors to the Grand Canyon, particularly those running the Colorado River, the Grand Canyon National Park prepared a Colorado River Management Plan which, among other things, proposes the elimination of motorized watercraft on the Colorado River between Lees Ferry and Lake Mead; and

"Whereas, the recommendation to eliminate motorized watercraft was not based on environmental impact because none can be demonstrated above what is otherwise allowed by the National Park Service; and

"Whereas, the recommendation to eliminate motorized watercraft does not propose a reduction in the actual use of the Colorado River, but the management plan contemplates an increase in total annual use in numbers of participants, trips and user days; and

"Whereas, the recommendation to eliminate motorized watercraft was not based on safety factors because the safety record of motorized craft, in terms of incidents on the river per user day, is better than that of oar powered craft; and

"Whereas, the recommendation to eliminate motorized watercraft was not based on energy consumption; and

"Whereas, the management plan, which was initiated because of environmental concerns, recommends the elimination of motorized watercraft as a value judgment, justified solely on the basis of a sociological survey which has been refuted by those surveyed and has been tainted by fraud and bias; and

"Whereas, to eliminate motorized trips will result in increased inconvenience and expense to the public who wish to experience the majesty of the Grand Canyon from the Colorado River; and

"Whereas, to eliminate motorized watercraft will cause substantial economic hardship or displacement to fourteen established, responsible commercial concessioners who currently operate such craft; and

"Whereas, the management plan contemplates a dramatic increase in the number of noncommercial trips, participants and user days at the expense of commercial trips, participants and user days; and

"Whereas, noncommercial trips will be largely by inexperienced, unsupervised and less qualified persons drawn from an unknown sociological group whereas commercial concessioners have an abiding interest in preserving the canyon's environmental, historical and archeological resources and in providing a safe and professional service.

"Wherefore your memorialist, the Legislature of the State of Arizona, prays:

"1. That the Congress of the United States enact legislation to maintain the number of user days of commercial motorized watercraft travel permitted on the Colorado River in the Grand Canyon.

"2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation."

POM–694. A resolution adopted by the House of Representatives of the State of

Pennsylvania; to the Committee on Banking, Housing, and Urban Affairs:

"HOUSE RESOLUTION No. 154

"Whereas, The Federal Reserve Board policy has forced the prime interest rate over 15%; and

"Whereas, The economic and social well-being of Pennsylvania is dependent upon the availability of a reasonable supply of credit which allows for the continuous growth of businesses, agricultural and manufacturing concerns that are located in this Commonwealth; and

"Whereas, The Federal Reserve Board interest rate policies are forcing real estate, construction companies, savings and loan institutions, savings banks, automobile dealerships and urban centers into economic hardship; therefore be it

"*Resolved*, That the House of Representatives of the Commonwealth of Pennsylvania urges the Pennsylvania Congressional delegation to request that the Federal Reserve Board reevaluate its policy to ensure that the necessary credit is available for productive investment and to maintain present employment levels; and be it further

"*Resolved*, That copies of this resolution be delivered to the presiding officers of the United States Congress and to each Senator and Representative from the Commonwealth of Pennsylvania."

POM-695. A resolution adopted by the Delegates of the Eleventh District, The American Legion, Indianapolis, Indiana, recognizing that a state of war has existed between the United States and Iran since that nation violated international law and human decency on November 4, 1979; to the Committee on Foreign Relations.

POM-696. A resolution adopted by the Westchester County Board of Legislators, White Plains, New York, petitioning the Congress of the United States to continue the revenue sharing program; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHURCH, from the Committee on Foreign Relations, with an amendment and with a preamble:

S.J. Res. 89. A joint resolution permitting the supply of additional low enriched uranium fuel under international agreements for cooperation in the civil uses of nuclear energy, and for other purposes (Rept. No. 96-657).

By Mr. CHURCH, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 88. An original concurrent resolution stating that the Congress does favor the submission of the President with respect to the second amendment to the Agreement for Cooperation Between the International Atomic Energy Agency and the United States of America of May 11, 1959, done at Vienna, Austria, on January 14, 1980 (Rept. No. 96-658).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Environment and Public Works:

Gary Blakeley, of New Mexico, to be Federal Cochairman of the Four Corners Regional Commission.

(The above nomination from the Committee on Environment and Public Works was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CHURCH:

S. 2586. A bill to amend the Internal Revenue Code of 1954 to provide for repayment of the oil import fee in the case of certain uses of gasoline; to the Committee on Finance.

By Mr. TALMADGE: (by request):

S. 2587. A bill to extend the Federal Insecticide, Fungicide, and Rodenticide Act for 2 years; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHURCH (by request):

S. 2588. A bill to authorize appropriations for the Peace Corps, and for other purposes; to the Committee on Foreign Relations.

By Mr. PELL (for himself, Mr. HOLLINGS, Mr. CANNON, Mr. MAGNUSON, Mr. PACKWOOD, and Mr. STEVENS):

S. 2589. A bill to amend the National Sea Grant College Program Act, as amended, and for other purposes; to the Committee on Commerce, Science, and Transportation and the Committee on Labor and Human Resources, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHURCH:

S. 2586. A bill to amend the Internal Revenue Code of 1954 to provide for repayment of the oil import fee in the case of certain uses of gasoline; to the Committee on Finance.

GASOLINE TAX REFUND

● Mr. CHURCH. Mr. President, I am introducing legislation to provide a mechanism to refund the 10-cents-per-gallon increase created by the President's decision to impose a fee of $4.62 per barrel on imported oil. This refund will be limited to those categories of consumers who are currently exempt from the existing 4-cents-per-gallon Federal excise tax on gasoline.

The President has imposed this fee in an effort to further encourage the conservation of gasoline and diesel fuel. However, I have opposed the imposition of this fee because of the inflationary impact it will have on all Americans. The White House has indicated that this fee will result in an increase in the Consumer Price Index of roughly three-fourths of 1 percent. This impact is, in my view, the type of inflationary action which fuels the fires of inflation and adds further to our economic problems.

I have, therefore, joined in an effort to rescind this action. However, there still remains the chance that the Congress will not be able to pass legislation repealing this fee increase before it takes effect on May 15. Thus, I am today offering legislation designed to remove the burden this tax will cause from those classes of users currently exempt from existing gasoline taxes. This bill establishes a refund from the fee-based tax for agriculture, the construction industry, State, county, and municipal government, nonprofit educational organizations, intercity, local, and schoolbus systems, and vessels or aircraft.

If this fee does take effect, it is imperative that agriculture be allowed to seek a refund. Since Congress, over the years, has determined that the above users should be exempt from the current Federal excise tax on gasoline, it is logical that they should have available a refund from the contemplated tax increase, as well.

There should be a clear understanding that our agricultural sector is reeling under the double blows of low market prices and high interest rates. Our farmers have suffered through a year in which diesel fuel prices doubled and many of their markets were lost due to the Soviet invasion of Afghanistan and the resultant embargo. Farmers in Idaho, and across the land, are struggling with devastating interest rates and the difficulty in obtaining credit needed to plant this year's crop. The last thing they need is to be knocked in the head by further increases in fuel costs.

Mr. President, Idaho's farmers are hard-working people who can understand the need to conserve energy. Yet I remind my colleagues that fields must be plowed, crops must be cultivated and ultimately harvested. Fuel must be used and the increased costs of fuel and credit will mean twin disaster for food and fiber consumers this fall. Additionally, the housing construction industry has been so battered by the effects of tight credit that it is just not sensible to hit them with a new tax on fuel.

Mr. President, this legislation is a companion bill to one introduced last week by Congressman TOM DASCHLE of South Dakota. I urge my colleagues to join with me in supporting this bill.

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

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

S. 2586

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter B of chapter 65 of the Internal Revenue Code of 1954 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"Sec. 6429. REPAYMENT OF OIL IMPORT FEE.

"(a) ALLOWANCE OF PAYMENT.—If any gasoline is used in an exempt use, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to 10 cents for each gallon so used.

"(b) EXEMPT USE.—For purposes of this section, the term 'exempt use' means—

"(1) any use by a State or local government,

"(2) any use of a nonprofit educational institution (as defined in section 4221(d)(5)),

"(3) any use as supplies for vessels or aircraft (as defined in section 4221(d)(3),

"(4) any use on a farm for farming purposes (within the meaning of section 6420(c)),

"(5) any qualified business use (as defined in section 6421(d)(2)), and

"(6) any use which meets the require-

ments of section 6421(b) (relating to use in intercity, local, or school buses).

"(c) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), not more than one claim may be filed under subsection (a) by any person with respect to gasoline used during his taxable year; and no claim shall be allowed under this paragraph with respect to gasoline used during any taxable year unless filed by the purchaser not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTION.—

"(A) IN GENERAL.—If $1,000 or more is payable under subsection (a) to any person with respect to fuel used during any of the first 3 quarters of his taxable year, a claim may be filed under this section by the purchaser with respect to fuel used during such quarter.

"(B) TIME FOR FILING CLAIM.—No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(d) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the taxes imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESS.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(e) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payment shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or any agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) EXCEPTION.—Paragraph (1) shall not apply to a payment of a claim filed under subsection (c)(2).

"(3) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—

"For allowances of credit against the income tax imposed by subtitle A for fuel used or resold by the purchaser, see section 39.

"(f) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(g) TERMINATION.—This section shall not apply to gasoline purchased after the close of the calendar month in which the oil import fee imposed by the President on April 2, 1980 ceases to apply.

"(h) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b)(1) Subsection (a) of section 39 of such Code (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof a, and", and by adding at the end thereof the following new paragraph:

"(5) under section 6429 with respect to exempt uses of gasoline (determined without regard to section 6429(e))."

(2) Subsection (b) of section 39 of such Code is amended—

(A) by striking out "or 6427" and inserting in lieu thereof "6427, or 6429", and

(B) by striking out "or 6427(h)" and inserting in lieu thereof "6427(h), or 6429(e)".

(c)(1) Section 6206 of such Code is amended—

(A) by striking out "or 6427" each place it appears and inserting in lieu thereof "6427, or 6429",

(B) by striking out "and 6421" and inserting in lieu thereof ", 6421, and 6429", and

(C) by striking out "AND 6427" in the subsection heading and inserting in lieu thereof "6427, AND 6429".

(2) The table of sections for subchapter A of chapter 63 of such Code is amended by striking out "and 6427" in the item relating to section 6206 and inserting in lieu thereof 6427, and 6429".

(3) Paragraph (9) of section 6504 of such Code is amended—

(A) by striking out "or 6427 (relating to fuels not used for taxable purposes)" and inserting in lieu thereof "6427 (relating to fuels not used for taxable purposes), or 6429 (relating to repayment of oil import fee)"; and

(B) by striking out "6424, or 6427" and inserting in lieu thereof "6424, 6427, or 6429".

(4)(A) Subsection (a) of section 6675 of such Code is amended by striking out "or 6427 (relating to fuels not used for taxable purposes)" and inserting in lieu thereof "6427 (relating to fuels not used for taxable purposes), or 6429 (relating to repayment of oil import fee)".

(B) Paragraph (1) of section 6675(b) of such Code is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6429".

(5) Sections 7210, 7603, 7604(b), 7604(c), and 7610(c) of such Code are each amended by striking out "6427(g)(2)" and inserting in lieu thereof "6427(g)(2), 6429(d)(2)".

(6) Subsection (a) of section 7605 of such Code is amended—

(A) by striking out "6427(g)(2), or 7602" and inserting in lieu thereof "6427(g)(2), 6429(d)(2), or 7602", and

(B) by striking out "or 6427(g)(2)" and inserting in lieu thereof "6427(g)(2), or 6429(d)(2)".

(7) Paragraph (1) of section 7609(c) of such Code is amended by striking out "or 6427(g)(2)" and inserting in lieu thereof "6427(g)(2) or 6429(d)(2)".

(d) The amendments made by this section shall apply with respect to gasoline purchased on or after May 15, 1980.●

By Mr. TALMADGE (by request):

S. 2587. A bill to extend the Federal Insecticide, Fungicide, and Rodenticide Act for 2 years; to the Committee on Agriculture, Nutrition, and Forestry.

● Mr. TALMADGE. Mr. President, I am introducing at the request of the administration a bill to extend the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) for 2 years.

The bill authorizes appropriations to carry out FIFRA for fiscal years 1981 and 1982. The appropriations would include funds for registration and reregistration, classification, and labeling of pesticides; training and certification of pesticide applicators; assistance to State pesticide regulatory agencies; registration and regulation of pesticide-producing establishments; and basic operating expenses and salaries.

I ask unanimous consent that the text of the bill and the letter from the Administrator of the Environmental Protection Agency be printed in the RECORD.

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

S. 2587

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 31 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136y) is amended by inserting before the period at the end thereof the following: "; and for the period beginning October 1, 1980 and ending September 30, 1981, the sum of $64,480,000; and for the period beginning October 1, 1981 and ending September 30, 1982, such sums as may be necessary".

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, D.C. March 3, 1980.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is our proposed bill "To extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for two years."

The bill extends our authorities under section 31 of the Act through fiscal year 1982. These authorities expired on September 30, 1979.

This extension will enable us to continue the non-research programs envisioned by the Act. We have requested extension of related research and development appropriation authorities in another draft bill, "The Environmental Research, Development and Demonstration Authorization Act of 1981." The enclosed draft bill provides appropriation authorization for our non-research program conducted under the Federal Insecticide, Fungicide and Rodenticide Act, including registration and reregistration, classification, and labeling of pesticides, training and certification of pesticide applicators, assistance to State pesticide regulatory agencies, registration and regulation of pesticide-producing establishments, and funding for basic operating expenses and salaries. We recommend that this bill be referred to the appropriate Committee for consideration and that it be enacted.

Our request for appropriation authorizations in the enclosed draft bill for fiscal year 1981 for these non-research activities under the Federal Insecticide, Fungicide, and Rodenticide Act is $64,480,000. This is the amount requested in the President's 1981 Budget for these activities.

The Office of Management and Budget advises that enactment of this legislative proposal would be in accord with the program of the President.

Sincerely yours,

DOUGGLAS M. COSTLE.●

By Mr. CHURCH (by request):

S. 2588. A bill to authorize appropriations for the Peace Corps, and for other puropses; to the Committee on Foreign Relations.

PEACE CORPS AUTHORIZATIONS

● Mr. CHURCH. Mr. President, I introduce by request a bill to authorize appropriations for the Peace Corps and for other purposes.

The bill has been requested by the

Director of the Peace Corps and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the section-by-section analysis of the bill and the letter from the Director of the Peace Corps to the President of the Senate dated April 16, 1980.

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

S. 2588

Be it enacted by the Senate and the House of Representatives of the United States in Congress assembled, that this Act may be cited as the "Peace Corps Act Amendments of 1980."

SEC. 2. Section 3 of the Peace Corps Act (hereinafter the "Act") is amended—

(a) in subsection (b), by inserting, "for the fiscal year ending September 30, 1981, $114,300,000 and for the fiscal year ending September 30, 1982, such sums as may be necessary", after "$105,404,000"; and

(b) in subsection (c) by inserting "fiscal year 1981 and fiscal year 1982" after "fiscal year 1980".

SEC. 3 Section 15(d)(7) of the Peace Corps Act is amended by striking out "$5000" and inserting in lieu thereof "$20,000".

SEC. 4 The Domestic Volunteer Service Act of 1973 (P.L. 93–113; 42 U.S.C. Sec. 4951 *et seq.* is amended—

(a) in Section 401, by—

(1) striking out "two" the first time it appears and by inserting in lieu thereof "one";

(2) striking out "One such" and by inserting in lieu thereof "Such".

(3) striking out ", and the other such Associate Director" and all that follows through "(22 U.S.C. 2501 et seq.)".

(b) in Section 405 by—

(1) striking out "and the Peace Corps Act (22 U.S.C. 2501 et seq.)" in subsection (a);

(2) striking out "and the Peace Corps Act (22 U.S.C. 2501 et seq.)" in paragraphs (b)(1) and (b)(2); and

(3) striking out "Acts" in paragraph (b)(2) and inserting in lieu thereof "Act".

(c) in Section 417 (c)(1), by striking out "and the Peace Corps Act (22 U.S.C. 2501 et seq.)".

SECTION-BY-SECTION ANALYSIS

Section 1 is the enacting clause. It also establishes the short title of the Act as the "Peace Corps Act Amendments of 1980."

Section 2 authorizes the appropriation of $114,300,000 for activities under the Peace Corps Act in the fiscal year ending September 30, 1981, and such sums as may be necessary for the fiscal year ending September 30, 1982. The request for funds for fiscal year 1982 is made necessary by section 607 of the Congressional Budget Act. The section would also authorize the appropriation of such sums as may be necessary for increases in salary, pay, retirement or other employee benefits authorized by law in fiscal years 1980 and 1981.

Section 3 of the bill increases the amount authorized for expenditures not otherwise authorized by law to meet unforeseen emergencies arising in the Peace Corps from $5,000 to $20,000. The present authorization was established in 1961, and the increase is needed to offset inflation. The basic purpose of this provision is to permit equitable relief in emergency of unforeseen circumstances in which legal authority is inadequate. The equivalent appropriation category (in a much larger amount) provided to the State Department is provided as "Emergencies in the Diplomatic and Consular Service."

Section 4 makes certain technical amendments to the Domestic Volunteer Service Act of 1973 to remove references to the Peace Corps. These include abolishing the position of Associate Director for International Operations in ACTION, and removal of authority of the National Voluntary Service Advisory Council to advise with respect to Peace Corps. These changes recognize the autonomous status of Peace Corps provided by Executive Order 12137.

PEACE CORPS,
Washington, D.C., April 16, 1980.

HON. WALTER MONDALE,
President, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith is a proposal for legislation amending the Peace Corps Act to authorize the Peace Corps to continue its activities on behalf of world peace and friendship in the Fiscal Years ending September 30, 1981 and September 30, 1982.

The proposed legislation would authorize the appropriation of $114,300,000 for activities under the Peace Corps Act in Fiscal Year 1981, and such sums as may be necessary for Fiscal Year 1982. It would also authorize the appropriation in each fiscal year of such sums as may become necessary as a result of increases in compensation, retirement, and other employee benefits as required by law. The request for $114,300,000 is a reduction from the originally requested figure of $118,-800,000, and results from the Administration's just completed budget review.

The proposed legislation would also increase the funds available to the Director to meet unforeseen emergencies arising in the Peace Corps from $5,000 to $20,000. The $5,000 limit was set in 1961, and has been eroded by inflation.

Several amendments to the Domestic Volunteer Service Act of 1973 are proposed to remove references to the Peace Corps contained in the Domestic Volunteer Service Act, reflecting the autonomy of Peace Corps provided by Executive Order 12137.

The Office of Management and Budget has advised that there is no objection to the submission of this proposed bill to the Congress, and that its enactment would be in accord with the program of the President.

Sincerely,

RICHARD F. CELESTE,
Director.

By Mr. PELL (for himself, Mr. HOLLINGS, Mr. CANNON, Mr. MAGNUSON, Mr. PACKWOOD, and Mr. STEVENS):

S. 2589. A bill to amend the National Sea Grant College Program Act, as amended, and for other purposes; to the Committee on Commerce, Science, and Transportation and the Committee on Labor and Human Resources, jointly, by unanimous consent.

● Mr. HOLLINGS. Mr. President, it is with pleasure that I join Senator PELL today in introducing legislation for the reauthorization of the National Sea Grant program. Sea Grant, a university based program in partnership with the Federal Government, is contributing substantially to the knowledge and understanding essential to the wise use of our coastal and ocean resources.

The program is administered by the National Oceanic and Atmospheric Administration within the Department of Commerce and is the single outreach program within that agency. It supports marine education, applied marine research and marine advisory services at colleges and universities around the country. It also sponsors research on special national project and an international cooperative assistance program.

In light of increasing demands on our marine resources, it is important that Congress continue to support Sea Grant. At a time when inflation requires cutting back on wasteful spending, it is also important to recognize programs making a strong contribution. We are becoming more and more dependent on our renewable and nonrenewable marine resources. We must develop the means and knowledge to use the oceans wisely. Sea Grant works, works well, and deserves our continued support.●

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a bill introduced by Senator PELL, for himself and others, to amend the National Sea Grant College Program Act, as amended, be referred jointly to the Committee on Commerce, Science, and Transportation and the Committee on Labor and Human Resources.

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

Mr. ROBERT C. BYRD. Mr. President, I make the same request for the House-passed bill on the same subject, H.R. 6614.

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

ADDITIONAL COSPONSORS

S. 223

At the request of Mr. DANFORTH, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 223, a bill to amend the Antidumping Act, 1921, the Tariff Act of 1930, section 801 of the Revenue Act of 1916, and for other purposes.

