

HOUSE OF REPRESENTATIVES—Tuesday, February 24, 1981

The House met at 12 o'clock noon.

Dr. Arthur Voobus, pastor, First Deanery of the Estonian Lutheran Church, Oak Park, Ill., offered the following prayer:

On the occasion of the Independence Day of Estonia, let us pray:

Eternal God we give Thee thanks for the wonderful blessings in this country.

Enlarge within us the sense of fellowship with mankind's greatest part in Communist slavery, longing for freedom. Today, when the hearts of all Estonians are united, we pray: Strengthen this courageous nation whose history shows extraordinary cultural achievements, now is bleeding from countless wounds.

We pray for Mart Niklus and Jueri Kukk who embody the deepest aspirations, who now begin their cruel sentence.

O God, help us to understand how our own lives depend upon the courage and integrity of our fellow men.

Bless the President and the Congress in defending all the values mortally endangered by communism. Protect us from our enemies who conspire day and night to bury us. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

DR. ARTHUR VOOBUS

(Mr. HYDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, it is our distinct pleasure to welcome you to our Nation's Capital, Dr. Arthur Voobus of Oak Park, Ill., who offered the opening prayer.

It is most appropriate that Dr. Voobus join us today, for February 24 marks the 63d anniversary of the proclamation of independence of the Republic of Estonia.

Dr. Voobus was born and educated in Estonia. Before his homeland became a captive nation, he served as a Lutheran minister in Tartu, and also as a professor at the University of Tartu. Dr. Voobus has also taught at the Baltic University of Hamburg, Germany, from 1945 to 1948.

Dr. Voobus is a pastor of the First Deanery of the Estonian Lutheran

Church in the United States and a member of the Consistory of the Estonian Lutheran Church in North America. He is also an internationally renowned scholar specializing in early Christianity and ancient Syrian Christianity a professor at the University of Chicago and the Lutheran School of Theology in Chicago, and the author of numerous books and studies, not only on his academic specialties, but on the scourge of communism, in this native land, and as it affects freedom throughout the world.

I know my colleagues join me in thanking Dr. Voobus for joining us today, and in wishing him continued success in his dedicated work in the church.

BUY AMERICAN

(Mr. MOTTLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOTTLE. Mr. Speaker, today I have reintroduced legislation to limit imports of cars, trucks, and engines to 10 percent of our domestic market for 3 years.

Last year the big three domestic automakers suffered losses estimated at a total of \$4 billion. The American automakers endured their worst sales year since 1961. Meanwhile, imported cars increased their American market share to 25 percent.

By failing until now to limit auto imports, Mr. Speaker, we are helping bleed to death one of our most vital industries employing millions of workers.

I urge support for my import quota bill. If we wait much longer, we will all know what a feeling it is to drive a Toyota—that is all the American public will be able to buy.

The tremendous social cost of our inaction is reflected in Ohio's January unemployment rate of 10.4 percent. Thousands upon thousands of Ohioans are jobless directly or indirectly because of the depressed auto industry. Our State unemployment fund is broke, and millions of dollars are being borrowed from the Federal Government.

Time is running out. With these staggering losses, our automakers are already having trouble finding capital to develop, build, and market the smaller, fuel-efficient cars that today's circumstances demand.

It is in the national interest to assure for our auto industry an orderly transition—a transition from dec-

ades of cheap fuel and stable consumer preferences to this new period of costly fuel and suddenly shifting buying needs. For the sake of this important industry, and its workers, please join me in working for temporary import quotas.

REGULATORY REFORM

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, today we hear a great deal about regulatory reform and the abuse of the regulatory process and the unnecessary generation of paperwork. I have in my hand, Mr. Speaker, what was sent to me over the weekend with a cover letter which reads, in part:

For your information this is the Postal Rate Commission's opinion and recommended decision on the U.S. Postal Service's proposal for increased postal rates.

This is the thing which says you will pay 18 cents an ounce to send a letter in the future. This report is 8½ by 11 inches square and ¾ inches thick and weighs 6 pounds and 12 ounces.

Under the present postage rates it would cost \$14.06 to mail it. Under the proposed new rates it would cost \$17.30 to mail it.

The cost of sending this, by itself, will require an increase of 3 cents in the postage rate. The reason I am bringing this up is not just to call your attention to it, but to illustrate that we do have to do something about reforming our regulatory process. Nobody in this Congress, in this House or the other body, has the time to read this thing. Anyone who did would not be able to understand it. Anybody who read it and understood it would be so exhausted, his energies so consumed, that he would no longer be qualified to be a Member of the Congress. I know of no reason why Abraham Lincoln can give a Gettysburg Address in 3 minutes and it takes 6 pounds and 12 ounces of closely packed paper to justify a 3 cent postage increase.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I am always happy to yield to the gentleman from Ohio.

Mr. ASHBROOK. I have been listening with interest. I get the impression the gentleman is a little upset with what they have done. Is that correct?

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

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

Mr. DANIELSON. It takes a lot to upset me. I have been in politics a long time. My skin is as thick as this report. But I also want to point out is that we cannot just blame the regulators. Very probably in the organic law setting up the Postal Commission the Congress told them that they must send their reports to us for our information. So it may come right on home to roost with us.

I do say this, though. Let us get rid of this garbage. It costs a tremendous amount of money. I have no idea how many forests had to be cut down to print this thing, but if one copy went to each Member of Congress, and to each Delegate that alone would be 539 copies which translates into 3,762.25 pounds of printed matter, and we know full well that many copies were printed beyond that number.

□ 1215

RETURN TO BUSINESS AS USUAL WITH CHILE

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, it was with deep concern that I learned from news stories of the Reagan administration's decision regarding Chile to renew Export-Import Bank credits and resume joint military exercises. A return to business as usual with Chile is a questionable move at best.

The new administration has replaced the Carter emphasis on human rights with an emphasis on international terrorism. Some Members of Congress were willing to give that change in policy a try. Not only did they feel that Mr. Carter's stress on human rights was sometimes too vocal and inconsistent but they were also genuinely concerned over a rising tide of international terrorism.

Is it not understandable then that Congress should be dismayed? Less than a week after announcing its new policy on terrorism the Reagan administration has apparently embraced Chile, a state that has clearly sponsored terrorism in our own Nation's Capital with the murder of Orlando Letelier and an American colleague. Where is the consistency in that situation?

The actions and attitude of the Chile Government, during the investigation of the Letelier murder and otherwise, has shown contempt for the judicial proceedings and precepts of democratic and civilized nations. To renew important government relations with such a regime is to reward terrorism, not punish it.

Mr. Speaker, with contradictory actions like this from Washington, how can the United States be taken seriously as a world leader and defender

of democracy, and opponent of international terrorism?

To my knowledge, the decision was taken without consulting Congress. Despite the fact that the restrictions on Chile were supported by a majority of the 96th Congress no effort was made to review, justify, rationalize the decision with Congress. Regrettably, that fact does not augur well for the type of cooperative relationship with Congress promised by the administration. In fact, many in Congress may feel compelled to return to the confrontational atmosphere of the early 1970's in executive-legislative relations as a means of protecting congressional prerogatives.

TIME FOR THE GOVERNMENT TO CUT BACK

(Mr. ROTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, the residents of Green Bay, Wis., strongly support the broad thrust of President Reagan's budget-cutting strategy. A report I received today, based on results of a mail survey of 1,000 households in Green Bay, shows strong support for the President's proposed cuts in food stamps, welfare, and the CETA program.

At the same time, the people of Green Bay say that they oppose cuts in Medicaid and social security disability benefits. Farm programs won the support of the majority of the people surveyed. One recurring theme was, if our dairy farms are being asked to cut back their programs, why are we not cutting back on subsidies to the tobacco growers?

By a margin of two to one, people said that they are opposed to increased spending for food stamps. Increased welfare spending was also opposed by three to one, the margin on other programs.

Mr. Speaker, I think one lady in Green Bay summed it up when she said, "Families have cut back. Small businesses have cut back. Now it's time for the Government to cut back."

ESTONIAN INDEPENDENCE DAY

(Mrs. FENWICK asked and was given permission to address the House for 1 minute.)

Mrs. FENWICK. Mr. Speaker I would like to put on the record today, as we have in the past and, I am afraid, will probably again in the future, that today is the anniversary of the independence of a small Baltic country, Estonia. Just last week we spoke also of the loss of independence of another Baltic country, Lithuania.

And most specially, we must speak of those two men who have now been sentenced, Jueri Kukku and Mart

Niklus. I have seen what happens to someone who has been sent as was Mr. Kukku, to a psychiatric institution in lieu of a prison. When this man came out, and he had been there for 2 years, he could neither walk nor talk. He was absolutely shattered by the drugs and the treatment he had received. Mr. Niklus has been subjected to that, and is now under a sentence of 15 years, one of the heaviest that has ever been meted out.

Mr. Kukku was a gentle teacher. All he did, really, was to resign from the Communist Party, which of course is something that one simply cannot do. We are less than responsible than we should be as citizens of this Republic, if we do not remember these people and remember that these innocent countries were taken by an act of arms, by an agreement between Nazi Germany and the Communist Soviet Union. They were taken over by the armies of the Soviet Union, with Ribbentrop agreeing, as representative of Hitler.

That is how they lost their independence, and we are less than responsible if we do not speak for those who have no way of speaking for themselves.

Mr. ASHBROOK. Mr. Speaker, will the gentlewoman yield?

Mrs. FENWICK. I yield to my colleague from Ohio.

Mr. ASHBROOK. Mr. Speaker, I thank my colleague for making that statement. As the gentlewoman well knows, she joined 2 weeks ago in observing Lithuanian Independence Day and pointed out that those three little countries, Estonia, Latvia, and Lithuania, each are unique. Yet, in our eyes the Baltic Three, as we call them, were the first countries to be under the heel of communism, and are very much in the hearts of Americans.

I thank the gentlewoman for yielding to me.

Mrs. FENWICK. I thank my colleague. I would like to just add that this certainly is the last empire. The Soviet Union is the last empire in the world, and I think the imperialist actions of this empire should be noted here.

TERRORIST ATTACK ON RADIO FREE EUROPE/RADIO LIBERTY

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, at 9:47 p.m., CET, a powerful bomb exploded in the building of Radio Free Europe and Radio Liberty in Munich, Germany. Four employees of RFE/RL were among the seven people injured. The explosion disrupted some newscasts but broadcasting was quickly resumed and soon returned to normal.

I will not speculate on the identities of the perpetrators of this terrorist act or their motives. RFE and RL are financed by this Congress. They broadcast the truth to the Soviet Union, Poland, Czechoslovakia, Hungary, Romania, and Bulgaria, where the truth is in short supply and, as a consequence, of great value.

We should be proud of the people who work for RFE and RL. They are ending the fabric of Communist lies with the bright rays of truth and hope for the people of the captive nations of Europe. I deplore this terrorist attack as an assault on freedom-loving peoples everywhere. I wish the injured a speedy and complete recovery and a rapid return to their assignments. I commend the staff of RFE/RL for their efforts in carrying out their mission, so important to the United States.

They will not be deterred.

TRIBUTE TO A RHODES SCHOLAR

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute.)

Mr. CAMPBELL. Mr. Speaker, I want to pay a special tribute to a young man from my district who has been recognized for his academic excellence and humanitarian efforts. Daniel Dreisbach, the son of Dr. and Mrs. John A. Dreisbach of 304 Kenilworth Drive in Greenville, S.C., was recently named a Rhodes Scholar to study in England. He is one of 32 national recipients of the Rhodes Scholarship which grants him tuition, fees, and maintenance funds to attend one of the University of Oxford's colleges.

Mr. Dreisbach's impressive record clearly merits this honor. Currently a senior political science major at the University of South Carolina in Spartanburg, Mr. Dreisbach graduated from Bob Jones Academy of Greenville in 1977. His concern for his fellow man took him to Africa for 1 year where he worked for humanitarian projects. His father was also a medical missionary in Africa for many years and now is associated with Bob Jones University.

When Cecil Rhodes founded the Rhodes Scholarship in 1902, he specified that a recipient should have scholastic ability, qualities such as truthfulness, courage, sympathy for the protection of the weak, unselfishness, fellowship, moral force of character, and physical vigor. Danny Dreisbach possesses these qualities. My community and State are very proud of his achievements at such an early age and look forward to continuing success for him in the future.

ESTONIAN INDEPENDENCE DAY

(Mr. NELLIGAN asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, today we commemorate the 63d anniversary of Estonian Independence Day. This is not a jubilant celebration, but rather a symbolic tribute to the people of Estonia and all others who struggle for freedom in the face of Soviet oppression.

The Estonian culture has endured throughout three centuries of invasions—a testimony to the strength and courage of the people. During that time, they have known only 20 short years of independence.

While we do not recognize the Soviet annexation of the Baltic States, we have a responsibility to the people who inhabit them.

We who value the rights and freedoms of the individual must continue to advance the cause of Estonia, and support her struggle to regain the independence which was, and is, rightfully hers.

SALVADORAN BISHOPS DO NOT SUPPORT GUERRILLAS

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, in late January, the Salvadoran bishops issued a statement declaring that they have not said anything which might be interpreted as support by the Catholic Church for the guerrilla struggle against the Salvadoran Government junta.

The statement explained that the Salvadoran Episcopal Conference is the sole representative of the Salvadoran Catholic Church, and that organization "denies that the Salvadoran Church continues to support the guerrilla struggle against the regime of President Duarte."

The bishops stated that a small number of priests, nuns, and laymen who have made a public commitment to the Revolutionary Democratic Front, the guerrilla organization of Hugo Navarrete, do not represent the Salvadoran Catholic Church.

I hope my colleagues will keep in mind the official position of the Salvadoran Catholic Church when they hear reports of its support for the guerrilla movement in that country.

WATER ISSUES DEMAND SERIOUS CONSIDERATION

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, over the years, America has been victimized by severe water droughts. For too long, we have used water as if its sources were endless. But like the

energy crisis of the seventies, we may soon experience the water crisis of the eighties.

Our water requirements are staggering. A large steer drinks enough water during its lifetime to float a naval destroyer. Over 100 gallons of water are required to put a single egg on the breakfast table. But drought, waste, and pollution threaten our water sources.

California has long been concerned about its limited water supplies. Better conservation measures are being practiced, especially by our agricultural community. We are seeking new water sources for our thirsty State, and we are currently examining ways to solve our ground water pollution problems.

I urge my colleagues to give water issues serious consideration. Although conservation practices will help America stretch its water supplies, we must all realize that the era of endless water sources, like the era of cheap energy supplies before it, is over.

DECLARING VACANCY IN 97TH CONGRESS FROM FIFTH CONGRESSIONAL DISTRICT OF MARYLAND

Mr. WRIGHT. Mr. Speaker, I offer a privileged resolution (H. Res. 80) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 80

Whereas a certificate of election has been received by the Clerk of this House showing the election of Gladys Noon Spellman as a Representative in the Ninety-seventh Congress from the Fifth Congressional District in the State of Maryland; and

Whereas Representative-elect Gladys Noon Spellman has not appeared to take the oath of office as a Member of this House as required by article VI of the Constitution of the United States; and

Whereas information has been provided to the Speaker that Representative-elect Gladys Noon Spellman has been unable to take the oath of office due to an incapacitating illness; and

Whereas the most recent medical information provided to the Speaker indicates that there is no likelihood that Representative-elect Gladys Noon Spellman will recover sufficiently to be able to take the oath of office and serve as a Member of this House, or to expressly resign the office in order to create a vacancy; Therefore, be it

Resolved, That this House of Representatives hereby determines that there is a vacancy in the Ninety-seventh Congress from the Fifth Congressional District in the State of Maryland because of the absence and continuing incapacity of Representative-elect Gladys Noon Spellman.

SEC. 2. That the Speaker of the House is hereby directed to notify the Governor of the State of Maryland of this action so that appropriate measures to fill the vacancy may be undertaken by the Governor pursuant to article I, section 2 of the Constitution of the United States.

SEC. 3. The first section of House Resolution 41 of this Congress shall cease to be effective on the adoption of this resolution

and section 2 of House Resolution 41 shall cease to be effective when a successor is elected to fill the vacancy.

□ 1320

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I think there is an understanding of the intent and effect of this resolution. It would declare vacant a seat which was held in the last Congress by the Honorable GLADYS NOON SPELLMAN, she having been reelected to serve in this Congress.

I know that all of us share the sadness with which Dr. Freeman Cary, the attending physician for the Congress, after consultation with her physicians at Walter Reed, and with his personal observations, concluded that Mrs. SPELLMAN had no real likelihood of being able to serve out this term of office, and that in a trancelike state of consciousness she would not be able to take the oath of office.

Under those circumstances, sufficient time having elapsed and intensive efforts having been made to improve Mrs. SPELLMAN's condition, all of us have come to the unpleasant and unhappy conclusion that since she would not be able to take the oath of office, we must, therefore, and have the responsibility therefor, to declare the seat vacant and to set in motion that chain of events which would produce a successor through the normal electoral process in the State of Maryland.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Yes, of course, I yield to the minority leader.

Mr. MICHEL. Mr. Speaker, I appreciate the gentleman's yielding, and I just want to say to my colleagues that it is with great regret that we have to pass a resolution of this kind at this time. It is the first time in my 25 years here in the Congress that I have been faced with that kind of a decision, for having known GLADYS SPELLMAN as a wonderful Member of this House for the number of years in which she has served, I just regret that we have to face what the gentleman from Texas (Mr. WRIGHT) says is an inevitable decision that has to be met on this occasion.

I suspect that several of my gentlewomen colleagues on my side of the aisle would want to be recognized also to express their similar feelings, if the distinguished majority leader would be so kind as to yield to them should they ask for that recognition.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Of course I do. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I think this is a sorrowful day. All of us who knew GLADYS SPELLMAN here in the House will miss her. We hope she

will recover and perhaps even be with us again one day.

Her calm, moderate way of talking, which so often I tried without success to copy, was very much needed in this House and very much appreciated, I think, by all of us. She has been a wonderful politician, but, more important, a fine public servant, and she is indeed greatly missed by this 97th Congress.

Mr. Speaker, I thank my colleague for yielding.

Mrs. HOLT. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Speaker, we certainly are very distressed by this task that is thrust upon us today, and I am sure that the entire House joins me in my prayers for the early recovery of GLADYS. As the gentlewoman from New Jersey (Mrs. FENWICK) has said, we have missed her very much during this period of absence, and we will continue to miss her intelligence, her energy, her diligence, and her personal warmth.

Mr. Speaker, I thank the gentleman for yielding.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the letter addressed to the Honorable THOMAS P. O'NEILL, JR., by the attending physician, Dr. Freeman Cary, be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The letter referred to is as follows:

THE ATTENDING PHYSICIAN,
CONGRESS OF THE UNITED STATES,
February 20, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: As you know Congresswoman Gladys Spellman suffered cardiac arrest on October 31, 1980 while at a political rally. Despite prompt by-stander cardiopulmonary resuscitation and rescue squad response, there appeared to be a delay in restoring effective blood flow to the brain. Since that time she has been hospitalized first in her district and now at Walter Reed Army Medical Center Hospital, where intensive rehabilitative care is being given. A trance-like state of consciousness persists.

After consultation with her physicians at Walter Reed and with my personal observations, there is no likelihood that she will be able to serve out her term of office.

Yours sincerely,

FREEMAN H. CARY, M.D.

● Mr. MOAKLEY. Mr. Speaker, I wish to join the distinguished majority leader in expressing my sincere regret that we are forced to face this painful necessity.

I believe that the leadership on both sides of the aisle should be commended for the sensitivity, fairness, and caution with which this entire matter has been approached throughout the tragic illness of the gentlewoman from Maryland.

I have served with GLADYS NOON SPELLMAN since her election to the House and view her departure from the House as a tragedy, not only for her family and constituents, but for this institution. She has been an intelligent and effective Member. But, far more, she has been one of the finest and most decent people I have ever had the privilege to know. All of us in this House are richer for having known her and poorer for the painful, but necessary, resolution now before us.

Mr. Speaker, I join all of my colleagues in their prayers for her eventual recovery and the hope that she may one day rejoin us in the House to which she has contributed so much. ●

● Mr. ADDABBO. Mr. Speaker, we have lost a good colleague by our action today in declaring the seat held by Mrs. GLADYS SPELLMAN to be vacant. At this point, all of us extend our prayers and our best wishes to Mrs. SPELLMAN and to her family and we can only hope that she will soon be able to rejoin her family.

But since the tragedy that occurred right before the election has not yet allowed her to return to consciousness, we have no choice but to wait for better news that will yet hopefully come. Though circumstances has today ended the career of GLADYS SPELLMAN here in this House, nothing will undo the good work, good humor, and strong dedication she brought with her to this Chamber. GLADYS was as determined a person as I have ever met and when she felt a cause was right, nothing would sway her from her course. When she was off duty she was the best of company and she could sing an Irish song sad enough to bring a tear even to the hardest heart. I have traveled with GLADYS and her husband, Reuben, and have found them to be as devoted a couple as one could ever hope for, and excellent company.

I cannot say enough good things about my friend and my colleague GLADYS SPELLMAN and I now that I join with every person serving in this body in praying for her speedy recovery. She is a first-class lady and we will sorely miss her. ●

● Mr. BARNES. Mr. Speaker, today is a particularly sad occasion for many of us in this Chamber who have known GLADYS SPELLMAN and worked with her over the last few years. It is especially sad for me and for others from the Washington area who worked with GLADYS and benefited from her experience and hard work. She never rested when an issue of concern to her constituents was at stake, and her leadership, particularly on issues relating to service in the Federal Government, benefited the national interest. She will be a tough act for

anyone elected from her district to follow.

Mr. Speaker, even though GLADYS will not be able to resume her service here with us, I know we all join with her family and her thousands of friends outside this Chamber in praying for her recovery. Next week I will take a special order so that Members may speak at length about GLADYS SPELLMAN as a person and as a legislator. She remains a great lady. ●

● Ms. OAKAR. Mr. Speaker, it is with deep regret that GLADYS SPELLMAN's seat is vacant. She is one of the finest people I have ever known. GLADYS SPELLMAN's relationship with her constituency was, indeed, a family affair. Her compassionate, yet well-seasoned leadership, promoted and implemented into law myriad rights for Federal workers. She staunchly defended and directly addressed the needs of the consumer. Congresswoman SPELLMAN never lost sight of her primary purpose as a U.S. Representative, that being to expertly legislate for her constituency's best interests. GLADYS SPELLMAN's personal and professional integrity warmed the Halls of Congress. Her sincerity of purpose called a conscience to the committee decision-making process. She lent us her art of honest, yet tough, negotiation. Although her presence will be sorely missed in Washington, her legacy of candid leadership and concise focus shall neither be lost nor forgotten.

Congresswoman SPELLMAN's "brilliant career," indeed, must not be underestimated. The editorial tribute paid to Congresswoman SPELLMAN in today's Washington Post will be reprinted in the RECORD.

GLADYS SPELLMAN'S BRILLIANT CAREER

By anyone's account, Gladys Noon Spellman entered the race for reelection to a fourth term in Congress as the most popular politician in Prince George's County. Today, that reputation has not changed a bit—but, as Mrs. Spellman's millions of admirers in the country, in Congress and throughout the Washington region have had to accept—her own circumstances have. Her remarkable 19-year political career has been halted, though it remains a classic for all who would seek public office and serve successfully.

To have watched Mrs. Spellman on the campaign trail, on the phones, in the schools or up and down the aisles and office hallways of Congress was to see a woman obviously reveling in her work and loving her constituents. You could watch with amusement, too, as Mrs. Spellman would bat those big dark eyes, smile, gosh-golly it a few times—and then systematically strip the socks off of unsuspecting colleagues in the House to make another point or two on behalf of her constituents.

There has always been more to it than charm and cunning, though; Mrs. Spellman has been a political pro in every way, with an uncanny sense of her constituency's interests—most notably those of federal employees, from elevator operator to secretary, clerk and middle-level professional. To this group that always suffers as the easy target

of the "anti-Washington" candidates, what better music than Mrs. Spellman's "Beautiful Bureaucrat" column in her newsletter, commending "wonderfully responsive" government workers and championing those who, "far from slowing down the wheels of government, are really the people who keep them churning"?

This keen appreciation of her constituents and of government at its best has been instrumental in promoting the best of Prince George's County—where Mrs. Spellman first came into the public eye as a crusading PTA activist, elected as a Democratic reformer to the old County Board of Commissioners in 1962. Four years later, she became board chairman, the first woman to head Maryland's largest county. Mrs. Spellman remained in the political thick of things when the county changed to a charter form of government, winning election to the new county council and, in 1974, to the U.S. House.

The bubbling omnipresence of Gladys Spellman—in meetings large and small, at those open-door complaint sessions for constituents, at the nightly sessions throughout her district, at the PTAs, at the clubs or in the family rooms around the neighborhoods—is no more. And yesterday's declaration of a vacancy of this seat was only right, for representation of this district must continue.

Still, we can know what Mrs. Spellman's daughter means when she says, "I'm waiting for her to look up and tell me to cut my hair, or to tell the boys to trim their beards." After all, everybody knows by now that Gladys Spellman has never been one to be underestimated. ●

GENERAL LEAVE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members who may desire to be heard on the matter covered by House Resolution No. 80 may have 5 legislative days in which to extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WRIGHT. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING U.S. CAPITOL HISTORICAL SOCIETY TO TAKE OFFICIAL PICTURES OF THE HOUSE IN ACTUAL SESSION

Mr. WRIGHT. Mr. Speaker, I send to the desk a resolution (H. Res. 81) and ask unanimous consent for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. Res. 81

Resolved, That a time designated by the Speaker, the United States Capitol Historical Society shall be permitted to take official pictures of the House while in actual session for inclusion in the new edition of

"We the People". The pictures shall also be available for legitimate nonprofit news and educational purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPOINTMENT AS MEMBERS OF MOTOR CARRIER RATE-MAKING STUDY COMMISSION

The SPEAKER. Pursuant to the provisions of section 14(b) of Public Law 96-296, the Chair appoints as members of the Motor Carrier Rate-making Study Commission the following Members on the part of the House: Mr. ROE, of New Jersey; Mr. SEIBERLING, of Ohio; and Mr. SHUSTER, of Pennsylvania.

APPOINTMENT AS MEMBERS OF NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

The SPEAKER. Pursuant to the provisions of title 44 United States Code section 2501, as amended, the Chair appoints as a member of the National Historical Publications and Records Commission the gentleman from Colorado, Mr. WIRTH.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
February 24, 1981.

HON. THOMAS P. O'NEILL, JR.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 11:00 a.m. on Tuesday, February 24, 1981 and said to contain a message from the President wherein he transmits the International Fishing Agreement between the United States and Norway.

With kind regards, I am,
Sincerely,

EDMUND L. HENSHAW, JR.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

GOVERNING INTERNATIONAL FISHERY AGREEMENT BETWEEN THE UNITED STATES AND NORWAY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-23)

The SPEAKER pro tempore (Mr. MOAKLEY) laid before the House the

following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

(For message, see proceedings of the Senate of today, Tuesday, February 24, 1981.)

CASH DISCOUNT ACT

Mr. ANNUNZIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 31) to amend the Truth in Lending Act to encourage cash discounts, and for other purposes, as amended.

The Clerk read as follows:

H.R. 31

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Cash Discount Act".

TITLE I—CASH DISCOUNTS

Sec. 101. Section 167(b) of the Truth in Lending Act (15 U.S.C. 1666f(b)) is amended to read as follows:

"(b) With respect to any sales transaction, any discount from the regular price offered by the seller for the purpose of inducing payment by cash, check, or other means not involving the use of an open-end credit plan or a credit card shall not constitute a finance charge as determined under section 106 if such discount is offered to all prospective buyers and its availability is disclosed to all prospective buyers clearly and conspicuously in accordance with regulations of the Board."

Sec. 102. (a) Section 103 of the Truth in Lending Act (15 U.S.C. 1602) is amended by adding at the end thereof the following:

"(z) As used in this section and section 167, the term 'regular price' means the tag or posted price charged for the property or service if a single price is tagged or posted, or the price charged for the property or service when payment is made by use of an open-end credit plan or a credit card if either (1) no price is tagged or posted, or (2) two prices are tagged or posted, one of which is charged when payment is made by use of an open-end credit plan or a credit card and the other when payment is made by use of cash, check, or similar means. For purposes of this definition, payment by check, draft, or other negotiable instrument which may result in the debiting of an open-end credit plan or a credit cardholder's open-end account shall not be considered payment made by use of the plan or the account."

(b) Effective April 10, 1982, section 103 of the Truth in Lending Act (15 U.S.C. 1602) is amended—

(1) by redesignating subsections (x) and (y) as subsections (y) and (z), respectively; and

(2) by redesignating subsection (z), as so designated before the amendment made by paragraph (1), as subsection (x) and inserting such subsection after subsection (w).

Sec. 103. Any rule or regulation of the Board of Governors of the Federal Reserve System pursuant to section 167(b) of the Truth in Lending Act, as such section was in effect on the day before the date of enactment of this Act, is null and void.

TITLE II—BAN ON CREDIT CARD SURCHARGES

SEC. 201. Paragraph (2) of section 3(c) of Public Law 94-222 (15 U.S.C. 1666f note) is amended to read as follows:

"(2) The amendments made by paragraph (1) shall cease to be effective on February 27, 1984."

The SPEAKER pro tempore. Is a second demanded?

Mr. EVANS of Delaware. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ANNUNZIO) will be recognized for 20 minutes, and the gentleman from Delaware (Mr. EVANS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Cash Discount Act (H.R. 31) is a bill that would accomplish two important goals. The bill would extend until February 27, 1984, the current ban which forbids merchants to surcharge consumers who pay by credit card. Unless this extension is passed, the ban on surcharges will expire on this Friday, February 27. Then, already hard-pressed consumers may be hit with extra charges every time they use a credit card. This could result in a catastrophe for consumers. The bill would also deregulate the cash discount law so merchants would be encouraged to offer cash paying customers a reduced price. Deregulation of cash discounts would provide significant benefits to merchants as well as consumers. The ban on surcharges and cash discounts will both contribute to reducing inflation.

Extending the ban on surcharging credit card use is extremely important. Many credit card issuers have recently imposed annual fees and higher interest rates. Consumers now use credit cards for many necessary purchases such as their children's clothes rather than only for luxury items. Consequently, surcharges may deal a body blow to many consumers' financial well-being. With more than 600 million credit cards in circulation the impact of credit card surcharges on consumers could be devastating. The ban on surcharges has worked well since it began in 1976 and clearly merits an extension until 1984.

The cash discount law was designed to encourage merchants to offer cash-paying customers reduced prices. Consumers who paid by credit card were not penalized, since they continued to only have to pay the regular price.

There are many reasons why merchants will want to give cash discounts: It will reduce their cost by eliminating the fee they must pay

credit card issuers, it will reduce paperwork and accounting, it will attract new customers because of lower prices, it will provide prompt cash payment for goods or services in contrast to waiting for payment to come in from the card issuer, and it will reduce backup at sales registers now caused by time-consuming credit card processing.

However, as a result of burdensome restrictions in the law and in the regulations on offering cash discounts, merchants have been discouraged from offering them. Currently, the law effectively limits discounts to no more than 5 percent and imposes other restrictions on the offering of cash discounts. Federal Reserve Board regulations impose additional restrictions that further discourage cash discounts, such as requiring disclosure of the availability of a cash discount by posting a sign at each cash register in a store. While these restrictions are well-meaning and intended to protect consumers, they are like medicine that cures a disease by killing the patient. This bill will revive the cash discount patient without the fatal, overregulatory side effects of the present law.

This bill encourages cash discounts by eliminating the 5-percent ceiling and repealing the existing regulations. A merchant only has to offer the discount to all prospective buyers and disclose the availability of the discount clearly and conspicuously to all prospective buyers.

With this deregulation, more cash discounts should be offered. Such discounts should reduce use of credit and reduce inflation.

Mr. Speaker, this bill passed the committee by a vote of 38 to 2. I urge the adoption of H.R. 31.

Mr. EVANS of Delaware. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to join with my distinguished colleague from Illinois, Chairman ANNUNZIO, in speaking in support of H.R. 31, the Cash Discount Act, which I have cosponsored. Let me first point out that it is not often that we have an opportunity to pass a bill out of the Committee on Banking, Finance and Urban Affairs with only two dissenting votes. I congratulate Chairman ANNUNZIO for expeditiously moving this bill through the Consumer Affairs Subcommittee and here to the floor today.

Mr. Speaker, I point out that expedited procedure for handling this bill is necessitated because the current ban on credit card surcharges will expire on February 27 under the terms of an existing law. The Congress must pass this legislation in a timely manner to continue the prohibition on credit surcharges, protect the consumer, and avoid causing unneeded confusion in the marketplace.

The cash discount legislation which is before us today would eliminate a provision of existing law which imposes a 5-percent ceiling on merchants who offer a special discount to a customer who chooses to use cash—rather than a credit card—to purchase an item.

Mr. Speaker, rather than forcing merchants to operate under an artificial ceiling on the amount of a discount that is allowed for cash purchases, H.R. 31 would allow the marketplace and individual merchants to establish the appropriate marketplace discount for any cash purchase.

Under the provisions of the Cash Discount Act, merchants would have the flexibility to set discounts for cash purchases at their own discretion.

Consumers are more than able to judge for themselves what is the best deal—cash or credit. If merchants give discounts for cash purchases that effectively compete with the added gain of a credit card's free-ride period, then consumers could choose the cash discount and merchants would have an increased cash flow.

One of the issues we faced in drafting this legislation was the definition of a benchmark or regular price which would serve as the point for the cash discount. I believe we established a suitable definition.

According to H.R. 31, the regular price is to be the tagged price of an item, or if a tag is not present, it is to be the price that a customer would pay using a credit card. That same price would then serve as the benchmark from which the discount would be drawn for a cash purchase.

Another provision was included to address those instances where a consumer uses a check to make a purchase. The question arose as to whether a check which is covered by an overdraft protection plan is actually a cash transaction which would be eligible for the discount. Technically, it could have been argued in such a case that the merchant violated the law by offering a discount for a credit purchase since the overdrawn check did trigger a credit mechanism. Therefore, in order to avoid the possible problems associated with the use of checks, the committee decided that the check overdraft protection mechanism, for the purpose of this act, would be exempt from being classified as a credit transaction. In simple terms, the purchase of an item with any check will qualify for a cash discount.

Mr. Speaker, I feel strongly that by passing this legislation today, the House of Representatives will strongly encourage the provision of discounts by merchants for purchases made with cash. This will ultimately lead to more competitive pricing in the marketplace.

If there is any general consensus in America today, it is that we have en-

tirely too many Federal regulations. In addition to removing the statutory restriction on the size of cash discounts, this bill will also eliminate the excessive regulatory restrictions that the Federal Reserve Board has in place today to enforce the 5-percent ceiling.

It has been persuasively argued by witnesses before our committee that the Fed's current cash discount regulations are so confusing that most merchants choose not to offer a discount for a cash purchase for fear of being in violation of one of the regulations. Under H.R. 31, a merchant who decides to offer a discount for cash would be required only to offer such a discount to all prospective buyers and to make sure that the discount's availability is clearly and conspicuously disclosed to all prospective buyers.

Mr. Speaker, title II of H.R. 31 quite simply extends for 3 additional years the ban against the practice of imposing an added cost on a credit card transaction by means of a surcharge. Credit card surcharges have been outlawed since 1976. The Congress extended the prohibition in 1979 and this law is due to expire on February 27.

I feel strongly that consumers should not be penalized if they choose one payment procedure over another. Both credit and cash transactions have inherent costs that the merchant must absorb as part of doing business. For instance, fraudulent checks add considerable costs to business transactions. Just how costly these two transactions are—of cash versus credit—and how those costs compare, is something that Congress should study completely in order to arrive at a permanent policy on discounts and surcharges.

Mr. Speaker, the 3-year extension contained in H.R. 31 will afford Congress that opportunity and simultaneously protect the consumer against surcharges.