S. 1247

At the request of Mr. GRAVEL, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 1247, a bill to amend the Internal Revenue Code of 1954 to reduce the tax affect known as the marriage penalty by permitting the deduction, without regard to whether deductions are itemized, of 10 percent of the earned income of the spouse whose earned income is lower than that of the other spouse.

S. 1287

At the request of Mr. GOLDWATER, the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of S. 1287, a bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 or older.

S. 1384

At the request of Mr. HATFIELD, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1384, a bill to amend the Internal Revenue Code of 1954 to allow a credit against tax for contributions of certain crops by farmers to certain tax-exempt organizations.

S. 1435

At the request of Mr. NELSON, the Senator from Ohio (Mr. GLENN) was added as a cosponsor of S. 1435, a bill to amend the Internal Revenue Code of 1954 to provide a system of capital recovery for investment in plant and equipment, and to encourage economic growth and modernization through increased capital investment and expanded employment opportunities.

S. 1543

At the request of Mr. NELSON, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 1543, a bill relating to tax treatment of qualified dividend reinvestment plans.

S. 2177

At the request of Mr. WILLIAMS, the Senator from Iowa (Mr. CULVER), the Senator from Wisconsin (Mr. NELSON), and the Senator from Washington (Mr. MAGNUSON) were added as cosponsors of S. 2177, a bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes.

S. 2435

At the request of Mr. CHILES, the Senator from Utah (Mr. GARN), the Senator from Oklahoma (Mr. BELLMON), the Senator from North Carolina (Mr. MORGAN), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of S. 2435, a bill to rescind certain appropriations provided for the purchase of furniture by Federal departments, and for other purposes.

SENATE JOINT RESOLUTION 153

At the request of Mr. BUMPERS, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of Senate Joint Resolution 153, a joint resolution to freeze Senators' salaries for 3 years.

SENATE JOINT RESOLUTION 159

At the request of Mr. DOLE, the Senator from South Dakota (Mr. PRESSLER), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Joint Resolution 159, a joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products.

SENATE RESOLUTION 401

At the request of Mr. TOWER, the Senator from Utah (Mr. HATCH), and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of Senate Resolution 401, a resolution expressing disapproval of the Senate of certain aspects of the proposed model adoption legislation and procedures.

SENATE RESOLUTION 404

At the request of Mr. TALMADGE, the Senator from North Dakota (Mr. BURDICK), and the Senator from Indiana (Mr. BAYH) were added as cosponsors of Senate Resolution 404, a resolution requesting the National Academy of Sciences to conduct a comprehensive review of all pertinent scientific information relating to the risks and benefits associated with human exposure to nitrites.

AMENDMENT NO. 1698

At the request of Mr. WEICKER, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of amendment No. 1698 intended to be proposed to S. Con. Res. 86, a concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983 and revising the second concurrent resolution on the budget for fiscal year 1980.

AMENDMENT NO. 1705

At the request of Mr. WILLIAMS, the Senator from Utah (Mr. GARN), the Senator from Illinois (Mr. PERCY), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of amendment No. 1705 proposed to S. 2177. A bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes.

SENATE CONCURRENT RESOLUTION 88—ORIGINAL CONCURRENT RESOLUTION REPORTED RELATING TO AMENDMENT TO THE AGREEMENT FOR COOPERATION BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE UNITED STATES

Mr. CHURCH, from the Committee on Foreign Relations, reported the following original concurrent resolution which was read twice and placed on the calendar:

S. CON. RES. 88

Resolved by the Senate (the House of Representatives concurring), That the Congress does not favor the submission of the President containing the text of the Second Amendment to the Agreement for Co-Operation Between the International Atomic Energy Agency and the United States of America of May 11, 1959, done at Vienna, Austria, on January 14, 1980, transmitted to the Congress by the President on February 1, 1980.

SENATE RESOLUTION 410—SUBMISSION OF A RESOLUTION TO REFER S. 1172 TO THE COURT OF CLAIMS

Mr. GRAVEL submitted the following resolution, which was referred to the Committee on the Judiciary:

S. RES. 410

Resolved, That the bill (S. 1172) entitled "A bill for the relief of Doyon, Limited" now pending in the Senate, together with all the accompanying papers, be referred to the Chief Commissioner of the United States Court of Claims. The Chief Commissioner shall proceed according to the provisions of sections 1492 and 2509 of title 28, United States Code, and report back to the Senate, at the earliest practicable date, giving such findings of fact and conclusions that are sufficient to inform the Congress of the amount, if any, legally or equitably due from the United States to the claimant.

AMENDMENTS SUBMITTED FOR PRINTING

CRIMINAL CODE REFORM AND REVISION ACT OF 1979—S. 1722

AMENDMENTS NOS. 1706 THROUGH 1710

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted five amendments, intended to be proposed by him to S. 1722, a bill to codify, revise, and reform title 18 of the United States Code, and for other purposes.

EMERGENCY HOME PURCHASE ASSISTANCE AUTHORITY AMENDMENTS OF 1980—S. 2177

AMENDMENT NO. 1711

(Ordered to be printed.)

Mr. DURKIN proposed an amendment to S. 2177, a bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENERGY REGULATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Energy Regulation of the Committee on Energy and Natural Resources be authorized to meet during the sessions of the Senate on Wednesday, April 23, and Friday, April 25, to hold hearings on S. 2470, the Power Plant Fuels Conservation Act.

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

ADDITIONAL STATEMENTS

SENATE CAUCUS ON NORTH AMERICAN TRADE

● Mr. BAUCUS. Mr. President, my colleague Senator DOMENICI and I have worked hard over the past several months to develop within the Senate a focal point for interest in North American trade. We are very pleased to announce that we have formed a caucus in the Senate, to which we invite all our colleagues who are interested to join. We ask to print in the RECORD a copy of our letter announcing the caucus.

The letter follows:

U.S. SENATE,
Washington, D.C., March 14, 1980.

DEAR COLLEAGUE: We the undersigned have come together to establish within the Senate a North American Trade Caucus. We would like you to join us in this important endeavor.

We are cognizant of the proliferation of caucuses in the Congress, and do not favor unnecessary additions. However, we firmly believe that such a caucus is not only warranted, but necessary.

Extensive interest has been generated in new trading relationships with our North American neighbors. The world has moved increasingly toward regional economic blocks. This motion is proving productive and valuable to its participants and henceforth, will undoubtedly accelerate in the future. The countries of North America share many problems and opportunities; it is time to pursue more actively a policy strengthening trade relationships on our continent. It is to our benefit, as well as our neighbors, to begin in this direction immediately.

We have found that the interest in further integrating North American trade is not unique to the U.S., but that our neighbors are also concerned, and fear domination by the U.S. However, they are also the first to understand, should economic reality create

closer ties, that it is in the interest that developments be sensible and benefit all parties. Both Canada and Mexico are watching closely the development of the Administration's study of North American trade as mandated by the Senate's amendment to the 1979 Trade Act.

Interest has been generated outside of the federal government, too. The National Governors' Association, for example, has made North American Trade one of its primary areas of focus, and the Dean Rusk Center has recently completed for the Association a lengthy and detailed study which echoes many of the proposals we have made in the Senate on this subject. A number of other academic centers and research organizations have been similarly engaged.

The keynote address at the recent National Association of Manufacturers' Convention in Atlanta specifically addressed the feasibility of greater North American trade, and the U.S. Chamber of Commerce is devoting substantial resources to examine the subject in detail. Finally, many major business firms have displayed a willingness to take an active part in the development of the concept and seem interested to see these ideas transformed into reality.

As a result, we have concluded that the Senate can and should participate in any efforts to explore this concept fully. We also shall propose that the private sector establish a committee to address the issue and provide the necessary leadership. We shall ask the private sector to ascertain to what extent their counterparts in Mexico and Canada are interested, and where appropriate, obtain their participation as well. Also, we shall look to the private sector to advise us on proper approaches to the subject: For example, should we follow sectoral policies? Should we first work with one country bilaterally, either Mexico or Canada and then move to the next? Should we expand already existing mechanisms, or resurrect past mechanisms?

Finally, we would like to underline that our initiative to form a caucus is partially in response to specific requests from others that we do so. The National Governors' Association, as well as the private sector, have indicated that it would be beneficial to their efforts if there were a caucus or committee within the Senate which could become the focal point for Congressional participation. We would like to have you become part of this effort. If you have any questions, or would like to join the caucus, please call Ed Nef of Senator Baucus' staff (224–2651) or Dave Moran of Senator Domenici's staff (224–6621).

Sincerely,

Pete Domenici, Max Baucus, Robert Dole, Russell Long, Jacob Javits, Edward Zorinsky, Ted Stevens, Bill Bradley, Orrin Hatch, Dennis DeConcini.

Mr. BAUCUS. Mr. President, I wish to emphasize several points as we take this important step.

First, I believe the caucus reflects the growing and significant view that we in the United States need to seek new trade relationships with our closest neighbors. Movements toward regionalism are occurring all over the world, and we should begin to explore ways we as a continent can protect ourselves both internally and externally against harmful effects of such movements, while at the same time benefitting from the greater markets and trading opportunities they provide.

Second, it is important that our neighbors recognize that no action should be taken which is not mutually beneficial. It is my view that economic reality has brought us all closer together; it is to the interest of all to make sure that proximity does not lead to domination, while at the same time offering enlarged trading opportunities. While comparisons are always difficult, I note that other nations in the world have found close association in trade in no way means domination or political control. Indeed, structural relationships serve to protect weaker parties rather than exploit them, in my view.

Third, I want to emphasize the interest we have found in the private sector to our approach. Indeed, part of our motivation for forming the caucus comes as a result of a specific suggestion by the private sector. We are now attempting to form a private sector committee which will serve as a counterpoint to our efforts. The private sector must show leadership in this effort.

Fourth, I believe the caucus can be a strong and positive force in resolving through the trade mechanism some of the outstanding issues between our countries. For example, with Canada we have taxation, broadcasting, and fisheries problems which threaten to disrupt other aspects of our relationship. Perhaps the caucus might propose alternative ways to resolve them to the mutual satisfaction of the parties concerned.

We shall be doing more with this caucus, and will keep all its members informed of our developments, and seek its advice with our initiatives. I believe this is an important development in our trade relationships, and I am very pleased that so distinguished a group of Senators have joined in our effort. We now have a total of 19 Senators who are members of the caucus. Recent additions are Senators CRANSTON, BENTSEN, WILLIAMS, MCGOVERN, SCHWEIKER, SCHMITT, TALMADGE, COCHRAN, and THURMOND.

I am also taking the liberty of submitting for the RECORD an article prepared by Prof. Sidney Weintraub of the University of Texas on Trade in North America which I found interesting and commend for reading by my colleagues.

The article follows:

NORTH AMERICAN FREE TRADE?

(By Sidney Weintraub)

WHY FREE TRADE?

Those who advocate free trade in North America must believe that this would raise incomes in all the countries above what they otherwise would be. The position must be that a North America free of trade barriers would improve efficiency of investment and production, that productivity would be increased, and at the same time that additional jobs would be created from the dynamic economic growth that would ensue. The argument in favor of free trade must be economic since the internal politics of both Mexico and Canada would argue against potential submersion of their economies into that of the United States.

The argument for North American free trade must also be that this is preferable to other options open to the countries. The other options include: (1) maintaining the status quo with only slight modification, that is, some trade liberalization but accompanied by protection for many industries that might not be able to compete under free-trade conditions; (2) gradual trade liberalization through reciprocal negotiation, that is, a reduction of trade barriers vis-à-vis all countries and not just the other countries of North America; or (3) a deliberate effort by Canada and Mexico to shift much of their trade to reduce reliance on the United States.

My purpose here is not advocacy but rather analysis of the arguments for and against free trade in North America.

By free trade I do not have in mind an abrupt move but rather a gradual transition (10 years, 20 years?) under which the countries would reduce and eventually eliminate their tariffs and nontariff restrictions against imports from the other members of an agreement while retaining trade barriers against nonmember countries. The free market among them would encompass virtually all trade. There are other conceptions of free trade. What some people have in mind is a series of industry or sector agreements, such as that which now exists between Canada and the United States in the automotive industry in which mutual trade is freed in that industry while the remainder of trade is conducted much as it is now. One defect of this system is that it violates the spirit and in most cases the letter of the General Agreement on Tariffs and Trade. Perhaps more germane substantively is that there would seem to be few individual industries in which the United States would add as much to its market potential as it would sacrifice to make this as interesting an arrangement as generalized free trade.

The members of the agreement could form a customs union, and gradually unify their external tariffs, or a free-trade area, under which they would continue separate external tariffs. Most of my discussion will be based on the free-trade area concept for two reasons: it simplifies the politics of the discussion since reaching a common external tariff involves one degree more of economic integration; and it simplifies the economics, since it will not force the low tariff country (the United States) to raise its external tariffs or the high tariff country (Mexico) to lower its external tariffs in the averaging process to reach a single level.

By North America I have in mind Canada, Mexico, and the United States, or the United States with any one of the other, that is, either bilateral or trilateral free trade. I exclude the countries of Central America and the Caribbean because their inclusion would complicate the analysis. Their economies are primitive compared with any of the other three. Any agreement that is reached, bilateral or trilateral, presumably would be open for new members.

ARGUMENTS FOR FREE TRADE

I will look first at the arguments of those who favor free trade in North America.

The factual base from which free-trade advocates start is that the economies of each of the other two countries already are inextricably interlinked with that of the United States. In 1978 both Mexico and Canada sent 70 percent of their merchandise exports to the United States. Seventy percent of Canada's imports that year came from the United States and 60 percent of Mexico's. These percentages are typical of recent years. The three countries are further linked by reliance on the capital market in the United States. Neither Canada nor Mexico can conduct a monetary policy that diverges extensively over any protracted period from that in the United States without this being reflected in exchange-rate changes. Since such a high degree of interdependence exists, can it be made more effective by formal ties of free trade?

One illustration can be given of how Mexico and Canada would have been better off with a formal link. In August 1971, when the United States imposed a temporary 10 percent surcharge on dutiable imports from all countries, both Canada and Mexico requested exemption on the ground of need, but to no avail. The incident still rankles in both countries. They almost certainly would

have been exempted had there been a formal link.

However, the major argument in favor of free trade is that protectionism is inefficient. I will look at the three countries separately.

Canada has developed an industrial structure (and it is mainly to industry that advocates of free trade look) of many modest-sized plants each producing on a limited scale for the relatively small Canadian market.

As a result, Canadian productivity is lower than that of the United States in virtually all industries. Little research and development is conducted in Canada because plants tend to be too small to hire the necessary engineers and scientists and because the constrained market makes this uneconomic. The trade barriers did not protect Canadian investors as much as they encouraged foreign investors, mostly from the United States, to jump the tariff and set up a branch plant in Canada. More than 50 percent of Canadian industry is foreign owned.

One can look at the effect of this protective structure in two ways. The first is to argue that it did attract many industries and did serve to bring Canadian income levels to a par with those of the United States. Why change? The second is to question the durability of the structure. Can income levels be maintained with an industrial structure that is mostly (not fully) inefficient by world standards? Those who call for change thus advocate opening Canadian industry to more external competition in return for expanding the size of the barrier-free market for Canadian industrial products. Those who advocate this position support either a movement to multilateral free trade (this was the position taken by the Economic Council of Canada in its 1975 report entitled Looking Outward: A New Trade Strategy for Canada), or to bilateral free trade with the United States (this was the position taken by the Senate Standing Committee on Foreign Affairs in its 1978 report on Canada-United States Relations).

Those who advocate bilateral free trade believe that much industrial investment will come to Canada because the location of such areas as southern Ontario and western Quebec are closer to the prime industrial areas of the midwest and the northeast in the United States than are many parts of the United States. They believe that the sophisticated physical and human infrastructure that exists in Canada will be attractive to investors able to set up plants of a scale sufficient to be competitive internationally.

Mexico's industrial structure also has been set up behind stringent trade barriers, sometimes absolute. The main protective device used by Mexico for 30 years was the use of import licenses. The refusal of a license can cut off external competition completely in the Mexican market. However, this had a price. Because of the lack of competition, coupled with the high duties industries pay on inputs, Mexican industry can not compete abroad without subsidies or benefits granted by the importing country. Examples of the latter are the general systems of preferences of the industrial countries and, in the case of the United States, those provisions of the tariff schedule that permit assembly plants in Mexico to pay the U.S. duty only on the value added in Mexico. These two categories combined made up two-thirds of Mexico's exports of manufactured goods to the United States in 1978.

The consequences of Mexico's protective system have been serious. About 40 percent of Mexico's economically active population is either unemployed or underemployed. Of the roughly 700,000 new entrants each year into the labor force, at least half can not find jobs. Since about half of Mexico's population is under 15, there will be many new entrants into the labor force in the years immediately ahead. Unemployment and rural underemployment have served to skew Mexican income distribution to the point that it is now one of the most unequal in the world, particularly for the middle tier of countries at Mexico's income level.

As with the case of Canada, one can look at this structure and argue in favor of liberalization generally or restrict the drastic liberalization to a bilateral free-trade area. The arguments in Mexico of those who favor liberalization have been for general liberalization. There is little overt support for a bilateral free-trade agreement, partly on the political ground that this would exacerbate Mexican dependence on the United States, and partly on the economic ground that Mexico would not attract sophisticated industries if some protection were not retained. The Economic Council of Canada in choosing the multilateral liberalization option discussed eventual "free" trade. Mexico is a long way from looking at the world in this fashion. Indeed, those who successfully opposed Mexican adherence to the General Agreement on Tariffs and Trade argued that membership would limit Mexico's ability to use nontariff measures to protect its industry.

The crux of the issue is whether Mexico would attract investment in sophisticated as well as simple industries during and after the gradual movement to free trade. Because of lower wage rates than in either Canada or the United States, one would expect Mexico's textile, apparel, and other noncomplex industries to grow at the expense of these industries in the other two countries (and the export of these products would no longer face quotas in the United States whereas the exports from other countries would), as probably would assembly industries (which would pay no U.S. tariff, not even on value added in Mexico). Other industries that might benefit from some combination of natural resource endowment, location, and low wages are petrochemicals, steel, and the production of parts for and assembly of automobiles.

Canadian wage rates are about equal to those of the United States and Canada could not attract industries on the basis of a wage differential. Mexico's rates are much lower and this could be an attraction. If it were, over time Mexico's wage rates would increase, but if this occurs as a result of increased demand for labor, the free-trade arrangement will have succeeded.

Why should the United States want either bilateral or trilateral free trade? The answer is not self-evident. If free trade fostered investment on the basis of camparative advantage without the wedge of trade barriers disturbing this, the resultant increase in efficiency should benefit the collectivity of the free-trade area. If it improved incomes and general stability in the North American area, this would be a clear benefit for U.S. policy. If the sophisticated industry were all attracted to the United States, leaving Mexico and Canada as backwashes (more on this later), this might appeal to those who believe that high U.S. incomes are the result of exploitation of peoples of other countries, but it would hardly be a victory if the United States had unstable and unprosperous countries on its borders. Benefits of scale of the type which might accrue to Canada and Mexico from a barrier-free North American market are less important to the United States since its domestic market already provides the basis for this without the addition of the other two markets.

The answer to the question of potential benefit to the United States has to lie in the belief that efficiency from free trade will enhance the welfare of each of the countries and facilitate an advantageous division of labor. Having said this, the potential benefits to the United States probably are less exciting than for Canada and Mexico.

ARGUMENTS AGAINST FREE TRADE

Part of the argument of Canadians who oppose bilateral free trade is that the present system has brought great benefits to Canada. Its per capita income is as high as that of the United States. Productivity of its industrial structure needs improvement, but this does not require entering into thoroughgoing free trade with the United States. Why take the risk of bilateral free trade? This might lead to the destruction of most Canadian industry.

The other major basis for opposition to bilateral free trade is the fear that it will lead to the political and cultural extinction of Canada. When Canada chose the "third option" policy in 1972, that which called for reducing Canada's "vulnerability" by diversifying its economic relations more broadly, one of the reasons for rejection of the second option of moving more deliberately toward closer integration with the United States was that this would lead to political integration. I will return to this theme—that one thing leads to another—because I think it is false reasoning, but there is no doubt that it influences the Canadian decision on bilateral free trade. Discriminatory Canadian taxes on advertising in U.S. periodicals and on U.S. television are part of this same concern of national identity. Prime Minister Trudeau, following his recent election, made it clear that Canada wants to be a friend of the United States but not a satellite. (Incidentally, the third option did not work. Canadian dependence on the United States for trade and capital did not diminish, despite Canadian efforts at diversification.)

The emotional opposition in Mexico to bilateral free trade is, if anything, more intense than in Canada on political and economic grounds. Among Mexican intellectuals, the word "interdependence" seems to come from their lips and pens like a four-letter word and bilateral free trade certainly accepts interdependence. The debate on whether to join the GATT took on this emotional character. Many of the economists who opposed Mexican adherence did so on the ground that reduction of Mexico's nontariff protection would increase Mexico's dependence on the United States. In cultural matters, Mexico prides itself on its differences with the United States, both ethnic and in patterns of thought. Mexico is more history-minded than the United States, and the United States more pragmatically progress-minded.

Getting away from emotion, the major economic opposition in Mexico to bilateral free trade is the fear that Mexico would become a backwash. Gunnar Myrdal and others have argued that in free trade between a developed and a developing country, the more developed area would attract investment in advanced industries and the less developed area would become a backwash producing raw materials, processing these to some extent, and engage primarily in labor-intensive forms of simple manufacturing. The reasoning is that most investment in industry would take place where the skilled workers existed, the transportation, communications and other infrastructure were superior, where industries providing inputs and taking output were conveniently available, and where the bureaucratic structure was more efficient.

Is a backwash effect inevitable? I don't know, but I doubt it. For a long time there was polarization between the North and the South in the United States, but listening these days to the wails of the North, it is evident that industrial investment is no longer confined to the North. In the European Economic Community, Ireland is attracting investment even though the backwash theory would argue that it should

not. Backwashes and polarizations do occur, both within and between countries. What is less clear is whether they are inevitable, or whether steps can be taken to prevent them. The backwash in the South in the United States took place not when tariffs in the free-trade area that was the United States were low but when they were high.

Finally, I suspect that most opposition in the United States to free trade will focus on the reverse of the backwash effect. U.S. labor is apt to fear the runaway of industries to Mexico to take advantage of cheap labor. U.S. labor will fear the flooding of the U.S. market with textile, electronic, and other labor-intensive goods, many of which now are restricted by quota limitations. There already have been complaints in the United States about U.S. automobile companies setting up production facilities in Mexico to produce engines and other parts for use in automobiles assembled in the United States. Bilateral free trade with a low-wage country like Mexico would not be universally welcome in the United States. Bilateral free trade with Canada would not bring opposition on low-wage grounds.

EXTRANEOUS ISSUES

Opponents of bilateral or trilateral free trade often base their opposition on one or more of the following grounds. In Mexico, the argument is often heard that the United States seeks bilateral free trade only to gain control over Mexican oil and natural gas production and marketing. There is fear that bilateral free trade would result in loss of Mexican control over decisions regarding its own industry and trade policy.

And there is concern that free trade would involve political and cultural dependence on the United States. In Canada, as already noted, the free-trade option was rejected earlier out of concern it would lead to political union. In both Mexico and Canada, there is disquiet that a free-trade agreement would imply free movement of capital and hence U.S. control over their national industries. In the United States, the concern would be about free movement of the other factor, labor, and that Mexican workers would flood the U.S. market even more than now when they enter without legal sanction.

The issues are false. In each case, steps beyond free trade would require separate decisions agreed to by all partners. There is nothing in a free-trade agreement that need remove Mexican control over its own industrial decisions or its hydrocarbon industry. Free capital and labor movement might enhance free trade, but they are not crucial. The free movement of goods can serve as a reasonable substitute for free factor movement. The historical record contradicts the thesis that free trade leads to political union. One need only look at the record of the European Free Trade Association for proof of this, or even at the EEC in which each country clings to its own sovereignty despite the thoroughgoing nature of free trade, common commercial policy, common agricultural policy, and the current effort at monetary union. Indeed, one can argue that a formal agreement on free trade will enhance Canadian and Mexican ability to influence U.S. trade policy decisions.

Let me repeat: there is no basis for the argument that free trade must lead to further integration. There is no inevitable progression from free trade to free factor movement, monetary union, economic union, or political union. There is no inevitable loss of control over domestic oil and natural gas policy. What further steps countries wish to take, or not take, are matters for separate decision.

CONCLUSIONS

I can be brief. Let me make just two points.

1. The principal impediment to free trade in North America is political. The weaker countries economically, Mexico and Canada, fear that free trade would lead to some loss of sovereignty and cultural identity. This emotional reaction cannot be overcome by intellectual argument alone and it is likely to be decisive in preventing a movement towards North American free trade, at least for now.

2. However, we can get on with the debate on the economic merits and defects of the free-trade option. That is my purpose here, to encourage this debate, and not just in Canada and the United States, where it has been taking place, but in Mexico.●

NORTH AMERICAN TRADE CAUCUS

● Mr. DOMENICI. Mr. President, the ability of America to compete with the various regional economic blocks of the world has always been a subject of great concern to me. Due to many factors, the United States finds itself battling harder than ever before for its share of world markets. Economic reality suggests that we can ill afford a continual pattern of isolationism and protectionism in an increasingly interdependent world.

For these reasons I have joined with my colleague from Montana, Senator BAUCUS, in forming within the Senate a North American Trade Caucus. The United States shares many of the same opportunities and problems that currently confront both Mexico and Canada and it is in our best interest to improve present relations while generating new ones. It is thus the intent of the caucus to participate in the advancement of the concept of North American trade integration and to help improve the Nation's relations with both Mexico and Canada.

To achieve this goal we plan to employ the assistance of the private sector. The caucus will ask various sectors of private enterprise to establish a committee to study the issue and afterward provide us with its findings. To maximize the potential for success of its efforts, the caucus and the proposed committee will emphasize the need to be aware and sensitive to the political currents in Mexico and Canada and will analyze our neighbors trade and economic policies in depth. We recognize that our neighbors will question our motives with some skepticism and because of this the caucus will enlist, to some degree, the cooperation and assistance of appropriate foreign officials.

It is important to add that the concept of North American trade interdependence is viewed as a long-term effort. The caucus, in conjunction with the private sector committee, will identify and stress specific areas of current and future trade interest among the North American countries. From those areas that offer possibilities for mutually beneficial agreements the caucus hopes to work toward agreements that are more long term and comprehensive in nature.

Formation of the caucus has received a wide and favorable response from both within and outside of the Government, and it is hoped that the enthusiasm will continue.

Original members of the caucus are Senators BAUCUS, DOLE, LONG, JAVITS, ZORINSKY, STEVENS, BRADLEY, HATCH, DECONCINI, and myself. Joining the caucus since then have been Senators SCHMITT, WILLIAMS, THURMOND, COCHRAN, CRANSTON, BENTSEN, MCGOVERN, TALMADGE, and SCHWEIKER.●

HE SPEAKS SOFTLY AND PACKS A BIG WALLOP

● Mr. ARMSTRONG. Mr. President, the National Automobile Dealers Association recently exercised great wisdom in selecting George S. Irvin as their new national president.

I have known George Irvin for years. Mr. Irvin is a leader in the Colorado business and civic community because he is so thoughtful, honest, and straightforward.

Auto dealers face tough problems. High energy and interest costs are challenges to be resolved in the eighties. George Irvin's 30 years experience in the auto industry will help auto dealers meet these challenges.

Mr. President, I know my colleagues will want to get better acquainted with George Irvin. Therefore, I ask that Al Fleming's article "He Speaks Softly and Packs a Big Wallop," be printed in the RECORD.

The article follows:

HE SPEAKS SOFTLY AND PACKS A BIG WALLOP

(By Al Fleming)

George S. Irvin is a low-key leader whose influence spans a multitude of horizons.

From the mile-high vista of a Denver Chevrolet dealership to the sea-level dealings of Washington politics, government and intrigue, Mr. Irvin talks softly but carries a big wallop.

Mr. Irvin's clout expands Feb. 13 in New Orleans, when he becomes president of the National Automobile Dealers Assn. (NADA). As the guiding force behind 21,000 franchised new-car and truck dealers, he assumes command of an industry with big problems. "Challenges," he corrects the interviewer: High interest rates. Inflation. Energy.

Mr. Irvin cites the high cost of floor plans as a major nightmare, ". . . more than double in a year."

He adds: "NADA will be fine-tuning its business-management committee to furnish members with the tools to repair damage from the flow of cash from dealerships to financial institutions. You combat it by going back to good business basics. Watch inventories. Be a shrewd buyer of both new and used stock."

Mr. Irvin's vision switches quickly from practical lessons learned during 30 years as a dealer to national policy. He has spent a decade in the NADA hierarchy and knows the issues. Energy is a long-term problem. We need to move ahead on alternative fuels. Certainly, we need incentives for domestic oil and gas production," he says.

The 55-year-old, silver-haired entrepreneur's thoughts switch from Denver to western Colorado—the heart of oil-shale country and where he holds financial interest in a Chevrolet dealership at Gunnison. "Water supply is the problem with oil shale," he says.

As for claims of spoiling the landscape with mining, Mr. Irvin quips: "It's desolate. Anything they do with that part of Colorado will make it look better."

With personal conviction fostered by his 27-year-old married daughter, Jill Zamora, a nuclear chemist, Mr. Irvin says: "We need to get the hysteria of Three Mile Island behind us. Nuclear energy is safe. Our nation needs it."

Mr. Irvin has plenty of energy of his own. For the past year, as first vice president of NADA, he spent half his time in national affairs working closely with his predecessor, William C. Doenges. "Bill had me involved in all phases of NADA business," Mr. Irvin says. "Being president shouldn't take any more time."

Mr. Irvin's time is already divided. He personally operates one of 11 Chevrolet dealerships in Denver, garnering his 10 percent of the market. Next door is his Subaru dealership. Ten blocks away is his Mercedes-Benz-BMW dealership. A four-way drive takes him to the Chevrolet-Oldsmobile-Buick dealership in Gunnison.

Flying the "Friendly Skies of United" 2,000 miles to Washington may be even more romantic. Mr. Irvin's blonde, Irish-born wife, Lillian, has been a United Airlines stewardess for 22 years.

Mr. Irvin keeps trim with frequent tennis or golf matches, but admits he lost six strokes from his handicap since he undertook successive positions of vice president, treasurer and chairman of two key NADA committees.

In Denver he remains active in state and metro auto dealers associations as well as the Salvation Army and Rotary Club.

Mr. Irvin learned the car business from his father, George, who launched a Denver dealership in 1921. After working two other dealerships and World War II service, he returned home and bought the family business in 1950.

Denver journalist Chuck Moozakis writes: "The base of his operation is calculatedly well spread. Not only is he selling Chevrolets, America's favorite car, he also sells Subarus to get the foreign-car enthusiast, as well as owning part interest in Murray Motors down the street, a dealership specializing in high-priced imports and other luxury cars. Mr. Irvin, in a nutshell, is tapping all three markets—low-, mid- and high-price—and should be able to weather any upcoming storms."

Considering the lines of businesses under "George Irvin" signs along Colorado Blvd., Mr. Irvin is asked how much time he can spare away from Denver attending national affairs.

"As much as it takes," he replies, reaching for a telephone that rings continuously. "Already I have a sore left ear, and the year is just starting."

Along with President Irvin, NADA elected these officers for 1980: First V.P. Wendell H. Miller, Dodge/Lincoln-Mercury/Honda dealer, Binghampton, N.Y.; Secretary Frank C. Davis Jr., Buick-Opel dealer, Nashville, TN; Treasurer George W. Lyles, Chevrolet/Rolls-Royce dealer, High Point, NC.

Directors elected as v.p.'s: Leslie M. Emerson, Chevrolet dealer, Lewiston, ME,. region 1; Bertrand A. Feiber, Chevrolet/Buick dealer, Bogalusa, LA, region 2.

Directors elected to the finance committee: C. J. Thorstad, Chevrolet dealer, Madison, WI, five-year term; Joseph A. Barry, Pontiac/Buick/Volvo/Datsun dealer, Newport, RI, one-year term.

Elected to three-year terms on the board of trustees of the retirement fund: Allan R. Rhodes, Ford/Honda dealer, Paducah, KY; Jerry M. Bielfield, Ford dealer, Detroit.

Elected to three-year terms on the board of trustees of the insurance trust: William C. Curry, Buick-Opel dealer, Dallas; Frank Ellsworth, Dodge dealer, Idaho Falls, ID.●

COAL SEVERANCE TAXES

● Mr. BAUCUS. Mr. President, proposals have been introduced in the Senate and the House of Representatives (S. 1778 and H.R. 6625) that would limit the ability of States to impose severance taxes on energy resources.

I can sum up my position on these proposals in a few short words.

They are unprecedented, unfair, and unreasonable.

They are the most blatant, disgusting examples of special interest legislation I have ever seen in my years in public office.

The legislation is being promoted by a handful of midwestern and southern electric companies who are willing to spend thousands of dollars each week in a thinly-veiled attempt to enact some of the most selfish legislation ever conceived.

And, on the bottom line, if they succeed, they will do virtually nothing to reduce the electric bills of their consumers.

Mr. President, Montanans were told in the early 1970's that our State's coal was the Nation's energy "ace in the hole."

And, we were concerned. We were concerned about the impact coal development would have on our State's social structure, its environment, and its ability to govern itself effectively.

Montana took several steps to insure that our coal would be developed and used by the rest of the Nation—but without exploitation of our people and our land.

Montana enacted legislation in the 1970's that was monumental: the Federal Strip Mining Act is virtually a carbon copy of legislation enacted earlier in the Montana State Legislature.

The State established a Major Facility Siting Act to insure that coal-burning facilities are built to minimize environmental and socioeconomic damage. And. Montana enacted a Coal Severance Tax.

Montanans understand that they will—and must—play a role in solving this Nation's energy crisis.

But we know that coal mining brings coal miners—who need houses, schools, hospitals, roads, sewers, police and fire protection, and other public services.

We know that coal mining creates whole new towns where once only prairie dogs lived.

And, we know that all this costs money.

Montana is not an indudstrial State. Virtually our entire income comes from natural resources: Agricultural products, forest products, and minerals. Because we have a small population and a small industrial base, our only means of raising revenue to deal with the costs of coal development is through taxation of the coal itself.

Opponents of the severance tax have made much of the fact that a proportion of the severance tax proceeds are placed in a trust fund.

I should point out that Montana's citizens voted 2 to 1 in 1976 to create this trust fund. They could just as easily voted for immediate tax relief.

But we recognize that Montana's coal is a nonrenewable resource. Some day it is going to run out. Montanans have long experience with natural resource development. We know that the costs of development do not end when the resources are gone.

Fabulous gold deposits, and then fabulous copper reserves were exploited—and sent out of State.

Today these resources are largely gone. But the environmental and social damage remain—and is still being paid for Montanans.

Montanans also watched the coal boom in Appalachia. We saw what happened when the boom turned to bust—the abject poverty, the ruined, sterile environment, the lack of economic opportunity.

Mr. President, Montanans believe that we should not come to the Federal Government for help in dealing with the problems of energy development. So, we have moved to fill this void by imposing a reasonable and responsible tax on coal.

We intend to protect our soil, water, and wildlife for the good not only of Montanans, but for all Americans. We intend to develop the social structure that is necessary for energy development. We intend to develop the highways, schools, and other facilities that are needed if the rest of the Nation is going to use our coal.

Recent stories in the newspaper have referred to Montanans as "blue-eyed Arabs." The proponents of the legislation to limit severance taxes would have you believe that there really is a sheik of Great Falls or a shah of Billings.

But let us imagine for a moment what would happen if the tables were turned. Let us imagine that Montana's utilities wanted to buy coal from areas represented by the proponents of this legislation.

What would their attitude be then? Would they want their constituents to foot the bill for developing the coal used by Montana utilities? Would they want their constituents to pay for the roads, schools, hospitals, police, and fire protection for thousands of miners moving into their States? Would they want their constituents to pay higher taxes so that Montanans could benefit from their coal deposits?

I find it hard to believe that any Senator would want the Federal Government to limit his State's ability to deal with impacts of development.

Finally, Mr. President, let us examine the cost of Montana's coal severance tax. On average, the severance tax adds less than 1 percent to the total cost of utilities that use Montana coal. Many States' sales taxes add significantly more to utility bills. But I am not here today arguing that these sales taxes are exorbitant, unfair, excessive tax profiteering.

In Minnesota, Montana's coal severance tax adds at most 2 percent to utility bills. But the Minnesota sales tax adds 4 percent to the same bill. Which tax is too high? What would happen to the State's treasury if that 4-percent tax were abolished?

But of course, if you are from Texas, you would not have to ask that question. Their severance tax raised $1.2 billion in 1979, compared to only $59 million raised by Montana. Alaska's State energy taxes will raise $4.4 billion in 1980.

And every time a Montanan goes to

the gas pump he pays a little of that Texas severance tax and a little of the Alaska severance tax. But, again, I am not asking for a limitation on their taxes.

Mr. President, some big-spending utilities are trying to deflect attention from their inability to reduce electric rates. Legislation to reduce severance taxes is an election year scapegoat for their ineffective efforts to conserve energy and keep utility rates down.

While Montana's coal severance tax contributes less than 1 percent to utility bills, the cost to construct and operate a coal-fired generating plant is 50 percent of that bill. And, transporting the coal from Montana is over one-quarter of the bill.

In 1977, transportation counted for about 60 percent of the delivered cost of Montana coal. In recent years, annual freight rate increases have significantly exceeded the total amount of the Montana coal severance tax.

I would suggest that the proponents of this legislation concentrate on their efforts to preserving competitive rail service and preventing unreasonable freight rates.

If proponents of this legislation are serious about cutting utility rates for their constituents, they are barking up the wrong tree. Because even if they succeed—and I do not think they will—their constituents are not going to pay less for electricity.

I hope that my Senate colleagues will join me in opposing the unprecedented attack on States' rights represented by S. 1778 and H.R. 6625.●

IMPROVEMENT OF RELATIONS WITH MEXICO AND CANADA

● Mr. DOMENICI. Mr. President, I have often stated on numerous occasions that a special relationship between the United States and her southern and northern neighbors is natural and ought to be encouraged. But as is often the case between neighboring countries, the relationship with our neighbors has often been taken for granted or ignored.

A recent editorial in the Dallas Morning News addresses our relationship with one of our neighbors, Mexico, and emphasizes the inconsistency of pass policies toward them and poses to Congress the challenge of correcting the situation. It is my intention, as it is that of Senator BAUCUS and of our colleagues on the North American Trade Caucus, to improve and to give due recognition to the special relationship between our Nation and that of both Mexico and Canada. I hope that the Senate will see fit to support the efforts of the caucus. Mr. President, I ask that the article be printed in the RECORD.

The article follows:

WHY MUDDLE MEXICO?

In a presidential election year, it is easy to blame mistakes on the incumbent because there is usually plenty of ammunition handy. But Dr. Roger W. Fontaine, a Latin American affairs specialist, may have borne down too hard on President Carter with his criticism of recent U.S.-Mexico relations.

Dr. Fontaine told a Republican Party platform committee hearing that the nation must move quickly to initiate high-level negotiations on energy, immigration and economic development to overcome mistakes of the Carter administration. And he termed the Mexicans "confused" about U.S. intentions.

That confusion exists in Mexico is understandable. But Congress not the President, should be blamed. Consider these situations:

The U.S. government encouraged Mexico to develop winter vegetables as an export crop. But when Mexican farmers began gaining too large a share of the market, the government almost enforced a law to cut off imports.

While U.S. agricultural products sit in the field because of a railroad car shortage, Congress has refused to waive a tariff that would allow Mexican manufacturers to supply rail cars that domestic producers can't.

And while U.S. employers all but invite illegal aliens into this country where they are often exploited, Congress has declined to either provide funds for enforcing immigration laws or to penalize employers for hiring illegal aliens.

Faced with these contradictions between words and deeds, the Mexicans certainly should be confused. And so are many Americans who wonder why a next-door neighbor hasn't received more sympathetic treatment from Washington for more than a century.●

AN AMERICAN'S DECLARATION

● Mr. HARRY F. BYRD, JR. Mr. President, recently I received from Mollie Glass Pamplin (Mrs. Jack C. Pamplin) of Falls Church, Va., an inspiring statement which she entitled "An American's Declaration."

The theme of Mrs. Pamplin's composition is that while none of us can be the great leaders of America's past, and few of us can hope to emulate them, each of us in his or her own way can make a contribution toward preserving and strengthening our country.

I believe that Mrs. Pamplin's declaration deserves to be widely read, and I ask that the text of "An American's Declaration" be printed at this point in the RECORD.

The declaration is as follows:

AN AMERICAN'S DECLARATION

I cannot be the "Father of My Country" like George Washington, but I can be proud that this is the country of my fathers, and that it is MY country.