There are a number of reasons to oppose credit surcharges. Because of our high rate of inflation, which adds considerably to the cost of money, unpaid monthly balances from credit card transactions are being billed at interest rates that equal or in some instances surpass State usury ceilings. In addition, many credit card companies have recently begun to charge an annual fee for the use of their cards.

Because of these additional costs, I doubt that many consumers would support a surcharge being added to their credit card transactions at the point of sale. Many people within both the business and the consumer community feel that the ban on surcharges has worked well for the past 5 years.

Mr. Speaker, I urge my colleagues to support H.R. 31.

□ 1245

Mr. ANNUNZIO. Mr. Speaker, will the gentleman from Delaware yield?

Mr. EVANS of Delaware. I yield to the distinguished gentleman from Illinois.

Mr. ANNUNZIO. I want to express my appreciation to the gentleman from Delaware for cosponsoring this legislation and for the time and effort he has put into the legislation and for his very instructive statement this afternoon.

Mr. EVANS of Delaware. Well, I thank the gentleman, my friend, the gentleman from Illinois (Mr. ANNUNZIO), but he is entirely too generous in his remarks. My contribution pales in comparison to the contribution of the gentleman from Illinois (Mr. ANNUNZIO).

Mr. STANTON of Ohio. Mr. Speaker, will the gentleman yield?

Mr. EVANS of Delaware. I certainly yield to the gentleman from Ohio, the ranking member of the Finance Committee.

Mr. STANTON of Ohio. Mr. Speaker, I rise in support of H.R. 31, the Cash Discount Act. I want to commend my colleague from Illinois and the chairman of our Consumer Affairs Subcommittee, FRANK ANNUNZIO, for moving this noncontroversial legislation so expeditiously. H.R. 31 truly is in the consumer's interest since it removes the statutory ceiling on the amount a merchant may offer as a discount on purchases made with cash as opposed to purchases using a credit card.

Title I amends the Truth in Lending Act to provide these unlimited discounts for cash purchases. Title II extends the present ban on credit card surcharges for 3 years until February 27, 1984. Last year this legislation passed the Banking Committee on a unanimous vote and on June 3, 1980, passed the House of Representatives by a voice vote under suspension of the rules. I fully expect that the House will do the same thing today.

Mr. Speaker, I would like to take this opportunity to raise an issue which frequently arises with legislation such as the bill before us today. My concern is the addition of nongermane amendments by the other body. From time to time, the other body has been known to add seemingly important, yet extraneous, amendments to the particular subject matter at hand. All too often this is done without the benefit of either a full hearing by the committee of jurisdiction or due deliberation by a majority of the Members of the other body.

In the future I would anticipate that we will have to examine on a case-by-case basis each bill which contains nongermane amendments from the other body. I would urge that we use great restraint in proceeding legisla-

tively in this manner. At a minimum I would suggest that, whenever possible, any such amendments—no matter how well intentioned—be the subject of a hearing by at least one committee of either body.

In closing I encourage my colleagues to give H.R. 31 their full support and send the other body a clean bill which they hopefully will act upon yet this week. This legislation should lead to more competitive pricing by merchants in the marketplace and, consequently, should benefit consumers by contributing at least in a small way to the fight against inflation.

Mr. EVANS of Delaware. Mr. Speaker, if there is any general consensus in America today, it is that we have entirely too much regulation at the Federal level and at every level of government. In addition to removing the statutory restriction on the size of cash discount, this bill will also eliminate the excessive regulatory restrictions that the Federal Reserve Board has in place today to enforce the 5-percent ceiling.

I urge my colleagues to vote favorably on H.R. 31.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the distinguished member of the Committee on Banking, Finance and Urban Affairs, the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Well, I thank the gentleman for yielding.

I just want to add my commendation to the chief sponsor of this legislation. It is exceptional legislation and another product of the gentleman who is rapidly becoming the leading defender of the consumer in this country. I am pleased to be a cosponsor. I think it augurs well for our entire committee that this is the first piece of legislation to come out of our committee under our brand new chairman. I hope this high standard is maintained throughout the rest of the session.

Mr. EVANS of Delaware. Not only is it a consumer oriented piece of legislation in terms of encouraging cash discounts, which I think is a move to fight inflation, but it also fights excessive regulation by the Federal Government, and in this instance the Federal Reserve Board.

I now yield 3 minutes to the former ranking minority member of the Subcommittee on Consumer Affairs of the Committee on Banking, Finance and Urban Affairs, the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. I thank my good friend, the gentleman from Delaware, for yielding me this 3 minutes.

First of all, I wanted to join in congratulating Chairman ANNUNZIO and the new chairman of the Committee on Banking, Finance and Urban Affairs, the gentleman from Rhode Island (Mr. ST GERMAIN) for moving so

quickly to bring this bill to the floor of the House today. I think it does augur well for the future of our committee.

The substance of the cash discount provision is that a merchant should be allowed to sell his product at whatever price he wants to sell it for, if cash is offered.

If he wants to give it away, it seems to me that is up to him. This provision makes a lot of sense and this is a position which I have held for some time, so I am glad to see this legislation coming to the House floor today on the cash discount provision.

On the surcharge provision, this has been in the law now for 5 years, as has been said. I think if a credit card holder is charged a finance charge for use of the credit card, that the merchant should not be allowed to add a surcharge. In other words, the customer should not be charged twice. That is the sum and substance of the surcharge provision.

My main reason for asking for these 3 minutes is to engage the distinguished chairman of the Consumer Affairs Subcommittee in a colloquy for the purpose of establishing legislative history.

This legislation authorizes the Federal Reserve Board to write regulations. Is my understanding correct that Congress is providing this regulatory authority solely for the narrow purpose of satisfying the legislation's requirement that a cash discount policy must be made available to all prospective buyers and must be disclosed in a clear and conspicuous way?

Mr. ANNUNZIO. Will the gentleman from Ohio yield?

Mr. WYLIE. Of course, I yield.

Mr. ANNUNZIO. Before I answer the gentleman's question, I want to pay tribute to the gentleman from Ohio. He has been one of the most active members of the Consumer and Coinage Committee. The gentlemen has made very extensive contributions to the committee. I am deeply grateful for the outstanding support the gentleman has given this legislation over the years.

The gentleman is absolutely correct in his statement. The intent of the legislation is that any regulation the Board writes be limited to a simple regulation, free of any burdensome requirements. Merely restating the legislation's requirements concerning disclosure of the availability of a cash discount is precisely the kind of regulation I hope the Board will issue.

Overregulation is what has killed cash discounts since Congress first began to encourage them. The Board's regulations have been so burdensome and hypertechnical that few merchants have been willing to risk possible violation to offer cash discounts. For example, under the Board's current regulation, a merchant who hired the Goodyear blimp to advertise his

cash discount policy still could be found in violation of the regulation, unless he also posted a sign about the cash discount on each and every cash register in his store. This legislation now leaves it up to the merchant to decide how to clearly and conspicuously notify all of his customers of his cash discount policy.

Mr. WYLIE. I thank the gentlemen for that response. I also thank him for his kind remarks with regard to my participation in this legislation. This legislation does reflect my position stated through an amendment which I offered some time ago.

The second question that I have, and to show what we are getting at really by this legislation is with reference to the surcharge provision, I would like to give an example and then ask the chairman to respond.

It is my understanding that if a gas station, for example, posts a sign pricing gasoline at \$1.35 a gallon, that adding a 5-percent surcharge to the purchase price, if the purchase price is paid for by the customer using a credit card, would be a violation of the ban on surcharges. Is that correct?

Mr. ANNUNZIO. This would be a violation of the ban on surcharges. Posting a single price and then charging a customer who pays by credit card an extra charge would be a clear violation of the ban on surcharges. The bill's definition of regular price makes it clear that if only one price is tagged or posted, that must be the regular price, not a cash discount price. This means any price charged for payment by credit card that is above this posted regular price would be an illegal surcharge.

Also, if two prices are posted, the credit card price must be the regular price normally charged for the gasoline. For example, the regular normal price before a cash discount policy is begun cannot suddenly be inflated so that the cash discount price is the amount of the old regular price, rather than a lower price which a true discount would be. To illustrate, if gasoline sells for \$1.35 a gallon, regular price and a cash discount policy is begun, the cash discount price would have to be the same amount, less than \$1.35 a gallon.

Mr. WYLIE. I thank the gentleman very much for those responses. I had a feeling that is the way they would be.

Again I want to congratulate the gentleman and commend him for the Herculean effort he has made to bring this bill to the House so quickly.

Mr. ANNUNZIO. I thank the gentleman from Ohio.

● Mr. WORTLEY. Mr. Speaker, it is not often that we have an opportunity to report legislation from a committee that costs the Treasury no money, helps the consumer and is strongly supported by credit card companies,

consumer advocates, merchants, and even Federal regulatory agencies. Yet, that is exactly what the Banking Committee has done with H.R. 31, the Cash Discount Act.

This simple and straight forward bill amends the Truth in Lending Act so that merchants may continue to offer discounts to customers paying by cash or check. The important change that this legislation makes in current law, however, is that it permits merchants to determine just what that discount should be. They will no longer be bound by the 5-percent figure written into the original act.

I find this change to be timely and consistent with recent efforts to lighten the Government's hold on private enterprise. The bill encourages merchants to offer cash discounts to all prospective customers paying cash for their purchases. To make matters easier for both customers and merchants, the bill states that the seller only has to make this practice known to all potential buyers in a clear and conspicuous fashion. It does not call for fancy regulations, long waiting periods and expensive evaluations. Rather, it offers a real incentive to pay by cash and save.

However, we all know that it is sometimes impossible or just not preferable to make cash purchases. This fact is recognized in the bill in title II that continue to prohibit merchants from adding a surcharge to credit card customers' bills. In this way, both cash and credit card customers are protected and merchants are allowed to set their own policies.

This is a good bill and I commend its passage to my colleagues.

Mr. EVANS of Delaware. Mr. Speaker, I have no more requests for time.

Mr. ANNUNZIO. Mr. Speaker, I have one more request for time.

I yield whatever time he may consume to the distinguished full chairman of the Committee on Banking, Finance and Urban Affairs, and I want to congratulate him for helping to expedite to bring this piece of legislation to the floor of the House, which is the first piece of legislation coming out of the House Banking Committee.

The SPEAKER pro tempore. The gentlemen from Rhode Island (Mr. ST GERMAIN) is recognized for 15 minutes.

Mr. ST GERMAIN. I want to thank the gentleman for yielding. I shall be brief.

I would like to take this opportunity to commend the chairman of the Subcommittee on Consumer Affairs and Coinage, as well as the minority, for the cooperative effort that was put into this legislation. As has been stated, we were operating under a time constraint. The portion of the legislation that is being addressed had an expiration date of February 27. In order to accomplish what we, indeed, are ac-

complishing today, it was necessary that there be cooperation. I am very grateful to the committee members, but particularly to the gentleman from Illinois (Mr. ANNUNZIO) and the gentleman from Delaware (Mr. EVANS) and from the minority, the gentleman from Ohio (Mr. WYLIE) and the gentleman from Ohio (Mr. STANTON).

I hope that this is a portent of things to come as far as the committee action is concerned in the balance of the Congress.

I do, indeed, support the legislation and hope that it shall be adopted.

Mr. ANNUNZIO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ANNUNZIO) that the house suspend the rules and pass the bill, H.R. 31, as amended.

The question was taken.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic devise, and there were—yeas 372, nays 4, not voting 56, as follows:

(Roll No. 11)
YEAS—372

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| Addabbo | Butler | Dwyer |
| Akaka | Byron | Dymally |
| Alexander | Campbell | Dyson |
| Anderson | Carman | Early |
| Andrews | Carney | Eckart |
| Annunzio | Chappell | Edgar |
| Anthony | Chapple | Edwards (AL) |
| Applegate | Clausen | Edwards (CA) |
| Archer | Clinger | Emerson |
| Ashbrook | Coats | Emery |
| Aspin | Coleman | English |
| Atkinson | Collins (IL) | Erdahl |
| AuCoin | Collins (TX) | Erlenborn |
| Bafalis | Conable | Ertel |
| Bailey (MO) | Conte | Evans (DE) |
| Bailey (PA) | Conyers | Evans (GA) |
| Barnard | Corcoran | Evans (IA) |
| Beard | Coughlin | Evans (IN) |
| Bedell | Courter | Fary |
| Bellenson | Coyne, James | Fascell |
| Benedict | Coyne, William | Fazio |
| Benjamin | Crane, Daniel | Fenwick |
| Bennett | Crane, Philip | Ferraro |
| Bereuter | Crockett | Fiedler |
| Bethune | D'Amours | Fields |
| Bevill | Daniel, Dan | Findley |
| Bingham | Daniel, R. W. | Fish |
| Blanchard | Danielson | Fithian |
| Billey | Dannemeyer | Flippo |
| Boggs | Daschle | Florio |
| Boland | Daub | Foley |
| Bolling | Davis | Ford (MI) |
| Boner | de la Garza | Ford (TN) |
| Bonior | Deckard | Forsythe |
| Bouquard | Dellums | Fountain |
| Bowen | DeNardis | Fowler |
| Breaux | Derrick | Frenzel |
| Brinkley | Derwinski | Frost |
| Brodhead | Dickinson | Fuqua |
| Brooks | Dicks | Garcia |
| Broomfield | Donnelly | Gaydos |
| Brown (CA) | Dorgan | Geppardt |
| Brown (CO) | Dornan | Gibbons |
| Brown (OH) | Dougherty | Gilman |
| Broyhill | Downey | Gingrich |
| Burton, John | Duncan | Ginn |
| Burton, Phillip | Dunn | Glickman |

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|---------------|---------------|---------------|
| Goldwater | Martin (NC) | Roukema |
| Gonzalez | Martin (NY) | Rousselot |
| Goodling | Matsui | Roybal |
| Gore | Mattox | Rudd |
| Gradison | Mazzoli | Russo |
| Gramm | McClory | Sabo |
| Gray | McCloskey | Santini |
| Gregg | McCollum | Sawyer |
| Grisham | McCurdy | Scheuer |
| Guarini | McDade | Schneider |
| Guyer | McDonald | Schroeder |
| Hall (OH) | McEwen | Schumer |
| Hall, Sam | McGrath | Seiberling |
| Hamilton | McHugh | Sensenbrenner |
| Hammerschmidt | McKinney | Sharp |
| Hance | Mica | Shaw |
| Hansen (ID) | Michel | Shelby |
| Hansen (UT) | Mikulski | Shumway |
| Harkin | Miller (CA) | Skeen |
| Hartnett | Miller (OH) | Skelton |
| Hatcher | Mineta | Smith (IA) |
| Hawkins | Minish | Smith (NE) |
| Hefner | Mitchell (MD) | Smith (NJ) |
| Heftel | Mitchell (NY) | Smith (OR) |
| Hendon | Moakley | Snowe |
| Hertel | Moffett | Snyder |
| Hightower | Molinari | Solarz |
| Hill | Mollohan | Solomon |
| Hillis | Moore | Spence |
| Hollenbeck | Moorhead | St Germain |
| Hopkins | Morrison | Stangeland |
| Horton | Mottl | Stanton |
| Howard | Murphy | Stark |
| Hubbard | Murtha | Staton |
| Huckaby | Myers | Stenholm |
| Hughes | Napier | Stokes |
| Hunter | Natcher | Stratton |
| Hyde | Neal | Studds |
| Ireland | Nelson | Stump |
| Jacobs | Nichols | Synar |
| Jeffords | Nowak | Tauke |
| Jeffries | Oakar | Tauzin |
| Jenkins | Oberstar | Taylor |
| Johnston | Ottinger | Thomas |
| Jones (OK) | Panetta | Traxler |
| Jones (TN) | Parris | Trible |
| Kastenmeier | Pashayan | Vander Jagt |
| Kazen | Patterson | Vento |
| Kemp | Paul | Volkmer |
| Kildee | Pease | Walgren |
| Kindness | Perkins | Wampler |
| Kogovsek | Petri | Washington |
| Kramer | Peyster | Watkins |
| LaFalce | Pickle | Waxman |
| Lagomarsino | Porter | Weber (MN) |
| Lantos | Price | Weber (OH) |
| Latta | Pritchard | Weiss |
| Leach | Quillen | White |
| Leath | Rahall | Whitehurst |
| LeBoutillier | Railsback | Whitley |
| Lehman | Ratchford | Whittaker |
| Lent | Regula | Whitten |
| Levitay | Reuss | Williams (MT) |
| Livingston | Richmond | Williams (OH) |
| Loeffler | Rinaldo | Winn |
| Long (MD) | Ritter | Wirth |
| Lott | Roberts (KS) | Wolf |
| Lowery (CA) | Roberts (SD) | Wolpe |
| Lowry (WA) | Robinson | Wortley |
| Lujan | Rodino | Wright |
| Lujan | Roe | Wylie |
| Lundine | Roemer | Yates |
| Lungren | Rogers | Yatron |
| Madigan | Rose | Young (FL) |
| Marks | Rosenthal | Young (MO) |
| Marlenee | Rostenkowski | Zablocki |
| Martin (IL) | Roth | Zeferetti |

NAYS—4

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|---------|-------|--------|
| Frank | Swift | Walker |
| Shannon | | |

NOT VOTING—56

- | | | |
|----------|--------------|------------|
| Albosta | Dingell | Holland |
| Badham | Dixon | Holt |
| Barnes | Dreier | Hutto |
| Biaggi | Edwards (OK) | Jones (NC) |
| Bonker | Foglietta | Lederer |
| Burgener | Gejdenson | Lee |
| Cheney | Green | Leland |
| Chisholm | Gunderson | Lewis |
| Clay | Hagedorn | Long (LA) |
| Coelho | Hall, Ralph | Markey |
| Cotter | Heckler | Marriott |
| Craig | Hinson | Mavroules |

Montgomery	Rangel	Smith (AL)
Nelligan	Rhodes	Udall
O'Brien	Savage	Weaver
Obey	Schulze	Wilson
Patman	Shamansky	Wyden
Pepper	Shuster	Young (AK)
Pursell	Simon	

The Clerk announced the following pairs:

Mr. Rangel with Mr. O'Brien.
 Mr. Long of Louisiana with Mr. Pursell.
 Mr. Savage with Mr. Smith of Alabama.
 Mr. Pepper with Mr. Rhodes.
 Mr. Leland with Mr. Young of Alaska.
 Mr. Dingell with Mr. Hagedorn.
 Mrs. Chisholm with Mr. Ralph M. Hall.
 Mr. Biaggi with Mr. Lee.
 Mr. Albosta with Mr. Marriott.
 Mr. Barnes with Mr. Lewis.
 Mr. Hutto with Mr. Nelligan.
 Mr. Montgomery with Mr. Burgener.
 Mr. Obey with Mr. Cheney.
 Mr. Gejdenson with Mr. Craig.
 Mr. Foglietta with Mr. Dreier.
 Mr. Simon with Mr. Green.
 Mr. Udall with Mrs. Holt.
 Mr. Weaver with Mrs. Heckler.
 Mr. Patman with Mr. Schulze.
 Mr. Wilson with Mr. Shuster.
 Mr. Gunderson with Mr. Wyden.
 Mr. Holland with Mr. Markey.
 Mr. Jones of North Carolina with Mr. Mavroules.
 Mr. Dixon with Mr. Edwards of Oklahoma.

Mr. Coelho with Mr. Cotter.
 Mr. Clay with Mr. Bonker.
 Mr. Shamansky with Mr. Badham.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. 31, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMERICAN UNIVERSITIES ARE NOT FOR SALE

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LANTOS. Mr. Speaker, those of us who value the independence of American universities may breathe a bit more easily this morning. Georgetown University yesterday returned a \$600,000 gift—with interest—to the Government of Libya, saying that it did not want to have its name associated with a country that supports terrorism. The president of the university, Timothy S. Healy, personally

brought the check to the Libyan Embassy, commenting that—

Libya's accent on violence as a normal method of international policy and its growing support of terrorism made (keeping the money) incompatible with everything that Georgetown stands for.

I salute Father Healy and Georgetown University. Their example should be a lesson to all of academe. The independence and integrity of American institutions of higher learning are not for sale.

I include an article from the Washington Post with respect to this event:

GEORGETOWN RETURNS \$600,000 FOR ARAB STUDY CENTER TO LIBYA

(By Lawrence Feinberg)

Georgetown University yesterday returned a \$600,000 gift, plus interest, to the government of Libya, saying it did not want to have "its name associated" with a country that supports terrorism.

Libya had contributed the money over the past four years to endow a professorship at Georgetown's Center for Contemporary Arab Studies. Yesterday, university president Timothy S. Healy, who personally brought a check to the Libyan embassy, said Libya's "accent on violence as a normal method of international policy and its growing support of terrorism made [keeping the money] . . . incompatible with everything Georgetown stands for."

Healy said the professorship and the Arab studies program would continue unchanged, but that the teaching post would be financed by other university funds. Since 1975 Georgetown has received \$3.5 million from seven other Arab governments for the center, whose program has been criticized by Jewish groups as "anti-Israel." In 1978 Georgetown sent back a \$50,000 check from Iraq, but university officials said they could not remember ever returning as large a gift as the money from Libya.

When Healy first announced the Libyan gift in 1977, which came to a total pledge of \$750,000 over five years, it stirred sharp criticism, including an attack by columnist Art Buchwald who described it as "blood money."

Three weeks ago, Secretary of State Alexander M. Haig Jr. said combating terrorism would be the top priority of American foreign policy. A subsequent State Department report accused the Libyan government of Col. Muammar Qadhafi of "supporting a wide range of terrorist groups in every area of the globe" and arranging the assassination of at least 11 dissidents living abroad. Overall, the State Department said, Qadhafi has used Libya's vast oil revenues—estimated at \$24 billion last year—to support subversion or insurrection in 45 countries.

Healy said, however, that in returning the money to Libya he acted under "absolutely no pressure at all from the U.S. government."

He added, "I was under absolutely no heat and no pressure [to give back the money], but it worried me. I guess I'm just kind of slow to move, but I came to a growing realization that what Libya is up to is incompatible with Georgetown . . . I changed my mind. I didn't know as much [when the gift was first accepted] as I know now. I was new to the job. I think I was wrong to feel [that the gift should be accepted]. Now I'm certain I was wrong."

The Rev. Michael P. Walsh, Chairman of the university board of directors, said that

over the past few years Healy "kept talking about [the Libyan gift] as a thing he thought he had [handled] wrong. It's been sort of a cloud around Georgetown . . ."

Walsh said the board's 10-member executive committee unanimously approved returning the money at a meeting Friday, and decided to add the interest Georgetown already had earned on it, making the total check given to Libya \$641,721.

Healy said he decided to deliver the check personally to Ali Houderi, head of the Libyan embassy here, because "just putting it in the mail struck me as crude."

"It was painful for him," Healy continued, "and it was painful to me. Obviously, parting with \$600,000, you can figure out how painful it was. But he [Houderi] was completely correct. He said he received it with regret, and hoped it would not stand in the way of good relations between the United States and Libya."

Houderi could not be reached for comment last night.

Michael C. Hudson, director of the Arab Studies Center who had sought the Libyan gift and strongly defended it in the past, yesterday declined comment on Healy's action. But he said "we never felt any pressure from the Libyan government" on how the money should be spent.

Hisham Sharabi, a Palestine-born historian who holds the professorship named after Libyan nationalist Umar al-Mukhtar, said the Libyans were "very decent, very thoughtful, very considerate, very correct" in financing the scholarly chair. "This whole thing is something out of the blue," Sharabi said. "It's very strange."

On the other hand, Ira Silverman, director of special programs for the American Jewish Committee, which has criticized Georgetown in the past, said he was "delighted that Georgetown has made this decision. It confirms our faith in the integrity of Georgetown and its president, Father Healy . . . To keep this money would be to confer honor on an unworthy donor."

In 1979, Silverman noted, the University of Southern California cancelled plans for a Middle East Studies Center and returned \$1 million that already had been raised from corporations after criticism that the center would not be under firm university control. However, he said the Jewish Committee had endorsed a \$5 million gift last year from Saudi Arabia to Princeton for life science teaching and research. He said that gift was accompanied by a strong antidiscrimination pledge.

IS FREEDOM BEING VIEWED AS A DOMESTIC LUXURY?

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, from the new administration there is much patriotic sentiment about freedom and the necessity for America to increase its military strength so that it may better accomplish its mission as defender of the free world.

But, curiously, at the same time, the new administration is making broad policy statements about backing off the human rights issue while ap-

proaching more firmly the issue of international terrorism.

What is not made clear is why it is necessary, or even logical, to trade one off against the other. Perhaps even more important, how is it that an administration which evokes much emotional rhetoric about the value of freedom cannot recognize that the human rights issue is simply another term for freedom.

In a recent issue of the *New Yorker* magazine, the point is made that our policymakers seem to think that freedom should be seen as a domestic luxury, to be defended, if not shared, by many of our allies.

I see this global vision as shortsighted, if not unpatriotic.

The article follows:

[From the *New Yorker* Magazine]

NOTES AND COMMENT

If a government official were to announce that increased subsidies to agriculture would now "take the place" of food stamps, someone would be sure to ask what the two things had to do with one another and why it wouldn't be possible to have both. But when Secretary of State Alexander Haig told reporters at his first press conference since he assumed office that "international terrorism will take the place of human rights in our concern, because it is the ultimate abuse of human rights," no one thought to ask why the government had to choose between them. Nor did anyone ask how, if international terrorism really was the worst of the human-rights abuses, you could speak of one taking the place of the other. A hint of what the new policy was going to mean in action came during the recent visit to Washington of President Chun Doo Hwan, of South Korea, the general who seized power a few weeks after his predecessor, President Park Chung Hee, was assassinated. President Carter had held up important negotiations with South Korea on economic and military matters because of human-rights abuses there, but the Reagan Administration resumed the negotiations, and the State Department announced that hereafter the United States would not "go into the internal state of affairs in the Republic of Korea"; at the same time, the Department asked Congress to postpone publication of a report on human rights which was said to contain information that would embarrass President Chun. The impression one gained was that the United States was lowering its concern about human rights not in order to fight terrorism better but in order to more firmly cement its ties with repressive right-wing regimes around the world. President Reagan did not do anything to clarify Administration policy when, in an appearance with President Chun at a White House luncheon, he remarked that Korean and American soldiers had fought together in Korea and again in Vietnam, where "the cause was freedom," leaving one to wonder how there could be a crusade that was for freedom without also being for human rights. Since South Vietnam in the days of the Vietnam War enjoyed no more freedom than South Korea does now, one has to assume that the freedom President Reagan had in mind was our own—a freedom we really do possess but are willing to defend, it seems by supporting regimes that deny freedom to their own people. (In his inaugural address, President

Reagan, who has taken to claiming that God has a "divine plan" for the United States, said, "God intended for us to be free." He did not add that God intended South Korea or Vietnam to be free.) This policy is no novelty of the Reagan Administration—it has spanned many Administrations, and was only slightly disturbed by the Carter human-rights policy—and its cost to the United States has always been high. When the Soviet Union, a left-wing totalitarian nation, supports another left-wing totalitarian nation somewhere in the world, its action is consistent with its domestic policies and its beliefs. But when the United States, a constitutional democracy, supports a right-wing dictatorship, our belief in freedom, or human rights, or liberty, or whatever you choose to call it—our reason for existing as a nation, and our mission, if we have one, in the world—goes unsupported and unspoken for in international affairs. Even though we may extend a network of arms all around the globe, freedom shrinks to a purely domestic matter—a sort of luxury, like our large gross national product, and one that is defended, but not enjoyed, by other peoples. Our foreign policy then becomes nothing more than a military shield, containing no reflection of the spirit of our country. One unfortunate consequence of this abdication of our beliefs on the international scene is that American protests against repression by the Soviets of their own people and others lose their force. (It seems notable that Mr. Haig chose "international terrorism" as his target and did not even mention Soviet violations of human rights.) But the greatest danger for the United States—one that came menacingly to life in the period of Vietnam and Watergate—is that we will eventually regard our political system, with its inefficient constitutional restraints and its inconvenient individual liberties, as an unnecessary obstacle in our grandiose global struggle for "freedom" (but not "human rights"). There are already a few signs that our love of liberty is being construed as weakness toward our enemies. In a recent editorial, the *Wall Street Journal* remarked that "in the Carter Administration 'human rights' were code words for a lurch toward accommodation of the international left." The international left itself, of course, including, especially, the Soviet Union, regarded Carter's human-rights program as a disguise for an anti-Soviet lurch toward the right. (The Soviets were especially angry when Carter sent Andrei Sakharov a letter of support.) Between these views, the actual substance of human rights gets interpreted out of existence. It is perhaps unsurprising that the Soviet Union and its friends should look upon American devotion to human rights as a cover for something else, but that we, too, should do so is a needless disfavor to ourselves.

EL SALVADOR: THE POLITICAL DIMENSION (III)

(Mr. McHUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. McHUGH. Mr. Speaker, Saturday's edition of the *Washington Star*, February 21, 1981, reported on a very interesting interview with Jose Napoleon Duarte, the President of El Salvador. In formulating its policy toward

El Salvador, I hope that the Reagan administration will carefully consider the comments attributed to Mr. Duarte in that article.

Among other things, Mr. Duarte stated that the economic crisis caused by the guerrilla war was a greater threat to the country than the Marxist guerrillas. In that article he is quoted as saying:

It is of no use to have the greatest and best army in the world if the people are dying from hunger.

Mr. Duarte seems to recognize that how his government responds to his people's concerns for peace and security outweigh military considerations. He expressly indicated that the junta's economic and social reforms over the past year were a vital part of a political strategy that he claims is winning the war for the government by weaning the populace from the guerrillas.

Moreover, while welcoming our Government's help in stemming the flow of arms to the guerrillas, he warned against too large a U.S. presence in El Salvador, saying that it would lead to an escalation of the conflict.

In expressing his fear of outside influence on both sides, he said:

Whether this is another Vietnam does not depend on us. It depends on what the others do. If the Cubans, the Russians, the Chinese and the United States want to come here and fight, this will be another Vietnam. But for that to happen, they will have to finish off all the Salvadorans.

In its apparent desire to make El Salvador a testing ground for East-West confrontation, I hope the Reagan administration will heed this warning and not recklessly pursue the military option. As Mr. Duarte has said, the problems in El Salvador are fundamentally economic and political. While it may be argued that some limited military aid is necessary to help contain the flow of arms to the guerrillas, military aid must be subordinated to the internal political and economic reforms which the Duarte government must pursue if it is to secure the support of the people upon whom its survival ultimately depends.

[From the *Washington Star*, Feb. 21, 1981]

DUARTE RANKS ECONOMIC OVER MILITARY AID

SAN SALVADOR, EL SALVADOR.—Jose Napoleon Duarte, the president of El Salvador's ruling junta, said yesterday that despite the great debate in Washington over military assistance, economic aid is more important to his country.

In an interview, Duarte said the economic crisis caused by the guerrilla war was a greater threat to the country than the Marxist guerrillas.

He said the junta's economic and social reforms over the last year were part of a political strategy that is winning the war for the government by weaning the populace from the guerrillas.

Meanwhile, the intensified U.S. campaign to portray the Salvadoran insurgency as a

Cuba-related challenge by international communism was apparently running into resistance from the United States' closest Latin neighbor, Mexico.

In Mexico City, in an apparent rebuff to the Reagan administration, President Jose Lopez Portillo went out of his way this week to stress Mexico's close ties with Cuba.

The gesture came just three days after a U.S. delegation traveled to Mexico City with "proof" of Havana's support for Salvadoran guerrillas.

Following the signing of a sugar agreement with Cuba Thursday, Lopez Portillo said that Cuba was the Latin American country "most dear" to Mexico. He described relations between the two countries as an example "for our region, for our continent and for the world."

Salvadoran junta leader Duarte said in the interview that if the flow of weapons to the guerrillas through Cuba and Nicaragua continues at its present pace, the Salvadoran armed forces will need more arms. But he said that for the time being, the armed forces has sufficient military strength to counter the guerrillas. He said the military's primary need now is for communications and transportation equipment, including helicopters.

"It is of no use to have the greatest and best army in the world if the people are dying from hunger," he said. The country needs a \$300 million loan to replace international private credit that has been scared away, he added.

Duarte praised the administration's efforts to cut the arms flow to the guerrillas and counter Soviet advances in the world. But he professed a wariness of too large an American presence here, saying it would lead to an unnecessary escalation of the conflict.

"Whether this is another Vietnam does not depend on us," he said. "It depends on what the others do. If the Cubans, the Russians, the Chinese and the United States want to come here and fight, this will be another Vietnam. But for that to happen, they will have to finish off all the Salvadorans."

Mexican officials pointed out that the Lopez Portillo administration has not only criticized stepped-up U.S. military assistance for El Salvador's besieged government, but is also disturbed by the Reagan administration's current offensive to rally U.S. allies against the Soviet bloc over the Salvadoran question.

"Mexico is not going to be pressured into choosing between friendship with the United States and Cuba," one well-placed official said. "Reagan has to learn that this is the wrong approach."

On Monday, a special delegation headed by Vernon Walters, former deputy director of central intelligence, met secretly with Mexico's foreign minister, Jorge Castaneda, and provided him with documentary evidence purporting to confirm Havana's intervention in the Salvadoran struggle.

TRIBUTE TO HOWARD J. KAUFMAN

(Mr. DENARDIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DENARDIS. Mr. Speaker, on Monday, February 9, 1981, Connecticut lost one of its most colorful and honorable politicians, Howard J. Kauf-

man, whose official position was registrar of voters in the city of Hartford, was, in reality, a person totally dedicated to politics, the political process, and the people of Hartford. His influence and his admirers stretched far beyond his city's borders. All of us, especially those who participate in Republican politics in Connecticut, enjoyed our political discussions with him, appreciated his free-flowing advice, and profited from the enthusiasm and interest he showed in our campaigns, our political activities, and indeed, our personal lives. He was dedicated to his party, to his city, to his State, and his country. The wide variety of friends in both parties and throughout the State, who enjoyed his company are testimony to the personality and integrity he had. Howard Kaufman will be sadly missed in Connecticut and by me, personally, who counted him among my friends and my advisers.

[From the Hartford Courant, Feb. 15, 1981]

TRIBUTE TO A JOYFUL POLITICIAN

(By Sidney L. Gardner)

Politics was his game, his love, and his life. No one in Hartford played it as joyfully as Howard J. Kaufman or carried as much of it around in his head. He was what he wanted to be: The center of dozens of networks of political talk and talent, and a peacemaker amidst the strife.

Howard was a wonderful one-man switching station for political intelligence. He could speculate endlessly on political scenarios only dimly visible to the rest of us. To know Howard was to be the intense object of hushed, conspiratorial whispers and affectionate finger jabs to the chest as he gave you the latest word.

Cigar in his left hand, he'd give you the best handshake in Hartford and ask "Whaddya hear?" Then he'd tell you what he'd heard, or suspected, or hoped might happen.

At least three of us on the Hartford City Council in recent years owe Howard our jobs. His last minute advice, his hastily-arranged meetings in quiet, out-of-the-way diners, his strange-bed-fellow coalitions all helped to make a difference. In Hartford elections, the magic line between ninth and tenth in the vote totals is the line between victory and defeat. As heavily out-numbered Republicans, we all watched that line nervously over our shoulders as we ran. Howard watched with us, knowing where it was and what to look for, and helped us beat the odds more than once.

In politics, there are two kinds of builders, bridge-builders and wall-builders. Howard was a bridge-builder of impresario class. When you'd complain to him about some real, imagined, or anticipated slight at the hands of another politician or group, he'd constantly work you over to get you together with someone he thought should be an ally. He embodied and evoked the political adage that the best recruiting source for political allies should be the ranks of your former foes. From North End to South End, from downtown to the suburbs. Howard built bridges across the barriers of race, religion, language and ideology. Hartford can't work without those bridges, and Howard was one of the very few left who knew how and why to build them.