I may not be a great architect like Thomas Jefferson, but I can be the architect of my own fate because I live in this free land.

I cannot sign the Declaration of Independence like John Hancock and his fellow patriots, but I can be sure that I am present at the ballot box casting my vote for freedom as I help to elect my representatives by the democratic process.

I cannot write the Bill of Rights like George Mason, but I can be ever mindful of the rights of others and never allow my rights to infringe on theirs.

I may not ride like Paul Revere shouting "The Redcoats are coming", but I can write to my Congressmen and my President whenever I wish, sounding the alarm when I see dangers arising for my country.

I may not be a great teacher of law like George Wythe, but I can respect the laws of the land and be a law-abiding citizen.

I cannot discover hundreds of uses for the peanut like George Washington Carver, but I can conserve the resources of my country by using carefully its gas, electricity and water and leaving the parks and countryside clean and litter free.

I may not espouse the doctrine of fiscal responsibility nationally as did Senator Harry F. Byrd, Sr. but I can handle my own financial affairs in a responsible manner, living within my means, budgeting my resources, saving a portion and sharing a portion, thus making my contribution to the free enterprise system.

I may not be a great humorist like Will Rogers, but I can develop the ability to laugh at myself, to not take myself too seriously and to have a smile for my fellowman.

I may never be called upon to face serious illness courageously while holding high public office with the eyes of the nation upon me, as did Senator Hubert H. Humphrey, but I can face whatever life sends me with a love of country, love of family and faith in God.

If I can be inspired by the great leaders of my country to live by high principles as they did, then I will be an American citizen who can be proud of his country and my country can be proud of me.●

REPEAL THIS ROBBERY OF OLDER PERSONS

● Mr. GOLDWATER. Mr. President, it was my pleasure today to testify before the Subcommittee on Social Security, chaired by Senator NELSON, regarding S. 1287, which I have introduced together with several other Senators, to repeal the earnings test of social security.

It is my strong belief that this money does not belong to the Government. It belongs to older persons whether they earn extra money or not.

Repeal of the earnings ceiling will benefit older persons and it will benefit the economy. Virtually every economic study done in the last year or so concludes that repeal of the ceiling on earnings will generate tremendous new revenues in social security taxes and income taxes.

In my testimony today, I presented data and arguments from no less than 13 economists who believe elimination of the test will produce substantial additional revenues which will flow into the Social Security System and general revenues.

Mr. President, since this evidence is relatively new, I ask that the complete text of my statement may appear in the RECORD, where it may be available to any of my colleagues who are interested in this subject, and that the names of all sponsors of S. 1287 may appear in the RECORD.

The material is as follows:

REPEAL THIS ROBBERY OF OLDER PERSONS

(Statement of Senator BARRY GOLDWATER)

Mr. Chairman, I want to personally thank you for your great courtesy in scheduling the hearing for today so that I might appear before you.

Strange as it seems, there has never before been a Congressional hearing solely addressing the earnings ceiling on social security benefits, and I applaud your decision to give me and others an opportunity today to focus on this anomaly in the old age insurance program.

Mr. Chairman, I believe the earnings test should be repealed at age 65, which is the traditional age of entitlement to full benefits.

The bill I have introduced with Senators Bayh, DeConcini, Pressler and Stone as coauthors will do just that. S. 1287 will repeal the earnings ceiling for all persons age 65 and older beginning in January of 1983.

We are joined by 15 other Senators who have cosponsored S. 1287, and I ask that the

text of the bill and names of all 20 sponsors may appear at the conclusion of my remarks.

Senator Jepsen has also introduced repeal legislation. I am a cosponsor of his bill. He is a cosponsor of S. 1287.

Mr. Chairman, the law now discriminates against more than 11 million citizens aged 65 to 72. If persons of this age wish to or must continue working, they must pay a surtax of 50%! They lose one dollar of social security for every two dollars of wages on all income earned over $5,000, until their benefits are cut entirely.

This tax of 50% is in addition to any Federal, State, County or city income taxes they will have to pay; and the penalty is on top of continued social security taxes collected from aged workers whether or not they receive benefits.

Mr. Chairman, the law has been improved. An amendment which I offered in 1977, as modified by the substitute amendment of Senator Church, increased the ceiling in stages from $3,000 to $6,000 and lowered the exempt age to 70 from 72. This amendment will be fully effective in 1982.

But I want to go a step beyond the 1977 amendments. The sponsors of S. 1287 want to repeal the ceiling entirely.

We believe the money older persons pay into social security is theirs. It does not belong to the government and the government should have no say in how it is paid back. The government's only responsibility is to pay it back; whether older persons earn extra money or not has nothing to do with it.

And don't let anyone tell you, Mr. Chairman, that the working person does not bear the entire burden of the social security tax. As Professor William C. Mitchell has written:

"Whatever the fiscal illusions involved, the tax on the employer is actually a tax on labor; he passes on his share of the tax to the workers in the form of lower wages." [1]

Professor Mitchell adds:

"The real social security tax on the individual worker is not the 5.85 percent the law stipulates, but double that amount." [2]

In 1982, that tax will be even higher, for a combined tax rate of 13.4 percent. The tax base of workers will have been increased eight times and their tax rates thirteen times.

In the words of our former colleague, the late Senator Paul Douglas, who was a professor of economics and a consultant on social security in the 1930's:

"(These workers) have earned their annuities. To require them to give up gainful employment is, in reality, attaching a condition upon insurance which they have themselves bought." [3]

There are other reasons for repealing the wage test. The American Medical Association has concluded older persons suffer great physical and mental harm by being forced to retire sooner than they wish.[4] Another reason is the heavy drain upon the national economy caused by loss of the skills and output of older persons who retire in order to collect their full social security checks.

Also, we know that many older persons must continue working in order to cope with the high cost of living. They cannot afford the luxury of staying at home.

To these points, I might add the basic inconsistency between a Federal law which discourages employment of older persons and the national policy of eliminating mandatory retirement before age 70. The 1978 Age Discrimination Amendments tell older persons they can work up to age 70 free of compulsory retirement rules. The social security earnings test tells these same persons they must retire at age 65 or suffer a penalty by loss of their benefits.

Several leading economists support repeal of the earnings test. Nobel Prize economist Milton Friedman is one. Professor Carolyn Shaw Bell, Chairman of the Department of Economics at Wellesley College is another.[5]

Footnotes at end of article.

But what do the economists say about cost? I will turn to that question now.

The Social Security Administration claims it will cost $2.1 billion in additional benefits to repeal the test in 1983.[6] But this estimate does not take account of several savings.

Professor Marshall Colberg of Florida State University, a former president of the Southern Economic Association, has identified at least five important cost savings:

"1. Added income tax collections would accrue from additional earned dollar income as a result of expansion of labor force participation of OASI recipients.

"2. Additional payroll tax collections would be made from the added employees and their employers, and from self-employed recipients of old-age benefits.

"3. More federal excise taxes would be collected.

"4. Underreporting of earned income to the Internal Revenue Service should decline.

"5. A decline in Social Security Administration costs would occur since the earnings test is hard to administer." [7]

Professor Colberg adds a sixth factor in recent testimony before the Senate Special Committee on Aging. He says:

"The whole idea of the cost of repeal of the retirement test is a fallacy based on a narrow accounting view. Extra work effort by the over-65 group would increase the real national product and real income per capita." [8]

Professor Colberg's findings are confirmed by Professor Colin D. Campbell, who is Professor of Economics at Dartmouth College and one of the Nation's leading authorities on social security. Professor Campbell adds that "the disincentive effect of the earnings test on employment makes older persons more dependent upon governmental transfer payments, raising the overall cost of government spending." [9]

In other words, remove the earnings test, and reduce public assistance costs.

Professor Campbell agrees that from the point of view of the economy, removing the earnings test is costless. In a private letter to me, dated September 17, 1979, Professor Campbell criticizes the current Advisory Council on Social Security for looking "at the elimination of the retirement test from the point of view of the social security system rather than from the point of view of the economy as a whole."

He writes:

"From the point of view of the economy, the retirement test is clearly a bad policy. It discourages employment, reduces the supply of labor, and lowers the total output of the economy."

Next, we might ask what is the dollar amount of savings identified by these economists? Professor Colberg has made a detailed analysis of the additional taxes to be collected from persons added to the work rolls if there were no means test at age 65.

In 1977, he estimated repeal would result in added Federal tax collections of $454 million per year. In a private letter, dated September 12, 1979, Professor Colberg has updated this figure for me to 1982. He calculated that removal of the earnings ceiling in 1982 would raise a minimum of $633 million additional payroll and income taxes. Taking account of other factors, Professor Colberg believes the total savings will amount "to at least one-third" of the estimated cost.[10]

Using very conservative estimates, Professor Colberg finds that 219,105 presently retired persons aged 65–69 will be added to the work force by elimination of the test. His analysis does not include any estimate of older persons 65–69 who are already working and may increase their incomes once the ceiling is lifted.

A recent study by Social Security Administration researchers proves that increased tax receipts to the Federal Government will be even higher than Professor Colberg has estimated. This study concludes that if the earnings test were eliminated for workers aged 65–69, the net increase in social security tax receipts and individual income taxes would amount to 79 percent of the cost of increased benefits.[11]

The authors look both at elderly persons who are still working and those who are now retired. They find that social security recipients aged 65–69, who are presently working, will increase their earnings sufficiently to raise an additional $149 million of social secuity taxes and $212 million of individual income tax payments. This group includes 161,422 current workers who are clustered at or just below the ceiling and 923,565 workers who now earn enough to have some, but not all of their benefits denied.

The researchers also find that 615,061 workers, who already make over the upper boundaries of the ceiling and therefore receive no benefits, will reduce their earned income once the ceiling is removed. The authors calculate that this negative effect will lower Federal income taxes by $21 million and drop social security taxes by $10.6 million.

The authors assume that 1,372,828 social security recipients, with wages $900 or more below the ceiling, will not increase their work effort at all.

Finally, the writers believe 299,000 persons aged 65 to 69, who will otherwise be fully retired, will rejoin or remain in the work force if the earnings test is eliminated. These new workers will generate $540 million in new social security taxes and $786 million in added income taxes.

In all, the study finds that repeal will bring in $1.7 billion of increased revenues, which represents 79 percent of the government's estimated $2.1 billion cost.

It is interesting that the study puts added social security taxes at 32 percent of benefit payouts. Another researcher, Philip Cagen, estimated repeal of the test would generate increased payroll taxes equal to 33 percent of the cost in a 1974 report to the Social Security Advisory Council.[12] The consistency of these two government economic studies offers confidence the conclusions do not overstate the savings of repeal.

Since 80 percent of the total tax increases are represented by the earnings of retired persons who will return to work, I will take a closer look at this group. Actually, the Social Security Administration researchers have taken cautious approach to estimating returning workers. They have made a personal judgment that only 5 percent of all fully retired social security recipients aged 65–69 will reenter the work force. There are 5.7 million retired covered workers in this age group. The researchers determine that only 3 million of them have the potential to earn wages above the ceiling.

The authors conclude that only one-tenth of these 3 million retirees will resume work. The authors compare this fraction with the findings of another Social Security Administration researcher, who reported in 1978 that no more than 12 percent of retirees would be very likely to return to work. But the same report indicates that another 24 percent of retired persons "constitute an ambivalent group whose members might return to work." [13]

Also, the researchers might have used another Social Security Administration study which concludes that only 16 percent of retired men age 65 wanted to retire. This study reveals that only 14 percent of all men age 65 had left work because of health reasons. Another 36 percent gave compulsory retirement policies as the reason they left work.[14] But this is no longer as relevant because Congress lifted the mandatory retirement age for most workers from 65 to 70 in 1978.[15]

Applying the earlier survey, adjusted for the new age discrimination law, to the 5.7 million fully retired persons age 65–69, more

than half have no health problems, are not affected by compulsory retirement rules and did not want to retire. Studies of work experience data convince me that most of these persons remain out of the labor force because of the earnings test.

For example, Professors William Bowen and Aldrich Finegan point to the income test as the cause of up to half of retirement decisions at age 65.[16] Professor Michael Boskin of Stanford University, who is pioneering new research of retirement data, finds the earnings test "dramatically increases the probability of retirement." He concludes that a mere reduction "of the implicit tax on earnings from one-half to one-third cuts the annual probability of retirement in half for typical workers."[17]

Professors Robert Kaplan and Arnold Weber of Carnegie-Mellon University also believe government cost estimates failed to consider millions of retired persons who would reenter the work force once the earnings test is repealed. Many of these persons do not have a choice of working part time. They can either work full time or not at all. If the ceiling is eliminated, they will return to work with no additional cost to the system. They are receiving maximum benefits already.[18]

Professor Anthony Pellechio has also demonstrated that eliminating the earnings test will significantly increase labor supply. He believes the clustering of earned income around the exempt amount, and the shifting of this cluster in in step with changes in the exempt amount, present graphic evidence of the relationship between labor activity and the earnings ceiling.[19]

The same effect of changes in the level of exempt earnings was found by Social Security Administration researcher Kenneth Sander in 1970. Mr. Sander concluded that "a fairly large number of workers responded to the higher annual exempt amount by increasing their annual earnings" to the new, higher ceiling.[20]

Mr. Chairman, based on the wealth of consistent findings in these numerous economic studies, I believe it is safe to conclude that the job activity of older persons is directly tied to the earnings test. If the test were repealed, I am certain well over the 5 percent of retired persons estimated by Social Security Administration researchers would resume working.

In my opinion, repeal of the test will virtually finance itself. But, even if the Social Security Administration paper is correct, the short-fall is only a fraction of the cost. I suggest that any deficit should be financed by shifting a comparable part of the welfare component of social security to general revenue financing.

Mr. Chairman, I urge you to give older persons a break. Repeal the earnings test and give them back the money that they have earned.

20 SPONSORS OF S. 1287

Barry Goldwater, Birch Bayh, Dennis DeConcini, Mark Hatfield, John Durkin, David Pryor, Milton Young, Jack Schmitt, James McClure, Roger Jepsen, Richard Stone, Larry Pressler, Paul Laxalt, Strom Thurmond, Pete Domenici, Jake Garn, Richard Lugar, Daniel Inouye, S. I. Hayakawa, John Danforth.

FOOTNOTES

[1] W. Mitchell, "The Popularity of Social Security: A Paradox in Public Choice," American Enterprise Institute for Public Policy Research, 1977, at p. 8.

[2] *Id.*

[3] Paul H. Douglas, "Social Security in the United States 1963," at pp. 171–72.

[4] See "Retirement: A Medical Philosophy and Approach, "American Medical Association Committee on Aging, 1972.

[5] C. Bell, "The Cruel Tangled Web Called Social Security," Los Angeles Times, December 16, 1973, part VI, at pp. 1, 4.

[6] See Memo from Office of Chief Actuary, Social Security Administration, to Senator Barry Goldwater, Appendix I.

[7] M. Colberg, "the Social Security Retirement Test; Right or Wrong?", American Enterprise Institute for Public Policy Research, 1978, at pp. 42–43.

[8] Testimony of M. Colberg before the Senate Special Committee on Aging, November 28, 1979. See Appendix II.

[9] C. Campbell-R. Campbell, "Conflicting Views on the Effect of Old-age and Survivors Insurance on Retirement," Economic Inquiry, Vol. 14, Sept. 1976, at pp. 369, 385; see also, C. Campbell, "The 1977 Amendments to the Social Security Act," American Enterprise Institute for Public Policy Research, 1978, at p. 18.

[10] See letter from Dr. M. Colberg to Senator Barry Goldwater, September 12, 1979, Appendix III.

[11] Josephine Gordon and Robert Schoeplein, "Tax Impact From Elimination of the Retirement Test," Social Security Bulletin, vol. 42, September 1979, at pp. 22–32. See Appendix IV.

[12] P. Cagen, "Effect of the Elimination of the Retirement Test on OASDI Revenues." Social Security Administration, Sept. 18, 1974.

[13] D. Motley, "Availability of Retired Persons for Work: Findings From the Retirement History Study," Social Security Bulletin, April, 1978, at p. 27.

[14] V. Reno, "Why Men Stop Working at or Before Age 65," Social Security Bulletin, vol. 34, June 1971, at p. 5.

[15] H.R. 5385, Public Law 95–256, April 6, 1978.

[16] W. Bowen and T. A. Finegan, The Economics of Labor Force Participation, Princeton University Press, 1969, at pp. 281–285.

[17] M. Boskin, "Social Security and Retirement Decisions," Economic Inquiry, vol. 15, January 1977, at p. 13.

[18] R. Kaplan and A. Weber, "A Proposal to Eliminate the Social Security Retirement Test," Social Administration, (Working Paper for the Advisory Council on Social Security), September, 1974.

[19] A. Pellechio, "The Social Security Earnings Test, Labor Supply Distortions, and Foregone Payroll Tax Revenue," National Bureau of Economic Research, August 1978, at pp. 2, 5.

[20] K. Sander, "The Effects of the 1966 Retirement Test Changes on the Earnings of Workers Aged 65–72, "Research and Statistics Note, Social Security Administration, January 30, 1970, at p. 2.●

ARE MICE MIGHTIER THAN NUKES?

● Mr. GRAVEL. Mr. President, sometimes it is hard not to laugh at nuclear power fiascoes we keep hearing about—from a worker's shirttail recently shutting down a plant in Virginia when it got caught on a knob to some radioactive coffee that was being served at a plant in Michigan because the water supply was hooked up to a radioactive waste line.

Although such incidents have an amusing side, they should serve as a warning that the nuclear industry is not blessed with perfection, and that the most unexpected events can occur. Unfortunately, such events can lead to accidents the likes of which humanity should never have to suffer.

The vulnerability of the nuclear industry was demonstrated late last year when field mice evidently caused a shutdown at a large nuclear plant in California. Details of the problem and what the Government is doing to solve it are contained in the following two stories, which I ask to be printed in the RECORD.

The articles are as follows:

[From the San Diego Union, Nov. 10, 1979]

SAN ONOFRE PLANT SHUTDOWN BLAMED ON FIELD MICE

Field mice apparently caused the electrical malfunction that shut down the San Onofre nuclear plant Wednesday, Southern California Edison officials said yesterday.

Plant Manager Jarlath Curran said several dead mice were found directly below the burned electrical distribution system, a 480-volt unit located two floors below the Unit 1 reactor control room.

Curran, who said the investigation into the malfunction will continue, said he was not aware there were mice in the room housing the electrical equipment. He said the company is looking into a rodent-control program.

An Edison spokesman said mice, rats, snakes and other animals have caused equipment malfunctions at other power plants.

On Wednesday, an electrical flash occurred in the electrical distribution system, generating heavy smoke. The Camp Pendleton Fire Department was called to the plant, but there was no fire when firefighters arrived.

The malfunction destroyed copper conduits designed to distribute electricity to plant equipment. There was no emergency or immediate safety hazard and there was no release of radiation, Edison officials have said.

Repairs likely will keep the 456-megawatt nuclear unit closed down until late next week.

Each day the nuclear reactor remains closed costs Edison up to $250,000 to buy replacement power. The costs are passed along to Edison and San Diego Gas & Electric Co. customers who receive power from the nuclear plant.

The utility is making use of other power sources in its system to make up for the loss of Unit 1.

[From the San Diego Union, Nov. 14, 1979]

BETTER MICE ARE OUTSMARTING BETTER MOUSETRAP

LIVERMORE, CALIF.—Engineers at Lawrence Livermore Laboratory are attempting to design a better mousetrap.

However, nature might be designing a better mouse.

The U.S. Department of Energy scientists got interested in mousetraps because field mice became a serious problem for them by eating through wires and causing other mischief.

Three of four traps designed at Livermore utilize a teeter-totter or walk-the-plank design in which a mouse seeking bait gets dumped into a container of water where he drowns.

However, when the scientists showed off their traps this week for reporters, a couple of mice proved too smart.

As one mouse walked up the tiny teeter-totter to get some bait, another sat at the bottom end providing a counterweight to keep the teeter-totter from tipping.●

GUNS AND BREAD

● Mr. McGOVERN. Mr. President, a recent New York Times editorial brought our guns and butter budget debate into the stark human terms of guns versus bread. The Senate Budget Committee in

proposing $1.4 billion in cuts in the food stamp program is literally taking bread off the tables of hungry Americans. The $430 million in cuts recommended by the President and by the House Budget Committee would make 500,000 people presently receiving food stamps ineligible for the benefits, and markedly reduce the support given to other needy Americans. The Senate Budget Committee also agreed to these cuts, but they went much further, taking draconian measures to more than triple the savings. I do not know how many more people these cuts will take off the roles. But I do know that many, many millions of Americans will receive substantially fewer food stamps because of them. These millions will be the growing children who need both the school lunches and the extra nourishment that the so-called duplicate food stamp benefits provide to supplement the inadequate diet that can be purchased with even the maximum amount of food stamps. These millions will also be the young and the old who live in the colder regions of the country who next winter will have to choose between more heat and more food, because their energy assistance moneys that the Government felt was important for them to have will be counted as income in computing their food stamp benefits.

The Times editorial does not mention the cut in the WIC program of $100 million from the $946 million that the Agriculture Committee recommended to the Budget Committee. But this, too, is among the most insidious of the budget cuts, for it takes bread from hungry Americans, among whom are America's most vulnerable from a nutrition standpoint.

We talk of increasing our national defense capability. Yet these drastic cuts in the food stamp and WIC programs will cause an undermining of the health of our Nation that can only weaken the defense capability that we are trying to improve.

I ask that the Times editorial be printed in the RECORD.

The editorial follows:

GUNS AND BREAD

Few social programs have so altered the conditions of American life as have food stamps. Until these Federal coupons were introduced during the 60's, many poor people went hungry. This month, 20 million are using them to buy food at their grocery stores. But now, the food stamp program faces obstacles in Congress that could cause hardship and hunger.

As if having to choose between guns and butter isn't hard enough, some senators now urge a more callous choice. Beyond the sizable increases in defense spending the Administration has already proposed, they want to add yet an additional $5.8 billion. And to find the money, they would raid the food stamp budget. Their choice, in other words, is guns and bread—and they choose guns. That is not a choice that a sensible, let alone a civilized Senate will allow to stand.

There are two problems. The first is that Congress vastly underestimated the cost of the stamp program this year. Unless it quickly approves increased spending, the program will run out of money in June, four months short. The Senate has acted to add $2.5 billion to the program's $6.2 billion budget. But the politics of cutting the Federal budget have complicated matters, and there is a real danger that Congress will not be able to handle the problem before May 15. In that case, food stamp distribution will stop June 1. How many days delay are tolerable? The answer is another question: How many days must go by before millions of people notice they are not eating?

The second problem involves the budget for fiscal 1981, starting next October, and it is even more grave. There is no question that most Federal spending needs to be reduced. Balancing the budget is a duty, albeit a painful duty. Hence we do not like the saving of $430 million that the House Budget Committee proposes in future food stamp spending, but at least the reduction seems reasonably planned.

The Senate Budget Committee is another story. It would slash $1.4 billion, and in ways that seem almost mean. One idea is to redefine poverty. Anyone who receives emergency Federal payments to help meet higher fuel costs is to be considered a little richer, and thus eligible for fewer food stamps. This nearly transparent fig leaf would save $200 million. Another proposal would cut $600 million on the grounds that some children are subsidized for four meals a day because they get school lunches as well as food stamps.

We recently fell for that one ourselves, because eliminating the "duplicate meal" sounds sensible. But as Secretary of Agriculture Bergland informed us, food stamp benefits are based on a very low-diet plan. Few families spending at such a level get a nutritionally adequate diet. School lunches offset this nutritional deficit somewhat, at least for the children.

More than a decade ago, the United States declared war on hunger and malnutrition. The food stamp program has been the chief weapon in that war, and it is a war America has been winning. Now, unless there is prompt action on the 1980 budget and unless the Senate overturns its budget committee's proposals for 1981, there will be a new battle cry: Oh yes, America is determined to feed its poor people . . . some of them . . . some of the time.

Granted, there must be budget cuts. Granted, everybody will feel them. But there are a lot of things that should go first before taking bread off the table.●

TENTH ANNIVERSARY OF THE MOUNT PLEASANT CATHOLIC EDUCATION CENTER

● Mr. GLENN. Mr. President, Mount Pleasant Catholic Education Center of Cleveland is celebrating its 10th anniversary this week. I would like to take this opportunity to commend the faculty and staff for providing quality education to Cleveland-area students studying under their supervision. I would also like to recognize the efforts of all parents, students and members of the Mount Pleasant community who have worked hard to support this school and to insure many young Ohioans of getting the best educational services available. I would like to acknowledge the special efforts of Sister Ruthmary Powers and Bishop Lyke for their roles in the many activities slated for this week, April 21–25, 1980, to celebrate Mount Pleasant Catholic Education Center's 10th anniversary.●

THE MARRIAGE PENALTY TAX

● Mr. GRAVEL. Mr. President, this week we observed the passing of a universally dreaded day, April 15, the deadline for paying Federal income tax. This day is particularly onerous for millions of two-earner families. They have the distinction of paying excessively high taxes simply because they are married. This year as in previous years, many couples chose to divorce in order to avoid the marriage penalty. Let us hope that next year the largest segment of taxpayers will no longer suffer from this unjust provision.

In this regard, the House Ways and Means Committee recently held 2 days of hearings on the marriage penalty. The overwhelming message of the witnesses was that this "quirk" in the law is inequitable and provides many negative incentives contrary to national objectives.

I request that my testimony before the House Ways and Means Committee be printed in the RECORD.

The statement follows:

STATEMENT BY SENATOR MIKE GRAVEL

I appreciate the opportunity to submit testimony to the House Ways and Means Committee regarding the marriage penalty tax. This tax is onerous in times of relative economic stability, but is clearly insupportable during periods of uncontrollable inflation. The bill that I introduced last May in the Senate would not totally eliminate the marriage penalty incurred by two-earner families, but it would substantially relieve the unfair additional tax burden on these families without a serious drain on the Treasury. I would like to briefly explain to the Committee my analysis of the problem and my reasons for choosing the legislative solution embodied in S. 1247.

A married couple experiences two phenomena when they fill out their tax form: one, their two single standard deductions have been replaced with the lower married deduction; and two, if both are working the combination of their incomes has catapulted them into a higher tax bracket. The second phenomenon becomes increasingly visible as husband and wife earn equal shares of the family's income. Inflation further exacerbates the problem by pushing them into higher and higher tax brackets while their buying power is ever decreasing.

The often substantial increase in tax liability due to wedlock is inconsistent with my understanding of our existing federal tax policy. We have been guided by several principles which are meant to make our tax system a just one. The most important of these are undoubtedly that taxation should be progressive and that individuals with like incomes should pay similar tax. Another important principle has been that marriage should neither be penalized nor rewarded by our tax law. We cannot totally achieve all three goals; our task has been to adjust all three in order to achieve an equitable distribution of tax burden. I think we have been relatively successful in terms of the single taxpayer and the traditional one-earner family. But our achievement is lacking in terms of the two-earner family because working couples experience a significant increase in tax liability when they marry. We have not successfully extended the principles of marriage neutrality and tax parity (taxing equal incomes equally) to two-earner couples.

To demonstrate the inequity of treatment consider the single person in 1979 who earned $20,000 and was taxed $3,837 as compared to the one-earner family also earning $20,000 and taxed $2,745. Clearly, in terms of tax liability, substantial allowance has been made for the additional financial responsibilities associated with families. Now when you look at the two-earner couple with an income of $20,000 you notice that family status has worsened their tax situation. If

you assume each person is earning $10,000 towards the family's $20,000 income their joint tax liability has increased from $2,345 to $2,745. This increase of $391 is due solely to their marriage, for them it is the marriage penalty.

There are proposals before the Committee which would reevaluate the three tax units and perhaps eliminate the single-family distinction. The members of the Committee are well aware of the complexity of the issues involved in this task. I do not necessarily disagree with any of the approaches of these bills; there are pros and cons attributable to all. But, as a member of the Senate Finance Committee, I do not foresee an opportunity in the near future for a thorough investigation and resolution by our respective committees of the very difficult tax policy questions presented by the marriage tax.

And yet, a consensus on the inequity of the marriage penalty tax is building and demanding that we take action. Therefore, I have proposed a tax deduction of 10 percent of the lower earner's income up to $20,000. This approach will substantially reduce the marriage penalty while not altering current tax policy; it also minimally depletes general revenues—approximately $3.5 billion is the estimated cost.

I am very pleased that two members of the Ways and Means Committee have introduced bills similar in concept to S. 1247. With the leadership established in this Committee to explore the marriage penalty tax I feel confident that we can resolve this issue in the near future. I want to add that I would encourage both the Finance Committee and the Ways and Means Committee to study the appropriateness of current tax units when time and resources allow us to effectively deal with all the issues. I am convinced that we need to reevaluate both the relative tax burden distributed among the three tax groups and the rationale for distinguishing between married and single. Our society has changed and its time our tax policy caught up.

I would like to make one further comment about the impact of the marriage penalty tax. As much as any other factor, broadened equal career opportunities for women have encouraged the advent of the two-earner family. Our tax policy which discourages this phenomenon, contradicts those federal policies which seek to bring women into the labor force. The marriage penalty tax provides a negative incentive for women to enter the labor force and unfairly penalizes them when they do.

Our current economic problems will also motivate more women to seek employment. What they will find are government programs and policies assuring them success but imposing a high cost if they are a two-earner family through an excessively high tax on their income. Efforts to increase the family's income to keep pace with double-digit inflation will be a losing battle as long as we allow the marriage penalty tax to continue.

Our constituents are outraged and will not accept excuses why we cannot address this well-known inequity that has a demonstrable negative effect on families. We have the wherewithal to reduce the marriage penalty tax this year. The comprehensive hearings scheduled by this Committee is an encouraging first step.●

HELEN MILLER OF CRS—A DEDICATED AND ABLE AIDE TO THE CONGRESS

● Mr. PELL. Mr. President, as chairman of the Senate Subcommittee on Education, Arts, and Humanities, I would like to take this opportunity to pay tribute to Helen Miller, a gracious lady who has recently retired from the Congressional Research Service in the Library of Congress. For more than three decades, Helen Miller served the Congress by sustaining a high quality of support through some of the most active years of Federal education policy making. She is one of those admirable persons who avoid visibility and receives satisfaction from the products to which she contributes even though they are often attributed to others. In this manner, Miss Miller upheld one of the strongest traditions of the Congressional Research Service and its predecessor agency, the Legislative Reference Service, in serving the Congress.

Following World War II service with the American Red Cross in Australia, Helen Miller joined the Legislative Reference Service and became an invaluable resource for the legislative process. In that era, most of the work consisted of providing various types of information, and she developed an extensive knowledge of the entire field of education, as well as specific knowledge of past and current Congressional actions in education. With the Legislative Reorganization Act in 1970, the Legislative Reference Service became the Congressional Research Service, and Miss Miller found herself facing the challenge of providing leadership during a period when the mission of this Congressional support agency was being dramatically expanded. She admirably rose to the occasion, providing guidance and stability during a decade of change as well as seeking to preserve those traditions that have made the Congressional Research Service an effective congressional support agency.

During the past decade, the Congressional Research Service has become more directly involved in providing support for the legislative process. As the leader of the education section in CRS, Helen Miller served as the teacher for numerous analysts who provide direct support to Members and committees. In this manner, she extended her competencies and shared her expertise to furnish maximum service to every Member of Congress. Through her support and leadership, CRS expanded its services with the development of computer simulation capabilities and extended policy analysis that have become an integral support component during consideration of legislation on education grant and entitlement programs.

Helen Miller's diligence, commitment to excellence, and sense of history will be missed, but she can take pride in knowing that the institution she helped to build will continue to serve the Congress and has been made stronger by her presence. To her we extend our gratitude and hope that retirement provides her with new opportunities to enjoy the beauties of life.●

GENERAL ACCOUNTING OFFICE REPORT ON THE DRUG ENFORCEMENT ADMINISTRATION'S CENTAC PROGRAM

● Mr. BIDEN. Mr. President, on March 27, 1980, the General Accounting Office published a report prepared for the Attorney General of the United States entitled "The Drug Enforcement Administration's CENTAC program—An Effective Approach to Investigating Major Trafficking That Needs to be Expanded." A Central Tactical Unit is created when Drug Enforcement Administration personnel identify a drug trafficking organization that operates on such a scope that it can be effectively investigated and prosecuted only through the combined efforts of DEA field offices in more than one DEA region and of personnel from DEA headquarters. Staff from Internal Revenue Service, U.S. Customs Service, and local police forces may also be assigned to the investigation. Prosecutions are coordinated by the Criminal Division of the Department of Justice. Thus the CENTAC program is a flexible, multiresource approach to the problems posed by drug organizations that are at the top of the criminal hierarchy.

Conclusions drawn by the authors of the report are the product of work that includes review of cases and probation reports at several judicial districts; discussions with judges and U.S. Attorneys; and analysis of DEA criminal investigative files. Results of the report are summarized by GAO as follows:

> Using few resources, Central Tactical investigations have account for a high number of major trafficker arrests. Although Drug Enforcement Administration officials maintain the program is at its optimum level, there is a paucity of data to confirm or refute that position. The Drug Enforcement Administration needs to conduct a rigorous reexamination of its position to serve as a basis for either reallocating existing resources or justifying to the Congress its need for additional resources.
>
> Even though the investigations have been impressive in terms of the number of high-level traffickers arrested, traffickers in general have not forfeited drug-related assets. Changes are needed to improve the Government's ability to cause the forfeiture of those assets.

I congratulate the administration of the Drug Enforcement Administration on a job well done. The Central Tactical Units are certainly successful. Likewise, I congratulate the General Accounting Office on their thorough report.

I am sure the report will aid the Department of Justice in their efforts to improve the effectiveness of their important work against drug traffickers. Congress has the responsibility of making sure that the tax dollars spent to prevent illegal activity are not expended frivolously. This report assures me that the CENTAC program is the best approach to the problem and it points the way for even greater improvements in the future.

At the request of the Subcommittee on Criminal Justice, of which I am chairman, the General Accounting Office is now preparing a similar but more detailed report on the use of criminal forfeiture statutes in major Federal drug cases. I look forward to another thought-provoking report sometime during the summer. Mr. President, I ask that the digest of the GAO report described above be placed in the RECORD in its entirety.

The material follows:

THE DRUG ENFORCEMENT ADMINISTRATION'S CENTAC PROGRAM—AN EFFECTIVE APPROACH TO INVESTIGATING MAJOR TRAFFICKERS THAT NEEDS TO BE EXPANDED

DIGEST

The 1979 Federal Strategy for Drug Abuse and Drug Traffic Prevention states that Federal domestic drug law enforcement should be focused on major drug trafficking organizations. The Central Tactical program was established by the Drug Enforcement Administration to do just that. Under the program, large, centrally controlled, many-faceted, interregional, conspiracy investigations of major drug organizations are conducted.

The program has proven to be an effective method of investigating and prosecuting large numbers of high level narcotics traffickers and should be expanded. Using few resources, Central Tactical investigations have accounted for a high number of major trafficker arrests. But Drug Enforcement Administration officials say the program size is optimum. Data to support or refute the agency's position is limited.

The Drug Enforcement Administration, therefore, needs to conduct a rigorous reexamination of its position to serve as a basis for either reallocating existing resources or justifying to the Congress its need for additional resources.

The Federal strategy also stresses investigations which lead to forfeiture of drug traffickers' assets to immobilize major drug organizations. Central Tactical investigations have had minimal success in this area. Major changes are needed to improve the Government's ability to immobilize traffickers by taking away the financial reward from illicit drug dealings.

CENTRAL TACTICAL UNITS ARE SUCCESSFUL

Initiated in 1973, the Central Tactical program has included conspiracy investigations of 21 major drug trafficking organizations. The program has been praised by officials in the criminal justice system. Even though it comprises only a small portion of the Drug Enforcement Administration's enforcement effort, it has resulted in the arrest and prosecution of many top narcotics violators. For example:

Central Tactical investigations active during the 3-year period (1976–1978) have resulted in indictments of 731 traffickers, of which 260, or over 36 percent, were the highest level violators. Overall, only 12 percent of total agency arrests are high level violators. (See p. 4.)

Central Tactical units have been responsible for over 12 percent of all the high-level violators arrested from 1976 to 1978, while using less than 3 percent of the Drug Enforcement Administration's enforcement resources. (See p. 4.)

Federal prosecutors commented that the Central Tactical units generated some of the Drug Enforcement Administration's best investigative efforts, resulting in convictions and lengthy prison sentences for trafficking organizations leaders. (See p. 5.)

EXPANSION IS IN ORDER

The Drug Enforcement Administration has identified over 100 leaders of major organizations for priority enforcement action. According to Drug Enforcement Administration officials, probing these organizations will require large multiregional conspiracy investigations. (See p. 7.)

Given the success of the Central Tactical units and the need for more multiregional conspiracy investigations, the expansion of the Central Tactical program is warranted. Such expansion would be consistent with the Attorney General's policy guidelines. For fiscal year 1980, he directed the Drug Enforcement Administration to increase its emphasis on major trafficking organizations through Central Tactical Unit operations and the development of major conspiracy cases. However, Drug Enforcement Administration officials said the current size of the program is optimum given existing enforcement resources and required commitments, and its preference for regionally controlled investigations focused on major traffickers. (See p. 8.)

Data needed to support or refute the agency's position is limited. Data available suggests that commitments to investigate other agencies' referrals are largely unproductive. The Drug Enforcement Administration has greater flexibility to reallocate resources to Central Tactical investigations than it admits. Regionally controlled investigations work against one of the major benefits of Central Tactical investigations—effective investigations of the full scope of major traffickers' activities. Until the agency rigorously evaluates the benefits of its various programs, it will not be in a position to know whether to reallocate resources or be able to justify additional resources for Central Tactical-type investigations. (See pp. 8 to 13.)

RISK OF ECONOMIC LOSS MUST BE INCREASED

Even though the forfeiture of drug traffickers' assets is an integral part of the Government's strategy to immobilize trafficking organizations, the Central Tactical program has had minimal success in this area. Although many high-level drug dealers have received substantial prison sentences, in general they have been able to retain their drug-related assets. The estimated annual revenues of the five criminal organizations probed by the Central Tactical units GAO studied in detail totalled at least $65 million, but the Government obtained very little of those revenues. Forfeitures of traffickers' drug-related assets were insignificant and only 10 percent of the 187 convicted traffickers received fines which totalled only $118,000.

The lack of success in obtaining traffickers' assets can be attributed, at least in part, to three interrelated causes.

The Drug Enforcement Administration lacks financial investigative expertise. (See p. 15.)

Many U.S. attorneys are inexperienced in the use of forfeiture statutes, or consider prosecution under these statutes to be too timeconsuming. (See p. 16.)

Asset seizures were not established as a goal in the Central Tactical unit's operational plans. (See p. 18.)

In addition, the Drug Enforcement Administration has requested only a limited amount of tax information for narcotics investigations. (See p. 19.)

The Drug Enforcement Administration's investigative personnel do not have backgrounds in financial analysis. Unlike other investigative agencies which have many agent/accountants, DEA has none. Because of budget limitations, the Drug Enforcement Administration is unlikely to increase its staff with a significant number of financial specialists. (See p. 15.)

One of the key problems identified at a September 1978 Drug Enforcement Administration conference on the use of financial intelligence in narcotics investigations was that many U.S. attorneys had limited knowledge of or tended not to use available criminal and civil forfeiture authorizations. In addition, Federal prosecutors stated that because asset forfeiture cases were so timeconsuming, it may be more efficient to use their time on additional cases rather than attempt forfeiture of the assets of a trafficker already convicted and in prison. (See p. 16.)

Plans and proposals for implementing the five Central Tactical units reviewed did not specifically provide for seizure and forfeiture of traffickers' assets. The combination of the Drug Enforcement Administration's lack of expertise and the U.S. attorney's unwillingness to use forfeiture statutes goes a long way to explain why the five Central Tactical units neither geared up to nor achieved any significant seizures of traffickers' assets. (See p. 18.)

RECOMMENDATIONS

GAO recommends that the Attorney General direct the Administrator of the Drug Enforcement Administration to evaluate the effectiveness of the various methods used to investigate major traffickers with the aim of determining whether redirecting enforcement resources from less productive approaches is feasbile. (See p. 13.)

To increase the use of financial analysis and obtain forfeiture of traffickers' drug-related assets, GAO makes two additional recommendations to the Attorney General. (See p. 20.)●

NUCLEAR BOOSTER EXPLAINS HOW TO DO WITHOUT IT

● Mr. GRAVEL. Mr. President, a large number of people now reject the idea of building any more nuclear powerplants since the accident at Three Mile Island demonstrated just what a foolish idea it is to depend on these risky machines. However, there is less support for shutting existing plants down because some people have fallen for the nuclear industry's predictions of gloom and doom if plants are shut down.