He was at his best in the thick of a political crowd. In a sad but consoling way, he passed from us Monday night at a richly deserved peak of personal pride. He took pride that his friend, Alexander Haig, whom he'd defended in newspaper ads a few weeks before, had come to Hartford as secretary of state to represent a Republican president whom Howard had worked to put in the White House.

On Monday, the solemn gathering of political figures that was so fine a tribute to Gov. Ella Grasso was where Howard was. The tragedy of his passing on the day of her funeral reminds us all that politics reflects life as change—sorrowful change, unforeseen and sudden change, and change which takes from us those who have been welcome and loved public fixtures for decades.

Howard drove himself—much too hard. He had to be at every meeting, go to every fund-raiser, and stop by every late-night political post-mortem. He'd call you early in the morning after going over the day's political news, happily charting the best way to respond. "Let's really steam 'em on this one."

A memorial for Howard? Let us have several. Let one of them, though, be a simple, sincere response to his unending professional crusade as registrar, best heralded by his famous license plate: VOTE. If everyone who has complained about the results of politics would bring to the act of voting and political choice just one percent of the commitment that Howard brought, the political world could be infused with a joy and a passion that could raise it to standards Howard would have loved.

Out of the furor of a recent political campaign in New York, one candidate disdainfully summed up local politics as "all smoke and mirrors." Howard Kaufman blew his share of tantalizing smoke, and he worked the mirrors as well as anyone, but he also cared deeply about what was beneath the surface flash and fire.

Five years ago, at a joint meeting of the Republican and Democratic Town Committees, Howard gave one of the best political speeches ever heard in Hartford. In his booming voice, with his own deep passion, Howard talked about what was really important in Hartford. He ended by saying that whatever the parties agreed or disagreed about, "The city comes first." He knew that the city was its people—all of its people—and his life's work was working through politics for people.

THE PRESSING NEED TO REVISE U.S. TAX POLICY RELATING TO AMERICANS EMPLOYED OVERSEAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ARCHER) is recognized for 60 minutes.

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I appreciate this opportunity to join with a number of my colleagues in the House in focusing attention on a major barrier to the export of U.S.-produced goods and services.

Put simply, changes made in the Internal Revenue Code in 1976 and 1978 have greatly reduced the number of U.S. citizens employed abroad by U.S. companies—with the result that markets for our products are shrinking at a time when they should be expanded in order to ease our domestic economic dilemma.

According to one study, the number of Americans employed abroad by 306 U.S. companies decreased by 38.6 percent between 1979 and 1980 alone.

Actual examples presented last year by the U.S. Overseas Tax Fairness Committee in congressional hearings show clearly what is contributing to that horrendous statistic:

One engineer firm reported that on March 27, 1980, it had 103 Americans overseas, versus 2,200 in 1977.

An electronics company stated that on a small job in Jordan, it had to replace all but 2 of 14 American engineers with foreign engineers.

Another firm reports that 40 percent of its overseas staff were Americans before 1976, compared to 17 percent in 1980.

A Saudi Arabian diplomat pointed out last year that in 1976, 65 percent of the employees of U.S. firms operating in Saudi Arabia were Americans. By 1980, the figure had dropped to 35 percent.

Still another U.S. company bid on a contract in Saudi Arabia based on using Americans in its key positions, since the company felt the Americans were better qualified to perform the work. The Saudi Government asked that the bid be resubmitted using non-American personnel because of the savings in labor costs. Sixty-two contract personnel were eventually hired for the work. Sixty United Kingdom nationals, one Pakistani, and one Saudi. The problem was that the cost of using Americans amounted to an additional \$10,000 to \$12,000 a year per person—largely because of present U.S. tax treatment of American citizens working abroad.

The problem basic to all of this is the fact that ours is the only major industrialized Nation which taxes its citizens on their overseas income.

In order for employees to receive the same after tax spendable income—

which ultimately will most likely be spent in the employees' countries of origin—American companies are forced to pay U.S. citizens far higher salaries than they do other foreign expatriates.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I am happy to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, first of all, I wish to thank my colleague for bringing this important tax issue to our attention.

Mr. Speaker, I thank our friend, BILL ARCHER, for bringing to the attention of the House of Representatives the need for the elimination of the income tax on U.S. citizens working abroad.

Mr. Speaker, we hear advocates of a higher tax on foreign earned income say, "Why should people working overseas get a tax break?" I believe the answer is simple and straightforward. As a matter of national policy, our tax laws have long recognized that in, certain circumstances, there is the need for tax restraint for reasons of national interest.

As my colleague on the Ways and Means Committee, BILL FRENZEL, has informed us in the past, income exclusion legislation was originally enacted as the foreign trader exemption. Congress recognized it was in the best interest of the country to encourage businessmen and women to live and work abroad to promote American products and services. Today our tax laws contain many examples of a tax advantage because of an overriding national or public interest. Yet, in this situation, the Congress is being told that it must follow the principle of identical treatment of all taxpayers, regardless of circumstances.

The tax which the United States places on its citizens abroad is forcing many American exporters to replace their U.S. employees with foreign nationals whose income is not subject to tax by their native country. These individuals are likely to purchase products from their home country, as opposed to purchasing American made products.

A study done by the President's Export Council shows that the current tax treatment of Americans abroad has resulted in a drop of exports of at least 5 percent in 1980. Recent studies estimate that this decline will raise domestic unemployment by at least 80,000 and will reduce Federal tax re-

ceipts by more than \$6 billion. Even if this estimate is a little high, it is still several times the \$400 to \$500 million the Treasury has estimated the total repeal of the foreign earned income would cost.

My colleagues will no doubt be interested in the findings resulting from a Joint Economic Committee East Asian Study Mission in which I participated in January of 1980. The purpose of the travel was to meet with the American business community abroad. I would like to include as a part of the RECORD pages 23-28 of this report, which discuss the reasons for the need to eliminate the income tax on U.S. citizens working abroad:

V. DISINCENTIVES AND INCENTIVES TO U.S. EXPORTING

Let us now turn to the crux of the specific problems faced by U.S. businessmen operating abroad.

Income tax issues

The United States is the only major country which taxes the foreign-earned income of citizens living abroad. Chart V-1 illustrates this unhappy situation.

Taxation of Americans living overseas was uniformly cited by American business representatives in East Asia as one of the most critical problems facing U.S. exporters in that region. Significantly, the attention given this issue at every stage of the Mission's visit was not based on personal hardship because most companies compensate their American employees for the added tax burden. Instead, American businessmen emphasized that because many companies do compensate their employees, their cost of employing an American national, compared to other third country nationals, is significantly higher. American tax laws, therefore, encourage these companies overseas to reduce the proportion of their expatriate staff who are Americans. The example of a firm operating in Singapore was cited. Of approximately 100 expatriates, 19 percent were third country nationals in 1975; by 1979 this proportion had increased to 41 percent. Where companies do not compensate, the effect is just the same. Because of the tax burden, Americans can simply not work or serve as business representatives at the same level of compensation as Britons, Australians, or other third country nationals.

The reduction of Americans working overseas has an adverse effect on U.S. exports because Americans involved in purchasing, equipping, or design decisions are familiar with U.S. goods and technology and tend to specify and order American equipment and services. Europeans and other third country nationals are naturally more familiar with and tend to buy the products of their own countries.

CHART V-1.—COMPARISON OF TAX POLICIES FOR OVERSEAS EMPLOYEES

Country	Tax on salary	Tax on incentives bonuses	Tax on benefits (requirement, health, insurance, etc.)	Tax on cost-of-living allowances	Tax on additional income earned out of home country	Government subsidies (to individual)
United States	Yes ¹	Yes	Yes	Yes ²	Yes	No.
Japan	No	No	No	No	No ³	Yes.
Italy	No ⁴	No	No	No ⁵	Complex formulas to discourage foreign investments.	Government-owned companies.

CHART V-1.—COMPARISON OF TAX POLICIES FOR OVERSEAS EMPLOYEES—Continued

Country	Tax on salary	Tax on incentives bonuses	Tax on benefits (requirement, health, insurance, etc.)	Tax on cost-of-living allowances	Tax on additional income earned out of home country	Government subsidies (to individual)
France.....	No ⁷	No.....	No.....	No.....	Complex formulas.....	Do.
South Korea.....	No ⁸	No.....	No.....	No.....	No.....	Yes.
Germany.....	No ⁹	No ¹⁰	No.....	No ¹¹	Some limitations. Generally liberal.	Few.
Canada.....	No ¹²	No.....	No.....	No.....	No.....	No.
Sweden.....	No.....	No.....	No.....	No.....	No ¹³	Few.
United Kingdom.....	No.....	No ¹⁴	No ¹⁵	No.....	Complex requirements.....	Few.

⁷ 20,000 exclusion under section 911 for those in qualified camps. ⁸ Certain deductions permitted under complex section 913 tests. ⁹ Rental, interest, etc. on off-shore investments totally exempt from taxation during non-residence status only. ¹⁰ Complex non-residency requirements. ¹¹ Limitation placed on daily expenses for home leave and R&R. ¹² Assumes accompanied tour/rules for dual residency—unaccompanied—very complex. ¹³ Recent government policy aimed to encourage more French engineers to accept overseas work. ¹⁴ Most liberal policies with respect to individuals—Korea committed to exports of domestic unemployment. ¹⁵ Complex non-residency requirements aimed at tours of less than 6 months. ¹⁶ Complex definitions. ¹⁷ Some limitations designed to reduce excesses. ¹⁸ Accompanied tour only. If family of head of household remains in Canada all worldwide earnings subject to full taxation. ¹⁹ Recently liberalized tax policies in order to encourage acceptance of overseas assignments. ²⁰ U.K. recently liberalized tax policies in order to encourage. ²¹ Some limitations. ²² Recently liberalized tax policies in order to encourage acceptance of overseas assignments.

Source: "Report of the Task Force To Study the Tax Treatment of Americans Working Overseas," The President's Export Council, Subcommittee on Export Expansion (Dec. 5, 1979).

The heavy burden of American taxation, it was suggested, most adversely falls on independent businessmen, professionals, and employees of charitable organizations and international organizations, many of whom have been forced to repatriate. As one witness stated: "You are looking at a dying breed. When your Committee comes back to Asia, you probably will not find us here."

Prior to 1977, Americans abroad were exempted from the first \$20,000 to \$25,000 of their income, a benefit constantly eroded by inflation and substantially reduced by Section 911 of the Internal Revenue Code, as amended by the Tax Reform Act of 1976. In 1978, to alleviate the burden on private Americans working abroad and achieve greater parity between them and Americans overseas in the government service, the Congress passed the Foreign Earned Income Act (FEIC) permitting, under Section 913 of the Internal Revenue Code, deductions for certain costs of living overseas. But the modifications made by the 1978 Act have, in many instances, made matters worse, not better.

One witness presented the conclusions of a study of the personal income tax returns of individuals located throughout East Asia. These returns were calculated both on the basis of the original 911 provisions (which Section 913 is supposed to correct) and on the new Section 913 basis, enacted in 1978. According to this testimony, following the strict guidelines and interpretations of Section 913 by the IRS, the average tax burden for most East Asian countries (except Japan) is significantly heavier under the supposedly more liberal Section 913, compared to the old Section 911, by an average of 15 to 20 percent. The relevant data are shown in table V-1.

TABLE V-1.—AVERAGE U.S. TAX BURDENS OF INDIVIDUAL AMERICANS IN SELECTED COUNTRIES, UNDER 1976 AND 1978 TAX ACTS

Country	Tax "as if" employed in the United States	Tax (before foreign tax credit) on pre-1976 rules	Actual 1978 tax (before foreign tax credit)
Hong Kong.....	\$15,617	\$22,683	\$26,850
Indonesia.....	8,533	21,296	24,318
Japan.....	10,350	40,526	29,280
Malaysia.....	6,187	17,526	21,718
Philippines.....	5,652	13,116	16,423
Singapore.....	6,620	12,270	14,881
Taiwan.....	8,687	10,215	13,934

Source: Testimony presented in Manila, the Philippines, by George H. Liesenberg, chairman, Tax Committee, Asia-Pacific Council of American Chambers of Commerce (Jan. 6, 1980).

The Mission is seriously concerned about the impact of U.S. taxation on U.S. export performance. We believe the adverse trade impact of Sections 911 and 913 of the IRS

Code has not been fully appreciated. Moreover, we note with concern allegations that IRS regulations relating to Section 913 have had a restrictive effect, contrary to the congressional intent. Therefore, the Study Mission calls upon the congressional tax committees to convene hearings on Sections 911 and 913, their impact on trade, their implementation by the IRS, and proposed legislative remedies. The evidence indicates that neither the interests of tax equity nor international trade are being served by the present law. We believe the serious deficiencies in the American system of taxing overseas nationals must be promptly corrected.

Once again, I thank my colleague for taking this time to bring to the attention of the House the need to eliminate the income tax on U.S. citizens working abroad.

Mr. ARCHER. Mr. Speaker, I thank the gentleman from California for his contribution to this colloquy.

It is obvious, as he said, that in the competitive world of international trade, this results in either lost contracts for U.S.-produced goods and services—or lost jobs for U.S. citizens if the companies are to compete successfully for overseas contracts.

Let us not forget. When those jobs formerly held by U.S. citizens are lost, we lose related service and product exports because of the natural tendency of the new foreign employees to rely upon foreign sources. U.S. influence in overseas industry and commerce is reduced as the presence of U.S. employees decreases.

All of this is prolog for the purpose of this discussion this afternoon.

Mr. BLILEY. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Virginia.

Mr. BLILEY. Mr. Speaker, I want to compliment my colleague from Texas (Mr. ARCHER) for bringing this matter before the House.

Mr. Speaker, for too long the Congress of the United States has viewed the tax system as an instrument to affect social change. This, Mr. Speaker, can no longer continue to be the case. With runaway inflation, prohibitive interest rates, and 7½ percent unemployment rates, we have no alternative but to reexamine the policies that have directed the ship of state over the past two decades. I should like to

remind my distinguished colleagues that the power to tax is the power to destroy, and, clearly, the use of the tax system to attempt to engineer social change has contributed to wrecking our economy. We must remember that the tax system exists to raise revenue to pay for the legitimate functions of the Government, namely to provide for the common defense and to maintain what the President has called the social safety net.

The taxation of Americans working abroad provides an excellent illustration of my point: Excessive taxation serves as a disincentive to both work and investment. We are the only major industrial nation that fails to provide for the elimination of taxes on overseas workers. It has become too costly for many companies to keep American workers on the payroll, or too costly for American expatriates to remain on the payroll.

Americans, forced home by our unfair and noncompetitive tax laws, are being replaced by foreign nationals who often prefer to buy the products of their native countries. There is overwhelming evidence that the current taxation of overseas Americans has led to a significant decline in exports, costing the Federal Government billions in lost tax revenues, and, more importantly, costing many Americans their jobs.

A 1976 survey of 257 companies doing business overseas found that 73 percent of their overseas employees were Americans. By 1980, a survey of 306 companies found the figure to be only 37 percent. The President's Export Council, last year, determined that the decline in the expatriate work force was responsible for a 5-percent drop in U.S. exports, Mr. Speaker, that is between \$6 and \$7 billion.

The Department of Commerce contends that every billion in exports produces 40,000 American jobs. That is over a quarter of a million jobs that Americans do not have because of tax policies implemented by the Congress of the United States.

The Treasury Department will lose only about \$500 million in tax revenue if we repeal the tax on all foreign income and this is in static terms. This

is an awful small price to pay for \$7 billion in exports and 280,000 Americans working, collecting a paycheck, supporting their families and paying taxes.

Let us put the time when the Congress viewed the tax system as a tool for social engineering behind us, and recognize the tax system for what it is—a way to raise money. Because taxes are disincentives to work, to produce, and to invest, we should tax in a way designed to avoid the most severe disincentives.

By removing the onerous inequities between the tax treatment American expatriates and foreign nationals receive, we can stimulate exports and provide adequate incentives to Americans to work abroad at prices affordable to American firms. I ask that you join me in supporting the exemption of foreign earned income of Americans working abroad from taxation, as a means to help restore American competitiveness abroad, to aid in the elimination of our current balance-of-payments deficit, and to provide productive jobs for our workers here at home.

□ 1330

Mr. ARCHER. The gentleman from Virginia has aptly outlined the immediate pressing need for a change in the law that will place U.S. citizens in a more competitive position with their foreign counterparts.

While a total exclusion from U.S. income taxes on income earned abroad would be desirable, opposition to that approach from some quarters in Congress must not be allowed to stymie action for a major change in the law this year.

An alternative to that total exclusion exists in legislation I have sponsored with Congressman PICKLE and 32 other Members of the House, H.R. 911, which seeks to remove a major part of the barrier to U.S. overseas employment.

It provides a basic exclusion of \$75,000 on foreign earned income—adjusted upward annually until a \$95,000 figure is reached in 1984. In addition, it provides a deduction for excess housing expenses above a \$5,500 base and reduces the residency requirement from 17 months to 11 months.

In the absence of a total exclusion, this approach represents a major step toward placing Americans on a more equal footing with their foreign expatriate counterparts. Its strong bipartisan appeal is reflected in the fact that of its 34 sponsors, 7 are Democrats on the Ways and Means Committee and 9 are committee Republicans.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I am happy to yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding,

and I commend him for having this special order.

Mr. Speaker, for some time, I have been greatly concerned about U.S. international economic policy and the tendency for American policymakers to seek short-term solutions while ignoring the long-term effects of those policies. I am talking about decisions made in past sessions of Congress to adopt tax measures aimed at narrowing the budget deficit but which in fact have succeeded in enlarging our trade deficit.

I suppose, at the time, taxing American citizens working abroad seemed like an appropriate policy to many people since it served to treat all citizens equally and added to Treasury revenues to help ease the public debt burden. But, now after several years of experience with this policy, we are seeing as many of us had predicted that American industry is losing out to foreign competitors because the cost of having an American working overseas greatly exceeds the cost of hiring a foreign worker.

The U.S. tax structure on American businessmen working abroad imposes costs totaling \$100,000 per year for an individual with a \$32,000 base income. That results from taxes on income, schooling, and housing allowances, incentive bonuses and cost-of-living allowances. In East Asia, for example, a German, French, or Australian national could be hired at a cost of approximately \$65,000 for the American firm compared to the \$100,000 for hiring an American.

The added tax costs raise significantly the cost of operating a business overseas. Yet, if Americans expect to be successful in promoting exports, it is imperative that there be a strong, vigorous American presence overseas promoting American products. As we restrict the presence of American businessmen overseas, we unilaterally create disadvantages for our international trading position.

The United States is the only major trading nation in the world to tax the income of its businessmen abroad. We are the only major trading nation to tax schooling and housing allowances or incentive bonuses and cost-of-living allowances. With the high cost of serving overseas, it should come as no surprise that the number of American businessmen serving overseas is shrinking at the very time their presence is most needed to help combat our trade deficits.

I urge my colleagues to seriously reconsider the effectiveness of sections 911 and 913 of our Tax Code and support action to repeal them. The health of our domestic economy and our international trading position depends on it.

Mr. ARCHER. I thank the gentleman from California for his excellent

comments, and I would add another example.

In all of this, it is important to remember that as high as the cost of living has reached here at home, costs of overseas are staggering by comparison. For example, a home that might rent here for \$7,000 a year can easily rent for well over \$50,000 a year in Saudi Arabia.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I will be happy to yield to my friend from Minnesota.

Mr. FRENZEL. Mr. Speaker, I thank the distinguished gentleman for having this time, this special order, and for his leadership on the whole problem of export enlargement and of the 911 area. The gentleman has detailed some of the awful history of 911 taxation. In 1976, in an excess of zeal for reform, we loused up the Tax Code with respect to section 911 and section 913. We made some improvements in 1978. They were minuscule, and obviously sweeping improvements such as the gentleman from Texas has suggested in his H.R. 911 are needed for this year.

As the distinguished gentleman from Texas knows, I am an unreconstructed believer in having American salesmen abroad, selling American products; for that reason, I look on his solution as gradualism, and I do support instead a complete exemption of all income earned abroad from taxation.

I am, however, I hope, sometimes a practical man, and I understand that the solution that the gentleman from Texas has suggested, along with his distinguished colleague, Mr. PICKLE, may be a more convenient and more political solution for this body to adopt than my own style. But, I would like to invite the attention of this body to an article in the Wall Street Journal today which suggested the increasing difficulty American firms are having keeping Americans abroad. It is now estimated that it costs from three to four times more to put a person abroad than it does to hire or to keep a person in employment in the United States.

And so, increasingly we find American firms hiring British and Swiss and Italians and Japanese, and fewer Americans, to conduct their business abroad. It simply means less American sales because they know American products less well and they do not tend to order them automatically and to specify them in subcontracts or supplies ordering as Americans might do.

And so, it seems to me that if we are serious about expanding our exports; if we are trying to cover our enormously increased oil imports and to prevent just a terrible imbalance in trade, we are going to have to do first a reduction of the 911 taxes.

I also want to congratulate the gentleman from Texas on the two other elements of his bill; that is, the 11-month feature rather than the current 18 months, and on the housing feature. As I recall, the gentleman's bill eliminates the other exemptions under 913, and simply concentrates on the housing feature.

Mr. ARCHER. That is correct.

Mr. FRENZEL. In my judgment, that is meritorious. It simplifies the code.

Mr. Speaker, if you could see the amount of data that is necessary to put together for a 911 filing, not only can you not read it or understand it, you can barely lift it. It is a pile of papers about an inch thick, and the Archer-Pickle alternative would eliminate that, or at least would reduce it to a very simple filing.

Mr. Speaker, again I say that while I support total exemption for earned income by Americans resident abroad as a way to put the Yankee peddler to work selling Yankee products again, I must congratulate the gentleman from Texas for his ideas and hope that one or the other of us will be successful.

Mr. Speaker, several times over the past years I have risen to explain to my colleagues the need to revise the tax treatment of U.S. citizens living and working abroad. I have pointed out that the 1976 Foreign Earned Income Act forced U.S. businesses to bring their employees home, and resulted in a dramatic decline in the U.S. share of the trade in many parts of the world, most notably the Middle East.

I have also noted that, while the changes in the tax laws pertaining to overseas Americans in 1978 helped a little, they did not go nearly far enough to put American workers on an equal footing with their counterparts from other major trading countries, none of which tax the overseas earnings of their citizens. Fortunately, it now appears that my colleagues are beginning to understand the need to change the tax treatment of U.S. citizens living and working abroad.

During the past month, several bills have been introduced in both the House and the Senate which would liberalize the income tax treatment of the earned income of Americans living and working outside of the United States. These bills include five which have been introduced by Ways and Means Committee members.

However, while all of these bills contain the necessary increase in the amount of foreign earned income excluded from taxation, only two of the bills, including H.R. 913 which I introduced, take the necessary step of excluding all foreign earned income from taxation, providing U.S. citizens abroad with the same tax treatment as their counterparts from all other

major trading countries. Only complete repeal will make us competitive.

In the view of the need to increase the U.S. share of the export market in order to counter the increasing costs of imports, especially energy and other natural resources, it is important that the United States not put its front line trade representatives, the employees of major U.S. trading companies, at a competitive disadvantage with individuals from other competing trading countries. But, because the United States is the only major trading country to tax the earned income of its citizens who live and work abroad we do give our people a disadvantage.

In addition, the revenue loss to the Treasury does not significantly increase if the income exclusion is raised from \$75,000, which is being proposed by some of my colleagues, to a total exclusion, as my bill proposes. Using the Treasury's estimates, a total exclusion would only increase the revenue loss to the Treasury by \$100 million. And these figures do not take into account the positive impact on trade that a total exclusion would have. It has been estimated that a total exclusion of all earned income from taxation would result in a large increase in the amount of U.S. exports, which would provide the Treasury with several billion dollars in increased revenues.

In this case halfway measures and compromises will not work. This is not a matter of equity. It is purely and simply a matter of competitiveness. If we want Americans selling abroad, and I say we do, we need to make their tax status competitive. It now appears that the climate is right for a general revision of the tax laws pertaining to overseas Americans. Let us do the job right the first time, and provide a total exclusion of all foreign earned income from taxation, helping to remove one of the many barriers the Federal Government has placed to U.S. trade abroad.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for his comments, and I would take this moment to congratulate my friend from Minnesota for the great leadership that he has given in this entire area, plus the leadership that he has given in general on the Trade Subcommittee, and his outstanding interest in limiting and reducing the barriers to the development of trade for the products of this country.

We must also note that overseas salaries which seem high in comparison to salaries here at home are often illusory. For example, one married American with an actual salary of \$40,000 living in Hong Kong recently faced a U.S. tax bill of \$31,238 because of present law. That is hardly an incentive to stay over there representing U.S. interests.

U.S. companies are often forced by competition on contracts to employ non-Americans. One company, for example, learned that because of U.S. tax law, it would have to pay an American in middle management \$62,500 for that person to take home \$27,480. The firm could hire a West German for only \$36,700 while providing him with \$29,244 after adjusting for certain cost-of-living and exchange-rate variables only. That is quite a disincentive to hire the American.

As another example of how our tax law makes competition difficult, if a U.S. firm wanted to hire 100 Americans at a real salary of \$30,000 each for a project in Saudi Arabia, the price of tax equalization for those employees would amount to more than \$3.5 million—in many cases a prohibitive competitive disadvantage.

In this brief time, we have attempted to illustrate for the Congress the compelling need to act quickly on removing this massive barrier to U.S. overseas trade.

The strong, bipartisan consensus that clearly exists already in the Congress indicates to me that it is an issue which we cannot postpone any longer. Our domestic economy demands that we bring to a rapid halt the shrinking of overseas markets for products and services which mean so much to employment here at home. It is an issue on which the Congress and the administration can readily agree. We must not lose the momentum which now exists to provide an immediate shot of adrenalin to our economy by providing equitable tax treatment to our citizens willing to work abroad—often in harsh economic and environmental conditions—to increase markets for our goods and services.

● Mr. PICKLE. Mr. Speaker, our Nation has accumulated deficits in its trade accounts of some \$150 billion over the past 4 years. I am concerned about this, as all of us should be. We are going to have to make some fundamental changes in our economic policy. At the same time, we must eliminate obstacles that restrain our ability to export. One of these obstacles is our tax treatment of Americans who live and work overseas. The United States is the only major trading Nation to tax the income of its businessmen overseas, to tax schooling and housing allowances as income and to tax incentive bonuses. Because of this policy, our Americans are abandoning the foreign markets and returning home. We must reverse this trend and increase our presence in overseas markets if we are to increase American exports.

Other countries pull together with their private sector and their labor movement in the search for exports.

Most do not tax their citizens on their worldwide income.

We must put Americans on the same footing as citizens from all of the competing industrial nations. We need our people overseas to represent our concerns. Their activity increases our viability as an exporting nation. More exports mean more jobs at home, a stronger economy and a stronger dollar.

I am supporting legislation that will change the Internal Revenue Code to insure that Americans working overseas receive tax treatment generally no less favorable than that accorded to our competitors.

If we are to bolster domestic policy, become a top competitor for world markets and diminish our trade deficit, then we must make the changes to keep our workers overseas.

I urge all my colleagues to support this effort.●

Mr. SHANNON. Mr. Speaker, I rise to state my support for substantial reductions in the tax disincentive we place on the Americans who live abroad, competing for a U.S. share in foreign markets. I commend the gentlemen from Texas (Mr. PICKLE and Mr. ARCHER) for their effective leadership on this issue.

The taxation of American citizens who live and work overseas is a difficult issue which Congress has attempted to resolve for a great many years. We have endeavored to frame tax legislation which would encourage Americans to work abroad and, thereby, to increase our share of foreign markets, but which would not, at the same time, create opportunities for tax avoidance by Americans overseas.

We must permit American companies operating in foreign countries to use American personnel in their efforts to sell American-made products. This will obviously increase the amount of goods and services we export, and can help create jobs for Americans here. We cannot compete effectively if we remain the only industrialized nation which relies on foreign intermediaries to sell our products because our own citizens are discouraged by punitive tax policy from living and working abroad.

We must, however, reach an appropriate compromise between total taxation and total exemption. There are those who argue for the complete exclusion from U.S. taxes of the income of all Americans who live and work overseas. I cannot support a proposal which would provide movie stars, high-paid corporate executives, and certain writers and artists all the benefits of American citizenship and, at the same time, would allow them to avoid paying U.S. income taxes.

The gentlemen from Texas have considered the merits of arguments on each side of the issue, and have come up with a workable compromise. They

propose to exempt substantial amounts of income from taxation, and to address, specifically, the problems of high housing costs for Americans abroad. In addition, they would put a cap on the proposed tax exemption so that it will not provide unwarranted tax relief and encourage abuse.

The President did not include recommendations on this issue in his address last week, but Secretary Baldrige of the Department of Commerce in his testimony before the Joint Economic Committee, spoke of the need for action, and I would hope President Reagan will recognize the merits of this compromise legislation. Bipartisan consensus in Congress has been achieved on this bill; we ask for an affirmative reading by the President.

In recognition of the necessity to increase the U.S. share of foreign markets, and to increase sales of American-made goods overseas, I wholeheartedly support H.R. 911, the Pickle-Archer bill.

● Mr. BEREUTER. Mr. Speaker, I would like to thank Mr. ARCHER for his efforts to bring this matter to the attention of this body.

Rather than make comments myself, I prefer simply to share with you a letter I received just yesterday regarding this very matter. My constituent, Mr. Gerald Rush, explains clearly the justifications for changing our present laws. As an accountant with the Omaha-based Leo A. Daly Planning/Architecture/Engineering Co. who is now working in Saudi Arabia, Mr. Rush knows firsthand the problems and the disincentives posed by our current tax laws to individuals working abroad.

The letter follows:

DEAR REPRESENTATIVE: I would like to drop you a note to express my concern about the taxation of U.S. citizens abroad. So here goes—

I won't bother you with details of which I am sure you are aware (i.e. the hardship of working in Saudi Arabia, lack of services available to us over here from our government, non-taxed status of every other nationality except U.S. citizens, our losing out in the foreign market due to inability to compete, balance of trade, etc.). But I will tell you how this unfair tax situation is affecting a Nebraska corporation's people working in the foreign field.

Of the last forty architects and engineers either over here in Riyadh or soon to arrive, only six are U.S. citizens. Obviously, we would rather have Americans working for us—not only are they better qualified but they would be more company-oriented (perhaps staying with Leo A. Daly more than two years or so).

But Americans are unwilling to accept the challenge of foreign assignment when they would not make anything extra for it. Why put up with the heat, dust, society, etc., and possibly lose money! To make matters worse—foreigners are knocking at the doors to take advantage of the tax breaks their governments offer to induce people to work the foreign market.

Sir, this is a particularly sad situation when you consider the fine young Nebraska

architects and engineers without a chance for a good job when they hit the job market. The work we generate in Saudi Arabia generates about forty professional type jobs per person working over here. The number of secondary jobs generated is probably three or four times this number.

All of the money we Americans make over here goes back into the U.S. economy—house payments, taxes, tuition, etc. So when we lose out in a particular position over here—that money goes to France, Germany, Japan or Korea.

I want to now stress that this is critically important—today. I really don't see how U.S. companies can compete over here much longer with the lack of support and outright hindrances presented by our government.

I sincerely hope you will give this your attention.

Sincerely,

GERALD V. RUSH.●

● Mr. AUCCOIN. Mr. Speaker, I am pleased to join my colleagues today in voicing support for H.R. 911, which will reform our tax laws for Americans working overseas. More than this, however, it will help in its own way to reverse the downward slide of American international trade performance over the past decade and boost the sale of American goods and services abroad. That is why similar provisions to those of H.R. 911 have been included in the National Export Policy Act which I and other Members in the House will reintroduce shortly in conjunction with Senator ROTH and the Senate Export Caucus.

There is no doubt that this legislation is needed. Since our tax laws were changed for Americans working overseas, we have seen their individual tax liability increase as the total number of U.S. employees abroad has plummeted—a situation which has not only aggravated our trade deficit, but promises grave consequences over the long term.

We have seen during our dialog today the impact of present tax law on the individual American working abroad. In one company, for example, an American working in middle management would have to be paid \$62,500 in order to receive a take home pay of \$27,480. Better than half of the income paid out in taxes. This contrasts markedly with a West German who would have to receive a salary of only \$36,700 to provide take home pay of \$29,244, a savings to the company of \$25,800. And then there is the incredible story of the unmarried American working in Saudi Arabia with a base salary of \$30,000 who could be liable for U.S. taxes of \$35,444.

For the individual worker, such a system of taxation is burdensome to say the least. But for the company that seeks to employ Americans, it is devastating. No wonder we have seen over the past 4 years a 359-percent increase in the number of expatriates from other countries working in the international marketplace. No wonder we have seen the total number of

American workers abroad decline by more than 38 percent between 1979 and 1980. No wonder American employees abroad are now only 60 percent of the total expatriate workers, down from 73 percent just 4 years ago. Clearly, any company that seeks to employ Americans abroad is at a competitive disadvantage.

But the real impact will be felt here at home. In one instance reported recently, the manager of an overseas manufacturing firm noted that the quantity of machinery and other materials imported from the United States dropped between 60 and 70 percent when local employees replaced the sole American in the firm. In another case, a design and building firm reported that 70 percent of its materials were of U.S. origin in 1977. But now only 20 percent is acquired from the United States as a result of fewer Americans working on overseas projects. These lost export sales mean lost profits and lost jobs—not just for Americans abroad but here at home.

Some will argue that American export performance compared to some of our competitors such as France or Germany is improving. But I would remind my colleagues that last year we again experienced a huge trade deficit exceeding \$30 billion. The time to move to reverse this trend is now and one important step is the reform of section 911 of the Internal Revenue Code.

American presence means American sales. By increasing the presence of Americans overseas, we can help improve the demand for American goods and services. I urge my colleagues to support this important reform.●

● Mr. SCHULZE. Mr. Speaker, it is a time when the United States is facing aggressive competition from many foreign industrial nations; it is a time when we have substantial unused industrial capacity and attendant unemployment; and, Mr. Speaker, it is a time when the United States is taxing the best salesmen for its technology and products right out of the markets that we, as a nation, must penetrate to retain our status as a leader among the advanced industrial nations of the world.

Our tax laws, unlike most, tax our citizens on all income, wherever earned. Recent changes in our rules taxing expatriate Americans on their foreign-earned income have created a complex set of deductions and special status rules that seek to address the problems of Americans working overseas. However, these rules have not corrected the problem: Our heavily progressive rate structure creates a disincentive to Americans who are, or could be, working in nations that have a need for products we have developed and could sell. Normally high compensation reflecting the high cost of living that characterizes most overseas cor-

porate locations forces a high proportion of income to be taxed at the highest tax rates, greatly reducing the real disposable family income. Frequently an engineer or adviser working for a foreign government or firm finds it to his economic advantage to return home to a lower salary, rather than pay out excessive taxes on illusory receipts.

Without Americans overseas selling—through their specification or recommendation—the American products they are familiar with, our market shares will continue to shrink. We must rethink our national policy toward the Americans who are on the front lines of what some have described as economic warfare.

I have introduced legislation which corrects this problem: H.R. 1924 excludes from U.S. taxable income all foreign earned income. Correspondingly, the foreign tax credit is unavailable to the extent that it reflects income excluded from U.S. taxation. Estimates of revenue impact from this proposal conclude that rather than being a continuing revenue loss to the Treasury, there will be a revenue gain in the near and long term because increased demand for U.S. goods and services will increase our gross national product, thereby enlarging the tax base.

I urge my colleagues to consider this proposal. It is clear that we cannot continue to allow our talented and patriotic sales force overseas to dwindle as we have in recent years.●

● Mr. BAFALIS. Mr. Speaker, a peril threatens our national economy, looming perversely over an estimated 10 million American jobs.

Those affected are workers aligned directly and indirectly with exports of goods and services from this country.

Existing national policies discourage—even penalize—work and trade abroad by strangling our efforts to compete overseas; our presence in foreign markets lies trapped in a snare of contradictory laws and regulations.

At the root of the dilemma are current U.S. income taxes imposed on Americans employed abroad.

It is one of the export taxes inflating costs of American goods and services, spiraling costs higher, rendering America competitively second rate.