There are several points which effectively rebut the alarmist industry predictions. In the first place, if future plants should not be built because they are too risky, then existing plants should not be allowed to operate for safety reasons. In fact, they may be more risky than future plants because they lack some of the newer safety devices that could have been used on future plants, because they have suffered the damaging effects of corrosion, stress, radiation, heat, and pressure, and because some are sited in heavily populated areas. A Nuclear Regulatory Commission staffer recently termed the siting of three plants 24 miles from New York City at Indian Point, N.Y., as "insane." I commend him for his honesty and perception.

Mr. President, I am not aware of one contested nuclear licensing case where the utility involved has not insisted their proposed nuclear plant was absolutely essential. Yet, in case after case after case, we find that indeed the plants are not essential because power shortages have not occurred when they are shut down, or when they have not been completed by the time the utility said they would have to be to avoid shortages. Although we have heard a lot of complaints from Pennsylvanians about utility plans to irradiate them by venting radiation from the shutdown Three Mile Island plant, we have not heard of anyone "freezing in the dark" as nuclear advocates predict a nuclear shutdown would cause. Last summer, during a hot New York August, all three of Con Edison's nuclear plants were simultaneously shut down, due to safety and maintenance problems and there was no shortage. Nevertheless, for the past 20 years Con Ed has insisted it needs nuclear power.

Licensed nuclear plants now account for about 13 percent of U.S. electrical generating capacity, or about 3 percent of our total energy supply. Of course,

they never produce that much since, typically, they produce about half the energy they were designed to due to shutdowns and deratings related to accidents, maintenance, leaks, safety problems, and so forth.

Figures from the utilities indicate that even on their day of highest electrical demand—a hot summer day when air conditioners are running full blast—35 percent of their generating capacity sits idle. So if we give the nuclear advocates every benefit of the doubt by assuming that none of those idle plants is nuclear, and that the nuclear plants were all running at full capacity, we would still have a 22-percent reserve of idle capacity if we shutdown every nuclear unit; 35 percent minus 13 percent equals 22 percent.

When confronted with these figures, nuclear advocates often point out that the nationwide figures do not show how dependent some areas are on nuclear electricity, and they invariably remind us that Chicago is 40-percent dependent on it. They seem to forget that we have a grid capable of transporting large amounts of power from one area to another, so that power lost from a shutdown nuclear unit can be replaced with "imported" nonnuclear electricity from other utilities.

Well, it turns out that even heavily nuclearized Chicago can do without existing nuclear plants, according to Mr. George Travers of Commonwealth Edison. As related in Ralph Nader's "In the Public Interest" column of March 31, 1980, Travers says that by using idle nonnuclear generating capacity, Com Ed could shutdown all seven of their nuclear plants and only have to import 2,800 megawatts of electricity from other nonnuclear utility sources. Any implementation of cost-effective energy efficiency improvements would reduce the need for imported power, and, in fact, Mr. Nader has told me:

Mr. Travers also criticized, at a public meeting in a Chicago suburb, the energy wasteful architectural design of the large Chicago skyscrapers built since the 1973 energy crisis began. He deplored the large waste of electricity in these buildings.

Mr. President, if an official of Commonwealth Edison Co. can explain how the most heavily nuclear-dependent part of the United States can so easily do without nuclear power, it seems to me that there is no reason whatsoever to allow any of these ultradangerous plants to operate any longer.

I submit Ralph Nader's column for printing at this point in the RECORD.

The column follows:

IN THE PUBLIC INTEREST

CHICAGO, ILL.—George Travers of Commonwealth Edison Co.—the utility industry's most prolific operator of nuclear plants—believes the anti-nuclear opposition in the Midwest has become more intense. He should know. His job is to represent his boss, James O'Connor, at public meetings where indignant citizens ask him hard questions. . . .

Throughout the farmlands, small towns and cities of northern Illinois, where seven nuclear plants are licensed and six more are under construction, the grass roots drive against nuclear power is spreading. Some of the activity is chronicled in a periodical called "No Nukes News."

Special focus is on the disclosure that the federal government may select the General Electric facility at Morris, Ill. (49 miles southwest of Chicago) as a storage dump for high-level radioactive waste from the United States and foreign countries. Even ultra-reactionary congressman Thomas Corcoran, R–Ill., opposes this move. He has his finger to the wind. At a meeting on Feb. 27 in Morris, Undersecretary of Energy John Deutsch faced 200 very upset citizens. One of them, Warren Olson, told Deutsch to "tell everyone in Washington that Grundy County is going to fight this all the way."

Mounting concerns also is being drawn to the low-level radioactive waste dump at Sheffield (120 miles west of Chicago), which neighboring farmers and residents suspect is leaching.

Less newsworthy but even more portentous for Commonwealth Edison's nuclear juggernaut are meetings in private homes and churches were people are learning about the dangers, costs and bungling associated with this high-risk technology. Those who come to learn today will be in the forefront of the civic movement to shutdown nuclear power tomorrow.

A few days ago, Travers was asked by a Chicago resident what Commonwealth Edison would do if all its nuclear plants were shutdown. Usually, the big utility predicts economic catastrophe when asked this question because it has made the Chicago area 40 percent reliant on atomic electricity. This time Travers coolly described now his utility's massive extra generating capacity could be brought to production leaving about 2,800 megawatts to buy from other utilities.

Without even including the savings which could be secured by reducing some of the 50 percent of its electricity that Chicago, like the rest of the country, wastes, Travers showed that even in the densest nuclear thicket replacement of nuclear power is possible now. Nationally, nuclear power accounts for 12 percent of the electricity (equal to about 3 percent of the country's energy)—hardly a point of no return for the nation.

According to the American Institute of Architects, simply applying known energy efficiency methods to old and new buildings would save, at a lower cost and with more jobs, far more electricity than the 200 nuclear plants the industry officially expects to have in operation by the year 2000.

Unofficially the utility industry has largely removed new nuclear orders from its future plans. More than 150 orders have been canceled and no firm new order has been committed in three years. Unfinished nuclear plants are being converted to coal in some states.

One year after the Three Mile Island (TMI) accident, the horrors, expenses and community antagonisms continue to worsen. Hundreds of millions of dollars and nearly 2,000 workers are involved in a four-year effort to clean up the huge quantity of radioactivity loose inside the plant and its water. Many people living nearby want the two plants never to open again. So far, the accident will cost consumers more than $2 billion, apart from any litigation claims.

Recently, I came across a description of the protective clothing required for the TMI workers. In its concreteness this list tells the difference between other electric utility accidents and one dealing with awful amounts of cancerous and gene-damaging radioactivity:

"Two-thousand workers required to complete the cleanup of the plant are anticipated to use 200,000 cloth overalls, 1 million plastic coveralls, 100,000 pairs of rubber boots, 1 million pairs of gloves, 10,000 sponge mops, 100,000 surgical caps and 1 million square feet of plastic shielding.

These items of clothing then become radioactive and must be transported to some storage facility for thousands of years. Yet another heavy present and future price to pay for atomic electricity.●

THE 100th ANNIVERSARY OF NATIONAL POLISH ALLIANCE

● Mr. RIEGLE. Mr. President, I would like to bring to the attention of my colleagues the 100th anniversary of the Polish National Alliance.

Since its founding days in Philadelphia in February of 1880, the Polish National Alliance has grown from a local, autonomous unit of 143 persons to a national organization with over 302,000 members. During the past 100 years of American history, many members of the alliance have given splendid service to our country, not only through valiant service in both world wars, but also in crucial government and diplomatic positions. The current PNA president, Aloysius Mazewski, is a fine example of the caliber of their membership. Mr. Mazewski served as the American delegate to the United Nations 25th convening of the General Assembly, and also represented the United States at proceedings of the European Common Market and the North Atlantic Treaty Organization.

The Polish National Alliance has made great strides in uniting the Polish-American community, giving Polish Americans a sense of pride, national significance, and commitment to the continuing improvement of our great Nation. For their contribution in this area and in other areas of humanitarian concern, the Polish National Alliance deserves the highest commendation.

I salute them in their efforts and wish them well for the future.●

PROPOSED ARMS SALES

● Mr. CHURCH. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification I have received. The classified annex mentioned in the attached letter is available to Senators in the office of the Foreign Relations Committee, Room S–116 of the Capitol.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.

Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80–56 and under separate cover the classified annex thereto.

This Transmittal concerns the Department of the Navy's proposed Letter of Offer to the Netherlands for defense articles and services estimated to cost $70.0 million shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERNEST GRAVES,
Director.

[Transmittal No. 85–56]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Netherlands.

(ii) Total estimated value: Major defense equipment,* $63.0 million; other, $7.0 million; total, $70.0 million.

(iii) Description of articles or services offered: One hundred (100) MK 48 torpedoes.

(iv) Military Department: Navy (ADR).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Case not included in section 28 report.

(viii) Date report delivered to Congress: April 8, 1980.●

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).●

MX MISSILE—PROPOSED DEPLOYMENT

● Mr. HATFIELD. Mr. President, one of this town's worst kept secrets in the spring of 1980 is that there is deepening concern over the budgetary, environmental, and strategic implications of the proposed deployment of the MX missile in the so-called racetrack basing mode. Intense political pressure against the massive MX project has now surfaced in Utah and Nevada, the States where it is to be deployed. The original $38 billion cost estimate of the project has, through the breakdown of SALT II, been effectively thrown out. Estimates of completion costs run at $50 to $70 billion, and seem to take quantum leaps each month.

There is serious talk of the need to abandon the ABM treaty in an effort to defend the proposed MX system beyond the 1980s. There continues to be growing concern over the first-strike counterforce implications of the MX missile, a capability which will put fully 70 percent of the Soviet strategic forces in immediate jeopardy. This action could well force the Soviets to move toward a highly volatile "launch on warning" strategic position in times of future international crisis. A mountain of legal battles and delays by environmentally conscious groups await the project's first shovelful of dirt in the desert.

All these inherent problems with the MX are coming to bear on the viability on virtually any land-based, "shell game" concept. These pressures are certain not to diminish with time, but to become more acute.

Mr. President, recognizing the extreme strategic danger inherent in Secretary of Defense Brown's assertions that the United States itself may adopt a "launch on warning" strategic policy in the coming decade because of the perceived vulnerability of the 35 percent of the U.S. strategic forces resting on its land-based missiles, I have proposed an alternative.

On November 9, 1979, I offered an amendment which envisioned a new strategic concept. It was a concept proposed by some of this Nation's best scientific minds. The alternative is known as the shallow underwater missile (SUM) system.

The SUM system would create a fourth "leg" of the strategic triad. SUM is a fleet of some 100 smaller, diesel-powered submarines. This fleet would patrol in one-half million square miles of waters off the U.S. coast. Unlike the deep-water submarines, they would stay in direct contact with command and control centers on land. The ships could be placed in the water by the mid-1980's, with 2 to 4 neutrally-buoyant, canisterized missiles carried outside the hull.

To rapidly insure the invulnerability of our land-based missiles, and to stop the unnecessary, dangerous and costly deployment of the first-strike MX weapon, I proposed that a portion, or all, of the existing Minuteman III missile force be placed aboard these submarines. Such a deployment could save years of ICBM vulnerability, minimize the length of a U.S. "launch on warning" strategic stance, save billions, simplify future army control negotiations and add a fourth leg to the triad (over 600 of the existing land-based missiles would remain in their silos). The addition of SUM to the Nation's defense would not, as some have alleged, create a "dyad," but would create instead a "quadrad" of strategic forces, thus complicating targeting for Soviet defense strategists.

A recently-concluded study of SUM by the Department of Defense reportedly concluded that SUM could cost nearly that projected for the MX missile ($32 billion). It also estimated that it could be operational at approximately the same time at the MX racetrack. Significantly, after published reports as recent as last month quoting Pentagon planners on SUM vulnerability to nuclear explosion in the water (the Van Dorn Effect), the Pentagon now agrees that such vulnerability does not exist in the deployment mode envisioned for SUM and outlined last November.

Mr. President, as positive as this report is on SUM, I believe it vastly underrates the cost and time savings of the SUM concept with the MX racetrack. I urge my colleagues to consider joining in a request for an immediate, comprehensive and objective study to be undertaken by the Congressional Office of Technological Assessment of SUM/Minuteman III concept as an alternate to presumed vulnerability of our land-based missiles. Perhaps no decision will have a greater impact on the future of the nuclear arms race, and the stability of peace in the decade ahead; $50–100 billion in taxpayers' money is also at stake. We have an obligation to explore all alternatives before finally embarking on the immense, costly and destabilizing MX racetrack decision. I ask that two recent articles on SUM in Defense Week and the New York Times be printed in the RECORD.

The articles follow:

[From Defense Week, Apr. 14, 1980]

MX DEVOTEES TRY TO TORPEDO SUBMARINE RIVAL

(By Richard Barnard)

The debate over the new MX strategic missile seems ready to erupt again. In the final draft of a report to be released this week, the Defense Department mounts a vigorous assault on an alternate system—called the shallow underwater missile system (SUM)—favored by some members of Congress and the academic community for its lower cost.

SUM is characterized as expensive and probably dangerous by Seymour Zeiberg, Deputy Undersecretary of Defense for research and engineering. In his report, Zeiberg says that adoption of a submarine-based missile defense system in lieu of the land-based MX would severely impair American defense capabilities and probably would not be any cheaper than the MX. Another major drawback of the submarine-basing concept, according to Zeiberg's evaluation, is that the West German submarine envisioned for use in SUM is too small. Design and construction of another diesel electricity submarine would cost $28 billion and delay operation of the SUM concept until the 1990s.

"There appears to be no cost rationale for proceeding with a small submarine system as an alternative to the land-based MX unless it was decided . . . to depend on a dyad of strategic forces," Zeiberg said. A triad of retaliatory forces composed of bombers, submarine launched ballistic missiles and ICBMs has long been the philosophical centerplace of U.S. defense strategy. It is based on the assumption that the Soviet Union might be able to knock out one leg of the triad, but never all three. Thirty-three Poseidon and Trident nuclear submarines armed with almost 1000 ballistic missiles already provide the underwater leg of the triad. Placing a second leg at sea would increase the risks for the U.S., Zeiberg said.

Sidney Drell, deputy director of the Stanford Linear Accelerator Center and one of the main architects of the SUM concept, disagrees. He told Defense Week that adoption of SUM "would preserve the diversity of strategic forces" necessary to permit the U.S. to ride out an enemy attack and deliver a nuclear counterpunch. A central thesis underlying SUM, Drell said, is that deployment of about 100 small, quiet submarines in U.S. coastal waters as mobile launchers for Minuteman III or MX missiles would make it impossible for the Soviets to locate and strike all the targets.

Drell scoffed at Zeiberg's suggestion that SUM could not be operational before the 1990s. "We developed the first Nautilus (nuclear submarine) in less than 10 years. And back then, we started at zero. We're a great deal more advanced now," he asserted.

Richard Garwin of Harvard University, co-developer of SUM, described Zeiberg's critique as "very preliminary." The report "changed our concept and then faulted SUM because of the changes made. They expanded the operational range of the (SUM) submarines from 500,000 square miles to about four million square miles. The added range gives you no additional security but it increases the costs."

Garwin and Drell believe SUM could be operational by 1985 when the first of the Air Force's new MX missiles are supposed to be available. Use of Minuteman III missiles would enable DOD to deploy SUM in 1983, according to Sen. Mark Hatfield (R-Ore.), who is championing SUM in Congress. The land-based MX would not be available until 1989, according to the Air Force.

Timing is crucial, SUM advocates say, because the present land-based leg of the U.S. defense triad will become vulnerable to Soviet attack in the early 1980's. In his fiscal

1981 report to Congress, Defense Secretary Harold Brown said the Soviets have developed "highly accurate, MIRVed ICBMs [with multiple independently targeted reentry vehicle systems] with the potential of threatening the survivability of our ICBM silos."

In answer to this threat, DOD has proposed development of the land-based MX, an enormous, lethal, costly and, according to the Air Force, virtually invincible version of the age-old shell game. If approved by Congress, it would consist of 200 MX ICBMs each deployed on a closed road leading to 23 protective shelters. When threatened, the Air Force would shuffle the 200 missiles between their shelters, forcing the Soviets, in theory, to exhaust their ICBM warheads by shooting at 4600 shelters, most of which would be empty. The cost of the missiles, shelters and roads—built over 9000 square miles of public lands in Utah and Nevada—would be $34 billion, according to the Air Force or $48 billion, according to the Congressional Budget Office.

Air Force Brig. Gen. Guy Hecker, Air Staff Special Assistant for MX matters, says that the land-based MX is exactly what America needs. It can survive and counterpunch. If the Soviet build more warheads, the U.S. will erect more shelters, giving Russian gunners more empty targets to shoot at. But Hatfield and other critics say that the U.S. is blundering into a taxpayer's nightmare. For example, each new shelter will run the MX bill up another $2.2 million. SUM could survive and counterpunch for $15 billion less than the MX, Hatfield claims.

According to Garwin, the SUM concept calls for 100 submarines each carrying two to four ICBMs in capsules strapped to their sides. When the submarine wants to fire, it releases a capsule which bobs upward and fires as it breaks the surface of the water.

The missiles could be shuffled about without the need for expensive shelters, SUM advocates say, and their plan could be developed faster, cheaper and without the complex environmental consequences presented by the land-based MX.

Zeiberg of DOD is not convinced. He views SUM as a fanciful idea offering no advantages when compared with the MX. For example, he points out, SUM would be vulnerable to a Soviet barrage of the continental shelf with nuclear warheads which would create 100-foot tidal waves and destroy the submarines. Drell retorts that this criticism was deposed of long ago: SUM submarines would patrol beyond the continental shelf at depths of about 800 feet, deep enough to avoid the effects of a nuclear barrage of U.S. coastal waters.

Another obstacle to SUM, Zeiberg says, is that—as continental shelf sitters—the ships would have little room to maneuver and could be located easily by the Soviets. Such criticism, Garwin replies, "is totally irrelevant. I never suggested a bottom sitter. Everyone knows that won't work."

Throughout his report, Zeiberg returns to a central complaint: reliance on SUM would place a second leg of the defense triad at sea and diminish U.S. defense capabilities. If the Soviets improved their antisubmarine warfare techniques to the extent that they could endanger the Poseidon and Trident subs, he indicates, the smaller and slower SUM submarines also would be vulnerable. "But that argument assumes that a sub is a sub is a sub, which isn't so," Garwin told *Defense Week*. Diesel electric submarines have a quieter "signature" and are more difficult to locate than Tridents, he said.

[From the New York Times, Apr. 19, 1980]

PENTAGON ANALYSTS SEE MX ALTERNATIVE IN SEABORNE MISSILE

(By Richard Halloran)

WASHINGTON, April 18.—A recent Pentagon study has concluded that a new nuclear missile system based at sea could be substituted for the controversial MX mobile missile system that the Carter Administration proposes to base on land, according to a senior Defense Department official.

The new report brings up a fundamental question: whether the United States should continue to rely on missiles deployed on land as part of a triad of land-based, seaborne and airborne nuclear weapons for strategic deterrence of the Soviet Union.

The study showed that a seaborne alternative to the MX would be as accurate and secure from attack as the MX, would cost about the same and could be deployed in about the same time, the official said. He asked not to be identified.

PRESERVING STRATEGIC PLAN

But the Government, he said, will continue to push ahead with the land-based mobile missile system to preserve the triad, which has been the basis of American strategic weapons deployment for the last two decades. Most military officials contend that the diversity of the triad makes it nearly impossible for the Soviet Union to mount a surprise attack to which the United States could not retaliate.

The new report, however, was issued at a time when the mobile missile system has come under increasing criticism from residents and public officials in Nevada and Utah, where it would be built in the late 1980's at a cost of about $30 billion. People there say the system would disrupt the economy and harm the environment.

By concluding that, in effect, the system could be moved to sea, the new study appeared likely to shift the debate away from the question of where the missiles might be based and toward the issue of whether a land-based missile is necessary.

With the nation's present international ballistic missiles, called Minuteman, becoming obsolete, military officials have planned to replace them with a new missile system, the MX.

Several alternatives, including new missiles based on submarines, were presented to President Carter last year. The President, on the recommendation of Defense Department officals, chose the land-based version.

RANDOM MISSILE SHIFTS

As it stands now, each missile would be situated on a circular "racetrack" of 23 missile shelters connected with a loop road. The missile would be removed from shelter to shelter on a random schedule so that Soviet rocket gunners would not know where each was at a given moment and thus would be unlikely to score the necessary direct hit to destroy the missile.

But Gov. Robert F. List of Nevada and Gov. Scott M. Matheson of Utah have said publicly that they do not accept the Administration's plan for building the missile bases in their states even though most of the construction would be on Federal land. They have said that the influx of 50,000 people to build and operate the system would destroy a way of life in their states and severely damage the environment.