Our share of world markets stood at almost 24 percent in early 1970. That share now stands at less than 14 percent and is fast declining. Moreover, in just under 4 years, U.S. trade deficits climbed to over \$100 billion. Clearly, not only have we failed to create foreign markets for our exports and services, but we have courted policies which discourage future formation of export markets.

It is not a healthy policy for a robust, productive economy. Rather, our national policy must encourage

substantial increases in America's foreign markets.

To accomplish this, we first must tackle the problem of overburdening taxation on Americans working in those much-needed foreign markets.

Present U.S. income tax policies actually can sentence the American worker abroad to pay more in taxes than the amount of his entire base salary.

When asked if this can possibly be true, the Internal Revenue Service admits grudgingly: It is an accurate possibility.

Here is how it can occur: The overseas worker is paid over and above his base salary for various expenses. These cost differential allowances rocket our American foreign employee into a higher tax bracket.

While not taxed on all of the various allowances, and while permitted legal deductions, workers are taxed on enough allowances so that income taxes actually may exceed base salaries.

Ironically, some cost differential allowances are restitution for expenses incurred that may not actually contribute to the employee's income. Nonetheless, the IRS considers those funds as taxable compensation.

American workers abroad, because of these tax policies, therefore, must be paid a higher base wage than comparable foreign workers who pay fewer taxes. For example, an American foreign worker has to earn \$62,500 to take home \$27,480 after taxes. A West German hired in place of the American would have to receive only \$36,700 to take home \$29,244.

As a result, many U.S. companies do not hire Americans, preferring to save money by hiring foreign workers. Other countries do not tax incomes earned by their citizens employed in foreign markets; only Americans are taxed on incomes earned abroad.

Substantiating these findings are those revealed recently by Chase Econometrics.

The Chase figures show employment of Americans overseas during the past year was reduced by almost 10 percent. That lower employment figure resulted in a 5-percent drop in exports, which, in turn, resulted in a loss to the Federal Treasury of about \$6 billion in tax revenues.

The explanation for such cause-effect relationships is simple: American exports link directly to Americans working in foreign markets.

Whatever their jobs, Americans overseas, directly or indirectly, create demand that paves the way for American goods and services abroad.

There is a rule of thumb, according to Chase—for each 1 percent reduction in American presence abroad, a loss of one-half percent in U.S. exports results.

Another startling fact revealed by the Chase study, is any reduction in numbers of U.S. workers overseas reduces competition of U.S. goods and services abroad, resulting in an export slump that contributes to U.S. unemployment in this country. This is because returning overseas Americans enter the domestic labor force, decreasing available jobs.

Obviously, tax policies which inhibit American exports and abate employment of American workers overseas muddle a most delicate economic balance.

For the well-being of the present and future economy of this great Nation, we must see changes made in those policies that will benefit—nothinder—American business.

That once proud slogan, "Made in the U.S.A." must retrieve its birthright in the sphere of world economics.●

● Mr. COLLINS of Texas. Mr. Speaker, America, instead of allowing its citizens to prosper, has increasingly placed tax burdens and disincentives on all Americans. In particular, Americans who work abroad are victims of inequitable tax burdens created by changes in the Tax Code of 1976.

These changes, have placed the United States in a precarious posture in foreign markets. Individual investment and U.S. foreign trade and development have been stymied. Since 1976, U.S. exports have declined and U.S. companies have slipped from their ability to compete for foreign contracts. Also, because of the increased tax burden, U.S. companies can no longer support U.S. citizens overseas, and as a result, foreign nationals now fill their positions.

It is interesting to note, that the United States taxes persons based on their citizenship rather than their country of residence. This policy is unlike that of all other industrialized nations. Because of this, U.S. citizens are taxed on their income earned abroad, while most foreign nationals are not. Likewise, the United States taxes the worldwide income of its corporations which is again, unlike most major nations. These situations create an imbalance in our foreign trade and ultimately effect our domestic economic condition.

Is this healthy for America? I think, not. The damaging effect has already begun to appear, and can only get worse. We must think about the continued, long-term damaging effect these tax burdens will have on our foreign trade and put a stop to them now. At a time when America is experiencing a new beginning, we must see her begin to prosper again abroad, as well as at home.●

□ 1345

ALTERNATIVE ECONOMIC AND BUDGET PLANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 60 minutes.

GENERAL LEAVE

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that I may be permitted to revise and extend my remarks, and, further, that all Members may have 5 legislative days to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CONYERS. Mr. Speaker, this special order on the administration's economic and budget plans was called to fill a gaping hole in public debate.

There has been remarkably little critical examination and discussion of the administration's proposals, its underlying assumptions, the desirability of the proposed shifts to so-called free-market solutions for problems ranging from energy conservation to funding of the arts to distressed industries and cities, and of the human and social impact of the changes being advanced.

A powerful crowd psychology seems to be sweeping Washington these days, including its political institutions as well as the communications establishment. We are being asked to rubber-stamp a profound reordering of Federal priorities, roles, and responsibilities that have been built up over three decades. All this is being proposed in the name of economic problem solving.

There are real and serious questions about the ability of the administration's proposals to solve the very problems they claim to intend to solve.

One of the leaders of the neoconservative movement that spawned the Reagan program, Mr. Irving Kristol, wrote recently in the *Wall Street Journal*:

The interactions (in the Reagan program) are so subtle, the feedbacks so complex, that we do not have any econometric model capable of handling them.

Translated into layman's language, Mr. Kristol is telling us that nobody in the administration really knows what the effects of the plan will be. To some it appears that we are witnessing the end product of 20 years of work on the part of a band of conservative ideological crusaders bent on dismantling domestic programs, halting Federal action on the economy, curbing the Government, who are masquerading as problem solvers but who are in fact opponents of any Government action furthering equal opportunity, income redistribution, economic development, and social justice.

I think we who are in the opposition are being hoodwinked about the

claims of what the program will accomplish and also what the American people really want done.

For example, according to every recent public opinion poll, the majority of Americans believe price controls would work more effectively to bring down inflation than any other measure. The public also wants to maintain child nutrition programs and opposes cuts in the Federal job training and employment programs. The public certainly does not want the credit squeeze and tight money policy that exists and that the administration wishes to perpetrate.

The problem is that in the absence of alternatives we are contributing to the self-fulfilling prophesy of the public demanding enactment of the Reagan program lock, stock, and barrel because the public has no alternative before it, or hears no opposition to it. And so I conceive our responsibility is to do something about it.

If we fail to defend the programs we believe in and provide reasonable and workable alternatives, then nothing truly will be left but to go along with the administration's program.

Because it is so important that we begin to talk not only in terms of what is wrong but what should be the alternatives, I would like to sketch out a number of the considerations that I hope will enter more fully into the dialog of this session of Congress.

First, economic controls on profits, interest rates, energy prices, and wage adjustments so that workers are not overpenalized in their legitimate desire to catch up to the cost of living. This would provide the breathing space and the cooling off period to create the plans that are needed to bring inflation down, raise productivity, and reorient consumption and investment. I consider it the only decent alternative to credit squeezes and arbitrary budget cuts.

Second, for your consideration, is credit control and allocation. The President already has the authority under the Credit Control Act of 1969 to direct the Fed to control and allocate credit so that the worst off industries and areas obtain what they need while nonessential and speculative borrowers are forced to pay higher interest rates. Credit allocation works effectively in European nations, where the targeting of credit to persons, places, and economic sectors in the greatest need is considered sensible public policy.

Third, the creation of specialized regional and national development banks to make available investment capital to economically distressed areas. In the same vein, the National Consumer Cooperative Bank, which the administration wants to dismantle, ought to be given our full support.

Fourth, the reimposition of price controls on oil and continued controls on natural gas. American consumers should not be subject to the whims of foreign producers who can price their oil at any level they wish in the absence of normal market constraints, nor should they be the victims of our own domestic oil corporations who would raise oil prices arbitrarily. Oil company profits rose 30 percent in 1980 over the previous year, and the 20 largest corporations in that industry reported profits in excess of \$29 billion. The oil industry alone accounts for 40 percent of all the profits earned by U.S. manufacturing as a whole.

Fifth, the creation of a Federal oil imports agency that would be responsible for the purchase and sale of all foreign oil used in the United States. This is not a brandnew idea, but it is new in this country. It would establish for American consumers a countervailing market power in relation to the OPEC cartel that could bring oil prices down. The agency would be a passthrough, with no profit aims, and would supply oil on the open market to all American refiners and marketers. In any case, we should get the oil companies out of the business of imported oil since all their incentives are on the side of keeping world prices as well as domestic prices high.

Sixth, serious cuts and savings in the Defense Department programs, particularly the weapons programs. Not only is there considerable waste, non-competitive bidding, uncontrollable cost overruns in defense contracts, but there are immense programs on the drawing board that are of questionable national security value, chief among them the MX missile system which, if cut, would save taxpayers tens of billions of dollars, maybe hundreds of billions of dollars. We should seriously explore the conversion of defense industries to peacetime activities.

Seventh, serious tax reform to make the tax code more intelligible and more equitable, including ways to finance social security under general revenue so as to reduce the enormous and growing burden of payroll taxes.

Eighth, the Federal Government should in my judgment encourage greater worker involvement in management and business decisionmaking, including representation on the boards of directors. As you know, Chrysler Corp. now has a member of the union on the board, and we think that this practice should be extended not only to the rest of the auto industry but throughout all American industry. This is standard practice in West Germany, France, and Sweden, where workers have a vital stake in the companies that they work for and are not denied any of the rights of participation. From a business standpoint it makes good sense to create incentives

for workers to identify their interests with their firms. We need a dose of economic democracy in the workplace for the sake of productivity, innovation, efficiency, and economic growth.

Finally, let us implement at last the Full Employment and Balanced Growth Act. It contains the framework for economic planning that is needed to lead us back to full employment, price stability, and balanced growth.

So, Mr. Speaker, let me say to my colleagues that I propose that we begin to extend the debate not just on what is wrong with the Reagan economic program, that proposes to cut, slash, reduce, or merge 63 domestic programs, but to workable and decent alternative programs. I feel it is important that we move forward in that spirit of examining new alternatives, and try to reach some honest understandings about what really is needed to solve the Nation's problems.

Mr. CONYERS. Mr. Speaker, this special order on the Reagan administration's economic and budget plans was called to fill a gaping hole in public debate. There has been remarkably little critical examination and discussion of the administration's proposals, the underlying assumptions, the desirability of the proposed shift to free-market solutions for problems ranging from energy conservation and funding for the arts to distressed industries and cities, and of the human and social impact of the changes being considered.

If we have learned anything about economics during the past decade, it is that no single group, least of all professional economists, have a lock on the truth. Yet we face today a very determined band of conservative economists and policymakers in the White House—some might call them economic theologians, who trade in belief rather than proof—who are asking Congress to ratify sweeping changes in Federal policy without offering in return the hard economic and impact analysis that is needed to consider their proposals.

The Reagan administration's game plan represents far more than just a series of piecemeal budget cuts. It signifies a major reordering of Federal priorities, roles, and responsibilities, built up over the last three decades. As one example, the President proposes to consolidate health, education, and social service programs into a few block grants, while cutting aggregate funds in each area by about one-quarter. Under this plan, States and localities will have complete discretion to decide which program will receive funds and for what.

In the education field, it could mean that the claims of a disadvantaged child for funds will be set against the claims of adult or vocational education or even library support. Without Fed-

eral standards, political weight can prove decisive in the fight over block grant funds. Is this the concept Congress had in the historic battle against poverty and unequal opportunity?

The Reagan proposals also contain the seeds of a fundamental shift in the composition of Federal revenues. Already, during the past few decades the corporate share of the Federal tax burden has declined dramatically, while individual taxes have risen. Now under the Reagan proposal to cut business taxes through accelerated depreciation, business taxes could be cut by more than half of what they are presently. Yet there are no contemplated cuts in payroll taxes on individuals that in many cases already exceed the burden of income taxes. It should be clear by now that the administration's intention to cut taxes by 30 percent will impose on Congress the deepening burden to make even further domestic program cuts in future years, as the individual tax load grows ever more intolerable.

In the last several days I have talked to a number of economists, who have raised serious questions about the absence of hard economic analysis, the reliability of the administration's projections, the defensibility of its assumptions about how individuals and firms behave, and the chances that the new plan will seriously address inflation and stagnation.

Chairman FERNAND ST GERMAIN of the Banking Committee commented last week about the Reagan plan:

I am fearful that this endless string of numbers (from OMB) is the product of a computer gone wild, bent on reaching some preconceived idea of a multibillion-dollar total without concern about needs or efficiencies.

He put his finger on a basic aspect of the approach: It is long on rhetoric and symbols that appeal to public discontents, and short on economic and impact analysis. Yet in the face of profound changes in Federal policy—in the very definition of what the Federal Government means to people—we are being asked to put out questions and doubts aside, and just have faith in the judgment of the orchestrators.

One of the leaders of the neoconservative movement that spawned the Reagan program, Irving Kristol, writing in the *Wall Street Journal* recently, observed:

The interactions are so subtle, the feedbacks so complex, that we do not have any econometric model capable of handling them.

Translated into layman's language, Mr. Kristol is telling us that nobody in the administration really knows what the effects of its plans will be.

It almost appears as if we are witnessing the end-product of a band of ideological crusaders in high places in the White House, bent on dismantling

social programs, halting Federal action in the economy, curbing big Government, who are masquerading as economic problem-solvers. Their attacks on the Federal Government have been central to their politics for decades, irrespective of whether or not it makes sense in economic terms.

QUESTIONS ABOUT THE REAGAN ECONOMIC PLAN

Several questions come to mind about the administration's budget and fiscal policy proposals and what they intend as their goals. We had better look at these carefully.

INFLATION

The administration claims that major cuts in domestic Federal spending will bring down the inflation rate because Federal spending is the single greatest inflationary factor.

How does the administration respond to the findings of the Congressional Budget Office, and other outside analysts, that concluded last year a \$20 billion budget cut by itself, within the context of a \$3 trillion economy, would have only a negligible impact on the inflation rate, at most, one-half of 1 percent?

How else does the administration square its proposed boosts in defense spending—an additional \$26 billion in obligations in fiscal year 1982, and an additional \$170 billion, at a minimum, over the next 5 years—with its overall effort to reduce deficits and inflation? We know by now, from past history, that defense spending more than other programs has a built-in inflationary bias as a result of cost-overruns, supply bottlenecks, and widespread waste and abuse.

What are the specific anti-inflation measures the administration is advancing, that address the real inflation sources such as uncontrolled world and domestic oil prices, rising food prices, and the galloping cost of virtually every good and service as a result of the high interest rate costs that businesses pass along to consumers? Since most of the underlying inflation occurs in the basic necessities such as energy, food, health care, and housing, how does the administration expect to grapple with it in the absence of specific programs targeted to these areas?

How in the world will a 10-percent across-the-board tax cut in each of the next 3 years contribute to lowering inflation? As the economist Lester Thurow aptly points out—based on the effect of the Kennedy tax cuts in the 1960's, there is very little evidence that such a tax cut will raise the savings rate for investment sufficiently to offset its stimulus to consumption that can only add to inflation. Based on past history, Thurow finds that for any \$100 in tax cuts, Americans typically will save \$7 of it and spend the other \$93.

The tax cut proposal typifies a more general problem in the administration's proposals. Nothing proposed is

at all targeted to particular groups, geographical areas, or even problem-areas. The approach throughout is indiscriminate, across the board, scatter gun, as if the problems of the economy are of one stripe, and amendable to one general solution.

ENERGY INFLATION

The administration's decontrol of domestic oil has made American consumers totally dependent on the pricing whims of the OPEC producers since domestic prices now are pegged to world prices. The oil companies, it should be clear by now, lack any incentives to negotiate lower prices, which can only depress the value of the domestic reserves they own. The Carter administration's gradual decontrol policy, according to a study of the Oversight and Investigations Subcommittee last year, added 3 to 5 percentage points to the inflation rate. The removal of all controls last month undoubtedly will raise the inflation rate further.

On top of oil decontrol, the administration is bent on the complete decontrol of natural gas prices. A recent study by Energy Action, released last week, concludes that natural gas decontrol would cost the Nation between \$370 and \$620 billion over the next 5 years and, naturally, add substantially to inflation.

Given the continued dependence on foreign oil and the inflationary impact of oil and gas decontrol, how can the administration justify its proposals to cut out funding of energy alternatives such as solar energy, hydropower, alcohol fuels? Further, while there is broad agreement that energy conservation can produce enormous savings, how does the administration justify its proposals to eliminate conservation programs such as Federal standards governing thermostats in public buildings and the cuts in mass transit programs?

FEDERAL DEFICITS

The Reagan administration claims it will bring about a budget surplus by 1984—even though it already has recalculated upward its estimates of next year's deficit from the Carter target of \$27.5 billion to the present aim of \$45 billion. How does it propose to accomplish this without dramatically reducing the unemployment rate and at the same time raising additional revenue to close the budget gap?

Past economic history shows that recessions themselves are the major cause of budget deficits. For each additional 1 million unemployed persons beyond the so-called 5.1 percent full-employment benchmark, the Treasury has to pay out an additional \$6 to \$8 billion for income maintenance, that is, food stamps, unemployment compensation, public assistance, and so forth. At the same time each additional 1 percent increase in the jobless rate robs the Treasury of roughly \$23

to \$25 billion in revenues that economic activity generates. Recessions and high unemployment are, therefore, the major sources of Federal deficits.

OMB recently calculated that at the full-employment level, Federal outlays would drop more than \$13 billion, while revenues would increase by approximately \$60 billion. In other words, finding jobs for 2.5 million workers, now unemployed, would bring about the budget surplus the administration seeks, while leaving these workers idle and adding to their ranks can only produce more deficit spending.

Deficits also can be lowered by finding new revenue sources. The House Budget Committee calculated that tax expenditures—the total of Federal tax subsidies, loopholes, credits, and deferrals—will amount to more than \$235 billion in fiscal year 1982, roughly one-third of Federal direct spending. Many of these subsidies and credits no longer serve the purposes they were created for years ago. For example, the oil-depletion allowance next year will eat up \$1.5 billion in revenues. Yet the administration has chosen to maintain this subsidy, that makes no sense since oil prices are decontrolled, the industry has all the price incentives it needs, and oil profits apparently are unlimited.

There are all types of tax breaks that should now be reexamined, mostly benefiting upper-income groups and corporations without having any discernible broad public value. Yet instead of closing loopholes and reforming the tax code, the administration is proposing additional tax breaks. I suspect that once Congress completes its tax work, it will even exceed the tax breaks the administration proposes. How can the administration square this massive hemorrhaging of Federal revenues with its intention to balance the budget—unless, of course, it really is bent on scaling down domestic programs to unrecognizable proportions?

ECONOMIC REVITALIZATION

The supply siders in the administration, presumably, aim most of all to revitalize the economy and stimulate new economic activity. The administration expects GNP to grow at rates of more than 4 and 5 percent annually over the next several years, far higher than the economy has grown in the past several years. Legitimate questions can be raised, as CBO observed in January, whether these growth targets are at all realistic.

The nub of the problem, as the supply siders see it, is to raise dramatically the level of savings and investment that will pump badly needed investment capital into the economy. The average Japanese family saves 20 percent of its income, and the average German family now saves 14 percent.

The average American family saves, however, only 5.5 percent. So the administration proposes to cut marginal income tax rates and also business taxes. They assume that a tax cut will encourage everyone to save and invest. There is no hard evidence, however, that this will happen. Following the Kennedy tax cuts, the savings rate increased by only 1.5 percent.

How does the administration propose to boost savings and investment without any specific measures to raise the rate of return on personal savings for millions of ordinary citizens. How can a scattergun, across-the-boards tax cut boost productive investment in new plants and equipment, when the administration proposes tax cuts for speculative investment as well? A lower capital gains rate, for example, also will apply to speculative investment in antiques, Persian rugs, second or third homes, and a variety of other ventures that contribute little to economic revitalization and jobs. Since speculative investments usually pay off more quickly than productive ones, why should not investors take advantage of the Reagan tax program to divert funds from productive to non-productive forms of investment?

If the administration really believes that a significant shift away from consumption must take place over the next several years, why is it not proposing real constraints on consumption? The economist Lester Thurow in recent testimony before the Joint Economic Committee observed that the Reagan supply siders were not really true supply siders, since they have failed to target their program to productive forms of investment.

Economic stimulus via tax cuts, most would agree, will take years to materialize in the form of new investment and capital. What does the administration propose to do in the next few years as the auto industry goes deeper in the red, plant closings in older industrial centers reach epidemic proportions, and whole communities and regions are torn apart by further economic dislocation?

The Carter administration in its closing months, at least, was moving to a concept of economic planning by industry and sector, and partnerships between labor, management, and Government. The Reagan administration alternative appears to be the free-enterprise model, in which strong firms and sectors will survive, while weaker ones, regardless of their importance to the economy, will go under. The Economic Development Administration will be terminated and economically depressed areas it served will have to find their own way back.

MONETARY POLICY

The Reagan administration, apparently, does not think the Federal Reserve Board has tightened the money supply enough, even though interest

rates are at an all-time high, the small business sector is unable to borrow, and the housing and auto industries, to name a few credit-dependent sectors, have been devastated.

How does the administration square its supposedly fiscal stimulus plan of tax cuts and deregulation with its advocacy of more of the same, and even worse, monetarist policy?

If the administration really is concerned about curbing inflation and reviving the economy, how possibly can it wish to preserve a tight money policy that can only boost business costs and prices, undermine the inherent competitiveness of a healthy small business sector, and prevent the smallest, most innovative firms from financing new technologies that alone can lower costs and boost productivity?

BUDGET CUTS

The administration proposes in the first round to cut roughly \$41.4 billion from the Federal budget. The vast majority of cuts—\$34.8 billion—come out of a variety of human resource programs such as income maintenance, social insurance, housing, health care, education, job training, mass transit, and arts and humanities. Only \$2.9 billion in savings comes out of the Defense Department, and this is overshadowed by the additional \$26 billion in obligatory authority the administration wants next year.

The administration defends these cuts because they ostensibly eliminate waste and inefficiency. Enough studies now exist that indicate dollar for dollar, there is an even greater amount of waste in the defense budget than in human resource programs.

The Corporation for Public Broadcasting, that has raised the cultural sights of many Americans, would be cut by \$43 billion, while \$79 million in subsidies to the tobacco industry are left untouched. So much for the rationality of the Reagan budget cuts, and the value system that underlies its program.

The administration wants to remove some 400,000 households from the food stamp program, to take one example of human resource cuts. It wishes to target funds only to the truly needy, and eliminate unneedy students, who now are eligible for stamps. Yet students account for only some 50,000 recipients out of nearly 22 million. Who are the other unneedy 350,000 households that the administration wants eliminated from the program?

Real benefits in major welfare programs such as AFDC and Medicaid have declined significantly in the last several years as a result of inflation. For example, real AFDC benefits have declined by as much as 33 percent in a survey of 20 States, while real Medicaid benefits have gone down as much as 47 percent. The Reagan cuts have to be considered in the context of a cu-

mulative decline in program benefits. Or does not the administration think that the poor suffer as much from inflation as the rich?

While the administration professes to be serious about job creation and a shift away from welfare, the effect of its cuts will work in the very opposite direction. What does the administration propose to do with persons who are now employed, but who will lose their jobs or employability if the administration succeeds in eliminating CETA programs, UDAG and EDA public works programs, youth and adult conservation programs, and day care programs for working mothers? As the Washington Post editorialized recently, forcing persons out of jobs onto welfare rolls is "monstrous social and economic policy."

Moreover, if public job programs are eliminated, how will the administration absorb the additional welfare costs that will arise?

GOVERNMENT AS THE PROBLEM

Perhaps the most basic assumption behind the administration plan is that the Federal Government alone is at the root of our problems. Blaming the Government for virtually everything has been at the heart of the President's politics for two decades.

Is this realistic or justified? Since the Reagan administration does happen to sit on top of a Federal Government that is immensely complex, responsible for major roles in society, and on whom millions of individuals depend in their struggle to survive, does it make good policy sense to weaken further the Federal mission?

Are there not many actors to blame for the current state of affairs? Let us look at a few.

ITEM

A small American company invented the Betamax video tape system and tried to sell it to a large American corporation for production. The patent is American, but it was sold to Sony, the well-known Japanese company.

ITEM

The president of Sony in a recent Harvard speech laid the blame for America's economic distress squarely on the doorsteps of American corporations. He pointed out, for example, that American management has few of the incentives Japanese managers have to take the long view on investment, marketing, and production. American corporate leaders, he said, are too oriented to short-term profits and respectable ledger books because their own careers and financial interests encourage the shortrun perspective.

ITEM

Japanese students exceed American students in every category of scholastic achievement. College entrance exam scores of American students

have been falling for 15 years. Is this the result of too much investment, or too little?

ITEM

Japanese workers and workers in most Western European countries have positive incentives to produce because their fortunes are tied to the fortunes of the companies they work for. They also tend to have a voice in company management and decision-making. In the typical American company, on the other hand, hierarchy prevails, and workers are generally shut out of decisionmaking.

ITEM

The Federal Government has spent billions on cleaning up the air we breathe, cleaning up waters after oil spills, getting rid of toxic and hazardous substances in the ground and in the workplace. It also has spent billions to keep the passenger railroads running that private industry abandoned. So much for the voluntaristic and responsible spirit of American business that should have been doing these things on its own.

The Federal Government, of course, has accomplished a great many positive values. Because of Federal occupational health and safety regulations, occupational deaths in the mining industry went down from 1.5 per million in the late 1960's to 0.5 per million in 1980, and this was the result of Government action, not the voluntaristic efforts of the companies involved.

As a black American I can testify, without any ambiguity, that were it not for Federal action to remove barriers to equal opportunity and to enforce civil rights and constitutional laws, black Americans and other minority communities would still be marching on the road to freedom and still be encountering roadblocks.

ALTERNATIVES

Lest anyone think that what the Reagan administration is proposing for the economy and the Federal budget is the only thing workable, let me offer some alternatives, and make an observation.

A powerful crowd psychology is developing, and we are being asked to believe that the public stands foursquare behind all the administration's proposals. A majority of the public, according to numerous opinion polls, also wants price-and-wage controls. The public also is divided evenly over support for more urban assistance, and the great majority does not want any cuts in child nutrition programs, or funds cut from Federal job training programs.

We are in danger of being bamboozled into believing that the public mandate is loud and clear for immediate approval of all that the administration wants. This is not the case. Furthermore, if we in the opposition do not defend the programs we believe in, and recommend alternatives for

citizens to consider, we then will be creating the self-fulfilling prophecy of the public demanding the Reagan program because it knows of no alternatives.

Because of time, I will only sketch some alternatives to the Reagan program, and elaborate on them at a later time.

First, economic controls on profits, interest rates, energy prices, and wage adjustments so that workers are not overpenalized in their legitimate desire to catch up to the cost of living. This would provide the breathing space and the cooling off period to make the plans that are needed to bring inflation down, raise productivity, and reorient consumption and investment. I consider it the only decent alternative to crippling credit squeezes and arbitrary budget cuts.

Second, credit control and allocation. The President has the authority under the Credit Control Act of 1969 to direct the Fed to control and allocate credit, so that the worst-off industries and areas obtain what they need, while nonessential and speculative borrowers are forced to pay the highest rates. Credit allocation works effectively in European nations, where the targeting of credit to persons, places, and economic sectors in greatest need is considered sensible public policy.

Third, creation of specialized regional and national development banks to make available investment capital to economically distressed areas. In the same vein, the National Consumer Co-operative Bank, which the Reagan administration seeks to dismantle, ought to be given our full support.

Fourth, reimposition of price controls on oil and continued controls on natural gas. American consumers should not be subject to the whims of foreign producers who can price their oil at any level they wish, in the absence of normal market constraints. Oil company profits rose 30 percent in 1980 over the previous year, and the 20 largest corporations reported profits in excess of \$29 billion. The oil industry alone now accounts for 40 percent of all profits earned by U.S. manufacturing firms in 1980 as a whole.

Fifth, creation of a Federal oil imports agency that would be responsible for the purchase and sale of all foreign oil used in the United States. This would establish for American consumers a countervailing market power in relation to the OPEC cartel that could bring oil prices down. In any case, we should get the oil companies out of the business of imported oil since all their incentives are on the side of keeping world prices high.

Sixth, serious cuts and savings in Defense Department programs, particularly weapons programs. Not only is there considerable waste, noncompetitive bidding, uncontrollable cost over-

runs in Defense contracts, but there are immense programs on the drawing boards that of questionable security value, chief among the MX missile system that, if cut, would save taxpayers tens of billions of dollars. We should explore seriously conversion of defense industries.

Seventh, serious tax reform, to make the tax code more intelligible and more equitable, including ways to refine social security so as to reduce the enormous and growing burden of payroll taxes.

Eighth, the Federal Government should encourage greater worker involvement in management and business decisionmaking, including representation on boards of directors. This already is standard practice in West Germany, France, and Sweden. Workers have a vital stake in the companies they work for, yet they are denied any rights of participation. From a business standpoint, it makes good sense to create incentives for workers to identify their interests with their firms. We need a dose of economic democracy in the workplace for the sake of productivity, innovation, efficiency, and economic growth.

Ninth, last but not least, let us finally implement the Full Employment and Balanced Growth Act of 1978, which is Federal law. The Carter administration, unfortunately, deferred its targets and timetables reducing unemployment. The law, tragically, has become a dead letter with the Reagan administration. Yet it contains the very framework for economic planning that is needed today to lead us back on the road to full employment, price stability, and balanced growth.

Mr. HAWKINS. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to my friend and colleague, the gentleman from California (Mr. HAWKINS).

Mr. HAWKINS. Mr. Speaker, may I commend the gentleman from Michigan (Mr. CONYERS) for this very important special order. I believe that he has touched on the very heart of the problems that confront us today, and that he has not only dealt with the problems but, I think much more importantly, with concrete solutions.

A few days ago the President did indicate that if those of us who oppose the budget cuts did not have solutions, in effect we should be opposing the budget cuts. I think that challenge has certainly been answered by whether or not you would continue the feeding of arsenic to a sick patient, by whether or not you only have a solution or an alternative but also recommend the discontinuance of that which is wrong. I think that that is primarily the important message that seems to be lost, particularly in these Halls these days, because willy-nilly we see that otherwise courageous men and women,

knowing what is being advocated is wrong, are afraid to speak up.

I think that the gentleman from Michigan (Mr. CONYERS) is among those who have not only spoken out against what is wrong but also has, I think, well-designed programs to correct these injustices.

The problems that we spoke about during the campaign so beautifully a few months ago are still the problems that plague us today. Then we were led to believe that we should do something about inflation. Now inflation continues to rage at a 13-percent rate, and we hear practically nothing about it.

A few months ago we spoke about the 8 million unemployed persons among us, and we continue to have those 8 million unemployed and, added to their ranks, many hundreds of thousands since then. And before the end of the year it is pretty obvious, as we are now assuming, that we will have another 1 million persons who are going to be unemployed.

A few months ago we were talking about tax reduction as if all of us would get a piece of the action, as if we would all get some of those tax reductions, but now we are told that the tax reductions are primarily for those in the \$100,000-and-over bracket, and that the common, ordinary people at the bottom of the pyramid are going to be asked to make the sacrifices. So, as for the burdensome taxes that we were led to believe we would be relieved of, we now understand that we are going to have to bear them much more than what we have in the past.

A few months ago the Republican platform indicated that it stood for full employment without inflation through economic growth, and that phrase has now been dropped and we are told that economic growth would only stimulate inflation. And so that great promise made to the American people has not been kept.

Yet we have one speaker after another say that the budget cutting, which now seems to be the centerpiece of a so-called new economic policy, is a new policy, and yet no one has been able to show how the budget cutting would help solve these severe economic problems. They run out of explanations as to whether or not it is going to help decrease inflation. They have run out of explanations as to a balanced budget. They have run out of explanations as to how budget cutting will help employ American wage earners, and now we are told that the budget cutting is not going to do any more than to impose some sort of a psychological impact on the American people. In other words, the budget cutters have become psychiatrists. They are going to solve the problem through trying to lull the American people into slumber.

I want to express again my great support for the program that the gentleman from Michigan (Mr. CONYERS) has outlined. It has been evidenced for a long time that by decreasing unemployment just 1 percentage point we would increase the revenues and provide savings of something in the neighborhood of \$30 billion. It is a simple matter, therefore, to reason logically that if we could only reduce unemployment by 2 percentage points, we could thereby balance the budget and we could reduce inflation because we would be creating those goods and services in short supply.

□ 1400

We would be providing more housing for the American people for the health care that they need. We would be providing something in the field of energy and transportation and so forth if we would put the productive forces of America to work, its idle plants, its idle people. We could thereby bring about this tremendous change; but, unfortunately, the economists have become psychiatrists and those great leaders of a few months ago have suddenly gone back to playing their politics to give to their financial contributors a great windfall that they were not entitled to and certainly should not deserve during these days.

I want to again commend the gentleman for Michigan, to join with him in at least speaking out. Perhaps if his voice can be heard, there will be many others who will be inspired to do what he is doing in these Halls today and certainly we want to join with him in what I consider to be a tremendous message to the American people.

Mr. CONYERS. I thank my colleague, the gentleman from California. No one in this body is unaware that he is the author of the Full Employment and Balanced Growth Act, a measure designed to not only create jobs, but also deal with a myriad of other economic problems. I am grateful for his contribution in this debate.

Mr. Speaker, I yield now to my colleague, the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN of North Dakota. I thank the gentleman very much. I, too, want to commend the gentleman for providing a forum for discussion on economic issues.

It seems to me that the proposals that have been pursued by the Reagan administration embody some good and some bad. I want to say, first, that I believe that there are excesses and extravagances and there is waste in the Federal budget. I want to join those who want to trim and prune where we should in the Federal budget. We want to find out what works and what does not and get rid of that which does not.

Reasonable people, I think, will disagree from time to time on what works and what does not work, but I think

that in some areas President Reagan's proposals are bold and courageous. He is going in some directions on some programs that Democrats and Republicans in times past would not move on and I commend him on that; but I want to say that the economic recovery program will not promote economic recovery unless and until we deal with a couple other items. One is energy and the second is interest rates on monetary policy. About one-half of the inflation in this country comes from the burgeoning cost of energy. If we cut Government in half—if we eliminated half the cost of Government today—that would not reduce by 1 penny the cost of a barrel of oil; and so we have to have a meaningful energy policy, which means we have to produce more and we have to use less. We have to produce more of the right kind and, therefore, I am concerned about budget cuts for solar energy. I am concerned about budget cuts that take out loan authority for gasohol plants, and also when we use less it means a meaningful commitment to conservation programs in this country. I am concerned about the administration's lack of commitment to conservation.

Let me also say that monetary policy is something that has to be dealt with as part of an economic recovery program. High interest rates—20-percent interest rates—pursued by the current Federal Reserve Board do not cure inflation; they cause more inflation. If we had demand-full inflation of the 1950's, the 1960's type that we used to teach in basic economics courses, yes, high interest rates would dampen the demand for funds and, in fact, would be one part of a coordinated solution to deal with inflation; but the fact is that with today's economic patient, high interest rates do not cure inflation. They cause more inflation.

The Wall Street Journal in a recent article pointed out that the large corporations of America are still borrowing funds at about the same rate that they borrowed funds previously. They pay the higher interest rates and they pass them along in higher costs to their consumers.

It is the small business, it is the family farmer that not too many people understand are now on the brink of financial disaster. The increase in business failures in this country recently has been dramatic, particularly in the small business sector. Because of the burgeoning cost of energy and the increased cost of credit, there are far too many small businesses and family farms on the verge of financial disaster. We have to deal in a meaningful way with interest rate policy.

I think the best supply side economic theory would hold, if you believed in supply side economics, that low inter-

est rates fit in the supply side economic thought. Low interest rates do not mean that anyone who wants money gets money. It just means those who have a legitimate demand for credit get it at a reasonable cost.

I would like to say also with respect to tax policy, that having served as a State tax commissioner for 10 years in the State of North Dakota, that reasonable people disagree on what is tax reform. We have tax proposals before us that are called meaningful tax cuts when, in fact, they are illusory. The American people are not going to experience tax cuts. What we have in place is a highly elastic tax system that, without any action by any legislative body, increases dramatically because of inflation. The so-called tax cuts are simply an attempt to level out that curve, so tax cuts are not coming. It is an illusion. To the extent that they are trying to level out that curve that represents an unlegislated tax increase, those tax cuts, it seems to me, that they are talking about move in the wrong direction anyway. It is masquerading under a new title, but it is really the old trickle-down theory. I think Hubert Humphrey years ago talked about trickle down. He said:

The trickle-down theory, that is where you give the horse some feed and you hope the sparrows have something to eat.

Well, the trickle-down theory does not make much sense to me. What we need is to give the people out there in this country—the middle income wage earner who in the decade of the 1970's has had a very real increase in their tax burden—some tax relief, because they spend that money and they create that consumer drive that makes this economic engine of ours function.

So I think when we talk about tax cuts, let us talk about real tax relief to the middle income wage earners of this country. Let us target tax relief to that part of our industrial sector that can use it best. Capital accumulation for the purpose of promoting silver speculation, the purchase of antiques, or the buying and selling of apartment houses between investors is not capital accumulation that is going to renew this economy.

I think what we need to do is look at all the data that has been made available in the last couple of years by recent research. It tells us, first, that the new jobs in this economy are created by small businesses. In the last 9 years, 67 percent of the new jobs in America have been created by business firms of 20 employees or less, according to a study by Professor Birch at MIT. It tells us the most innovative part of our industrial sector is the small business.

I maintain that if we want economic recovery in this country, first, we deal with our energy problem; second, we reduce interest rates; and third, we target tax cuts and the accumulation

of capital that gives us the ability to invest in small businesses, which are the most productive part of this industrial sector of ours.

So I think what we should do is talk about tomorrow's strengths and not try and patch up yesterday's weaknesses. We have a strong economy that will work and an economic recovery program that includes energy, interest rate, and tax policies that make sense. I think it will put this Nation back on the road to economic recovery.

I thank the gentleman for allowing me the time to address that issue.

Mr. CONYERS. I welcome the expertise of my colleague from North Dakota that he brings with him from his previous role as State tax commissioner. It is refreshing to hear people talk about the need for the tax reform, rather than merely tax cuts. I think we have some systemic problems, as I listen to the analysis put forward by the gentleman from North Dakota.

I have always been troubled by the notion that inflation is the No. 1 problem with our economy, because I view inflation as a symptom of a much deeper malaise. Even high interest rates, as unconscionable and obscene as they are, are not a problem to be attacked in isolation. That, too, is a symptom of an economic system that is globally impacted now by forces that are far larger than the ones that we used to control much more conveniently, so that I am sometimes troubled by these attacks on symptoms alone.

You know, if we merely brought inflation under control, it might not necessarily create the 8 to 10 million jobs that are required for people in this country.

So it seems to me that we need some longer range analyses of these problems as well as short-range solutions. To that extent I think there is an uneasiness on the part of many who misread the loud applause that occurred when the President spoke before this body last week. I am reminded that on that night that the President came over here, the body was full of a lot of people that are not Members of the House of Representatives. I am not sure how many American people recognize that.

I think the reception was less than an overwhelming mandate, as I speak to Members of Congress about some of the difficulties in the proposals that were made that night.

So I welcome the gentleman's spirit of inquiry, his willingness to go along and cooperate with the administration. I do not see him as one trying to block and impede. Where he finds there is soundness and correctness in the programs, he will support them and where he does not he will not. I do not think anybody can ask for more

than that. I thank him for his contribution.

I yield now to my colleague, the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. I thank the gentleman for yielding. I want to compliment the gentleman for calling this special order to discuss the most important issue facing the American people and the Congress. That issue is the response that we must make to the program the President has laid before the Congress and the people on the matter of the economy.

The Members of this House owe it to their constituents to work with President Reagan to control inflation and to stimulate the economy of the Nation to higher employment and greater productivity. These are economic goals that the Members and this House of both parties share.

The commitment to work with the President, however, does not absolve Members of the responsibility to evaluate carefully each budget proposal.

Careful consideration does not mean obstruction. The case for a prudent budget cut will be strengthened, not weakened, by that scrutiny.

Not all budget cuts are of equal merit. If they were, we could simply assign a target dollar figure, and pull budget cuts out of a hat to reach that target.

Before we consider the cuts, we should rid ourselves of the notion that all sectors of the economy and all citizens will bear the burden of these cuts equitably. We should be honest in recognizing that the Reagan administration proposals will heavily affect our poorest citizens and our oldest cities. If we accept the Reagan proposal, we should admit to ourselves and to our constituents that the poorest Americans will feel the pain of the cuts most. We should not mislead our constituents in arguing that there is equity.

The American people expect reductions in Federal spending. I believe Congress is likely to approve most of the President's proposal. At the same time, I have doubts about the effectiveness of these cuts in the fight against inflation.

The program does not address four major components of inflation: energy, health, food, and housing costs. One of the President's first major acts was inflationary—the complete decontrol of oil prices.

For the middle-income working people of this country, who are the overwhelming majority of the population, inflation is the most serious economic problem. It erodes paychecks and discourages efforts to save. Inflation has made us a nation of spenders—not a nation of savers.

While I am for control of wasteful, unnecessary spending, both by Government, and by the private sector, I must ask how effective the President's spending cuts will prove in controlling the root causes of inflation.

Furthermore, the President's tax proposal seems to present an enormous economic risk. A general across-the-board tax cut is not supply side economics. It puts more money in the economy, without providing assurances that money will actually be used to increase the productive capability of the economy.

I have other comments that I would like to make. I will not use, however, more of the gentleman's time. I know it is limited.

I would like to include the text of remarks on this subject that I delivered last week.

Again I compliment the gentleman for his courage in standing up as he so often does when the moment requires to speak out for what is right in our society and our economy.

Mr. Speaker, the material referred to above is as follows:

CONGRESS AND THE ECONOMY
(By Hon. James L. Oberstar)

Clearly the most compelling issue confronting Congress and the nation is the health of our economy and President Reagan's prescription for it.

Since we have but one economy to sacrifice for our country, I thought I would attempt to discuss with you tonight the Congressional perspective on the challenges facing Congress and the Reagan Administration.

There is, unmistakably, a consensus throughout the nation and throughout the Congress to reduce inflation, eliminate fraud and waste, end unnecessary and cost-burdensome regulation, and restrain the growth in the federal budget.

There is no question about those goals. The question is where shall the cuts come and how large shall they be, and, who or which classes of society shall enjoy the benefits of tax reductions.

The President's proposals raise more sharply than at any time since the Vietnam war the question of priorities in national budget setting.

Most Members of Congress are agreed upon working toward the goal of a balanced budget and reducing federal outlays as part of an overall economic recovery program. They are not as agreed on how that goal shall be achieved.

On the other hand, there is no uncertainty on the part of the President or his advisors. They have laid out a sweeping economic recovery program that challenges old assumptions, undoes many tested and proven—as well as some disproven—concepts of the role of the national government in achieving social and economic justice. The President has made his proposal; it is now up to Congress and the public to respond.

In evaluating that program and each individual budget cut or tax benefit, we should be guided by certain basic principles. Every cut surely will have its price; the questions we must ask ourselves are:

1. Will it solve the problem or merely defer that problem until a later date, creating worse problems for society and the economy in the future?

Deferred highway construction and maintenance will erode our nation's most valuable transportation network, and cost far more in years to come to build or repair.

Housing for the elderly deferred until another generation may mean prohibitive costs of construction and a disastrous downturn in the domestic residential housing industry, forcing small builders out of the market altogether, reducing competition and increasing basic purchase costs.

2. Will it cost more in the long term for the total economy and the people than it saves in the short term?

Delayed urban development means more flight to the suburbs, increased population growth in the outlying areas, which was the pattern of the decade of the 70's, and higher costs of transportation, energy, as well as water pollution control and social and community services, which are at least partly funded by the federal government.

There may be other costs or unintended results, such as causing the shift in population growth and industrial development from the frostbelt states to the sunbelt.

3. What costs does society as a whole incur?

For example, in denying unemployment compensation benefits, cutting off food-stamps, putting a cap on Medicaid, denying trade adjustment assistance benefits—all may shift costs from one governmental unit to another; from the federal government to state and local governmental units whose tax base is narrower, less equitable and less able to bear these burdens.

We must carefully consider the consequences of eliminating funding for a wide range of social initiatives which have bettered the condition of Americans and avoided the recurrence of the riots of Watts, Bedford-Stuyvesant, and the like.

The budget revisions now underway are a good opportunity for all of us to reevaluate the quality of American life as a measure of our standard of living and determine the relationship of various government funded programs to that quality of life:

The progress in extending the life expectancy of the average American, as a reflection of funds invested into public health programs, including hospitals, research laboratories, as well as sewage treatment plants, the clean air program and community action agencies which help people to get good health care;

Federal funding for education which has brought 8 million more Americans into higher education programs than were enrolled 20 years ago;

Or improved housing standards, pension benefits, income levels, and working conditions.

This is not to say that federal funds have bought all these improvements but it is unquestionable that without the federal impetus, much of that progress would not have occurred by itself.

If the federal government is living beyond its means—and it admittedly has been for national social and economic purposes—so are private Americans and all of us are going to have to cut down some, beginning with the federal budget. In that process, it is important to recognize the gains that have been made while we grumble about the burdens we are now shouldering.

Perhaps one of the most difficult balancing acts in this process of reducing budgets to reduce the inflation rate will be to avoid an increase in the rate of unemployment. A one percent increase in the unemployment rate would mean a decrease in federal gov-

ernment revenues of 20-22 billion dollars, an increase in budget outlays of 5-7 billion dollars and an increase in the deficit of 25-29 billion dollars.

On the other hand, an increase of 1 percent in the inflation rate will mean an increase of 5-7 billion dollars in revenues, a 1-2 billion dollar increase in budget outlays and a 3-6 billion dollar increase in the federal deficit.

Avoiding these two opposite poles will be like steering the ship of state between Scylla and the Charybdis.

The steering process is now underway. The authorizing and appropriations committees of the House will report to the Budget Committee their views and estimates on the Carter budget and President Reagan's revisions by March 20. The Budget Committee will then hold hearings on the Fiscal Year 1982 budget and the revisions of the Fiscal Year 1981 budget.

By April 15 the Budget Committee will report to the House a budget resolution consisting of three titles:

Title I will revise the Fiscal Year 1981 budget;

Title II will set the Fiscal Year 1982 budget; and

Title III will consist of reconciliation instructions to the authorizing committees of the House.

Congress will complete action on the budget resolution by May 15.

The various authorizing committees of the House will then have until June 15 to submit their reconciliation proposals to the Budget Committee which will assemble them into a single bill and report it to the full House. Reconciliation is a process by which each committee must return to the basic authorizing law and report out legislation, changing that law, including the repeal of laws, to reflect the figures in the budget resolution.

The House has set a target of completing action on the budget and reconciliation measures by July 4.

Will we meet that deadline? Very likely.

Will the resulting budget include all the President recommended? Very unlikely—but not far from it. And in the process, we'll witness one of the most interesting chapters in the history of the United States Congress.

The question asked of anyone in elective office is: Where do you stand? I tend to be guided by Franklin D. Roosevelt who, in the depth of the depression, said: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

Mr. CONYERS. I welcome my colleague to this colloquy. I know that he will be very carefully and expertly evaluating the programs as they come down. I appreciate his contributions in past Congresses and say that they are needed more than ever presently.

My courage does not stem so much from intestinal fortitude, I might tell my colleague, as from a direct mandate from my constituency.

□ 1415

I am frequently told that the President has a mandate that is based on 28 percent of the eligible electoral vote, 54 percent of those who voted for President, and I must say that I come to the Congress for the 97th session

with a considerably larger mandate from the First District of Michigan.

I turn now to yield to my colleague, the gentleman from California (Mr. PASHAYAN) and welcome him to this special order.

Has the gentleman any observations to make now that he has heard the great statements made by some of his colleagues about this program?

Mr. PASHAYAN. I thank the gentleman for yielding.

I should just like to say with respect to the President's plan that I think the administration has made every effort possible to create a cut that will touch all segments of society. I agree with my colleague that the leading economic problem today is inflation. I should also add the observation that inflation ravages those on low fixed incomes and the poor, working poor, far worse than any of us here in this Chamber today.

This is the first time since 1932 that the American people are looking to change the structure and the effect of the National Government. I think the President's plan is in the order of reform and not repeal of the New Deal. I should like to add that unless we bring inflation under control, it is the poor and the lame and the helpless among us who are going to feel the effects of it in a far worse proportion than any of us will here. The President has done his best, I think, to apply the plan across the board, and it seems to me that we have got to give the thing a chance to work. I feel that it is going to permit the American people to make the first telling blow against inflation that we will have been able to do for 15 or 20 years.

Mr. CONYERS. I thank my colleague from California for his remarks. I know he did not plan to participate in this, but as a concerned Member we appreciate his input. I know that he examines these questions carefully. I have always felt that these equal cuts across the board have unequal results. True, the poor suffer from inflation more than the rich.

Mr. PASHAYAN. That was an unequal result of inflation.

Mr. CONYERS. Yes, and an example of what I was mentioning. The problem that bothers me is can I tell an unemployed automobile worker that inflation is the No. 1 problem in this country when his income is zero?

Mr. PASHAYAN. That is a very serious problem, it seems to me, to the extent that the gentleman wishes to explain the problem to him. I should think that the unemployment of the particular person the gentleman is talking to is of an equal magnitude.

Mr. CONYERS. Maybe larger.

Mr. PASHAYAN. I should be the first to say that unemployment is a leading problem in this country that affects millions of Americans whom it should not affect. That is to say, there

should be millions of Americans now working who are unable to work simply because the jobs are not there, and I think that the shadow side or the other side of the inflationary coin is unemployment. I think it is interesting to note that a lot of the economists whose wisdom, or supposed wisdom, we have been following over the last so many decades have always told us according to their orthodoxy that it was the choice of unemployment on the one hand and inflation on the other, and they would go so far as to suggest in the classroom and other economists' forums that if one were a Republican, he would favor a policy that would diminish inflation but at the expense of raising unemployment, and if one were a Democrat, he would favor a policy that would diminish unemployment but at the expense of inflation. But now we are not confronted with a choice; we are confronted with these things en bloc. They are both upon us in some vicious kind of partnership.

So I think that some of the economic wisdom from the past perhaps is not as telling as it might be, and we are confronted with something that the economists have always said before should be an alternative. I think that must drive us back to a more fundamental analysis. I think we have worked Keynesian economics. I think that what Keynes suggested was that there were times that government could indulge in a deficit financing situation, but I think he meant that to be a temporary situation owing to various world circumstances of the times.

I think we have had a magnificent experience in this country on the question: Can we continually and permanently have an enormous deficit as a part of the financial structure of the Government? I think the answer now is becoming apparent that we cannot. It seems to me that the worst we can do to the very people that the gentleman seeks to protect and that I seek to protect is to continue in the same direction we are going. Things are bad, but they could be even worse. I think we have got to have the courage and, it seems to me, fortitude to try something else, the same kind of courage and fortitude that Franklin Delano Roosevelt called upon the people to exercise in 1932. His message was not so much the New Deal, but it was always try something more, even if it is different; and if that does not work, let us try something else, because in the end we shall prevail. I think that message is as telling today as it was in 1932.

Mr. CONYERS. I appreciate my colleague's statements and I am glad he could join us. We are not cutting everything equally. The Department of Defense authorization, as I understand it, is experiencing probably the

largest single peacetime add-on in the history of this country.

I remember when former President Carter assumed office, the defense budget was under \$100 billion. I think now when we consider all of the appropriations, the fiscal year 1982 authorization will probably come somewhere within \$214 billion, and the \$40 or \$50 billion which through the 63 domestic programs are being cut or reduced somehow seem to equal the amount that is going additionally into the Department of Defense. It has not been revealed whether that was by design or whether those figures just happen to be in the same mutual range, but I think that it raises the question of whether the domestic program cuts are really intended to reduce the deficit or instead really to make room for accelerating defense spending.

Mr. PASHAYAN. I should say that it never hurts to look at these things. I am not familiar enough with those particular figures to comment on them, but I will say I recall that under President Nixon for the first time in history the amount of the budget for social services exceeded the amount of the budget for the Department of Defense. I think the gentleman will agree that that was a historical case then.

It seems to me that some of the programs we are talking about do not produce the results that I should hope the gentleman would hope would have been produced, and certainly that I hoped would be produced.

Mr. CONYERS. Is the gentleman referring to the Department of Defense area or the domestic area?

Mr. PASHAYAN. I am referring to the whole Government, because I am certainly one to say that there is waste in all quarters of the Government.

I think we are fortunate in that we have Caspar Weinberger as Secretary of Defense, because I served at HEW when he was Secretary of Health, Education, and Welfare. If anybody has the ability and willingness to go and seek out waste within a department, and has the courage to stamp out the waste, it is Caspar Weinberger. In that respect I should hope that the gentleman will join me in being thankful that he is there.

Mr. CONYERS. I remember that the gentleman or someone over there called him, "Cap, the Knife."

Mr. PASHAYAN. I never used that phrase; I had too much respect for him.

Mr. CONYERS. There were probably others of less rank. We hope he is not "Cap without the knife" now that he is Defense Secretary.

Mr. PASHAYAN. I think the gentleman will find that whatever waste exists—and I hope within the contracting area—that he will seek to eliminate it.

Mr. CONYERS. I thank my colleague again.

● Mr. RANGEL. Mr. Speaker, I rise to join my colleagues in expressing my severe doubts in the wisdom and equity of President Reagan's program for economic recovery. The President has repeatedly stated that everyone will have to suffer cuts equally. From what I can see he is correct: the poor will suffer cuts in services while the rich will suffer cuts in taxes. There is little that is equitable about this program and supply side economics which it is based upon is a relatively new theory, with little written on it and which is founded on a great deal of speculation about how best to revitalize our economy.

To begin with a 10 percent across the board tax cut for 3 years running will do nothing to relieve the tax burden of a family of four with an income of \$20,000. By 1984 when the full 30 percent across the board tax cut is in effect, and you factor in inflation as well as increases in the social security tax, a family of four with an income of \$20,000 would have an actual tax increase under the Reagan proposal of \$18 over their present tax bill. At the same time, for the 0.2 percent of taxpayers with incomes over \$200,000, the Reagan tax cut would mean a reduction in their tax liability of \$19,427 in 1984. I fail to see how this will induce the \$20,000 a year and under worker to increase his productivity let alone to increase his savings so that we will have more capital available for capital formation. At the same time, one could easily argue that the people in the over \$200,000 tax bracket will have incentive to work less, if they can retain more of their income.

I think a more equitable program might be to increase the standard deduction for singles from \$2,300 to \$2,800 and for joint returns from \$3,400 to \$4,200. This would cost \$7½ billion in 1981 and would be a little more than half of the proposed cuts for individuals in 1981 under the President's plan. The effect of this would be to delay for a longer period of time the tax entry point and would have more of a real effect in terms of bankable dollars for the working poor and lower middle class. It would also be beneficial to the middle class because it would act to delay their entry into higher marginal tax brackets. It is the wealthy, who would receive the least assistance from such a proposal because at their end of the tax scheme such reductions mean little.

The administration's proposals for accelerating depreciation are equally incomprehensible and unjustified. To begin with, by 1986, 1 year after the Reagan depreciation proposal would be fully phased in, corporate taxes would be cut by approximately \$45 billion or a little less than half of pro-

jected corporate tax liabilities for that year.

The administration's accelerated depreciation proposals would do next to nothing to revitalize our depressed industries. Companies such as General Motors, Ford, Chrysler, and the steel industry cannot take advantage of such tax breaks since they are currently running huge deficits. Providing tax deductions, no matter how substantial, are of dubious benefit if a corporation has no profits from which to deduct those incentives from. The need for accelerated depreciation is also brought into question when one realizes that we already provide faster depreciation schedules than Japan and Germany which are our major competitors. I am also puzzled about all the noise about our lagging capital investments. Between 1953 and 1981 American investment as a percentage of GNP has remained remarkably steady. It has ranged from 9 percent in 1961 to 10.7 percent in 1979. This year it is estimated that investment will be on the high side of that range somewhere around 10.6 percent. One would have to seriously question the Reagan administration's grounds for asserting that lack of capital investment is what is tending to drag our economy down because it has remained so constant over the last 29 years during both good and bad times.

Finally, I question the constant analogy between the administration's proposed cuts and the Kennedy-Johnson cuts. The economic climate is entirely different. Then there was a budget surplus of \$300 million, an inflation rate of 2 percent and low unemployment. Today we are facing a drastically different economic picture. The deficit is projected to be over \$50 billion, our inflation rate is over 13 percent and unemployment is 7.4 percent. The times could hardly be compared in order to determine the economic effect of the cuts. Yet the Reagan administration persists in saying that the results of the Kennedy-Johnson cuts will be mirrored by their proposed cuts.

I think the evidence clearly shows that all we have here is aid to the well-off taxpayer and to the well-off business. In effect we are providing a windfall to those who have proved that they can make it in this society. I hardly think this is warranted.

In the area of budgetary cuts the administration's reasoning is equally baffling. Many of the cuts are in programs which are designed to help people out of dependence and into independence. Surely tighter criteria for unemployment insurance such as elimination of the national trigger, increasing the percentage that unemployment must reach in order to qualify the State trigger for extended benefits and imposing more stringent work requirements after the first 13 weeks

of unemployment as well as the elimination of CETA public service jobs can only result in more people ending up on welfare. I have yet to see any data from the administration which takes into account the increased costs in welfare of those forced off of unemployment and from the elimination of CETA. The only thing this policy will achieve is shifting some, but not all, of the burden from the Federal Government to the States. For remember, the Federal Government participates in welfare payments to the tune of between 50 and 70 percent depending upon the medicare reimbursement rate for a State. The savings by the curtailment of these programs are not what the administration has lead us to believe.

What is even more upsetting is that in eliminating the CETA public service employment program the administration has failed to provide any alternatives. Its all fine and good to talk about a safety net for the poor and that no one truly in need will be hurt, but the reality is that those who are working today in CETA will be out of a job. It does little good for me to tell them that when the Reagan economic program is fully in effect there will be 16 million new jobs. All the guy out of work knows is that he is out of a job and that if he is in a community with high unemployment, his chances of being employed are slim. Where do I tell him to go? To what State, local, or Federal agency? To what employer do I guide him? The administration's program certainly does not provide me with the answers to his questions.

Similarly the administration proposes to block grant and reduce by 25 percent such programs as low-income energy assistance, title XX, day care, community health care centers, adoption subsidies for hard-to-place children, foster care services, and services designed to prevent the breakup of families, just to name a few. All these programs are designed to either address a critical need and most were adopted as cost-savings measures; measures designed to address problems at the inception, before they get out of hand and end up costing astronomical amounts to resolve. When we passed the windfall profit tax, Congress stated its intention to set aside 25 percent of the net revenues to hold the poor harmless for increased energy costs as a result of decontrol. Over the period between fiscal 1982 and 1986 that would mean an average approximate cost of \$5.25 billion for low-income energy assistance alone or approximately 77 percent of the administration's proposed \$6.8 billion block grant. It would be impossible to fund the remaining programs which fall under the block grant with the remaining \$1.55 which is allocated annually for these programs. It is obvious

that this administration's commitment to the poor is not what they would have us believe. There is no safety net, but rather a big hole through which the poor are going to fall.

It is all fine and well to call for cuts in spending, but it is incumbent upon us all to take a long hard look at exactly just what we are cutting. Are these really the cuts we want to make? Even more importantly will the American public be satisfied when they have nowhere to turn when they need assistance in what I believe will be increasingly hard times before we see an economic turnaround?●

● Mr. STOKES. Mr. Speaker, I would like to thank the gentleman from Michigan (Mr. CONYERS) for taking out this special order. This special order provides an opportunity to open the lines of communication relative to the economic situation in this Nation and the impact of the President's proposed budget on that situation.

First of all, Mr. Speaker, I would like to go on record as stating that I agree with President Reagan and my colleagues on both sides of the aisle that we are facing a major economic crisis in this Nation. Depending on your socioeconomic vantage point, this crisis could be described as a recession or even a depression. Second, I agree that the Federal Government must act aggressively yet in carefully calculated measures taking into account the well-being of all citizens to overcome this crisis. This is what I want to address myself to today.

Mr. Speaker, after reviewing Mr. Reagan's speech and the ensuing public relations program so to speak to sell the budget, I have formed strong fundamental objections to the Reagan administration's prescribed remedy for this economic malaise. These objections are not based on any pet projects or so-called sacred cows slashed in the budget, but on the very real plight of the poor and lower income people in this Nation. This budget renders these individuals to being a permanent low priority item on this Government's agenda.

But, Mr. Speaker, what we must remember as we consider or propose any budget or economic solution is that the Government is designed to serve all of the people of this Nation. That means that individuals regardless of their economic class are to be served by the Federal Government. What helps one group may very well hinder another group. Accordingly, there is little space for simplistic across-the-board remedies. The Reagan budget, in my opinion, does not truly address itself to this fact.

Mr. Speaker, what the President has given to the House and the Senate to consider is a budget with a \$8 billion cut in spending in fiscal year 1981 and a \$41 billion cut in fiscal year 1982. The primary points of the budget call

for tax cuts in line with the supply side economic theory to spur investments and budget cuts to reduce Federal spending and combat inflation. In reality, the President's budget gives most of the tax cuts benefits to the higher income people who are already comfortable and most of the spending cuts to programs which affect low-income people.

Tax cuts may be good news for the well off in our Nation. But, what can a small tax cut do for the unemployed or the underemployed who already have little or no money and are simultaneously asked to bear the brunt of program cutbacks.

The President says that the cuts are necessary to reduce inflation and the truly needy will not be hurt. But, Mr. Speaker, CBO as well as noted economists, have estimated that cutting \$20 billion from the budget will affect inflation by less than one-half percent. A \$50 billion reduction would probably result in a 1 percent reduction in inflation at best.

With that in mind, how can we justify cutting funds to CETA, the food stamp program, medicaid, certain housing programs, certain social security benefits, unemployment insurance, trade adjustment assistance and child nutrition just to name a few when the results in terms of bringing down the inflation rate are minimal. We are asking the poor, the welfare mother, the blue collar worker, the elderly and the young to sacrifice for something that will bring us little or no concrete results. In the final analysis to coin the President's phrase, we will be creating a large pool of the truly needy—those persons who he says the budget cuts will not hurt.

Additionally, Mr. Speaker, the President has preached that the cutting of budget items and giving the States more authority will eliminate fraud, waste and abuse of Federal funds. But, it is difficult to see how the fraud and abuse problem is addressed in the Reagan economic proposals.

And so I ask my colleagues, how can we pass such budget proposals which callously disregard the needs of a large segment of our country—the poor. Last year, in the Budget Committee deliberations, I asked that we not balance the budget on the backs of those least able to afford it. This time, I ask that we not break the backs of those individuals who are poor in the name of economic proposals which have at best only minimal chances of succeeding. Instead, we must come together and work on a more reasonable solution to our economic crisis.

Mr. Speaker, I and some of my colleagues who are committed to a fair deal for those individuals who are all too often voiceless and powerless when decisions like this are made, pledge to work for extensive changes in the proposed budget.●

● Mr. FAUNTROY. Mr. Speaker, on February 2 of this year, the members of the Congressional Black Caucus met with President Reagan in a get acquainted session. We introduced ourselves to him and expressed our concern that the then contemplated approaches of his administration to address the Nation's economic woes not place additional burdens upon those who have already been hardest hit by inflation and unemployment: the poor, the elderly on limited income, and low to moderate income Americans in particular. We urged that his policies not increase unemployment among the latter group of Americans and that they not be asked to bear a disproportionate share of the burden in fighting inflation. We urged that the Federal budget not be balanced on the backs of the poor, the elderly, and moderate income people of the country.

On Wednesday, February 18, the President announced his plan to address the Nation's economic, domestic and international problems. The first step in his approach, a step of which we had been previously advised, was to drastically change the spending patterns and practices of the Government. Upon reviewing the budget proposal which was outlined by President Reagan, the Congressional Black Caucus went on record at a press conference held on February 19, as being in fundamental disagreement with both President Reagan's proposed change in the budget and the assumptions upon which they are based. President Reagan and Federal Budget Director Stockman are saying their "spending cuts will not be at the expense of the truly needy." Regardless of what they are saying, what they are doing is hacking away at programs that are the lifelines of millions of the poorest families and children who will become hungrier, colder, and sicker than they already are. Through its press conference, the Congressional Black Caucus has submitted to the Nation our assessment of the true cause of the country's domestic and world problems and the subsequent approaches and steps that must be taken to remedy the Nation's ills.

The specifics of Congressional Black Caucus solutions, in terms of itemized legislative initiatives with targetted line item budget figures, have not been fully developed at this time. However, we plan to announce in March a detailed legislative and public policy agenda which is representative of the true cause of the Nation's economic, social, and international problems, as we, the members of the Congressional Black Caucus assess the national dilemma of the 1980's.

The differences between the caucus assessment of the problem and that of President Reagan, differences that will establish the foundation for the

specific legislative approach to be unveiled in March, are highlighted in the caucus statement "The Reagan Administration/CBC Assessments: A Matter of Sharp Contrasts," the text of which I submit for inclusion in the RECORD.

THE REAGAN ADMINISTRATION/CBC ASSESSMENTS: A MATTER OF SHARP CONTRASTS

The Reagan Administration has gone to great lengths to convince the American people that the cause of unemployment, inflation and problems in world affairs is government: government spending; government taxation; and government regulation. They offer, therefore, as solutions to our problems a program of budget cuts, tax cuts, and government deregulation with the promised result of lower inflation, accelerated growth, and full employment.

The Congressional Black Caucus believes that the implementation of such a program will only fuel inflation and unemployment, accelerate the flow of American capital to productive activity outside the United States, and substantially add to the problems of low and middle income Americans.

By contrast, the Congressional Black Caucus boldly and firmly asserts a different assessment of our problems, and therefore posits different solutions to address them. Our assessment of the State of the Union is that on the domestic scene we have not a balance-the-budget problem but a balanced-economic-growth problem.

Our different assessment leads us to posit different solutions. We call for targeted budget outlays to stimulate balanced growth, not for budget cuts in areas that will increase the burden of government spending itself and accelerate inflation. We call for tax reform that will assure capital formation and investment in world competitive enterprises that will put America back to work again, not across-the-board tax cuts that will only fuel inflation and increase our balance of payments deficits.

In the area of military spending it is the opinion of the Congressional Black Caucus that the nation does not have a balance of military power problem, but a balance of trade and a balance of payments problem. The root causes of today's international turmoil are social, economic, and political in nature; problems which we recently came to know only too well can not be solved thru military force—I reference the incident of this Nation held hostage by the government of Iran. In fact, military force as an instrument of security is ultimately useless in the absence of global stability.

Accordingly, the fundamental principles of any foreign policy should include a commitment to personal freedom and human rights, the full support for political self-determination, a willingness to accept other peoples' choices of political and economic systems different from our own, and finally, a dedication to non-intervention in the internal affairs of other governments.

Today, the security of a country cannot be assured by military power alone. Only the establishment of social, economic and political stability in the world can bring about peace. The issue is how to achieve security and stability—through use of force and military power or through political, economic and social means. Again, we support the latter.

The MX missile weapon system will not only heighten tension between the U.S. and the Soviet Union, but it will gravely tax our land and clean air resources without sub-

stantially adding to our nation's security vis a vis Soviet Russia.

The so-called "neutron" bomb will not increase the security of NATO Pact nations; it will just heighten tensions, cause a new arms build up, and make a reduction of forces in Europe more difficult. Moreover, the neutron bomb is a weapon for the kind of nuclear war that, God willing, we will never incur.

ADMINISTRATION ASSUMPTIONS BASED ON MYTH

The Administration's assumptions that government spending, government taxation and government regulation are the cause of inflation and unemployment are myths that are refuted by the facts.

Myth No. 1: The first myth is the claim that reduced government spending will have a substantial impact on reducing inflation. The fact is that it does not. Economists of all persuasions have testified to the limited impact reduced government spending has on inflation. For example, the Congressional Budget Office, agreeing with other experts testifying before the Employment Opportunities Subcommittee of the House, in February of 1979, stated that bringing the budget into true balance would have a negligible effect on inflation—less than two-tenths of a percent—but would have a very large effect on unemployment.

Myth No. 2: A second myth is that we have accomplished nothing through federal spending. The fact is that since the first days of the Republic it has been the responsibility of the government to promote our general welfare. That is, to address such issues as poverty, hunger, health care, the environment, business promotion, employment security, price stability, and the economy. The primary tool our government has to meet the needs of its citizens, particularly the poor, is the federal budget.

In the rush to blindly cut government spending for domestic social programs, one important fact has been overlooked; the social programs of the sixties and seventies have helped to reduce the proportion of people below the poverty line from 22.4 percent of the population two decades ago, to 11.6 percent in 1979.

The contribution of these programs cannot be denied when we consider just a few of their accomplishments:

During fiscal 1980 alone, nearly half a million of the nation's most disadvantaged people turned their CETA experience into "unsubsidized" jobs.

Seventy percent of AFDC families were able to make the transition from welfare to the world of work with the help of publicly subsidized day care centers.

Myth No. 3: A third myth is that high priority domestic programs are wasteful and misdirected. The fact is that the greatest waste and mismanagement in the economy is not found in the social and employment programs under attack (although such evils should be eliminated whenever existing), but in the conduct of economic policy by high level public officials sworn to uphold the law. The fault lies with the mismanagement of the economy by the continued use of discredited policies of contrived stagnation, the trade-off of jobs, the fueling of inflation by raising interest rates and oil prices in the name of fighting it, and a hysterical obsession with a balanced budget at the expense of a balanced economy.

These policies have reduced demand by creating unemployment, slowing the growth rate and pushing us into recession. They have increased the cost of government spending for unemployment insurance, food

stamps, welfare, and medicaid by pushing people out of productive work and forcing them to rely on nonproductive transfer payments. They have increased the costs of goods and services which the government, itself must buy. Additionally, unconscionably high interest rates have added billions to the cost of government borrowing and increased the government's expenditure for subsidized loan programs.

THE REAL CAUSES OF INFLATION

The Congressional Black Caucus boldly confronts the above mentioned myths with the facts about the real causes of inflation. There are several. The first is an imbalance between investment and consumption in our nation which can be connected not by tax cuts generally but by tax reform in certain particulars.

The fact is that investment in plant and equipment, abetted by corporate profits that have been growing far more than wages and salaries, has grown much faster in real terms than ultimate demand for products. These imbalances, which have always led to cutbacks in investment plans and larger deficiencies in ultimate demand, have brought on stagnations and recissions.

Unfortunately, tax cuts have provided relatively too much stimulation to investment and too little to consumer income and spending, and have exacerbated this problem. Proposals currently being discussed, such as an across the board 10 per cent tax cut, and efforts to greatly speed up unqualified depreciation, would continue this imbalance. Across the board cuts are not fair, nor equal in who they help. They do not target the stimulation of demand where it will do the most good for the economy nor the people. Corporations, and the most wealthy of individuals would receive the bulk of the tax reduction, while middle- and low-moderate income people would receive little, or in some cases, no relief at all.

Tax reform in which moderate- and low-income persons derive the major benefits will inevitably aid consumption, as will full employment and increases in spendable income.

Put another way, whenever people have money to spend in the market place, investors will be attracted to provide them with the goods and services they demand. No other incentive is needed.