If they prevail, and if other states resist construction of the land-based system within their borders, the Administration might be forced to seek an alternative.

Among the leading proponents of the seaborne alternative have been Richard L. Garwin, a professor of public policy at Harvard, and Sidney Drell, a physicist at Stanford. They have advocated the deployment of small submarines with MX missiles.

SYSTEM DUBBED SUM

That system has been dubbed SUM, for Shallow Underwater Mobile, even though the submarines would operate in deep water to escape the tidal effect of a nuclear explosion.

The Pentagon study, under the direction of the Under Secretary for Research and Engineering, William J. Perry, was said to have concluded that the cost of the sea-based system would be about the same as the cost for the land version and not cheaper, as advocates of the sea-based system have suggested. That is because many small submarines would cost more than a few larger vessels. The total cost would be about $30 billion.

The study also found, the official said, that it would take about the same time to deploy one system as the other, because present submarines could not be safely modified to carry the new missiles. New ships would have to be built. Advocates of the sea-based system have contended that their system could become operational before the land-based one.

The analysis further determined that, while the sea-based system would be about as secure from Soviet attack as the land-based, the smaller submarines would be more vulnerable than the large Trident ballistic missile submarines coming into service now.

STAYING CLOSE TO HOME

The smaller submarines would be confined to a swath from 100 to 200 miles from the shores of the United States, while the Trident submarines can roam 20 million square miles of ocean.●

PRELIMINARY NOTIFICATION OF PROPOSED ARMS SALES

● Mr. CHURCH. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million, or in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such notifications were received as follows: One on April 3; one on April 4; one on April 7; and two on April 9, 1980.

Interested Senators may inquire as to the details of these preliminary notifications at the offices of the Committee on Foreign Relations, room S–116 in the Capitol.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., April 3, 1980.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southeast Asian country tenta-

tively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., April 4, 1980.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a European country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., April 7, 1980.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C. April 9, 1980.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southeast Asian country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C. April 9, 1980.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southeast Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DISCOUNTING FUTURE GENERATIONS

● Mr. GRAVEL. Mr. President, for many years opponents of nuclear power, myself included, have insisted that creating vast amounts of radioactive wastes which remain dangerous for 100,000 years and longer is a moral insult to future generations. I would like to think we will leave this world in better shape for future generations than we found it in; I think we certainly ought not leave it in worse shape.

There is no doubt that if we use nuclear power we will leave it in worse shape. No one argues that we will contain 100 percent of the radioactive byproducts of nuclear power; the whole controversy is over what fraction will be contained. The more that is released, the greater will be the number of deaths from radiation—induced cancer and genetic disease.

The magnitude of the problem can be seen in figures supplied to me by one of the world's most eminent nuclear scientists, Dr. John W. Gofman. If 99 percent of the radioactive poisons are successfully contained in a U.S. nuclear power economy of about 200 nuclear plants as planned, the nuclear industry would be responsible for causing about 400,000 Americans to die of cancer each year. Even if 99.9 percent perfection is achieved, the toll would exceed 40,000 per year. Dr. Gofman's complete figures are as follows:

Degree of perfection in containing radioactive poisons	Number of extra cancer deaths each year in United States		
	If 200 nuclear gigawatts	If 400 nuclear gigawatts	If 1,000 nuclear gigawatts
99 percent perfect	406,420	812,840	2,032,100
99.9 percent perfect	40,642	81,284	203,210
99.99 percent perfect	4,064	8,128	20,321
99.999 percent perfect	406	813	2,032

Note: Gigawatt equals 1,000 MW. United States has 50 nuclear gigawatts operable.

Mr. President, the callous disregard the nuclear power establishment has for future generations was very well expressed recently by Dr. Kenneth Arrow at a National Academy of Sciences forum on radioactive waste in Washington, D.C., on November 19, 1979. Arrow, a professor of economics at Stanford University, has come up with a solution to the long term radioactive waste problem. He contends that we simply do not have to worry much about future generations—in his words:

Somebody 50 years hence, or 100 years hence is not valued at the same level as we value ourselves today. . . .

I would like to quote Dr. Arrow further.

I think in all our dealings with the future, if we're going to analyze what we do every time we make a decision about the future, we shouldn't treat the future on a par with the present. We have, in the ordinary commercial sense, a discounting of the future. It's reflected in ordinary transactions through an interest rate, and I think society not only should but does, in fact, act similarly in all its relations to the future.

You see, we're concerned here about the hazards of what might happen in 500 or 600 years. By any rate of interest you can think of, let's say even something as low as 2 percent, the value of anything that happens 500 years from now is extremely small.

Now, you may say, well, what about the ethics of this we are imposing the risk upon the future . . . Supposing . . . we have some risks 500 years from now. I am saying, if we have the 2 percent discounting per year, it won't come to anything.

Mr. President, I disagree with Dr. Arrow's reasoning and I certainly suspect anyone born after 1979 would disagree with him. I am grateful that our ancestors did not "discount" us and I shudder when I think what will become of our descendents if Dr. Arrow's ethical theories prevail during this atomic age.

Incidently, Mr. President, the limited news coverage of the forum at which Dr. Arrow spoke failed to note that of the seven panelists only one was a nuclear critic, and that the forum was supported by 15 nuclear companies and 3 Government agencies that have consistently defended nuclear power. I think the least the National Academy of Sciences should do is give equal time to those who argue we should not create the radioactive waste in the first place, and not continue to serve as a mouthpiece for a technology which has enjoyed lavish taxpayer and electric utility ratepayer funding for the past 25 years.●

JOHN ASHLEY WELLS

● Mr. JAVITS. Mr. President, New York has lost an outstanding citizen—a distinguished lawyer and public servant. Since 1942, he has held many Government offices, and was one of the most prominent Republicans in New York, holding various party offices and managing successfully the campaign of Governor Nelson A. Rockefeller for the Presidential nomination in 1964, my Senate reelection campaigns in 1962 and 1968, and campaigns for Fiorello LaGuardia, Thomas E. Dewey, and others. He was a law partner of former U.S. Secretary of State William P. Rogers and was well known and very highly regarded throughout the country.

His many faceted career is reflected in the attached obituaries from the Washington Post and the New York Times of April 15 and 16, respectively.

The material follows:

[From the New York Times, Apr. 15, 1980]

JOHN A. WELLS, LAWYER WHO RAN ROCKEFELLER'S PRESIDENTIAL DRIVE

(By Wolfgang Saxon)

John Ashley Wells, a New York corporate lawyer who was a longtime associate of the late Gov. Nelson A. Rockefeller and managed his campaign for the Republican Presidential nomination in 1964, died Monday at his Manhattan office of a heart attack. He was 72 years old and lived in Rye, N.Y.

A native New Yorker, Mr. Wells was senior partner of the law firm of Rogers & Wells at 200 Park Avenue, a firm that includes William P. Rogers, Secretary of State in the Nixon Administration until 1973.

Mr. Wells also served as the statewide campaign manager for Senator Jacob K. Javits in 1968, helping the New York Republican with his third term in 1968. Mr. Wells' close links with the state's Republican Party dated to 1937 when as a young lawyer he directed a district campaign office of the Thomas E. Dewey for District Attorney Committee.

At the time of his death, Mr. Wells was a Republican state committeeman.

PRAISED BY ROGERS

He did litigation and appeal work in many fields as well as in general business and corporate law. He and Mr. Rogers had been lawyers together in the same office since World War II.

Mr. Rogers yesterday called him "one of New York's leading lawyers, a man of great integrity." He also noted that Mr. Wells had "devoted a great deal of his time and energy to public causes and in support of candidates for public office in whom he believed."

Mr. Wells was born Jan. 14, 1908, the eldest child of Lucien Roy and Maude Suckert Wells. He graduated from Stuyvesant High School and earned nine varsity letters and a Phi Beta Kappa key at Wesleyan University.

He also won a Rhodes scholarship and attended Balliol College at Oxford University from 1932 to 1935, receiving two law degrees. He then spent two years at Harvard Law School and passed the New York bar examinations in 1936.

PARTNER IN FIRM SINCE '48

Mr. Wells spent his first year as a lawyer with the firm of the former Chief Justice, Charles Evans Hughes, which was known as Hughes, Schurman & Dwight. From 1937 until his death, excluding a period of service during World War II, he remained with that firm through a number of name changes before it became Rogers & Wells. He had been a partner in it since 1948.

Taking a leave, Mr. Wells did research for the Republicans at the New York State Constitutional Convention of 1938. Again, he served as a counsel in the Office of Price Administration in Washington in 1942 and chief assistant counsel to the New York State Moreland Commission investigating the administration of the Workmen's Compensation the following year.

From 1944 to 1946, he was assistant counsel to the Navy Price Adjustment Board, rising to the rank of lieutenant commander.

Mr. Wells was the president of the New York Young Republican Club in 1941 and held various offices in the New York Republican Party before the war. He campaigned for Fiorello H. La Guardia's Fusion ticket in 1941.

After the war, he again took up the party banner and served in numerous capacities from year to year. Among other things, he was executive director of the Draft Dewey for Governor Committee in 1950 and worked in many Republican state and national nominating and election campaigns thereafter.

In 1961, he was an assistant to Richard M. Nixon's national campaign manager. He managed Senator Javits's 1962 campaign and then the unsuccessful foray by Mr. Rockefeller into Presidential politics.

After doing battle for John V. Lindsay in 1965, Mr. Wells was the New York City campaign director for the re-election of Governor Rockefeller the next year Mr. Rockefeller died Jan. 26, 1979.

The deep involvement of Rogers & Wells in Republican causes made headlines when Mr. Wells was asked to testify in 1974 before a Senate Committee considering Mr. Rockefeller's designation as Vice President. He told the panel that he played a personal and political role in arranging the publication of a derogatory campaign biography of Arthur J. Goldberg, the former Supreme Court Justice who had lost the gubernatorial race to Mr. Rockefeller four years earlier.

ARGUED CASE FOR CONCORDE

Mr. Wells once again was in the news in 1977 when he helped Air France and British Airways argue their case for landing rights here for the supersonic jet, the Concorde.

Mr. Wells is survived by his second wife, the former Pauline Montali, whom he married after the death of his first wife, Alicia Kenyon. There are five children from the first marriage, Michael Coolidge Wells, Meredith Brownstein, Sharon Quick, Jonathan A, and Christopher D.; and two from the second, Antonie L. and Gregory J.

Also surviving are five grandchildren and a sister, Mary Wormuth of Salt Lake City.

[From the Washington Post, Apr. 15, 1980]

JOHN A. WELLS, 72, DIES; LAWYER, ACTIVE IN POLITICS

John A. Wells, 72, a senior partner in the Washington and New York law firm of Rogers & Wells who was active in Republican politics, died Monday in his office in New York City after a heart attack.

Mr. Wells was national campaign director for Nelson A. Rockefeller's unsuccessful drive for the 1964 Republican presidential nomination.

Mr. Wells also managed the reelection campaigns of Sen. Jacob K. Javits (R-N.Y.) in both 1962 and 1968.

Mr. Wells had campaigned with Herbert Brownell at Republican conventions, on behalf of Thomas Dewey in 1948 and Dwight D. Eisenhower in 1952. Mr. Wells also was an assistant to Leonard W. Hall in the presidential election campaign of Richard M. Nixon in 1960.

Mr. Wells began his legal career in New York in 1937. He was a member of the New York and District of Columbia bar associations, and also was admitted to practice before the U.S. Supreme Court.

A native of New York City, he graduated with high honors and high distinction from Wesleyan University in Middletown, Conn., in 1932. He was a Rhodes scholar and earned three degrees at Oxford University before returning to this country and earning a law degree at Harvard University.

He has been a partner of Roger & Wells and its predecessor law firms since 1947. William P. Rogers, former U.S. secretary of state and another of the firm's senior partners, said on learning of Mr. Wells' death:

"Jack Wells was a lawyer of outstanding ability, totally and energetically devoted to the best interest of his clients. He was one of New York's leading lawyers, a man of great integrity and a man who will be sadly missed by his many friends and associates."

Mr. Wells was described by another of the firm's attorneys as an authority in general business and corporate law who was active in appellate litigation.

In addition to private practice, he had been chief counsel of the Office of Price Administration in 1942, then assistant counsel of the Navy Price Administration Board in 1944 to 1945. He also served on active duty with the Navy during part of World War II and attained the rank of lieutenant commander.

Mr. Wells and his wife, Pauline, made their home in Rye, N.Y. His other survivors include seven children and five grandchildren.●

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. There will not be any more business today.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

REMOVAL OF INJUNCTION OF SECRECY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from the Income Tax Treaty with the Republic of Malta Executive E, 96th Congress, 2d session), transmitted to the Senate today by the President; and that the treaty be considered as having been read the first time, that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

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

To the Senate of the United States:

I transmit herewith, for Senate advice and consent to ratification, the Treaty between the United States of America and the Republic of Malta with Respect to Taxes on Income, together with a related exchange of notes, signed at Valletta on March 21, 1980. For the information of the Senate, I also transmit the report of the Department of State with respect to the Treaty.

For the most part, the Treaty follows the pattern of the United States model income tax convention, although there are some deviations from the model to accommodate Malta's status as a developing country. For example, in the Treaty, business profits of an enterprise of one country may be taxed by the other only if they are attributable to a permanent establishment in the other country. However, the definition of a permanent establishment is somewhat more broadly drawn in the Treaty than in the model convention.

The Treaty contains the usual rules relating to real property income, shipping income, capital gains, the treatment of entertainers, students, teachers, pensioners and governmental employees, and nondiscrimination and administrative cooperation.

The accompanying exchange of notes sets forth certain understandings between the two Governments.

I recommend that the Senate give early and favorable consideration to the Treaty and give advice and consent to its ratification.

JIMMY CARTER.

THE WHITE HOUSE, *April 21, 1980.*

REQUEST FOR COMMITTEE TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, April 22, 1980, to hear and consider three nominees to the

U.S. Arms Control and Disarmament Agency.

Mr. STEVENS. There is no objection.

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

Mr. HELMS. Mr. President, will the Senator yield? I cannot hear which committees he is talking about.

Mr. President, may we have order, because I have one committee in mind that I do not want to meet.

The PRESIDING OFFICER. Will the Senator suspend for just a moment?

I appeal one more time, if I may, for order in the Chamber. May I ask that we have order in the Chamber? The majority leader has indicated that there are several important matters that have to be covered and Members need to be able to hear. I ask that we remain in order until this business is completed.

Mr. HELMS. Mr. President, will the Senator yield? Will the Senator review the committees he has covered thus far?

Mr. ROBERT C. BYRD. Yes.

The first request was with reference to the Committee on Foreign Relations.

Mr. HELMS. Mr. President, I was afraid that might have happened. I cannot ask the Senator to rescind it or request he rescind it, but I do not want the Foreign Relations Committee to meet after noon tomorrow, if I could.

Mr. ROBERT C. BYRD. After noon tomorrow?

Mr. HELMS. Yes.

Mr. ROBERT C. BYRD. All right.

Mr. President, I ask unanimous consent that the original request with respect to the Committee on Foreign Relations that it be authorized to meet during the session of the Senate on tomorrow be vitiated.

Mr. HELMS. If the Senator will yield further. We may change that in the morning after I have an agreement with the distinguished chairman.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the request which was granted be vitiated.

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

Mr. HELMS. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, can all Senators hear me?

Mr. HELMS. I can now hear the Senator.

Has the Senator yielded the floor?

Mr. ROBERT C. BYRD. Yes, I have yielded the floor.

CONCLUSION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask that morning business be closed.

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

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Now, the Senate is in executive session.

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Mr. President, are there any orders for the recognition of Senators on tomorrow?

The PRESIDING OFFICER. The Chair would advise that there are none.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the orders of the recognition of the two leaders or their designees on tomorrow, which would be as in legislative session, the Senate resume its consideration of the nominee and that the time until 1:30 p.m. be equally divided between Mr. HATCH and Mr. WILLIAMS on the nomination.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, tomorrow the Senate will come in at 12 o'clock meridian. At 1:30 p.m., the Senate will go into recess and at 2 p.m. the Senate will reconvene and will immediately, with the quorum call under rule XXII being waived, proceed to vote in executive session on the motion to invoke cloture.

Regardless of the outcome of that vote, immediately following that vote, the Senate will proceed for not to exceed 10 minutes on the amendment by Mr. DURKIN to S. 2177.

Upon the expiration of the 10 minutes, or upon it being yielded back, the Senate then will vote by rollcall, the yeas and nays already having been ordered, on the amendment by Mr. DURKIN to S. 2177. Upon the disposition of that amendment the Senate, without further debate, amendment, motion, point of order, or appeal, will immediately proceed to third reading on S. 2177, and in likewise manner will immediately proceed to final passage of S. 2177, after which the Senate will return to executive session. There will be at least three rollcall votes tomorrow.

RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 12 o'clock meridian tomorrow.

The motion was agreed to; and at 6:01 p.m., the Senate recessed, in executive session, until Tuesday, April 22, 1980, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 21, 1980:

DEPARTMENT OF THE INTERIOR

Clyde O. Martz, of Colorado, to be Solicitor of the Department of the Interior, vice Leo M. Krulitz, resigned.

DEPARTMENT OF EDUCATION

Albert H. Bowker, of California, to be Assistant Secretary for Postsecondary Education, Department of Education (new position).

IN THE NAVY

The following temporary flag officers of the U.S. Navy for permanent promotion to the grade of rear admiral, pursuant to title 10, United States Code, sections 5780, 5781, and 5791.

LINE

John G. Wissler
Glenwood Clark, Jr.
William E. McGarrah, Jr.
Richard A. Miller
Milton J. Schultz, Jr.
Louis R. Sarosdy
Robert B. Fuller
Joseph B. Wilkinson, Jr.
Charles E. Gurney III
Richard K. Fontaine
Frank C. Collins, Jr.
James E. Service
Frederick W. Kelley
Peter C. Conrad
Dempster M. Jackson
James A. Lyons, Jr.
John B. Mooney, Jr.
James B. Busey IV
Lawrence Burkhardt III
William C. Neel
Walter M. Locke
Donald S. Jones
Joseph F. Frick
Louis A. Williams
Richard A. Martini
Powell F. Carter, Jr.
Harry C. Schrader, Jr.
Wayne D. Bodensteiner
Joseph J. Barth, Jr.
Stanley G. Catola
Richard T. Gaskill

MEDICAL CORPS

Roger F. Milnes
George E. Gorsuch
Eustine P. Rucci

CHAPLAIN CORPS

Neil M. Stevenson

DENTAL CORPS

James D. Enoch

SUPPLY CORPS

Duncan P. McGillivary
Richard E. Curtis

CIVIL ENGINEER CORPS

Paul R. Gates

IN THE NAVY

The following-named midshipmen (Naval Academy) to be permanent ensigns in the line or staff corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Jeffrey R. Abel
James V. Adams III
John C. Aguero
Michael R. Ales
Rex H. Alexander
Paul M. Allen
James L. Allison
Jeffrey R. Allmon
Jesus Almanza, Jr.
Raymond E. Altenburger, Jr.
David M. Anderson, Jr.
John A. Anderson
Robert W. Anderson III
Peter A. Andreasen
Daniel J. Archer, Jr.
Larry E. Arkley
David C. Arnold
Mark R. Arnold
Angelo J. Artuso
Marshall W. Atkins
Richard M. Atwood
Russell E. Averill
Donald E. Babcock
Carl S. Barbour
Jerome A. Barker
Paul D. Bartholomay
Linda J. Bartlo
Andrew J. Barton
William A. Bastian II
Basil B. Bates, Jr.
Mark L. Bathrick
Christopher C. Bayack
Eric J. Bayler
Robert L. Beard
Charles D. Behrle
Thomas J. Belke
Charles G. Beltz
Elizabeth A. Belzer
Thomas K. Bennett
Stephen J. Benson
Donald J. Benzing, Jr.
Robert E. Berdine
Robert D. Berkebile
Jeffrey S. Best
Thomas S. Bethmann
Douglass T. Biesel
David M. Bissot
Robert J. Blunt
Matthew G. Boensel
John P. Bolich
Charles W. Booth
Wayne P. Borchers
Edward M. Borger, Jr.
Michael Borowski
Cameron J. Bosnic
Frederick W. Botero
Milton J. Bouvier III
Johnathan R. Bowden
William H. Bowen, Jr.
Mattrew J. Boyne
Eugene Bradley, Jr.
John K. Brady
James P. Brastauskas
Mark S. Breckenridge
Jeffrey A. Briggs
James B. Brinkman
David J. Broadbent
William L. Broadhag
Edward T. Brodmerkel
George S. Brown
George V. Brown III
Leonard J. Brown
Michael A. Brown
Michael J. Browne
William S. Buchanan
Gerald W. Buck
Michael D. Budney
Jerome L. Budnick