A second cause of inflation has been our Federal Reserve Board Monetary Policies. Federal Reserve policies have done devastating damage to the whole economy, especially home building and occupants, the automobile industry, the farm population, and the more than half of all families who must rely upon heavy borrowing just to make ends meet. Excessive, repeated, and misguided reliance upon high interest rates to fight inflation has done nothing to abate ravaging inflation. High interest rates raise the cost of virtually all goods and services in the economy, and forces serious reductions in the consumer's ability to buy the basic necessities. Virtually all the increase in the inflation rate has occurred through price increases in the basic necessities sectors of energy, food, housing, and medical costs. Along with shortages, scarcities, price fixing and lack of competition, inflationary spirals have continued because interest rates do nothing to arrest the problems in these areas.

A CONGRESSIONAL BLACK CAUCUS PROGRAM TO MATCH OUR ASSESSMENT

In March, the Congressional Black Caucus will announce a specific legislative and

public policy agenda that will match our different assessment of what our problems in the nation and world are. That agenda will detail steps that we believe must be taken in three areas of concern to all Americans: the economy, world affairs, and matters of civil, political and human rights.

The economy

On the economy, our budget proposals will stress not budget cuts, but budget outlays that stimulate full employment and balanced growth in productivity. For example, we believe that increased spending in housing development is essential not only because it increases the supply in an inflationary sector of the economy of high demand, but also because it puts millions of people to work.

Our proposals will stress not across the board tax cuts, but tax reform designed to stimulate business and industrial productivity in this country in sectors of the world economy where we remain competitive. For example, to maximize growth in the Black community, we will support a tax policy which provides incentives for high-growth industries to invest in the Black community. Because most of the high growth sectors are in the labor-intensive, highly skilled service sector, the incentives must be targeted to upgrade the skill-development level of the community coupled with accelerated depreciation of the building, equipment, and machinery.

In the area of foreign policy, the Congressional Black Caucus will strongly support budget initiatives that increase foreign assistance in the areas of:

- (1) International Food Aid Programs;
- (2) Development assistance on a multilateral basis; and
- (3) Technical assistance to underdeveloped and developing nations.

At the same time in the area of military expenditure, we recommend the elimination of the MX missile system, the B-1 bomber, and the neutron bomb.

Finally, as I stated earlier, the Congressional Black Caucus will continue to offensively and defensively protect the civil and human rights gained, not only by Black Americans, but those of underrepresented peoples throughout the world.

We recognize that in positing this different assessment and positing these alternative solutions, we are confronting a fierce storm of carefully generated public opinion.

But if it is said of no one else, we are determined that it will be said of the Congressional Black Caucus in the 97th Congress that we did not fear the weather and did not trim our sails, but instead challenged the wind itself in order to improve its direction and cause it to blow more softly and more kindly over the world and its suffering people. ●

● **Mr. LELAND.** Mr. Speaker, President Reagan has offered the American people a broad program for the economic recovery of this country. As has become his trademark, Mr. Reagan gave a great performance in advocating his program of budget cuts and tax reductions. The problem is, however, that it is only a performance; the people are being sold a bill of goods. And if we are going to buy his program, I believe we should do it with our eyes wide open.

This so-called program for economic recovery is rife with inconsistencies and questionable premises. Despite

what the President says it is by no means the panacea for inflation, productivity, and all our other economic woes.

First, the President cites excessive Government spending as the cause of all our concern and the root of all evil. If we will only reduce Government expenditures—on domestic social programs solely—and cut deficit spending, all will be well according to the President. Mr. Reagan and his conservative economists know full well that Federal spending is not even a major cause of inflation. They know that cutting the budget, even to the point of a balanced budget, will not have any significant effect on the inflation rate. To cite just one source of proof, the Director of the Congressional Budget Office testified before Congress last year that balancing the budget would reduce the inflation rate by only a few tenths of a single percentage point. Why would or should the President of the United States desire to mislead the people about the effect of his proposed budget cuts?

What is even more astonishing is that Mr. Reagan would barely mention the real causes of inflation and, more importantly, he is attempting to cover up his own recent actions that have actually made inflation much worse. Did Mr. Reagan stress the spiraling costs of energy as probably the major source of inflation? Or did he mention the fact that his recent accelerated decontrol of oil prices will add from 1.1 to 1.4 points to the Consumer Price Index? In this one Executive order, issued only weeks after taking office, Reagan forced you and me to pay an extra 10 to 15 cents a gallon at the gas pump every day and for the extra costs of heating oil and most other forms of energy. Little wonder he would want to avoid mention of this action, because it is totally inconsistent with his avowed fight against inflation.

A whopping 30 percent tax cut across the board over the next 3 years is the other main focus of the Reagan program. Of course, the most important thing to remember about this proposal is that it was a campaign promise, a political deal. Never mind that virtually every economist is deeply concerned that this will worsen inflation drastically.

Now, I am in favor of a tax reduction to lighten the burden of taxation on our citizens, but only if and when these reductions will be fair to all taxpayers, will not destroy Federal programs that are crucial, and will not adversely affect our economy. Under the Reagan plan none of these conditions are met.

It has been well documented that the tax cuts will benefit the very rich more than the average taxpayers who already pay more than their fair share. The Reagan administration has

already admitted that 70 percent of the tax cut benefits will go to the wealthy. For example, by the time the tax cuts are fully effective in 1984, people with incomes of over \$200,000 would have their taxes cut by about \$30,000 a year on average. For those earning between \$10,000 and \$15,000 the tax cut will be worth about \$350. When you cut taxes, Federal revenues are reduced, and unless there is other increased revenue we must reduce spending to avoid a larger deficit. It is obvious that Mr. Reagan is not proposing to close the many tax loopholes which would raise the money lost through the tax cut, and he is committed to further increase an already inflated defense budget. Therefore, the only thing left to cut, according to the Reagan plan, is our social programs which benefit the people. And, as I mentioned earlier, the tax cuts will surely be inflationary which directly conflicts with the alleged original intent of the overall Reagan plan. He promised to reduce inflation, not increase it.

So, as much as I would like to ease the tax crunch, for me to endorse the Reagan proposal would be hypocritical and grossly unfair to the working majority in our country.

Mr. Reagan has also singled out excessive Government regulation as a major cause of the downfall of our businesses and the ruination of our economy. Undoubtedly, there is waste in Government, and there are unsound and unnecessary regulations, and there are welfare cheaters, and there are ineffective Government programs. I, and all my colleagues in Congress, favor correcting these problems. But the Reagan administration wants to throw the baby out with the bath. He wants to destroy all the progress we have made to protect the health and safety and well-being of the millions of people who inhabit this country. He says, "Get Government off the back of business and we will again move forward."

Has Mr. Reagan forgotten, or did he ever know, how Government got there in the first place? Did he understand how bad our air had gotten before the EPA was given the authority to limit toxic emissions from industries and automobiles? Had he seen the cancer victims infected by the chemicals dumped into our rivers and waste sites before the Federal Government had to intervene? Was he aware of the sorry job the States and local school boards were doing to provide equal education to black and brown children before the Department of Education was forced to step in to enforce the Constitution? Had he suffered the excessive rates charged by A.T. & T. and the major oil companies before the FCC and the FTC interceded? Obviously not. Federal regulation did not evolve

or grow by accident; it was created and has grown because the private sector and business and the corporations in this country could not or would not further the public good.

What makes Mr. Reagan think that things would be different now? Would the automobile makers now consider the need for smaller, fuel-efficient cars on their own? Will the energy companies now decide to develop alternative energy sources. Would the chemical companies decide to stop dumping toxic substances into our air and water supplies? Would industries suddenly make their workplaces safe for their employees? Would companies adhere to the antitrust laws and give up profits voluntarily? Would businesses hire and promote minorities and women equally on their own without the EEOC? I think not. That is what worries me about efforts to end Federal regulations. I am concerned that the President wants business and corporation heads to have an absolute free reign to profit at the expense of the workers and the consumers of this great country.

I would be willing to work tirelessly, hand-in-hand with the President to streamline regulations and to make the agencies truly effective in their missions. But, I want to make sure that we are trying to solve the problems for which the agencies were created, not allow them to get worse. And believe me, they will get worse if this antiregulation mentality prevails.

To finally pass judgment on the specific budget cuts proposed by Mr. Reagan, we should look at the actual effects. What will they mean for Houston, for Texas, for the millions of poor and lower income residents of my State? I am convinced that the President has declared war on the working people of the United States, as well as on the poor. What is going to happen to our badly needed system of mass transit in Texas without any Federal funds? And who will suffer? How many millions of Texans will receive no medical care whatsoever when the Federal Government lowers Medicaid payments to a State that already ranks near the bottom in terms of health care for the poor? What will the millions of working people do without the Federal loans for higher education for their children? Will they be able to pay the tuition and fees themselves? How will the millions in Texas who have benefited from CETA jobs in their struggle to break out of the welfare cycle survive? Will they be back on the welfare rolls? The answers to all these questions are serious for Texas and Texans. The simple fact is, these budget cuts will be a disaster not only for people in my district, but throughout the country.

In summary, I do not want to be labeled an "obstructionist," not because Mr. Reagan might threaten to

defeat me at the polls, but because I am just as committed to improving the economy and reducing unnecessary government as Mr. Reagan or any Republican. However, I do not believe in duping the people. I do not believe in misstating the facts to meet a political commitment. And, most of all, I do not believe in selling out the majority of the people so that a few can benefit. I respect my commitment to the voters of the 18th Congressional District to inform them of the inaccuracies and untruths in the Reagan program and of the real results that will surely occur if this program is enacted. Furthermore, I offer this challenge to my constituents: You should ask the questions that must be asked, make Reagan show you the results of his budget and tax cuts, demand a serious explanation of the ramifications of these proposals. In essence seek the truth. For only the truth shall make us free. ●

● Mr. ROSENTHAL. Mr. Speaker, we have been hearing a great deal of late about the absolute necessity that we cut Federal spending. What we have not discussed often enough are the responsibilities this Congress has to the wellbeing of America's citizens.

How can we in good faith try and run the Federal Government at the expense of the poor and the minorities of this country? The massive budget cuts in social service programs that the administration has proposed would do just that, and no amount of fancy rhetoric can change that fact.

We hear about cuts in child nutrition programs—that can only mean undernourished and hungry American children.

We hear about reductions in Medicaid—the program that was designed to provide medical insurance for the poor.

We are told that aid to families with dependent children should be cut—that would only impact on the low-income families of our Nation.

But this burden would also be shouldered by the cities of America.

Cutbacks on mass transportation programs would be disastrous for our urban centers. Mass transit represents the most efficient and energy effective means of moving from home to work, yet we are told that the axe must fall even on the effective and efficient.

The CETA program employs thousands of the unemployable and trains them to usefully enter the work force. Once this program is eliminated, we are guaranteed families without an income and a direct increase in the ranks of unemployed on welfare.

The urban development action grant program encourages local government and private funds for the purpose of rebuilding and revitalizing distressed localities. Once these projects are abandoned, this Congress is virtually

abandoning the chance to make our cities work again.

The administration also wants to reduce the number of IRS agents enforcing our tax laws. I can imagine no more counterproductive or false economy.

These are only a few of the social and urban necessities we have been told we must do without.

If these cuts are truly evenhanded, where are the reductions in water projects and maritime administration loans? Where are the budget cutters and efficiency experts when it comes to multibillion-dollar programs to build obsolete weapons systems? The largest part of the Federal dollar will still go to the Pentagon without the necessary critical evaluation and oversight needed there.

I want my colleagues to know that some Members of this Chamber still feel their responsibility to the poor and underprivileged. If Federal programs are badly run, there is a remedy—run them well. Do not use a sledgehammer when a scalpel is called for. Effective oversight and tough administration of Federal programs has long been needed. It is not the goals of these programs, nor their beneficiaries that are at fault—it is their management. The President and his party have prided themselves on their management skills—let us see them run the Government, not undermine it. ●

● Mr. WASHINGTON. Mr. Speaker, President Reagan's budget and tax proposals are designed to balance the budget on the backs of the poor and the near poor. They are designed with political expediency in mind—the expediency of a President who made too many mutually contradictory promises during his campaign, and now must try to make good those promises.

I urge my colleagues to closely study the administration program. If you do, you will be convinced that it is far more likely to produce economic disaster than economic recovery.

Let me focus on just one of the many fundamental flaws, the effect that this program will have on productivity and work incentive among lower income Americans.

It is self-evident that the administration tax plan would give the biggest benefit, the greatest tax relief, to upper income citizens. It may be slightly less evident, but only slightly, that the working poor and moderate income Americans would be forced to bear the biggest burden. President Reagan's proposals will deeply wound those hard-working citizens whose jobs provide them enough income to buy housing but not food, or housing and food, but not fuel to heat the house. It would, quite contrary to its stated intent, force some of the working poor onto welfare.

The administration's economic proposals make no sense even within the limited logic of so-called supply side economics. That fatal flaw was effectively exposed in the New York Times this past Sunday, in an article by Yale University economist William Nordhaus. Let me share a small portion of his analysis with you:

The most striking irony in the brandnew economics is the focus on incentives for the rich, while ignoring those for the poor. Surprisingly, low-income households face the highest "tax rates" (more precisely, the benefit-reduction rates). Upon landing a job, they may find that their disposable income declines as a result of tax rates built into programs such as food stamps. Poor families, then, may well face marginal tax rates over 100 percent.

A true supply-sider might wonder whether such rates do not stifle work effort. Yet, the brandnew economics actually raises the tax rate on the poor by technical changes in the food stamp program.

I, like many other Members, have received scores of letters from constituents who fear the consequences of Mr. Reagan's budget proposals. Only a few of those letters can be dismissed as special pleading. The great bulk come from ordinary citizens who want to contribute to society and fear that cutbacks in social programs will cripple their ability to do so. I want to share with you the words of a few such constituents.

A senior in one of my district's finest high schools wrote:

I feel that the cutbacks in student aid will affect minorities most severely, especially blacks. As a concerned black student who will attend college next year, I would like to know just how badly the cuts will affect me and others like me. The cutbacks will especially be a problem for single adults supporting a family. It would be a shame to waste our beautiful positive minds which have so much potential.

A woman who retired with social security disability benefits after working for 32 years, wrote because she fears the proposed foodstamp cutbacks:

I am just getting by, already cut as far as I can go, surviving on food stamps and social security. If those cuts are passed, I know I won't survive, because I am already suffering now. Let God call me, not some man who thinks he can, and in fact is, starving me to death.

They can't take me no lower. That's why I am trying to fight. If I have to, I must fight until hell freezes over to keep those rotten cuts from hurting me and thousands more just like me.

We cannot, and must not, ignore appeals like these from young people who want to contribute to our society and from older Americans who have made their contribution and ask only that they be treated with respect.●

● Mrs. HOLT. Mr. Speaker, the central theme of our new President's economic program is a principle that any person can arrive at by the application of commonsense: If we want prosperity tomorrow, we must work, save, and invest for it today.

The National Government forgot this fundamental concept some years ago and went on a spending binge that saw the Federal budget double in the 1960's and triple in the 1970's. The extravagance has been supported by rising taxes and debt that have crippled the private, productive sector of the economy and generated double-digit inflation.

We cannot extricate ourselves from this mess with gradual tinkering. We cannot bring about the economic recovery of our Nation without discipline and sacrifice. The President's bold economic program offers hope and opportunity for tomorrow if we are willing to accept the necessary discipline today. In a television appearance a few days ago, a distinguished senior Member of this House wondered about the courage of Congress and described it as a "craven collective." I regret to say that the term is applicable to the way Congress has behaved on many occasions in recent years, and never more so than when it considered budget issues.

The people are demanding change. The calls and mail to my office have been overwhelmingly in support of the President's economic program, and many are from people who are willing to accept some reductions of the programs which benefit them. Are we a craven collective that will succumb to special interest pressures and refuse to make the very hard decisions required for the future economic health of our country? Or do we have the courage to resist those pressures and do what we know is necessary for the economic recovery of our great country?

Do we cower in fear, or do we make the tough decisions, knowing that the hope of our citizens for a better tomorrow depends on our political courage today?

Our new President has had the courage to set his program before us and the American people. Do we have the courage to follow his lead?●

● Mrs. CHISHOLM. Mr. Speaker, President Ronald Reagan's speech last Thursday evening again demonstrated not only his compelling rhetorical abilities but also his conviction that his brand of economic medicine will cure our ills.

If he is right—and if the budget cuts, bureaucracy cuts, regulation cuts, and tax cuts turn out to be the right cures—Jimmy Carter may well have been the last Democratic Party President of this century.

Mr. Reagan's cuts are radical and severe. While his proposals will not reduce the size of Government, and will only slow its growth, they will reduce living standards for millions of lower income Americans. The Federal Government will take less from those who can afford to give more; and will give less to those who need more.

The economic theories on which President Reagan relies have praiseworthy goals but shaky foundations. I agree that we must end inflation: I question whether the size of the Federal budget directly relates to the inflation rate. I agree that American industry needs to be revitalized: I question whether more tax incentives and loopholes will result in productive business investments. I agree that some social service spending is wasteful and counterproductive: I question whether large cutbacks in that spending will end waste or weaken welfare dependency by poor, unskilled, unmarried mothers of preschool children.

President Reagan has made his speech. He has given the Congress his plan. Now, finally, is the opportunity for us to closely consider the details of his proposals, to weigh all the evidence, and to decide who wins and who loses in this year's fight over the Federal budget.●

● Mr. BRODHEAD. Mr. Speaker, all of us share President Reagan's concern over the state of our economic health. We are experiencing an economic crisis of dramatic proportions. Inflation is at unbelievable levels. The Federal deficit is burgeoning out of control. Interest rates are stifling and unemployment is at very high levels. The result is that our national economy has become stagnated.

Congress must address these problems quickly and responsibly. I for one wish to state my strong support for the goals expressed by the President in his address: Cutting waste and fraud in such a way as to insure that the truly needy are not hurt and that sacrifice is evenly distributed.

We need cuts in the Federal budget. The economic situation and the public's mood demand cuts. Clearly, Congress has not made a strong enough effort at eliminating waste and fraud. I am very sympathetic to the need for quick action to make up for this deficiency.

But I want to make sure that eliminating waste and fraud does not actually hurt those most in need in our society—the unemployed, the poor, the sick and handicapped, retirees, and working class families. As the President noted, we must "continue to fulfill the obligations that spring from our national concerns." For example, the President noted that 8 million Americans who want to be productive are out of work and their lives are dominated by despair. We must make sure that their burden is not increased by insuring that needed benefits are not indiscriminately slashed.

I am concerned that the sick will suffer severely as a result of the proposed medicaid cuts. The President's proposal would not reduce the actual cost of health care, but simply transfer health costs from the Federal Gov-

ernment to State governments. In my own State, we are suffering a drastic economic slump, requiring the State to make huge spending cuts. Michigan's only realistic alternative will be to cut health benefits for the poor. We must make sure that cutting waste and fraud in health programs does not result in a loss of essential services.

Because of these concerns, we owe it to the American people to carefully study the President's proposals. We must be certain that we are cutting only waste and fraud, and not needed services and benefits. I intend to work hard to meet this goal as set out by the President.

On the tax side, I believe that our economic stagnation can be helped by tax cuts. We must reduce excessive bracket creep, and our tax system must not be allowed to inhibit business productivity and expanding production.

However, the President's proposal for a 3-year, 30-percent across-the-board cut causes me great concern. I fear that it may be excessive, inflationary, and inequitable. We must try to target tax relief to those most burdened by inflation—low- and middle-income workers. We must be certain that tax cuts achieve the desired result—higher productivity and renewed economic growth.

I am concerned that the benefits of the proposed individual tax cuts will be unevenly distributed. I do not believe that the American people want to give those with incomes over \$200,000 a tax break of roughly \$30,000, while the average American will wind up with a next tax increase. Also, I believe Congress must be certain that massive tax cuts for business do not just increase the profits of healthy companies, but that they also help to restore economic health to companies in difficulty, such as the auto and steel industries.

This task will be difficult. The Ways and Means Committee has already begun hearings on the tax proposals. I believe that if we proceed in a thoughtful and compassionate manner, we can succeed. ●

● Mr. FORD of Michigan. Mr. Speaker, the President's so-called economic recovery plan falls far short of its great pledge of rejuvenation for the American people in the field of education. In my home State alone, the cuts Mr. Reagan is proposing would be absolutely devastating.

Preliminary estimates by the Michigan Department of Education reveal that Michigan students, who have already suffered the brunt of severe slashes of \$140 million in education funding resulting from the State's own economic crisis, would have to endure an overwhelming \$216 million reduction in the first year of this precarious plan. Future years in the program spell even worse disaster for the class-

rooms of my State, which has a long and well-established reputation for education quality and leadership.

As I see it, many of our school administrators who have been pleading for less regulation and strings, could receive their long-awaited goal with the President's block grant approach, but at a very, very dear price—at least 20 percent less in education resources for their students.

Perhaps one of our most hailed programs, vocational education, is in line for a 20-percent cut. Using President Carter's fiscal year 1982 request as a base, this cut alone means \$6 million less. A decrease in vocational education would be particularly harmful to our State when many of our workers are seeking new educational opportunities or retraining to extract themselves from the ever-growing unemployment lines. It is also clearly pennywise and pound foolish when one looks at the ever-increasing Federal expenditures for unemployment insurance, trade adjustment assistance, food stamps, and aid to families with dependent children.

Since the inception of the larger Federal aid to educational programs like title I, the Education to All Handicapped Children Act, and an updated Vocational Education Act, the elementary and secondary education community has done an outstanding job categorizing youngsters and targeting various forms of special assistance to enhance natural abilities and overcome any deficiencies or handicaps. All the progress we have made introducing children who would have been educationally neglected or forgotten to educational opportunities they would not have experienced just decades ago, would virtually be wiped out with the grants consolidation being proposed. The 28-percent reduction being offered for the various programs serving the gifted and talented, career-oriented, handicapped, adult and bilingual estimated at almost a \$50 million cut.

And, in impact aid, which had played a vital role in insuring that local school districts are not shortchanged by the presence of a Federal installation, a 64-percent reduction means a loss of \$1.5 million of the State's \$2.24 million allocation.

Funds to improve the quality of the State agency itself would not escape the budget ax. A 28-percent reduction in funding to administer these very worthwhile programs would cost the agency still another \$1.5 million.

Just months ago, I was honored to lead the House effort in reauthorizing our Federal student financial aid programs. The reality of budget constraints during that time prompted the House and Senate to pare back their original package by \$11 billion. Now, less than 1 year later, the executive branch comes back to us with an across-the-board cut of 20 percent

more for both grants and loans. This totally unjustified whack at recently renewed authorizations would cost some 53,000 students in Michigan alone about \$95 million. It comes at a time when many of our unemployed citizens of all ages have returned to the classroom for enrichment and career training and boosted our post-secondary enrollments to all-time record levels. Another 7,000 Michigan students and their families, forced to rely on social security benefits to enable them to attend higher education institutions, would lose an additional \$15 million per year under the President's recommendations.

Child nutrition programs which benefit countless elementary and secondary school children in our State would also face a potentially killing blow from the budget bludgeon. State officials have determined that Michigan, which has been one of a handful of model States in school breakfast and lunch programs would be forced to survive with \$26.6 million less than what it got by with the year before. And, last year was by no means a banner year for child nutrition, given a budget reconciliation bill which chopped away one-sixth of the total program. A move of this drastic nature could force some districts to drop the programs altogether.

Vocational rehabilitation programs, which over the years have proven to be genuinely successful in rehabilitating injured workers, would also undergo a \$7 million slash. As a result, services would not be available for 8,400 clients in my State; and another 1,300 persons would not be able to receive employment assistance aimed at job placement.

Critical to all of our education programs and the general population as well are our libraries. It is unconscionable to me how any budget cutting proposal—no matter how widespread—could take such a large slice from libraries. Targeted for a \$2 million cut in Michigan, the library programs have encountered over the past few years perhaps some of the most difficult of times with skyrocketing book and periodical prices, increased postal rates, and exorbitant utility costs which have forced them to limit their hours. Libraries are accessible to all and often serve as a community's only cultural and artistic and learning outlet. To shortchange our libraries is to shortchange our children's future and our citizens' enrichment.

To say that I am stunned or even outraged that such proposals would be recommended with serious intent is an understatement. My State simply is in no position whatsoever to be able to swallow this bitter medicine and maintain any semblance and quality in its education program. I could not in good conscience give any serious considera-

tion to Mr. Reagan's recovery program. It may be recovery to him, but it would be ruin to us.

President Reagan's program for economic recovery is doomed to failure, for yet another reason. Although the Reagan program has many weaknesses, its most glaring error is its failure to address the urgent needs of the automobile industry and the communities which are dominated by it. In fact, Mr. Reagan's program promises to devastate hundreds of communities that currently are tenuously surviving a depression unrivaled since the thirties.

The automobile industry is the linchpin of the entire American economy. It directly employs 4 million people and accounts for one quarter of U.S. retail sales. Many other industries rely on the auto industry for a huge part of their market: Auto manufacturing consumes 21 percent of the Nation's steel production, 30 percent of its ferrous castings, 60 percent of its synthetic rubber, 11 percent of its primary aluminum, and 20 percent of its machine tools. Railroads, mines, the construction industry, and scores of other industries benefit from automobile production and sales.

If the health of the auto industry is not protected, the vitality of the entire Nation's economy is jeopardized.

The Carter administration ignored that simple fact until the end of its term, and the economy has suffered terribly as a result. Apparently, Mr. Reagan, too, has chosen to ignore the plight of our most important industry. The results undoubtedly will be the same: Massive unemployment, a loss of productivity, and uncontrolled inflation.

No program that concedes a third of our automobile market to foreign manufacturers will improve our economic well-being. Mr. Reagan cannot be heard to decry the loss of American capital investment and the decline in American productivity while standing idly by as new auto plants close, machinery is idled and experienced workers go without work. How will the U.S. auto industry retool and reinvest to improve productivity while unrestrained import competition is crippling its profitability?

Mr. Reagan's program does not merely ignore the condition of the U.S. auto industry, it actually worsens it. His decontrol of domestic oil prices has unleashed another round of runaway gasoline price increases, further depressing the market in car sales, and his policy of tightening the money supply guarantees high interest rates that discourage new car buyers and penalize auto dealers who must finance their inventories.

But Mr. Reagan's program does not just ignore the needs of the auto-

mobile industry and its workers. His program also ignores the needs of the communities which depend on that industry. At the nadir of the worst depression in the history of the industry, Mr. Reagan proposes to cut billions of dollars from three programs—trade adjustment assistance, food stamps, and unemployment insurance—that have thus far prevented widespread hunger, homelessness, and desperation from spreading through formerly prosperous manufacturing regions of the country.

Mr. Reagan's jellybean economists have forgotten that eliminating social programs and assistance payments does not end the problems or eliminate the social and financial costs of having jobless citizens. Rather, those costs are transferred to another line in the Federal budget or shifted onto the backs of already-burdened State taxpayers.

The 20,000 Michiganites who exhaust their extended unemployment insurance benefits each month do not disappear, and neither do their needs. It is no coincidence that Michigan accounted for more than half of the Nation's new welfare cases last year. Does it make sense to shift the public assistance burden to the States that can least afford it?

I submit that it does not make sense, and that in the case of trade adjustment assistance, cutbacks are a breach of faith that will devastate the import-impacted economy of Michigan and its neighboring States.

The 30-percent market share captured by the Japanese as a result of our one-sided and unfair trade policies has taken billions of dollars out of the economy of the north-central region. Plants have shut down; hundreds of thousands of formerly productive people are not working; goods are not being produced, and little wealth is being generated by the region's chief industries.

Autoworkers, steelworkers, and other blue-collar victims of our trade policies are not the only beneficiaries of trade adjustment assistance: every shopkeeper, landlord, and restaurant owner—and everyone they employ or do business with—benefits in a community where substantial numbers of workers are receiving TAA. All of them will suffer when that assistance is reduced or eliminated.

In many communities today, TAA and unemployment insurance are keeping the economy together. Without the \$150 million a month in UI and TAA which the Federal Government is now pumping into Michigan's depressed economy there would be breadlines everywhere.

If TAA were cut in half, food stamps denied, and UI reduced, as President Reagan proposes, how would depressed cities and towns in Michigan, Indiana, and Ohio replace the millions

of dollars that currently keep their schools open, pay their police and firefighters, and keep local businesses alive?

This Nation made a commitment to protect the workers and communities who would be hurt by our Government's free trade policies. The trade adjustment assistance program was created to compensate those of our citizens who Congress knew would pay with their jobs for the increased prosperity and lower consumer costs that an open door to imports promised the rest of our people.

Now, when my constituents and millions of others in communities dominated by the transportation industry have paid the price for free trade, President Reagan would renege on the bargain. Now, when Michiganites have suffered so that Texans might have cheaper cars, it is proposed that the promise of mitigation for that suffering be abandoned in all but name.

And for what purpose? To balance the budget so that inflation might be reduced by one-half of 1 percent? No. Even that good but insignificant goal will not be served. Mr. Reagan proposes to spend so much for guns, bombs, and missiles that the budget will never be balanced during his term in office. Mr. Reagan will spend over a trillion dollars of our tax money in the next 4 years on the military. And as Mr. Reagan will tell you, a trillion dollars is a staggering amount of money—a stack of thousand dollar bills 64 miles high.

Mr. Speaker, I am heartsick and angry at the thought that the Congress will abandon its responsibility to the people of the United States and will passively accept the administration's cynical abandonment of the New Deal, in favor of a "soak-the-poor" tax scheme and an economic program that ignores the needs of millions of working Americans.

I am submitting figures for the RECORD which make graphically clear the hardships that the Reagan proposals will work on Michigan and on my own congressional district. The TAA program provided \$929 million in aid to Michigan between October 1979 and January 1981. Governor Milliken's office estimates that the Reagan plan would eliminate three-quarters of this aid. In October 1980 alone, my district would have lost \$9 million in aid, with ruinous effect on the local economy. We cannot yet estimate the potential impact to Michigan of the proposed unemployment insurance cutbacks, which provide over \$100 million a month in aid to our hard-pressed communities.

I hope no one will be deceived into thinking that the economic conditions in districts like mine are improving because the number of TAA and unemployment insurance claimants dropped

between November and December 1980. As the attached charts also show, the number of workers who have been unemployed so long that they have exhausted these benefits has increased proportionately. The charts do not show that general assistance cases increased 100 percent in Michigan over the past 13 months, even with the current levels of Federal TAA, food stamps, and unemployment insurance support.

UNEMPLOYMENT RATES BY MICHIGAN CONGRESSIONAL DISTRICT
(In percent)

District:	November 1980	October 1980	November 1979
1	17.5	17.3	12.4
2	8.5	8.6	7.0
3	10.3	10.0	5.7
4	12.4	12.2	8.7
5	9.6	9.3	5.8
6	11.2	10.7	6.2
7	15.2	16.3	8.0
8	13.5	13.7	8.3
9	12.2	11.1	7.1
10	12.3	11.7	7.6
11	15.0	12.4	10.5
12	14.8	13.5	9.3
13	22.7	22.5	16.4
14	12.7	12.3	8.5
15	10.4	10.3	7.2
16	11.6	11.5	8.0
17	9.9	9.8	6.5
18	10.1	9.7	5.4
19	14.6	14.4	7.4
Michigan	12.5	12.1	7.9

REGULAR UNEMPLOYMENT INSURANCE BENEFITS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	December 1980 ¹	November 1980	December 1979
1	\$3,559,000	\$2,905,000	\$3,884,000
2	2,891,000	2,371,000	3,432,000
3	3,521,000	2,875,000	2,318,000
4	4,040,000	3,290,000	4,185,000
5	3,373,000	2,757,000	2,740,000
6	4,115,000	3,350,000	2,921,000
7	3,707,000	3,024,000	3,342,000
8	3,818,000	3,112,000	4,245,000
9	4,225,000	3,439,000	3,312,000
10	4,003,000	3,261,000	3,824,000
11	5,486,000	4,476,000	5,450,000
12	5,671,000	4,624,000	5,058,000
13	3,484,000	2,846,000	3,764,000
14	3,929,000	3,201,000	3,764,000
15	4,337,000	3,527,000	4,456,000
16	3,521,000	2,875,000	3,794,000
17	3,447,000	2,816,000	3,312,000
18	4,152,000	3,379,000	3,071,000
19	4,633,000	3,765,000	2,439,000
Michigan	75,915,000	61,894,000	69,311,000

¹ Preliminary.

REGULAR UNEMPLOYMENT INSURANCE CLAIMANTS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	December 1980 ¹	November 1980	December 1979
1	9,600	9,800	12,900
2	7,800	8,000	11,400
3	9,500	9,700	7,700
4	10,900	11,100	13,900
5	9,100	9,300	9,100
6	11,100	11,300	9,700
7	10,000	10,200	11,100
8	10,300	10,500	14,100
9	11,400	11,600	11,900
10	10,800	11,000	12,700
11	14,800	15,100	18,100

REGULAR UNEMPLOYMENT INSURANCE CLAIMANTS BY MICHIGAN CONGRESSIONAL DISTRICT—Continued

District:	December 1980 ¹	November 1980	December 1979
12	15,300	15,600	16,800
13	9,400	9,600	12,500
14	10,600	10,800	12,500
15	11,700	11,900	14,800
16	9,500	9,700	12,600
17	9,300	9,500	11,000
18	11,200	11,400	10,200
19	12,500	12,700	8,100
Total	204,700	208,700	230,100

¹ Preliminary.

EXTENDED BENEFIT PAYMENTS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	December 1980 ¹	November 1980	December 1979
1	\$1,433,000	\$1,105,000	\$1,324,000
2	1,084,000	843,000	761,000
3	1,162,000	901,000	563,000
4	1,510,000	1,163,000	1,059,000
5	1,162,000	901,000	728,000
6	1,123,000	872,000	695,000
7	1,588,000	1,221,000	794,000
8	1,781,000	1,367,000	893,000
9	1,278,000	989,000	860,000
10	1,433,000	1,105,000	1,026,000
11	1,510,000	1,163,000	1,390,000
12	1,936,000	1,483,000	1,291,000
13	1,394,000	1,076,000	1,291,000
14	1,471,000	1,134,000	1,191,000
15	1,588,000	1,221,000	927,000
16	1,394,000	1,076,000	1,059,000
17	1,317,000	1,018,000	1,092,000
18	1,394,000	1,076,000	794,000
19	1,278,000	989,000	563,000
Total	26,834,000	20,704,000	18,300,000

¹ Preliminary.

EXTENDED BENEFIT CLAIMANTS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	December 1980 ¹	November 1980	December 1979
1	3,700	3,800	4,000
2	2,800	2,900	2,300
3	3,000	3,100	1,700
4	3,900	4,000	3,200
5	3,000	3,100	2,200
6	2,900	3,000	2,100
7	4,100	4,200	2,400
8	4,600	4,700	2,700
9	3,300	3,400	2,600
10	3,700	3,800	3,100
11	3,900	4,000	4,200
12	5,000	5,100	3,900
13	3,600	3,700	3,900
14	3,800	3,900	3,600
15	4,100	4,200	2,800
16	3,600	3,700	3,200
17	3,400	3,500	3,300
18	3,600	3,700	2,400
19	3,300	3,400	1,700
Total	69,200	71,200	55,200

¹ Preliminary.

INDIVIDUALS EXHAUSTING ALL U.I. BENEFITS BY MICHIGAN CONGRESSIONAL DISTRICT¹

District:	December 1980 ²	November 1980	December 1979
1	1,000	800	700
2	900	700	400
3	800	600	300
4	1,300	1,000	500
5	900	700	300
6	900	700	400
7	1,100	900	500
8	1,000	800	500
9	1,000	800	500
10	1,300	1,000	500
11	1,100	900	800
12	1,300	1,000	500

INDIVIDUALS EXHAUSTING ALL U.I. BENEFITS BY MICHIGAN CONGRESSIONAL DISTRICT¹—Continued

District:	December 1980 ²	November 1980	December 1979
13	1,000	800	600
14	1,000	800	600
15	1,300	1,000	400
16	1,000	800	500
17	1,000	800	400
18	1,000	800	400
19	900	700	300
Michigan	19,800	15,600	9,200

¹ These claimants have exhausted their maximum U.I. entitlement including regular and extended benefits.

² Preliminary.

TRA PROGRAM BENEFITS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	November 1980	October 1980
1	\$4,637,000	\$8,093,000
2	2,842,000	6,708,000
3	818,000	1,501,000
4	426,000	735,000
5	608,000	1,222,000
6	2,127,000	6,606,000
7	6,807,000	14,603,000
8	5,527,000	15,033,000
9	79,000	181,000
10	1,339,000	2,534,000
11	154,000	268,000
12	5,385,000	7,337,000
13	4,449,000	7,881,000
14	4,672,000	7,625,000
15	4,517,000	11,955,000
16	4,191,000	9,042,000
17	3,824,000	7,029,000
18	4,292,000	5,938,000
19	8,106,000	14,824,000
Total	64,800,000	129,114,000

Note.—Includes payment for retroactive TRA claims.

TRA PROGRAM CLAIMANTS BY MICHIGAN CONGRESSIONAL DISTRICT

District:	November 1980	October 1980
1	5,700	7,100
2	2,900	4,400
3	1,200	1,600
4	900	1,400
5	800	1,500
6	3,100	8,200
7	8,300	16,300
8	7,800	14,400
9	100	300
10	2,000	3,400
11	300	500
12	6,100	7,800
13	5,500	6,800
14	5,800	7,200
15	4,900	7,900
16	4,500	6,700
17	4,600	5,900
18	5,300	6,400
19	9,100	10,500
Total	78,900	118,500

Mr. CONYERS. Mr. Speaker, I yield back the remainder of my time.

ESTONIAN INDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 60 minutes.

Mr. DERWINSKI. Mr. Speaker, 63 years ago today, Estonia, the smallest of the Baltic States, declared its independence as a democratic republic.

lic. In that same year of 1918, Soviet Russia attacked Estonia with the aim of conquering that country. However, during this war of independence, Estonia repulsed the Red armies and in 1920 concluded a peace treaty with the Soviet Union.

Unfortunately, the signing of the notorious Stalin-Hitler pact of August 23, 1939, offered to Nazi Germany a welcome pretense for starting World War II and allowed parts of Eastern Europe, including the three Baltic nations—Estonia, Latvia, and Lithuania—to become part of Soviet Russia's so-called sphere of influence. Consequently, Stalin received a free hand to forcibly annex these three independent Baltic countries, which remain illegally occupied by the U.S.S.R. to this day. Soon after the conclusion of this pact, Estonia signed, on September 28, 1939, under military threat and without the possibility of any help from abroad, a pact of mutual assistance with the Soviet Union.

During the period of 20 years which the Estonian people enjoyed their independence, they demonstrated what a small nation is able to achieve in all fields while enjoying a democratic way of life. They achieved an exceptionally high educational level. The history of Estonian literature was documented by the publication of the first book in the Estonian language in 1935. The Estonian people may also be particularly proud of their agricultural accomplishments and impressive industrial achievements during this time. Their folklore continues to win recognition for its originality, colorful variety, and great artistic value.

As a result of the Soviet invasion, in 1940, this prosperous life came to an abrupt end by the brutal acts of their large totalitarian neighbor. Since then, the Estonian people have suffered extremely heavy human and material losses. This situation still persists. Estonia is economically exploited by the Moscow regime. Those who dare make any requests for freedom and justice, relying on the stipulations of the Helsinki Final Act, are either confined to mental hospitals or sentenced to prison terms. Such sentences are made in conformity with the ill-famed mock trials of the Stalin era.

Nevertheless, many Estonians have managed to flee from the Communist terror in their homeland and are now living in various parts of the free world. They are deeply concerned about the future of their ancestral homeland and continue to make their voices heard on behalf of the people of Estonia.

The United States, as well as a great number of other Western countries, have never recognized the forcible annexation of Estonia, Latvia, and Lithuania by the Soviet Union, which in fact is of great moral support to the people of these nations. I believe it is

especially important for the United States to continue its full and uncompromising support for the basic concept of the sovereign rights of a people to the free and independent choice of the form of government under which they wish to live. I am especially pleased that the Reagan administration has reaffirmed our policy of non-recognition of the Soviet occupation of the Baltic States.

Estonians in the United States and throughout the free world will commemorate their national holiday today, February 24. They confirm at such occasions their determination to fight for the restoration of the independence of their native Estonia. At the same time, they hope that world public opinion will support them in this struggle for freedom and justice. We join with them in expressing our determination to see that the aspirations of Estonian people for national independence and cultural freedom will once more be restored.

● Mr. MOFFETT. Mr. Speaker, today commemorates the 63d anniversary of the proclamation of the independence of the Republic of Estonia. Although Estonian independence came to an abrupt end through the treachery of the Stalin regime in 1940 after only 20 years of self-rule, the Estonians' spirit of independence and national pride lives on. It is that spirit which we celebrate today.

In the years following the Soviet Union's illegal annexation of Estonia, the brave struggle for independence was ruthlessly crushed. In 1941 alone, approximately 60,000 Estonians—over 5 percent of the population—were killed or put in concentration camps. In all, during the 10-year span from 1939 to 1949, Estonia's native population declined by one-third.

Today, the oppression continues. Estonians Mart Niklus and Juri Kukk, for example, were recently sentenced to prison terms for their activism in promoting human rights and autonomy for the Baltic region. They also, along with several other Estonians, condemned the Soviet invasion of Afghanistan in an open letter to Leonid Brezhnev, and urged the International Olympic Committee and several national Olympic committees to boycott the 1980 Olympics in Moscow.

One of the greatest threats to Estonian freedom and identity, however, lies in the steady progress of cultural assimilation, or "russification." The years since World War II have brought a steady flow of Russian immigrants into Estonia. Attracted by Estonia's high standard of living and the labor shortage created by the massive deportations and killings of the postwar era, Russians now comprise over one-third of Estonia's population. Nevertheless, the Estonians continue to cling to their native language and

their cultural heritage in admirable defiance.

As world attention focuses on events in Afghanistan and Poland, let us not forget another valiant struggle against Soviet imperialism. The Estonians deserve our support and admiration as they fight for their freedom and national identity against ominous odds.

● Mr. BLANCHARD. Mr. Speaker, I take this opportunity to join in my distinguished colleague's special order commemorating the 63d anniversary of the proclamation of independence for Estonia.

The freedom enjoyed by the Estonian people was short lived, and was crushed by the military power of the Soviet Union in 1940. Freedom-loving men and women the world over join the men and women of Estonia and their relatives in America and elsewhere in hoping for the day to come when Estonia will once again be free.

For this reason, I gladly join the gentleman from Illinois in his celebration and remembrance of freedom that once was—in Estonia.

● Mr. STRATTON. Mr. Speaker, February 24, 1981, marks the 63d anniversary of Estonian independence. I am pleased to join with my colleagues in Congress, and with Estonian Americans and Estonians throughout the world, in commemorating this day and in showing support for the struggle of the brave people of this Baltic State against Soviet domination.

After World War I, Estonia proclaimed itself an independent, democratic nation. Although invaded that same year, 1918, by Soviet armies, they were able to wage a successful war of independence and repulse the Soviets in February 1920. For the next 20 years Estonians lived as a free people.

The country thrived during this period, making great progress in agricultural production and industrial enterprise. The gross national product doubled. Estonian literature and culture flourished, as did human rights. Estonia became the first nation in the world to grant its minorities autonomy through Government-subsidized ethnic schools.

However, economic progress and social tolerance were ended in the summer of 1939 by the pact between Hitler and Stalin, which allowed the Baltic States to come under the Soviet sphere of influence. The Soviets consequently annexed Estonia, Lithuania, and Latvia, incorporating them into the U.S.S.R. in 1940.

For the last 40 years the country has been under Soviet domination. Through deportation, execution, and emigration the small nation has suffered a tragic loss of its people: In the 1940's one-third of the population was lost. Russification, the imposition of Russian language, culture, and the

influx of Russian peoples, has also challenged the country's endurance. But Estonians at home and abroad have struggled bravely and successfully to retain their culture and traditions. And I have been greatly impressed with the enthusiasm of Americans of Estonian descent in carrying on the culture and traditions of their broad heritage.

So I rise again today to support their justifiable struggle for independence, and to recognize their achievement of freedom 63 years ago. In this same spirit, I have joined in cosponsoring House Concurrent Resolution 36, which asserts the right of self-determination for the people of the Baltic States, and calling for the withdrawal of the Soviet military presence.

As we observe today with admiration and concern the struggles of the people of Poland and Afghanistan against Soviet oppression, our sense of the plight of people in all the captive nations is sharpened. The courageous resistance now waged by the Polish labor unions may in time set a pattern for a new measure of freedom from Soviet control, not only for Poland but for Estonia as well. Let us hope that that indeed will happen.●

● Mr. DORNAN of California. Mr. Speaker, today we commemorate the 63d anniversary of the proclamation of the independence of the Republic of Estonia.

The history of the brave and resourceful people of Estonia has been a tragic one. From the 13th century on, successive waves of foreign powers have invaded this tiny Baltic country. But the indomitable fighting spirit of the people manifested itself time after time, particularly in the successful war of independence against the invading armies of Russian communism after World War I. However, in June 1940, the dark night of Communist tyranny again descended on Estonia, resulting in its forcible incorporation into the Soviet empire. And that wretched condition of servitude continues to this day.

Mr. Speaker, in keeping with our own traditions of liberty and national self-determination, the United States has never recognized the forcible annexation of Estonia. By commemorating today the anniversary of the proclamation of Estonia's original independence 63 years ago, we recall, in Thomas Jefferson's words, that the price of liberty is eternal vigilance. The dark forces of modern totalitarianism go about, as scripture has it, roaring like a lion, seeking whom they may devour. But, while the Soviet Union may have forcibly incorporated the sovereign territory of Estonia, it will never succeed in destroying the hopes and aspirations for liberty, which spring eternally in the heart of the Estonian people. No state based slowly on force and fear can long

endure. History bears solemn testimony to that.

The people of Estonia need never lose courage for fear that the West shall forget. The peoples of the West shall never forget until the last Soviet soldier withdraws from Estonian soil, and the Estonian people once again savor the freedom that the Almighty willed for each man and for every nation.

At this time, Mr. Speaker, I would also like to draw attention to the flagrant violation of human rights in Estonia by the Soviet Union, particularly the rights of Mart Niklus and Juri Kukku. Since 1976, Mart Niklus has been arrested repeatedly, and held in prison for months at a time, for attempting to monitor the Helsinki agreements. In the latest violation of the Helsinki accords, Mart Niklus was charged with "anti-Soviet agitation and propaganda" and sentenced to 10 years in prison and 5 years of internal exile.

During 1979 and early 1980, Mr. Juri Kukku signed a number of human rights appeals, which have found their way to the West. He was subsequently accused of "spreading fabrications slandering the Soviet system," forced to undergo psychiatric examinations, and sentenced to 2 years of forced labor. It is very unlikely that either of these brave men will survive their imprisonment.

In accord with the spirit of the Helsinki agreements, we request that the Soviet Union free Messrs. Niklus and Kukku and permit them to emigrate to the United States.●

● Mr. WAXMAN. Mr. Speaker, today marks the 63d anniversary of Estonian Independence Day. Yet to the Estonians independence means little. Despite the pledge of the Soviet Union to honor the Helsinki accords and to respect human rights, Estonia remains totally incorporated under Soviet domination—stripped of all cultural and political sovereignty and deprived of even the most basic human freedoms.

Estonia, a tiny country in the northeastern part of the Baltic region, has enjoyed a rich and varied heritage; Estonians can trace their past to times before the Christian era. Their unique culture reflects the influence of the neighboring countries: Sweden, Germany, and Russia, each of whom has ruled this small country. The strong nationalism of the Estonians contributed to their valiantly fought, successful struggle against the Soviet Union in 1920, at which time they were finally granted their long-sought freedom.

In the two decades that they enjoyed true sovereignty, the Estonians proved to the world what a tiny nation can do when allowed to come into its own. They showed that because of their previous domination by other countries, they truly understood the

principles of democracy. The Estonian Constitution embraced the ideals of justice and liberty and protected the legal and ethical rights of all its linguistic minorities. On a global scale, Estonia joined the League of Nations and, as an ardent advocate for peace, became the spokesman for the small, democratic states.

Yet Estonia's hard-fought freedom was unfortunately short lived. In 1940, this tiny country committed to the virtues of justice and peace, was again invaded by the Soviet Union. After a brutal struggle in which the Estonian population was sharply decimated, the country fell prey to the Soviet hammer and sickle—bereft of even the slightest political or cultural autonomy.

Mr. Speaker, today a country that once prided itself on its industrialization and economic development now finds its economic wealth exploited. A country whose fine educational system allowed it at one time to export its highly educated public servants to help other less fortunate nations, now finds itself captive to censorship and the Soviet repression of free thought and ideas. A country whose very heritage and pride became the tools necessary to build itself into a self-sufficient state, must now submit to total russification. A country whose constitution espoused the ideals of freedom and human rights has ironically become a victim of oppression and the denial of these virtues.

It is especially incumbent upon us, a nation that is so free, to remember a country with no political forum—whose citizens such as Miklus and Kuss are jailed merely for their refusal to be silenced. Let us not take our freedom for granted and let us renew our commitment to the freedoms of others. The Estonians are a people of great courage and remarkable spirit. Let this, the anniversary of their independence, signal a new beginning in their undying fight for freedom.●

● Mr. ADDABBO. Mr. Speaker, today marks the 63d anniversary of the proclamation of the independence of the Republic of Estonia, a once free nation which in 1940, was forcibly and illegally annexed by the Soviet Union. On this important occasion I would like to take this opportunity to call to the attention of my respected colleagues in the House the plight of this once sovereign country and of its brave and determined people.

Since 1940, when the Soviet Union occupied Estonia, in violation of a peace treaty signed with Estonia, the people of Estonia have known much hardship. A government they created to protect their rights, was taken over by one which has seen fit to repeatedly violate their human and national rights. In years past, a deeply religious country, today Estonians live under a

Soviet regime which has restricted religion. It is a nation economically exploited by Moscow for its mining and manufacturing industries, the mines providing almost three-fourths of the Soviet Union's oil shale.

Fittingly, the United States has never recognized the validity of the Soviet annexation of Estonia and condemns the Soviet Union for its repeated violations of the Helsinki accords. As long as the United States has the power to speak out for those nations who are unable to speak out for themselves, it must continue to do all it can to free people who are prisoners in their own homeland.●

● Ms. FERRARO. Mr. Speaker, February 24, 1981, marks the 63d anniversary of the proclamation of the independence of the Republic of Estonia, illegally annexed by the Soviet Union in 1940.

At the start of World War II, Soviet forces occupied Estonia claiming, as in Afghanistan, that these armies had been invited. The occupation has continued ever since. In 1941, the Soviets began their purges of the Estonian people. In July of that year, literally tens of thousands of people were executed, imprisoned, and sentenced to hard labor. These purges approached a policy of genocide.

The current political situation in Estonia is much like that in the rest of the Soviet Union. Liberties which most of the Western World consider fundamental are still denied to the Estonian people.

In January of this year, two human rights advocates, Juri Kukk and Mart Niklus, were sentenced to hard labor for 2 and 10 years, respectively. Their convictions were based solely on political motivation. Their lives are representative of the hundreds, perhaps thousands, of Estonians who in recent years have become active and open in support of the Helsinki principles.

The plight of these people, and of all the Estonian people, may only be bettered by the continued attention of the free world leaders and press. Only when Soviet policies are revealed and repudiated by the rest of the civilized world, will these authorities make some concessions to humanitarian principles.

The U.S. Government has never recognized the occupation of Estonia. The United States has never relinquished its support for the principles of political freedom and self-determination for the Baltic States. American support for Estonian and Baltic causes is traditionally important and right.

The recent invasion of Afghanistan and events in Poland, as well as the campaigns against dissidents, have shown time and again Soviet brutalities in the treatment of the peoples whose homelands they have invaded. The time has come for an end to the Soviet occupation of Estonian soil. I

urge my colleagues to join with other freedom-loving peoples throughout the world in support of the successful efforts of the Estonian people to resist russification policies. We must all support the struggle of the Estonian people to reach independence. The Estonian culture goes back for thousands of years, and it deserves not to be ignored—or forgotten.●

● Mr. ZABLOCKI. Mr. Speaker, on this occasion I join my colleagues in commemorating the observance of Estonian independence and reaffirming my deep concern for the citizens of the Republic of Estonia, who are being denied the freedoms they should rightfully enjoy.

This observance serves to remind the Soviets that the United States continues to regard the incorporation of the Baltic nations by the Soviet Union to be illegal and a violation of international law. It will also remind the Soviet Union of their commitment to the principles of the final act for security and cooperation in Europe. Having signed the Helsinki final act, the Soviets agreed to uphold the precepts of human rights and self-determination as set forth in principle VIII.

It was on February 24, 1918, that the Republic of Estonia declared its independence. Estonia enjoyed its sovereign status until 1940. Then the Ribbentrop-Molotov agreement was implemented, whereby Stalinist Russia invaded and annexed the Baltic nations with full support of Hitler's Germany.

The continued domination of Estonia, and of other Baltic nations, by the Soviet Union causes very serious concern. I find particularly reprehensible reports of torture of dissidents who are jailed and sentenced to degrading and inhuman treatment in psychiatric prisons.

The first phase of the Madrid meeting of the Conference on the Security and Cooperation of Europe last fall provided an opportunity to reaffirm the Helsinki principles and to review their implementation, including the tenets of principle VIII on humanitarian and human rights matters. The United States continues to believe that these principles should be upheld by all signatories to the Helsinki act.

We admire the courage and resolve of the Estonian people to resist cultural annihilation, and the abridgment of their rights and freedom. We encourage their spirit and quest for self-determination.●

● Mr. DOUGHERTY. Mr. Speaker, yesterday the attention of the world was drawn to Moscow as President Brezhnev addressed the opening session of the 26th Congress of the Soviet Communist Party. This morning's Washington Post carries a photograph of a billboard erected in Moscow for the event which quotes Brezhnev

as urging principles of "peace and cooperation among peoples."

Empty words? Most certainly. For we join together today to remind the world that one need go no further than the Soviet Union's own borders to witness oppression. Today we mark the 63d anniversary of the independence of the Republic of Estonia. We applaud our own Government's consistent policy of not recognizing the forcible and unlawful incorporation of Estonia into the U.S.S.R. in 1940. We join together today to commemorate the dream of freedom which the people in Estonia will not let die—despite more than four decades of a Soviet regime which has restricted national cultural life and religious freedom under the guise of an official policy of russification. We honor the people of Estonia for their courage and their refusal to surrender their desire for independence and self-determination as a nation and as a people.

Today I would like to call to the attention of my colleagues the plight of two Estonians who are at this moment fighting for their lives. They are representative of the hundreds, perhaps thousands, of Estonians who in recent years have become active and open in support of the Helsinki principles. Both men are in precarious health and have just been reimprisoned after trials which took place—with obviously intentional irony—during the recess of the Madrid Conference which is evaluating the progress of the Helsinki accords.

First arrested in 1958, Mart Niklus was sentenced to 10 years of forced labor plus 3 years of exile for sending photographs depicting Soviet reality to the West. Released in 1966 because of his deteriorating health, Niklus was subjected to constant harassment and interrogation because of his activities in monitoring the Helsinki process. In March of 1980 he was denied permission to emigrate to Sweden and was arrested in April. In January he was sentenced to 10 years of forced labor plus 5 years of internal exile. Since August he has staged a hunger strike and has vowed to continue regardless of the consequences for his health or, indeed, his life.

Tried at the same time as Niklus, Juri Kukk had already started a hunger strike in support of his fellow human rights activist. For his crimes of signing numerous human rights documents and appeals that have reached the West, Kukk was also arrested in March of 1980 and has been sentenced to 2 years of forced labor. Concerned observers agree that it is very unlikely that either Niklus or Kukk will survive their imprisonments.

I call on my fellow Members of Congress to join with the people of the Republic of Estonia, the Estonian

American community in the United States, and all freedom-loving peoples everywhere to plead the cause of Mart Niklus and Juri Kukku. Let us remind Mr. Brezhnev of the hollowness and fallaciousness of any call for peace and cooperation among peoples which does not include freedom and self-determination for those persons and nations held captive for their belief in the same principles on which this great Nation was founded. Mr. Speaker, we must not let that dream of freedom die.●

● Mrs. HOLT. Mr. Speaker, February has been a month of celebration here in America. Two of our greatest Presidents were born in the Valentine month, and it was in February 1781 that Maryland, my home State, ratified the Articles of Confederation. But in a small country in northeast Europe, there has been no celebrating. The Republic of Estonia, recognizing the 63d anniversary of the proclamation of its independence, has not been allowed to enjoy self-determination, representative government, development of national interests, nor to see her people live complete, full lives without foreign intervention.

In 1940, the army of the Soviet Union occupied the free Republic of Estonia. Following has been a 41-year reign of terror and continuous human and national rights violations. For it is only through fear and assault that Soviet hegemony can be maintained. These events are nothing new to the people who have felt the imperialistic hunger of the Soviets, and while free nations call for the withdrawal of Russian troops from other more recently invaded countries, we must not forget those patriots who have persisted in the fight to regain their freedom in little Estonia and her neighbors, Lithuania and Latvia.

Trying to monitor the Helsinki accords of 1975, two Estonians, Mart Niklus and Juri Kukku, have been repeatedly arrested, imprisoned, and harassed by Communists, who have much to fear from the truth. The truth is that military occupation is the only way that Soviet influence can be successful in Estonia, and they continue to arrest men and women working to liberate their nation. I call for the Soviet Union to evacuate the independent Republic of Estonia, to immediately adhere to the Helsinki accords, and to allow Niklus and Kukku to live their lives in peace.●

● Mr. SMITH of New Jersey. Mr. Speaker, today is another of those occasions both joyous and melancholy—it is the anniversary of Estonia's Declaration of Independence from the Russian Empire in 1918.

That independence was short lived. In 1940, in disregard of solemn treaty promises, the Soviet Union invaded and annexed Estonia. Estonia was caught between the great tyrants of

the modern age, Hitler and Stalin, and when they decided to partition Eastern Europe, independent Estonia vanished.

More than 40 years after the Hitler-Stalin pact, and over 35 years after the Second World War ended, Estonia's freedom has still not been restored.

Independent Estonia was making great progress. It was the first nation to grant its ethnic minorities government-subsidized theaters, libraries, and schools. In 1927 Estonia won an award from the Jewish National Fund in Palestine.

Today, thanks to systematic depopulation by the Soviet Union, Estonians are rapidly becoming a minority in their own country. While 88 percent of Estonia's population was Estonian in 1939, only 64 percent is Estonian today. Russian immigrants are deliberately transplanted to Estonia by Moscow.

Thousands of Estonians have been murdered, thousands more have been deported to Siberia. This is a terrible record to contemplate.

This Nation has never recognized the annexation of the Baltic nations, nor should we ever. We should maintain the diplomatic legations of these countries now existing in the United States.

I note our representatives at the Madrid Conference on compliance with the Helsinki accords have raised the issue of the Baltic States. I hope we do so at every international conference and forum the Soviet representatives are present at.

Every now and then individual tales of heroism come through the Iron Curtain. Two young Estonians, Mart Niklus and Juri Kukku, are now in slave labor camps. Their crime is demanding the Soviet Union comply with the Helsinki accords. They wanted Estonia to be free. I would hope our State Department would take note of these men and do what it could to secure their release, for they are not expected to survive their term of imprisonment.

The Hitler-Stalin pact cost Estonia its freedom. Hitler is dead, the Nazis are no more, but Stalin's heirs continue to govern. Today they are meeting in the Kremlin to celebrate their power, their determination, their ruthlessness.

Let us oppose to these men the ideal of freedom. As Lincoln told us, "Let us have faith that might makes right." Our right is the right of small nations to live in peace and freedom.

In 1936 the Emperor of Ethiopia, after the brutal destruction of his nation, told the League of Nations, "Aside from the Kingdom of the Lord there is no kingdom on this Earth greater than another." Some day Estonia will have its freedom again. We will establish that no nation on this Earth is greater than another, that all

nations, large and small, have the same rights.●

● Mr. SENSENBRENNER. Mr. Speaker, today is Estonian Independence Day and it reminds us again there are many people throughout the world who do not live in freedom. Yet these very same people hold a dream and hope for freedom.

It is important that this country which, as a policy for as long as we have existed, believes in human rights recognize there are many races and nationalities which exist under the totalitarian domination of the Soviet Union.

We must remember those freedom-loving people of Estonia when implementing a consistent and just foreign policy.●

● Mr. MICHEL. Mr. Speaker, February 24 marks the 63d anniversary of the proclamation of the independence of the Republic of Estonia. In 1940 the Soviet Union annexed Estonia. The people of this country have been under the control of the Soviet Union ever since.

I do not believe I have to bring to your attention the long and tragic history of the Soviet Union's conquest of Estonia. It is a tale whose outlines are well known. Mass deportations, loss of human and civil rights, systematic russification in education—in the hope that Estonian children will stop using their native tongue—all of the Soviet Union's brutal policies toward captive peoples have been put into practice in Estonia.

Despite this persecution—or perhaps, in part, because of it—the Estonian people still remain loyal to their culture and to a belief in God.

On the 63d anniversary of the creation of the Republic of Estonia, let us remember what a precious gift freedom is. Let us make certain that the Soviet Union lives up to the principles embodied in the Helsinki accords so that the Estonian people can exercise their God-given right to national self-determination.●

● Mr. LENT. Mr. Speaker, I would like to take this opportunity to bring to the attention of my distinguished colleagues, a most significant anniversary. This year, February 24, 1981, marks the 63d anniversary of the Declaration of Independence of the Republic of Estonia. This declaration evolved out of a series of struggles for freedom on the part of the Estonian people. For a brief period, between 1920-40, the Republic of Estonia flourished and the Estonian people demonstrated to the entire world what a small nation can pursue and achieve in all areas of endeavor when it enjoys the bounty of peace and freedom.

The peace and freedom that Estonia treasured were obliterated when Communist Russia invaded and conquered Estonia and two other Baltic States,

Latvia and Lithuania. Since that deplorable act of aggression, the Russians have continued to persecute and oppress the Estonian people denying them the basic human rights provided for and insured in the Helsinki final act.

Mr. Speaker, I would like to direct our attention to two courageous men. Mart Niklus and Juri Kukku are Estonian human rights activists who have helped inform the world of the plight of their fellow Estonians. They have personally suffered imprisonment which in turn, lead to serious health problems. Despite the constant adversity, these two men have stood fast and fought for what they knew was right—freedom. They believe in their cause, they believe in themselves and they believe in their countrymen. My colleagues, their dedicated efforts deserve our full support. Today, on this significant date in history, let us join together to reaffirm our determination to focus our efforts in support of the long and arduous struggle being carried on by the courageous Estonians. Let us pledge our continued support and strengthened efforts to oppose Soviet usurpation of human rights.●

● Mr. CARNEY. Mr. Speaker, today, February 24, commemorates the 63d anniversary of the proclamation of independence of the Republic of Estonia. This day commemorates the success of this Baltic country in its hard-fought struggle against the forces of Russian imperialism.

Estonia remained an independent nation for 22 years. During that short period, however, this nation achieved strong political, economic, and social advances. The culture of Estonia, which has existed for centuries, reached the height of its expression during 1918-40.

Tragically, the coming of World War II again made Estonia, and the other Baltic countries of Latvia and Lithuania, the target of imperialistic and ideological expansion. In 1940, Estonia was again occupied by Soviet forces. It remains under occupation at the present time. The U.S. Government has never recognized the Soviet invasion of Estonia and has continually repudiated the brutal denial of freedom for the people and self-determination for the nation.

Forty years ago, the Soviet authorities began their massive purge campaigns against the Estonian and other Baltic people. In June of 1941, literally hundreds of thousands of people disappeared; these individuals were imprisoned, sentenced to hard labor, and executed. The Soviet policies approached genocide.

The Soviet policies of oppression continue today. In an attempt to destroy the ethnic character of Estonia, the Soviet Union has conducted a policy of russification. It has reduced

the ethnic-Estonian population of the country while increasing the Russian population. Other policies entail the subordination and suppression of Estonian language and culture, and the persecution of all religious movements.

The right to free political expression has been vigorously attacked. In January, two dissidents, Juri Kukku and Mart Niklus, were sentenced respectively to 2 and 10 years of hard labor. Their alleged crimes stemmed from their commitment to human rights and political freedom—rights which the Soviet Union supposedly adheres to under the Helsinki accords. Kukku and Niklus' plights are known to the Western press. Yet, there are many others who suffer harassment, confinement to psychiatric hospitals, and imprisonment for their beliefs and who remain unknown. Only the continued vigilance of the free world offers any prospect of improvement in the treatment of these people. Only when the most heinous of Soviet actions are revealed and repudiated can there be hope for modest reforms. In addition, the United States and the entire free world must continue a policy of nonrecognition of the occupation of Estonia and the Baltic States, and must insist on freedom and self-determination for these countries.

Many Estonians came to America following the invasion of their homeland. They are grateful for the freedom and the opportunity which this Nation has provided to them. They are grateful for the efforts of American leaders on behalf of their homeland, and they support the principles of liberty which America has always promoted throughout the world. They appreciate that America has never forgotten their plight, and the plight of all people under Communist oppression. For surely, time and Soviet propaganda efforts to hide the facts have been obstacles in Estonian-American efforts to help their friends and relatives in their homeland. The Soviets would like nothing better than for the free world to forget their crimes. Remembering and acting on behalf of the oppressed people gives hope and encouragement to all those who work for liberty, in the free world and under occupation.

Mr. Speaker, it is in the spirit of solemn remembrance of Estonia's independence that we salute the Estonian people. We salute Estonians who preserve their culture and work for their country's independence in the free world, and above all, we salute those brave people who struggle for survival, as well as independence, in their occupied homeland.●

● Mr. YATRON. Mr. Speaker, today marks the 63d anniversary of the proclamation of the independence of the Republic of Estonia. I join with my

colleagues in commemorating this important event.

The Estonian people have withstood countless foreign invasions and have maintained a strong spirit and vibrant self-identity under the most adverse conditions. Currently, the Estonian people suffer under the oppressive domination of the Soviet Union.

Since the Soviet annexation of Estonia in World War II, the people of that Baltic republic have been subjected to extreme and heinous persecution. The Soviet annexation not only terminated Estonia's independence, but led to massive slaughter and deportations. In 1941, 60,000 Estonians, more than 5 percent of the entire population, were either killed or sent to Soviet concentration camps. In 1949, 80,000 Estonians were deported to Siberia to work on government owned, collective farms. In all, a total of 350,000 people were reportedly lost between 1939 and 1949, representing one-third of Estonia's population.

Unfortunately, Soviet oppression continues today. Many younger Estonians are required to leave their homeland for parts of the Soviet Union. National cultural life and religious freedom have all but been eliminated. Fortunately, the effort of the Soviet Union to crush the Estonian spirit has failed.

Many Estonians have come to the United States to escape Soviet persecution and have contributed significantly to the economic, cultural, and political life of the American society. The courage and stamina of the Estonian people is truly amazing, and should serve to remind all Americans how priceless freedom really is.●

● Mr. GREEN. Mr. Speaker, today the country and homeland of Estonia celebrates the 63d anniversary of its declaration of independence.

Unfortunately, this is not a celebration in the usual sense. Although we recognize Estonia as a free country, it is a country clearly dominated by the Soviet Union. This Soviet domination has brought with it the type of control characteristic of Soviet held territory throughout Eastern Europe. Political expression is suppressed. Freedom to emigrate is denied. Violations of human rights are routine.

As a result, it is especially important that this anniversary is recognized. Estonia has had difficulties for the last 63 years, yet it has persevered. In the last six decades, Estonia has gone from German to Soviet dominance, to freedom, and back to Soviet rule. We should recognize the current occupation by the Soviet Union as an unfortunate, but temporary, part of Estonian history.

The spirit of nationalism has survived in this country and will continue to survive. During its brief moments of freedom Estonia has demonstrated its

people's commitment to human rights and democratic principles. This spirit, which was typified by its courageous struggles against Germany and the Soviet Union, cannot die.

I salute the people of Estonia. The unwarranted occupation by the Soviet Union is intolerable. The citizens of Estonia deserve their freedom. Only then will they be afforded the basic human rights they so clearly deserve. ●

● Mr. MOORHEAD. Mr. Speaker, I commend Congressman DERWINSKI for calling this special order so we can make known our awareness of the plight of Estonia, illegally annexed to Soviet Russia in 1940.

This Baltic nation is a tiny country that is passionately desirous of an independence that is denied to it by the ruling elite of the Soviet Union, a group with a real and functioning dislike for national and individual freedom.

Special orders such as this one recalling the 63d anniversary of the proclamation of the independence of the Republic of Estonia should be a constant reminder to all of us that we are uniquely blessed to live in this land of liberty.

It should remind us that the freedom we take advantage of each hour of every day is denied to millions. We must take this opportunity to renew our intentions to preserve and guard our liberty so that it will endure as a ray of hope and a model for emulation for all the people of Estonia and for all the peoples of all the captive nations of this Earth. ●

● Mr. MINISH. Mr. Speaker, February 24, 1981, marks the 63d anniversary of the proclamation of independence of the Republic of Estonia. Regrettably, the courageous people of this Baltic State were not to enjoy their rightful freedom for these past 63 years, for invading Russian troops illegally annexed Estonia as part of Soviet territory in 1940. Since that year, native Estonians have endured occupation by the Soviet Union, which has persistently, yet unsuccessfully, attempted to deprive Estonia of its cultural, social, and political heritage. The Soviet military domination has not crushed the spirit of these proud people.

Estonian Independence Day presents an opportunity for commemoration and reflection by us in the United States. First, as a day of commemoration, we offer a tribute to the strength and courage of the Estonian people who have endured many hardships for the past 41 years. Moreover, as American citizens who enjoy guaranteed constitutional rights, we reflect upon the fact that not all people everywhere in the world are as privileged as we. Until human rights are the reality for all, let us not waiver in our commitment to human freedom and dignity.

The violations of individual human rights in Estonia have been well documented. Since the United States witnessed the flagrant and illegal abuse of American rights in Iran, we are more cognizant than ever of the vital connection between guaranteed legal rights, and the fundamental well-being of our citizenry. The unconscionable actions by the Iranians, holding our people hostage for 444 days, demonstrate the dark and unscrupulous depths to which human behavior can fall.

Mr. Speaker, it is my earnest hope that one day we will not have to call for human rights for individuals, because that goal will have been attained. Sadly, history presents no reason for optimism. Until the Estonians, and all their brothers and sisters in the Baltic region have regained their lawful autonomy as free states, let us never rest content in our quest for freedom. ●

● Mr. HOWARD. Mr. Speaker, today is the commemoration of the 63d anniversary of the proclamation of the independence of the Republic of Estonia. It is also an opportunity for all Americans to honor the many valiant Estonians who have worked for the freedom of their nations.

Estonians have fought against oppression since the Soviet sponsored aggression into Estonia in 1940. After Estonia's isolation by the Soviet Union, many citizens were subjected to severe violations of their human rights. Through crisis after crisis, the spirit of individual liberty shone throughout the character of Estonians in the United States and abroad.

It is this courageous spirit that we honor today. In the past America has supported the right of Estonians to self-determination and freedom from Soviet hegemony. Let the world know today that America will remain supportive of the efforts of Estonians and Estonian-Americans to gain their dream of liberty from Soviet oppression.

The plight of Estonia will always be a reminder to the free world of the value of our democracy. We must never relax our support for democracies throughout the world—the Estonian spirit serves as an admirable and righteous model of national and personal freedom. ●

GENERAL LEAVE

Mr. PASHAYAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of the special order today by the gentleman from Illinois (Mr. DERWINSKI).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

U.S. REVITALIZATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. BLANCHARD) is recognized for 5 minutes.