Karl P. Bunker
Larry J. Burks
Brian E. Burlingame
Karl J. Butterbrodt
Jon A. Buttram
Janice L. M. Buxbaum
Michael A. Buzzell
Gerald M. Byers
Richard N. Cacace
Timothy J. Callaghan
John L. Callahan, Jr.
Richard S. Campbell
Catherine-Mary C. Carlin
Richard S. Carlquist
Jeffrey J. Carlson
Brian D. Carmichael
Thomas M. Casey
Jordan W. Cassell
Patrick I. Castleman
Robert P. Catalano
Joseph M. Catoe
William M. Cavitt, Jr.
Robert J. Chamberlain, Jr.
Brandan J. Chang
Michael D. Chapline
Carl E. Chapman
Derek A. Character
Daryl L. Chen
David L. Chilton
Brannan W. Chisolm
Robert D. Christensen
Richard J. Chuday, Jr.
Manly K. Church
Robert E. Clager
Brian T. Clancey
Carl B. Clark
Isaac R. Clark, Jr.
David B. Clement
Fred E. Cleveland
Harry Coker, Jr.
Alan S. Colegrove
Gerard T. Coleman
John W. Coleman II
William F. Collins
Ronald P. Colvin
Edward M. Connolly
Jerome E. Connolly, Jr.
Christopher M. Conroy
Stanley L. Cooper
John J. Corbett
Brian F. Cornish
Dean J. Cottle
John C. Coughlin
Elizabeth S. Cox
Samuel J. Cox
Milton T. Craig III
Mark L. Crook
Mitchell P. Crouse,
William W. Crow
Donald S. Crump
Anatolio B. Cruz III
Kevin G. Currie
Stephan A. Cushanick
Mark W. Czarzasty
Thomas P. Dagostino
Jerry A. Dalo
Joseph G. Dancy
Francis Daniel
Sandy L. Daniels
Leonard A. Dato
Dan W. Davenport
Christopher S. Davids
Gregory S. Davis
Scott M. Dean
Roland E. DeJesus
David M. Delonga
Edward L. Dempsey
John J. Denice
James D. Denmark
Dwayne C. Dennis
Thomas W. Deppe
Tina-Marie Dercole
Carol J. Desmarais
Steven F. Diehl
Ferdinand J. Diemer
James B. Dillingham
Michael H. Dimercurio
Frederik Dimitrew
Lawrence T. DiRita
Joseph A. Disciorio, Jr.
Christopher Dods
Keith J. Doerrer
James M. Donahue
Richard P. Donofrio
Timothy J. Donovan
Joseph G. Doyle
Robin G. Druce
Kevin D. Duermit
Timothy M. Dunlevy
James L. Dunn
Michael R. Durkin
Crawford A. Easterling III
William F. Eckles
Charles M. Edmondson
Joe F. Edwards, Jr.
Oliver R. Edwards
Donald W. Eisenhart, Jr.
William L. Elder
Wendell A. Elento
John Elnitsky II
Richard G. Episcopo
David C. Ernest
James B. Ervin
William P. Eschbach
Johnny B. Esparza
Richard T. Etem
Charles E. Everett, Jr.
Randal D. Farley
George R. Farmer, Jr.
Michael R. Fedor
Thomas M. Feldman
Peggy A. Feldman
Edwin M. Fell
James R. Fenton
Ronnie L. Figgins
Philip G. Finegan
Kenneth D. Fink
Douglas Fiorino
Edward J. Fischer
Tracey A. Fischer
Robert W. Fish
Todd H. Fish
Michael J. Fitzgerald
Scott L. Fitzpatrick
Terrance Fitzpatrick
Richard A. Flak
David J. Flores
Maureen P. Foley
Earl W. Fordham
David D. Foy
Daniel J. Frawley
Michael J. Freix
Herbert D. Frerichs, Jr.
Ronald P. Friddle
John E. Frost
Nels A. Frostenson
John P. Fry
Alexander T. Funke
Douglas J. Fuse
Peter A. Fyles
Gerald S. Gallop
George G. Galyo
Scott A. Garrett
Jack H. Garwood, Jr.
Earl L. Gay
Bradley R. Gehrke
James A. Genter
Barbara A. Geraghty
Jeffrey L. Gernand
Christopher O. Geving
Joseph N. Giaquinto
William J. Gieri
Charles R. Gilbert
Daniel H. Gildea
Will W. Gildner, Jr.
Eric Giosa
Michael R. Glynn
Stefanie E. Goebel
Thomas J. Goebel
Mark J. Gonzalez
Dale R. Gordineer
Leonard B. Gordon
James L. Gosnell
Tobi D. Gottlieb
Joseph A. Grace, Jr.
Anthony G. Gragg
Russell J. Granier
James S. Grant
Thomas M. Gray
Ray A. Green
Michael J. Grieco
Geoffrey T. Grimard
Matthew P. Grissom
Bruce E. Grooms
Cynthia S. Grubbs
Eric P. Grubman
Scott M. Grundmeier
James C. Grunewald
Mark D. Guadagnini
Mark R. Guidoboni
Karl R. Gustafson
Jay A. Gutzler
Leslie M. Hahn
Alan Hale
Miles E. Hale
John R. Haley
Kenneth B. Hall
Lee J. Hall
David K. Haller
John B. Hampshire II
Sharon L. Hanley
Mark D. Happel
Andre C. Hargreaves
Donald P. Harker
Nicholas C. Harman
Wayne J. Harman
Melissa L. Harrington
David M. Harris
Jenefer J. Hawkins
Peter J. Hayase
Joseph C. Hayden
Steven C. Head
Rea M. Heatherington
Gregg A. Hebert
Joseph P. Heil
Carl D. Hendershot
Robert M. Hennegan
Barbette B. Henry
Vincent J. Herda
John F. Herlocker, Jr.
Daniel V. Herrscher
Derek H. Hesse
James E. Hickey
Gregory Hightaian
James A. Hill, Jr.
Dan H. Hinz, Jr.
James K. Hiser
Quincy M. Hodge
Robert R. Hodge
William F. Hoeft, Jr.
James D. Hogsett
John G. Holmes
Kevin D. Holwell
Stephen E. Honan
Frederick A. Hoover
Joseph A. Horn, Jr.
James W. Houck
Eugene F. Hubbard
Stephen H. Huber
James D. Huck
John S. Huckenpoehler
Bobby A. Hudson, Jr.
Jack E. Huegel
Eugene G. Huether
David M. Huey
Robert V. Huffman
Dennis P. Hughes
Francis J. Hughes, Jr.
Jonathan W. Hults
Bruce I. Incze
Lawrence M. Ingeneri
Patrick K. Inglis
Sandra C. Irwin
Roger K. Ishii
Kurt T. Israel
Bruce K. Jackson
James R. Jackson
Scott E. Jasper
David M. Jennings
Peter S. Jerome
Anthony W. Jiles
Jamesina M. Jimenez
Roberto Y. Johnson
Roosevelt Johnson
Stephen M. Johnson
Jeffrey J. Johnston
Steven M. Johnston
Jeffrey C. Johnstone
Donald E. Jones
Paul B. Jones
Robert L. Jordan
Mark S. Kaczmarek
Michael J. Kane
Charles L. Kanewske
Kathryn L. Karlson
John A. Karonis
Robert J. Kastner
Nickolas G. Katsiotis
Patrick D. Keavney
Paul C. Kelleher
Susan C. Keller
Walter B. Kelly, Jr.
David L. Kennedy
David M. Kern
James M. Kern
Kevin C. Ketchmark
Ferdinand V. Kibic
James A. Kiesling
Peter F. Kilger, Jr.
Dennis P. Kilian
William R. Killea
Daniel P. King
Lawrence J. Klawinski
Charles C. Klein
Craig S. Kleint
Karri A. Kline
Charlees I. Knapp
Winford W. Knowles
Timothy S. Kobosko
Steven D. Kornatz
Brian P. Kosinski
Kenneth J. Koteles
Janet F. Kotovsky
Carlton C. Kott, Jr.
Jon C. Kubo
Jeffrey S. Kunkel
James B. Lair
Thomas A. Lake
David E. Lancaster
John R. Langmead
Richard D. Lantz
Gregg B. Larson
Stephen J. Laukaitis
Daniel J. Law
Beth Leadbetter
Douglas E. Leivonen
Bradley S. Lentini
Richard A. Lepper
William K. Lescher
Mark A. Lethbridge
Alan D. Lewis
Chrystal A. Lewis
Beth A. Lindquist
John M. Link
Richard C. Locke
Michael D. Loman
William F. Lonchas, Jr
Michael M. Long
Robert E. Lonn
Michael E. Lopez-Alegria
Paul T. Lorditch
Michael Loretangeli
John R. Loyer
Dale A. Lumme
Mark D. Lundgren
Relle L. Lvman, Jr.
Kevin B. Lynch
Kenneth L. McAdow
Kelly D. McBride
John P. McCarthy
Lawrence H. McCauley
Charles A. McCawley
Gavin G. McCrary
Michael H. McDaniel
James B. McGee
Joseph L. McGettigan
Jon P. McGlocklin
Kenneth J. McIlhenny
James W. McKee
Herbert H. McMillan, Jr.
Thomas W. McNitt
Steven L. McShane
Kevin C. McTavish
Dennis F. McVicker
Kenneth S. MacDonald
David S. MacEslin
Terrence A. Mack
Michael J. Madden
Michael T. Maliniak
William F. Malloy, Jr.
Edward F. Mapes
Mark W. Marcinkowski
Brian P. Marks
Charles N. Marsh
Mark J. Marshfield
Edward B. Martin
Scott D. Martin
Joel R. Martinson
Steven E. Masalin
Michael N. Mason
Michael A. Matson
Stephen D. Matts
Ronald C. Mauldin
Michael D. Maxwell
Jeffrey C. Maynard
Stephen G. Meade
Richard A. Medley
Mel J. Meinhardt
Robert J. Melenovsky
Armando E. Mendez, Jr.
James M. Merrill
John T. J. Merrill, Jr.
William W. Metzger
Lionel Q. L. Mew
Drew P. Meyer
Charles L. Meyers, Jr.
Ted E. Mikita
Carlos A. Miller
Charles C. Miller III
David K. Miller
Gregory A. Miller
Jeffrey B. Miller
Jeffrey D. Miller
Robert W. Miller
Timothy L. Mills
Gregg C. Milo
Ira L. Minor, Jr.
Martin R. Minot
John V. Mokodean
Gregory R. Monson
Christopher M. Mooney
Steven M. Moreau
Siobin Y. Morishita
Robert G. Morissette
Margorie L. Morley
Barbara A. Morris
Glenn P. Morris
Robert K. Morris
Anthony S. Mosley
Jon G. Motter
Scott W. Motz
Richard H. Moyer
Robert J. Mullarkey, Jr.
Andrew J. Mullen
Kevin C. Mulloy
Michael W. Munday
Jeffrey J. Munson
John E. Murphy
Patricia A. Murphy
Patrick X. Murphy
James C. Nance
William B. Nash
Albert L. C. Nelson II
Christopher W. Nelson
Robert A. Nemecek
Kenneth P. Neubauer
Brian S. Neunaber
Charles S. Nichols
Gerald F. Nies
Hugh E. Nixon
William F. Nixon
George M. Norman
Stephen A. Nota
Joseph W. Nowak
Steven S. Nygaard
Daniel I. Nylen
Sean F. O'Branski
Edmund W. O'Callaghan
John B. O'Connor
John F. O'Hara, Jr.
Alan K. Oka
Thomas O. O'Keefe III
Thomas P. O'Keefe
Rebecca C. Olds
David R. Olsen
Patricia M. O'Neill
Joseph W. Osborne
Andres H. Otano
Robert R. Oxborrow
William R. Padgett, Jr
Bruno S. Padovani
Michael J. Palencia
Steve F. Palmer
Frank C. Pandolfe
Wickliff Paul III
Thomas M. Paulk
George H. Pavlakos II
Thomas B. Peck
Samuel Perez, Jr.
William S. Personius
Matthew T. Peters
Michael Peters
Nelse C. Petersen
Richard N. Petersen
Robert W. Petersen
Bradley A. Peterson
David S. Petri
George M. Petro
Michael J. Petrofes
Charles J. Phillips II
Steven W. Phillpott
Hanson D. Pickerl
Gregory J. Pieper
John W. Pierce
James M. Pietrocini
Jon C. Pino
Randolph F. Pizzi
David B. Porter
Alan E. Portillo
Robert E. Pottberg
Marc D. Poussard
Robert B. Powers
Paul B. Prager
Wyatt B. Pratt
Richard T. Press
Susan M. Presto
Charles S. Preston
Wilson D. Preston
David K. Priddy
James A. Prosser
Douglas M. Purin
David L. Quessenberry
John M. Quigley
Karl A. Rader
Lynn M. Rampp
Gregory R. Ramsay
James P. Ransom III
Dominick A. Rascona
David M. Ray
Douglas S. Ray
Catherine J. Rayhill
James K. Reagan
Gary K. Redenius
Jeffrey S. Reed
Michael S. Reed
Wayne R. Reif
Paul A. Remington
Bruce C. Renken
Henry V. Rhodes, Jr.
Mark S. Riddle
Brian E. Riehm
Manuel R. Rivera
Richard T. Rivera
Christopher C. Roberts
Donald J. Roberts
James S. Roberts
Robert M. Robinson
Steven E. Roehl
Joseph H. N. Rogers IV
Marc H. Rolfes
Thomas M. Rossi
Francis M. Rose
Bruce A. Ross
Mark J. Rossano
Lee V. Rossetti
Thomas M. Rossi
Timothy G. Ruck
Claude L. Rucker III
William F. Ruoff III
Mark H. Russell
Robert H. Russell
Richard J. Ryan
Thomas M. Ryan

Felix J. Rymsza, Jr.
Rigoberto Saez-Ortiz
Jose W. Saldana
James E. Salyer
John L. Samuels
Scott E. Sanders
Jeffrey M. Sayre
David M. Schlagel
Robert D. Schlesinger
Kurt T. Schmidt
Paul S. Schmidt
Robert J. Schoeneck
Michael R. Schroeder
Frederick F. Schulz
Alexander Schwan III
Douglas H. Scovil, Jr.
Norman T. Screeton
Michael L. Seaward
Eugene D. Secor
Victor C. See, Jr.
Richard A. Seiler
Edmund R. Selby II
Donald J. Senerius
Joseph Sensi, Jr.
Michael Serafin, Jr.
Edward N. Settle
Roger N. Sexauer II
Curtis M. Shane
Katherine J. Shanebrook
Peter A. Shaner II
Jonathan W. Sharpe
James R. Shealrs
Dale A. Shepher
Michael D. Shettle
Calvin M. Shintani
Ronald W. Shockley
Vincient F. Shorts
Gary M. Siems
Michael J. Sims
William G. Sizemore II
John S. Skerry
Joseph E. Skinner
Kathleen M. Slevin
Thomas D. Sloan
Bradley B. Smith
Brice T. Smith
Burney E. Smith, Jr.
Conrad L. Smith, Jr.
Douglas C. Smith
Jennifer L. Smith
Lawrence R. Smith
Paula P. Smith
Reuben C. Smith III
Victor C. Smith
Keith D. Snider
Ted L. Snider
Vincent J. Sodd, Jr.
Michael D. Sonnefeld
Kevin S. Sophy
Steven R. Southard
Mark A. Sowell
Edward L. Spear
John G. Speer
James M. Spence
John P. Spencer
Cheryl L. Spohnholtz
Richard C. Springman
Frank F. Stagliano
David J. Stahl, Jr.
Thomas L. Stambaugh
Peter W. Stanford
Stephen W. Stanko
William H. Stanley III
Susan M. Stapler
Michael J. Stapleton
Dennis M. Starr
Radenko Stefanovic
Thomas G. Stein
Ann F. Stencil
Jeffrey J. Stenzoski
Elizabeth A. Sternaman
Scott D. Stewart
Harry T. Stovall III
Daniel H. Streed
Steven Streightiff
Russell C. Strand
Paul D. Stroop III
Steven R. Stroup
Steven I. Struble
Robert B. Stucky
William G. Stuehler
Richard M. Styczynski
Ernest L. Styron, Jr.
Kevin P. Sullivan
Sean P. Sullivan
Timothy P. Sullivan
Todd B. Sundsmo
Carl B. Sutter, Jr.
Danel A. Tanner III
Peter R. Tatro, Jr.
Bradley D. Taylor
Philip W. Taylor
William L. Thomas III
Carol A. Thompson
John C. Thompson, Jr.
Ronald D. Thompson
Ronald G. Thompson, Jr.
Ronald N. Thompson
Charles H. Thornton
Paul W. Thrasher
Patricia A. Thudium
Michael J. Timmerman
Christopher H. Tindal
Mark C. Tomb
Jeffrey A. Tomeo
Gerardo Torres
Raymond J. Torres
Jose M. Toves
Regionald E. Trass
Craig A. Trautman
Byron P. Trop
James W. Trueblood
Michael J. Turner
Darrell W. Tworzyanski
Anthony Vanaria IV
Eric A. Van Denhende
David D. Vaughan
Mark B. Vaughan
Clifford B. Vaught
Pamela J. Wacek
Richard L. Waddel
Jerome L. Walker II
Michael A. Wallace
Craig G. Wallington
Dennis G. Watson
Edwin B. Watts III
William T. Webber
Michael G. Wedge
Boris A. Weisheit
Susan S. Welch
Alan K. Wellesley
John A. Wells
Richard A. Wendland
Michael E. Wetmore
Mark K. White
Steven A. White III
Terry S. White
Mark L. Whitfield
Michael R. Whiting
David B. Whitlock
Jay D. Whitlock
Mark Q. Whittle
John P. Widay
Dave E. Wilbert
Craig A. Wilson
James M. Wilson
Ricky E. Wilson
James L. Winter, Jr.
Jeffrey D. Winter
Daniel L. Winterscheidt
William H. Wittpenn III
Robert L. Wohlschlegel
Brian P. Wood
Richard C. Woolridge
Glenn Yoritomo
Danny K. Young
Michael A. Young
Jeffrey N. Zerbe
Michael A. Zieser
Emory E. Zimmer
John D. Zimmerman
Charles A. Zingler
Robert C. Zmirich
Paul J. Zohorsky III

The following-named (Naval Reserve Officers Training Corps candidates) to be permanent ensigns in the line or staff corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

David W. Butt
Floyd R. Cordell
Janice M. Hamby
Randal E. Holl
William L. Lawing
Daven L. Madson
James M. Provo
Terry J. Sullivan

The following-named (U.S. Naval Reserve officers) to be appointed permanent lieutenant commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

John R. Apthorpe
William A. Block
Edward D. Brasted
Isaac W. Browder
Moogil Choe
James B. Creed, Jr.
Carol M. Erwin
Patrick T. Glasscock
Robert E. Hain
David G. Harper
Edward G. Hayhurst
Richard R. Hooper
John R. Howard, Jr.
Roderick S. Kent
John C. Mangrum
John P. Methner
Morris R. Nacke
Leonard P. Neumann, Jr.
Jimmy D. Price
Clyde M. Rasmussen
Jerry R. Rogers
Finley A. Seagle
James P. Studders

The following-named (U.S. Naval Reserve officer) to be appointed a permanent lieutenant commander in the Dental Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Larry J. Hitchner

The following-name (U.S. Naval Reserve officers) to be appointed temporary commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

David G. Harper
Richard R. Hooper
Robert E. Hain

The following-named (civilian college graduate) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Donald D. Johnson

The following-named (U.S. Naval Reserve officer) to be appointed a permanent commander in the Reserve of the U.S. Navy, for special duty (Merchant Marine, deck), subject to the qualifications therefor as provided by law:

Paul A. Reyff

The following-named (U.S. Naval Reserve officer) to be appointed a temporary captain in the Reserve of the U.S. Navy, for special duty (Merchant Marine, deck), subject to the qualifications therefor as provided by law:

Paul A. Reyff

The following-named (U.S. Navy officers) to be appointed temporary commanders in the Dental Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Gary A. Backlund
Jeffrey R. Vinton

The following-named (U.S. Navy officer) to be appointed a temporary commander in the Supply Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Charles A. Wilson

WITHDRAWAL

Executive nomination withdrawn from the Senate April 21, 1980:

D. Clive Short, of Nebraska, to be U.S. marshal for the district of Nebraska for the term of 4 years, vice Ronald C. Romans, term expired, which was sent to the Senate on March 20, 1979.