● Mr. BLANCHARD. Mr. Speaker, yesterday I introduced the U.S. Revitalization Act, legislation to establish a federally capitalized U.S. Revitalization Bank which could assist our ailing industries and cities to regain their financial health. I do not pretend that this Revitalization Bank bill necessarily represents the definitive solution to what is required to reverse the decline of our basic industries such as auto, steel, rubber, glass, and others, and our deteriorating older urban areas, particularly those in the Northeast and Midwest which are so intimately tied to the industries which are in the most difficulty. But I do believe it can serve as a starting point for our consideration of how to bring about the revitalization, the reindustrialization, or by whatever term we choose to describe it of these most valuable productive resources—the machinery, the know-how, and the people in our great country.

This bill, Mr. Speaker, is based on the very thoughtful and innovative ideas of Felix Rohatyn, who as Members know, fashioned the complex financial package which brought New York City back from the brink of collapse. Mr. Rohatyn has turned his attention now to the broader problems of regional and national revitalization and I, for one, am grateful to him for giving us some very useful proposals to think about.

Let me briefly describe the main features of the bill. It would establish a wholly owned Government bank whose job it would be to help business enterprises and cities either to regain their financial health if they are truly distressed, or for business, to modernize or expand to provide more employment and productivity if they cannot find the resources to do the job themselves.

The financial tools available for the bank to use would be loans, loan guarantees, and—in limited fashion and as a last resort for businesses if loans and guarantees will not do the job—equity capital. For those cities and businesses which need to be rescued from the brink of bankruptcy, and for those businesses which need the bank's assistance to modernize or expand, there is a requirement that there be an equal amount of non-Federal assistance to match the Government's financial help.

Quite frankly, Mr. Speaker, the Subcommittee on Economic Stabilization learned a great deal in our development of the New York City and

Chrysler legislation, and I have incorporated the tough features of both those laws into this Revitalization Bank bill. I believe it would provide an orderly mechanism for dealing with potential financial collapses which would have severe repercussions on the Nation and its various regions, and at the same time would represent a joint effort on the part of all parties involved—businesses, local and State governments, employees, creditors, and the Federal Government—to share in the return to financial health of these important entities.

I want to mention another window in the bank, Mr. Speaker, which I believe to be very important. Many of our cities, particularly the older ones, have deteriorating capital plants which, through no fault of their own, they are unable to replace or restore. For example, many of their roads and bridges are in sad need of repair, yet because of the financial problems brought about chiefly by the shrinking of their tax bases, they cannot afford to make the necessary repairs. The Revitalization Bank could help cities which because of fundamental economic shifts and changes cannot borrow sufficiently to improve their capital facilities by making long-term, low-interest loans for this purpose. These projects would be limited to roads, bridges, sewer or water lines, and must be for repair, restoration, or replacement. The loans could not be used for mass transportation systems—funds are available from other programs for those—and they could not be used for expansion of capital facilities.

The bank would be capitalized initially by the Federal Government at \$5 billion, appropriated for that purpose, and would be authorized to issue its own obligations, backed by its capital and its assets, up to five times its paid-in capital. If the bank needed an additional backstop for its own bonds, it could ask the Secretary of the Treasury for Federal guarantee of its bonds, but the Secretary would have complete discretion about whether such guarantees were warranted, and then there would have to be an additional appropriation by Congress before any guarantees could be issued.

Mr. Speaker, I am not wedded to this bill or to any particular feature of it. But I commend it to our colleagues as one approach to how to get our industrial and urban economies going again. This is a critical issue we must face—the sooner, the better.

A fuller summary of the bill follows:

H.R. 2000—UNITED STATES REVITALIZATION ACT
PURPOSE

To create the United States Revitalization Bank to assist financially distressed businesses and local governments to return to financial health, to assist businesses to modernize or expand to provide employment

and greater productivity, and to assist local governments to renovate or replace deteriorating capital facilities.

FORMS OF ASSISTANCE

Loans, loan guarantees, and, with certain limitations, purchases of stock.

ELIGIBLE RECIPIENTS

Major business entities and local governments.

ADMINISTRATION OF PROGRAM

Through the "United States Revitalization Bank", an instrumentality of the U.S. Government, to be administered by a 7-member board of directors appointed by the President and confirmed by the Senate, one director to be nominated as chairman. Directors to serve four years, no more than three to be employees of the U.S. Government, no more than four from any one political party, all directors to serve without salary and may hold outside employment.

FUNDING OF THE "UNITED STATES REVITALIZATION BANK"

\$5 billion capital stock to be paid in from funds appropriated in advance, authority in first six years to issue its own obligations up to five times paid-in capital for maturities up to 30 years, and authority for Secretary of the Treasury to guarantee Bank's obligations subject to advance appropriations.

CONDITIONS OF ELIGIBILITY FOR BUSINESS ENTITIES

1. "General financial assistance" may go to a single failing business entity where Bank determines assistance is in the national interest.

2. Financial assistance for modernization or expansion may go to a single business entity or group of firms to increase or maintain employment and productivity in a region of the U.S. if Bank determines applicants cannot modernize or expand on their own and where Bank determines the assistance is in the national interest.

3. All assistance requires a written request accompanied by a feasible plan covering financing and operations for maintenance of, or return to, profitability. Bank may refuse assistance if it regards recovery as improbable or employment and productivity objectives as unattainable.

4. There must be assurance of equal amount of financial assistance from non-Federal sources.

5. There must be reasonable assurance of repayment of the Federal financial assistance.

6. Recipients must agree to annual independent audits, revisions of plans and analyses reconciling actual performance with provisions of plans.

LIMITATIONS ON CAPITAL STOCK PURCHASES

1. Bank may purchase stock of a business enterprise only if a loan or loan guarantee will not accomplish the objectives of the applicant's plan.

2. Stock must be retired, repurchased or sold in 30 years, and there must be reasonable assurance that it can be sold.

3. Bank may not exercise its voting rights to control the enterprise by electing a majority of the board of directors.

CONDITIONS OF ELIGIBILITY FOR LOCAL GOVERNMENTS

1. For general financial assistance to failing local governments, Bank must determine assistance would be in the national interest because bankruptcy or default, or interruption of essential services, would have a severe impact on a State or region of the United States. Assistance could also be

given to enable a local government to provide services or facilities for cooperative industry-government recovery plan to retain, expand, or establish significant business operations in the community or region.

2. Applicant must be unable to obtain sufficient credit elsewhere.

3. Requires written request accompanied by a plan for return to financial health and certification by Governor of the need for assistance and the inability of the State to provide such assistance.

4. Requires a State-created "financial control board" with authority to control applicant's fiscal affairs.

5. Applicant's plan must include goal of a truly balanced operating budget and a financing plan for meeting all financing needs while assistance is outstanding.

6. There must be a matching amount of non-Federal assistance from the State, other creditors, employees, private sources.

7. There must be reasonable assurance of repayment of Federal assistance.

8. Applicant must agree that on default or breach of a condition, U.S. may withhold any Federal transfer payments to offset Bank's claims.

9. Applicant must agree to annual independent audits, to refrain from reducing significant taxes without Bank's approval, and to provide revised plans and reconciliation analyses.

10. Interest on guaranteed local government obligations would be subject to Federal income taxation.

ASSISTANCE FOR INFRASTRUCTURE IMPROVEMENTS

1. Bank may make long-term loans to local governmental units for improvement of capital infrastructure.

2. Loans restricted to repair, restoration, or replacement of roads, bridges, sewer or water systems.

3. Applicant must be unable to finance the infrastructure improvement because of shrinking tax base or other fundamental economic change.

4. Bank is authorized to charge interest at less than its own cost of borrowing.

TERMS FOR DIRECT AND GUARANTEED LOANS

1. Maturity: 30 years or useful life for capital projects; 5 years for working capital for business enterprises.

2. Interest Rate: Reasonable considering appropriate return to the Bank and U.S. Treasury's borrowing rate, except for infrastructure improvement loans which may carry a lower rate of interest.

3. Guarantee Fee: Requires at least 0.5%, may be higher to cover Bank's administrative expenses and provide appropriate rate of return.

LIMITATIONS

1. Amount of assistance to any one local government or business enterprise may not exceed 10% of paid-in capital of Bank plus permissible amount of obligations authorized to be outstanding (5 times paid-in capital) at any one time.

2. Federal Financing Bank prohibited from purchasing obligations of Bank or obligations guaranteed by Bank.

3. Commitments for financial assistance prohibited after six years after effective date of the Act, unless extended by Congress. ●

EXPORT-IMPORT BANK
HEARINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, the Reagan administration's budget proposals would reduce the U.S. Export-Import Bank's direct lending authority in fiscal 1982 by 31 percent, diminishing the Bank's ability to finance the sale of American goods and services overseas.

The implications of this lending cut-back for U.S. exporters and for the Nation's economy will be the topic of hearings on March 5, 12, and 19 before the House Banking Committee's Subcommittee on International Trade, Investment, and Monetary Policy, of which I am chairman.

We hope to take testimony not only on the Reagan budget proposals, but on several other major problems the Eximbank is facing, including the growing gap between its borrowing and lending rates that threatens the Bank's capacity to remain a profit-making institution. We also hope to get a report on the status of international negotiations in which the major trading nations have sought an agreement on reducing export subsidies.

The International Trade Subcommittee intends to hear public witnesses on March 5 and 12 and to hear representatives of the administration and the Eximbank on March 19. The hearings will be at 10 a.m. each day in room 2128 of the Rayburn House Office Building.

Any individuals or organizations wishing to testify at these hearings or to submit material for the record should get in touch with the International Trade Subcommittee staff at H2-139, House Annex No. 2, Washington, D.C. 20515. The subcommittee telephone number is 202-225-1271.

The administration's budget proposals would undercut the Eximbank's ability to support U.S. exports in many crucial industries, such as aircraft, construction, conventional and nuclear electric power, and other high technology sectors. Foreign governments freely subsidize their own exports, so U.S. businesses would be seriously disadvantaged if Eximbank could not offer them comparable support.

There are broader questions, however. Should those U.S. exporters receive preferential treatment at the expense of the rest of the economy? Are export subsidies really essential for our economy or just for certain industries? Does Eximbank support go to the sectors of our economy that need it most? The subcommittee wants to examine these fundamental questions, in addi-

tion to examining the Reagan budget proposal for Eximbank.●

ESTONIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, February 24 is the 63d anniversary of Estonian Independence Day, and Estonian-Americans all over this Nation are commemorating this inspiring benchmark in history for freedom-loving peoples the world over. It is with pride that I join my colleague and good friend, the Honorable EDWARD J. DERWINSKI, in this commemorative event in the House of Representatives.

It was in 1918, on February 24, that the people of Estonia proclaimed their independence from the Tsarist Russian Empire, and in 1919, they and their allies successfully defended their country from attacks by the Red army, which under Lenin tried to force communism on the newly independent nation. On February 2, 1920, a peace treaty was signed between the new Republic of Estonia and the Soviet Union, which "agreed to renounce voluntarily forever all rights over Estonian territory and people."

I extend my greetings to Americans of Estonian descent in the 11th District of Illinois, which I am honored to represent, in Chicago, and all over this Nation as they commemorate the 63d anniversary of the independence of a brave people. This significant event remains a symbol of hope for repressed people all over the world who continue to aspire to human dignity and freedom.

Mr. Speaker, Estonia remained free for only 20 years, because in 1940 the Soviet Union invaded this courageous country and incorporated it into the Soviet empire, just as the Communists are attempting to do 40 years later in Afghanistan. The United States has never recognized this brutal seizure and a historical background statement on this phase of Estonian history follows as excerpted from material by the Estonian Evangelical Lutheran Church. I am also enclosing an excerpt from a statement forwarded to me by the Estonian American National Council entitled "Human Rights Violations in Estonia With Particular Reference to Messrs. Mart Niklus and Jueri Kukk":

THE HISTORICAL BACKGROUND

Estonia, the country and people, located on the shores of the Gulf of Finland and the Baltic Sea, enjoyed the happiness of independence, cultural progress, agricultural and economical development in independent Estonia. The Estonian way of life was, however, destroyed by an unprovoked intervention which was based on the spectacular Nazi-Communist collaboration agreement of 1939, the Molotov-Ribbentrop pact.

On June 17, 1940, the Red Army crossed the borders and occupied the Independent Democratic Republic of Estonia. A Communist takeover, supported only by less than 150 Estonian Communists (out of a population of more than 1,000,000) was, on June 21, 1940, carried out by the Russian invaders under the protection of Soviet tanks and planes. On July 21, 1940, the Communists declared, in the presence of sailors of the Soviet Baltic Fleet, Estonia a so-called "Soviet Socialist Republic" which was, on August 6, 1940, incorporated into the Soviet Union. The Estonian people and a majority of democratic governments have not recognized this flagrant act of violence.

The physical destruction of the Baltic peoples began from the very first day of the Soviet occupation. The first mass deportations took place on June 14, 1941, and continued, on a still larger scale, during the second Soviet occupation which began in 1944. There were, in addition to this, arrestations and mobilizations. The total number of these victims in Estonia is estimated at 12 per cent of the total of the population.

When the cruellest terror ceased after 1953 a horrible danger became even more visible: the transformation of Estonia—where the Estonians as inhabitants are traced back to 3000 B.C.—into a country of Russians. The Russification is going on under the pretext of the influx of the "Gastarbeiter" ("workers as guests") filling up a shortage of laborers who, however, are settling down for good. Large industrial plants were created in, compared with Russia, highly industrialized Estonia (and Latvia). New jobs were filled mainly by Russians. Official Communist slogans pretend gratitude for this kind of "generous help". And now Russian laborers are being directed to rural parts of the country. The filling of the kolkhozes with them aims at making the country definitely Russian. As such, it is as reprehensible as was Hitler's "Herrenvolk" theory in the 1930s.¹

One has to visualize the following: for the time being Estonian is the dominating local language. It is to be feared that as soon as the Russians become a majority they will set aside the Estonian language and Russian will be imposed as the official language of the ancient country of the Estonians. In spite of all kinds of misleading ideological phrases, this is racism in practice—an instrument for achieving hegemony. The Russians are, as a matter of fact, a Slavic people and the Estonians belong to the group of Finno-Ugrian nations having deeply different characteristics as history makes evident.

In addition to this, the economic exploitation of Estonia by the Soviet Union may also be mentioned.

According to recently finished studies of the Soviet economic system and statistics by professor Eduard Poom, the Soviet Union carries on an extensive economic exploitation in the Baltic states. Thus, during the period of the last 15 years on average 50% of the yearly gross national product of Estonia was taken over, as a tribute, by the central administration in Moscow. This means a halving of the living-standard of the Estonian people and is an example of a flagrant colonial exploitation in Europe in the 20th century.

¹Landsmanis, Arturs. Persists of Perish. Soviet Russia Destroying Baltic Peoples, Stockholm 1976, p. 10.

ESTONIAN AMERICAN NATIONAL
COUNCIL,
New York, N.Y.

STATEMENT: HUMAN RIGHTS VIOLATIONS IN
ESTONIA WITH PARTICULAR REFERENCE TO
MESSRS. MART NIKLUS AND JUERI KUKK

The 63rd anniversary of the Republic of Estonia's declaration of independence finds its people in the free West and in Soviet occupied Estonia both reflective and very concerned. While the 1975 Helsinki Accords have provided a vehicle for addressing human and national rights within the Soviet Union, the Soviet Union has repeatedly violated these rights in Estonia.

While we in the West commemorate this occasion and rededicate our effort to freedom for all Estonians, we urgently turn to you for help in the case of two Estonians, Mart Niklus and Jueri Kukku are both fighting for their very lives. Their lives are representative of the hundreds, perhaps thousands, of Estonians who in recent years have become active and open in support of the Helsinki principles. Both men are in precarious health and have just been reimprisoned. Your actions on their behalf could be instrumental.

Below are short summaries of the lives of these two Estonian national and human rights activists.

MART NIKLUS

Born in Tartu, Estonia; age 46. Single, last residence with his parents. A Tartu University 1957 graduate with a degree in biology/zoology. He was first arrested on August 21, 1958 and sentenced on January 25, 1959 to ten years of forced labor plus three years of exile for sending photographs depicting Soviet reality to the West. He was released from Vladimir prison on July 29, 1966 due to his deteriorating health. Not given employment in his profession, he survived on odd jobs until 1972, when he was employed as a teacher of English, French and German at the Evening School of Foreign Languages in Tartu.

Since 1976 he has been arrested repeatedly, held for months in prison, been interrogated and had his home searched and belongings confiscated. All of this because of his activities in monitoring the Helsinki process. Concentrated harassment by the authorities began after he along with other Baltic nationalists signed the "Baltic Appeal" to the United Nations and several governments on the 40th anniversary of the Molotov-Ribbentrop Pact in 1979. This 1939 agreement opened the way for Soviet troops to march into Estonia, Latvia and Lithuania. The Appeal called for the Pact's repeal and for the right to self-determination for the three Baltic nations.

On November 13, 1979 Mart Niklus was dismissed from his post at the Evening School. On March 3, 1980 his request to emigrate to Sweden to join his brother was denied. He was again arrested on April 29, 1980, one day after the KGB forced him to leave the hospital where he was being treated for neuritis of the back—a condition resulting from his first eight years in forced labor camps. He was charged under Article 68-2 of the Estonian Soviet Socialist Republic Criminal Code for "anti-Soviet agitation and propaganda." The punishment by law is ten years imprisonment plus five years of internal exile. On August 23, 1980 Mr. Niklus started a hunger strike. His investigation was completed on December 2, 1980 and he was brought to trial on January 5, 1981. On January 8 he was sentenced to ten years of forced labor plus five years of inter-

nal exile. He has vowed to continue his hunger strike. We must note that the trial was held during the recess of the Madrid Conference on Security and Cooperation in Europe (the second follow-up to evaluate progress of Helsinki Accords).

JUERI KUKK

Born in Parnu; age 40. Married and the father of a son, 12, and a daughter, 8. He graduated from Tartu University with a degree in chemistry and was subsequently employed as an assistant professor. During 1975/76 he studied in France. As a result of his study abroad, he renounced his membership in the Communist Party in 1978, requested that his Soviet citizenship be voided and that he be permitted to emigrate. On September 20, 1979 he was suspended from the university.

During 1979 and early 1980 Mr. Kukku signed numerous human rights documents and appeals that have reached the West. He was arrested in Moscow on January 28, 1980 after leaving the car of an American correspondent. On March 13, 1980 he was arrested again after a search of his apartment and confiscation of numerous manuscripts and his typewriter. He is accused of violating Article 194-1 of the Criminal Code for "spreading fabrications slandering the Soviet system," for which the law prescribes up to three years of forced labor. He was forced to undergo psychiatric examinations in Tallinn and Moscow and was declared sane. On November 25, 1980, he started a hunger strike in support of Mart Niklus. Tried at the same time as Niklus, Kukku was sentenced to two years of forced labor.

It is very unlikely that either will survive their imprisonments.●

JOHN K. NORTHROP: 1895-1981
AVIATION PIONEER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 5 minutes.

● Mr. ADDABBO. Mr. Speaker, a few days ago, John K. Northrop, a man long recognized as one of the world's most accomplished, brilliant, and respected aircraft designers, passed away at the age of 86. In his honor, I would like to take this opportunity and call to the attention of my colleagues in the House, some of the highlights in a varied career of a man, who, in designing 48 aircraft, as well as perfecting numerous aeronautical methods used today, helped shape the course of modern aviation.

As in the case of other infant industries, whether it was railroads, or steel production, men had to step forward with the courage to face the challenges, and the wisdom to take the chances necessary to improve performance. John Northrop was such a man who, in the then young field of aviation, stepped forward, exemplifying an era in flight when those who dared, succeeded. In giving you a brief picture of just what John meant to aviation as we know it today, one of the single greatest moments in aviation history probably would have been delayed by many years had he not, while working at Douglas Aircraft, rede-

signed the wing which would eventually carry the *Spirit of St. Louis* and Charles Lindbergh nonstop from New York to Paris.

Of the 48 planes he designed, some in particular are certainly worth noting. One of his first accomplishments was the designing of the Lockheed Vega, the plane in which Wiley Post soloed around the world in 1933, and which Amelia Earhart piloted across the Atlantic and Pacific. In the late 1920's he designed the famed Northrop Alpha, Beta, Gamma, and Delta series of civilian aircraft, airplanes which demonstrated the then incredible ability to fly through the worst of weather and to survive accidents with a minimum amount of damage. Later, in partnership with Douglas Aircraft, John's knowledge of the all-metal aircraft design was utilized in the development of the Douglas DC-1, DC-2, and DC-3 commercial series.

John used his technological abilities to design aircraft which became valuable additions to our defense forces, designing in the 1930's the Army A-17 attack aircraft, and the Navy B-1 dive bomber. Later in his career, while heading the company which bore his name, he presided over the development of what was then the world's fastest seaplane, the N-3PB. In addition, other Northrop developments were the P-61 Black Widow night fighter, the first aircraft ever designed specifically for night fighting, the U.S. Air Force Northrop F-89 Scorpion, the first twin-jet, all-weather interceptor, and the USAF Northrop B-35 and B-49 flying wing bombers.

The life of John Northrop will long remain an inspiration to men and women, the world over, in countless fields of endeavor, who must step forward to produce progress; and my prayers are with his family in this time of mourning.●

THE COST OF REGULATIONS
AND THE NEED FOR ECONOMIC
IMPACT STATEMENTS ON
NEW REGULATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 5 minutes.

● Mr. LEVITAS. Mr. Speaker, the evidence is overwhelming that Government regulations have a significant economic impact upon those individuals and businesses required to comply with them. In the final analysis, it is the general public—the American consumer, worker, taxpayer—who receives the benefits and pays the costs for regulation.

According to a study conducted by the Center for the Study of American Business at Washington University in St. Louis, the total cost of complying

with Government regulations in fiscal year 1977 was \$79.3 billion. Moreover, the price tag is rising. The same study estimated the aggregate cost of Government regulations in fiscal year 1979 to be a staggering \$102.7 billion, consisting of \$4.8 billion in direct expenses by regulatory agencies and \$97.6 billion in costs of compliance on the part of the private sector.

Some time ago, I received a copy of a letter to the President from a small businessman in Georgia which really brought home to me the effect Government regulations can have. That letter began with the statement, "You win! I quit!" and proceeded to list the many Government regulations and forms with which this small businessman had to contend. He was driven out of business by the costs of complying with Government regulations and filling out Government reports. His 29 employees were put out of their jobs.

It is the consumer—the average American—who bears the cost of Government regulations because, by and large, these costs are passed on to consumers. Reducing the cost of compliance is not just a business concern, but it is equally a concern of consumers. For example, according to figures compiled by the center at Washington University, the price of a new house goes up from \$1,500 to \$2,500 because of Federal, State, and local regulations imposed on developers.

To be sure, there are important benefits which are derived from regulatory requirements—safe food, honest advertising, healthy work environments, and so forth. Most of these benefits would not happen without the requirements of law or regulation. But, the public is entitled to know and assess both the benefits and the cost of regulations.

There is clearly a need to establish the economic impact of Government regulations before they go into effect. Congress and the public need to know the cost/benefit comparison of new Government regulations. Yet, there is no statutory requirement for a systematic analysis of whether the benefits to be received from a proposed rule would exceed any negative economic impact. Regulations should only be promulgated after such an analysis has been made and the results examined.

I have introduced legislation which would amend the Administrative Procedures Act to require the preparation and development of specific economic impact analyses for all rules and regulations which are required to be published in the Federal Register. These economic impact statements would also be published in the Federal Register.

I have not introduced this bill so that, if enacted, it could be passed over with a simple coverup sentence such as—

There would be no adverse economic impact from implementing this proposed regulation.

My bill requires a detailed analysis that would address the cost impact of the regulation on consumers, businesses, markets, and Federal, State, and local governments. It would deal with the estimated cost of implementing, monitoring, and enforcing the rule by the agency, the effect of the rule on employment and the fiscal effects of any predicted increase in unemployment if the analysis so indicates, the effect of the rule on productivity of wage earners, businesses, and Government. It would also require the alternatives that were considered by the agency to the proposed rule to be published along with a finding as to why the alternatives were not proposed.

Mr. Speaker, we are in a phase of acute inflationary pressures. One of the significant steps we can take to lessen inflationary pressures is to decrease the costs imposed by Government regulations.

Both President Carter and President Reagan have recognized that Government regulations impose unnecessary costs on the American economy and fuel inflation, and both administrations have taken steps to alleviate these pressures. President Carter's Executive Order 12044, issued March 24, 1978, required executive branch agencies to prepare statements assessing the economic consequences of proposed regulations involving significant costs. President Reagan's Executive Order 12291, issued February 17, 1981, has built upon the experience of the previous administration, and President Reagan is to be commended for this. Yet, this Executive order is deficient in certain respects. It is nonstatutory so that it can be revoked or changed at any time by this administration or subsequent administrations. It does not apply to the independent regulatory agencies where much of the problem lies. And finally, like President Carter's Executive order, it does not establish criteria specific enough to insure the quality of the regulatory economic impact analyses.

I believe that the bill I have introduced addresses some of the deficiencies in the Executive order. Most importantly, it makes regulatory economic analyses part of the statutory requirements for promulgating regulations by both the executive branch and independent agencies. This would insure that such analyses are accomplished and available to Congress and the public. It would also insure that future administrations would not be able to change this policy.

Mr. Speaker, I introduced identical legislation during the last Congress which was cosponsored by 68 Members of the House from both sides of the aisle and many political philosophies. I am confident that this bill will re-

ceive similar support in the 97th Congress because it improves the public's confidence in Government and makes that Government better. I hope that we can move ahead with this proposal. ●

EFFECTS OF HIRING FREEZE ON VA MEDICAL PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, recently I joined Senator ALAN CRANSTON, Senator ALAN SIMPSON, and the distinguished ranking minority member of our committee in asking the Comptroller General of the United States whether the hiring freeze imposed by President Reagan on January 20, 1981, violates section 5010(a)(4) of title 38, United States Code, which mandates the Office of Management and Budget to allow VA to fill all positions for which Congress has appropriated funds. It was our contention that OMB does not have legal authority to prevent the Veterans' Administration from hiring to fill those positions.

The veterans of our Nation should know that the Comptroller General has rendered an opinion that current law precludes the Administration from using the President's hiring freeze, as implemented by OMB bulletin No. 81-6, to reduce congressionally funded VA employment levels. The Comptroller General has also ruled that all the funds appropriated for the designated positions for the medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses accounts for fiscal year 1981 must continue to be available to fill these positions. I shall pass the Comptroller General's opinion on to the Attorney General so that he can take appropriate action to make certain the law is enforced.

Congress has clearly intended that these positions be filled so that all veterans who need care and treatment in VA medical facilities shall continue to receive the care and treatment necessary to restore them to good health.

There follows a copy of the Comptroller General's letter to me dated February 19, 1981:

COMPTROLLER GENERAL
OF THE UNITED STATES,

Washington, D.C., February 19, 1981.

HON. G. V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives.

DEAR MR. CHAIRMAN: This is in response to your concern as to whether the hiring freeze imposed by President Reagan on January 20, 1981, violates section 5010(a)(4) of title 38 of the United States Code. That section requires the Director of the Office of Management and Budget, in each fiscal year, to provide to the Veterans' Administration the full funded personnel ceiling for

which the Congress has appropriated funds for the year in three specified accounts. The hiring freeze, on the other hand, with some exceptions, precludes all Executive branch agencies from hiring any employees after January 20, 1981.

As is our usual practice, we requested the views of the concerned agencies—in this instance, the Office of Management and Budget (OMB) and the Veterans' Administration (VA). We have not yet received the formal written comments of OMB. However, we have been told informally that it is OMB's position that: 1. The Director of OMB has already complied with the statute; 2. The temporary hiring freeze is not inconsistent with the full-time employee equivalent (FTE) certification because the VA could use all available staff years after the freeze is lifted; 3. The required certification does not limit the President's authority to impose a Government-wide hiring freeze; and 4. The certification requirement would be satisfied with a deferral report to the Congress delaying availability of some of the funds appropriated for medical care staffing, to be used later on to partially offset the need for a supplemental appropriation to cover the October 1, 1980, pay raise.

In its response to our inquiry the VA takes the position that 38 U.S.C. 5010(a)(4) is an absolute mandate to OMB to allow VA to fill all positions for which Congress has appropriated funds, and that the President does not have legal authority to prevent VA from hiring to fill those positions.

We agree with the Veterans Administration. For the reasons indicated below, it is our opinion that the presidential hiring freeze is not applicable to the positions which the Congress has required to be released for fiscal year 1981. We also hold that the funds needed to fill these positions may not be deferred or otherwise withheld during fiscal year 1981.

THE STATUTE

As is relevant to this decision, 38 U.S.C. § 5010(a)(4) provides:

"(A) With respect to each law making appropriations for the Veterans' Administration, there shall be provided to the Veterans' Administration the funded personnel ceiling defined in subparagraph (D) of this paragraph and the funds appropriated therefor.

"(B) In order to carry out the provisions of subparagraph (A) of this paragraph, the Director of the Office of Management and Budget shall with respect to each such law (1) provide to the Veterans' Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling * * *.

"(D) For the purposes of this paragraph, the term 'funded personnel ceiling' means, with respect to any fiscal year, the authorization by the Director of the Office of Management and Budget to employ (under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses) not less than the number of employees for the employment of which appropriations have been made for such fiscal year."

This provision was passed by the Congress in response to actions by the Administration blocking VA from hiring all the health-care employees for which Congress had appropriated funds. The statute was intended to insure that VA was staffed at the level spec-

ified by the Congress by preventing the Administration from withholding funded personnel positions from VA. Thus, in the explanatory statement accompanying the compromise bill which contained paragraph 5010(a)(4), the House and Senate Committees on Veterans' Affairs jointly stated:

"The compromise agreement requires the Director of OMB to provide to the VA the personnel ceiling for VA health-care staffing for which appropriations are made * * *.

"The Committees believe that it is essential that when the Congress appropriates funds specifically designated for VA personnel levels, OMB not thwart the will of Congress by requiring the VA to use the funds so appropriated for other purposes (as occurred in fiscal year 1979 when funds appropriated for additional personnel were diverted, at OMB's direction, to cover in part the VA's cost of the Federal government pay raise)." 125 Cong. Rec. 34865 (December 6, 1979).

Also, in explaining the compromise bill to the House, Representative Hammerschmidt, Ranking Minority Member of the Subcommittee on Medical Facilities and Benefits, Committee on Veterans' Affairs, said:

"Another provision is aimed at preventing the recurrence of a situation that generated widespread outrage earlier this year. The Office of Management and Budget directed the Veterans' Administration to use funds appropriated by the Congress to prevent the planned closing of hospital beds within the VA medical system for another purpose. The appropriated funds were used, instead, to absorb the Federal pay raise for VA employees and the bed closings went ahead as planned.

"The Director of OMB is required by the bill before us to allocate funds to the VA for the health care staffing Congress intends. * * *" 125 Cong. Rec. 34871 (December 6, 1979).

See also the statements of Representative Satterfield, Chairman, Subcommittee on Medical Facilities and Benefits (125 Cong. Rec. H11645 (daily ed., December 6, 1979)), and Senator Cranston, Chairman of the Senate Veterans' Affairs Committee (125 Cong. Rec. 34984 (December 6, 1979)).

By its terms, the statute requires the Director of OMB to make available to the VA the funds appropriated by the Congress for personnel and to authorize VA to employ at least the number of employees for which funds were appropriated in the three specified accounts. The means for determining the personnel ceiling intended by the Congress was specified in the compromise agreement explanatory statement referred to above:

"The term 'for which appropriations have been made for * * * [a particular] fiscal year' in subparagraph (D) of new paragraph (4) of section 5010(a), as used with respect to an appropriation Act, means the appropriations amount that is identified unequivocally in the legislative history of such Act (including the President's budget submissions for the appropriations account involved) as intended to support a specified employment level." 125 Cong. Rec. 34865 (December 6, 1979).

In the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, Pub. L. No. 96-526, 94 Stat. 3045, 3059, the Congress appropriated approximately \$6 billion, \$132 million, and \$51 million respectively for "Medical Care", "Medical and Prosthetic Research", and

"Medical Administration and Miscellaneous Operating Expenses." The committee reports accompanying the Act, when read with the President's budget requests, indicate the following mandated health-care positions under the three accounts:

Medical Care, 185,848.

Medical and Prosthetic Research, 4,418.

Medical Administration and Miscellaneous Operating Expenses, 832.

Under 38 U.S.C. § 5010(a)(4) the Director of OMB is required to authorize VA to fill at least this number of positions, and must make available sufficient funds to pay their salaries.

Subparagraph (C) of paragraph 5010(a)(4) requires the Comptroller General to verify that the Director of OMB has complied with the statute. By letters of February 3, 1981, HR-1-63 (B-198103), the Comptroller General reported to the Chairmen of the House and Senate Appropriations and Veterans Affairs committees that the Director had released at least the required number of positions to VA. However, the letters cautioned that any determination that the Director was in compliance with the law would turn on the application of the presidential hiring freeze to the VA.

THE HIRING FREEZE

On January 20, 1981, President Reagan issued to the Heads of Executive Departments and Agencies a Memorandum announcing "a strict freeze on the hiring of Federal civilian employees to be applied across the board in the executive branch." See 46 Fed. Reg. 9907. The Memorandum indicated that the Director of OMB would issue detailed instructions concerning the freeze. The President delegated to the Director of OMB the authority to grant exemptions from the freeze in special circumstances. Thus the Director of OMB is administering the freeze and it is by his directions that Executive Branch agencies are not hiring.

On January 24, 1981, OMB issued Bulletin No. 81-6 providing "for an immediate and total freeze on the hiring of Federal civilian personnel as directed by the President * * *." The Bulletin directs all Executive Branch departments and establishments to stop all hiring immediately. The Bulletin provides for exemptions from the freeze including "situations where medical, hospital or health care is furnished directly * * *."

In response to our inquiry we have been informally notified by OMB that the Director of OMB granted a blanket exemption from the freeze to VA with respect to positions delivering direct health-care services (doctors, nurses, dentists, etc.). However the Director denied a blanket exemption for VA administrative and other positions funded under the three specified appropriation accounts. The Director indicated that he would consider requests for exemptions for these positions on a facility by facility basis.

Because all three accounts contain appropriations for personnel other than direct health-care personnel, the Director's decision not to exempt these positions too amounts to an impoundment of funds which were made immediately available for obligation by 38 U.S.C. § 5010 (a)(4). In this respect, we see no difference in the application of a Government-wide hiring freeze to the VA, or a freeze imposed only on the VA. Both types of actions would prevent the use of budget authority otherwise made immediately available for obligation and therefore constitute impoundments, even though

no formal impoundment message has been transmitted to the Congress to date.

CONTENTIONS OF OMB STAFF¹

OMB, however, contends that the Director has already complied with the requirements of paragraph 5010(a)(4) by releasing funds and the Congressionally-directed employment ceiling to VA. It apparently is OMB's position that paragraph 5010(a)(4) does not impose a continuing obligation on the Director to maintain the funded VA personnel ceiling throughout the entire fiscal year.

OMB's interpretation of paragraph 5010(a)(4) would completely defeat the intent of the Congress and we must reject it. As we have indicated, paragraph 5010(a)(4) was enacted specifically to prevent OMB from reducing VA staffing below the congressionally-funded level. It was the intent of the Congress that VA be free to fill all of the positions for which the Congress made annual appropriations. To interpret 5010(a)(4) as allowing the Director to withdraw the personnel ceiling after he had initially granted it would clearly thwart the will of the Congress.

OMB next argues that 5010(a)(4) merely requires the Director to release the positions; it is not a mandate to the VA to actually hire to the full employment ceiling. Therefore, the hiring freeze, which does not actually reduce the ceiling, does not violate the language of the statute.

Certainly, OMB is correct that by its terms 5010(a)(4) does not compel the VA to fill all the positions funded by the Congress. However, the paragraph does require that the Administration not deprive the Administrator of Veterans' Affairs of the authority to fill all the positions should he choose to do so. Clearly it was the intent of the Congress to remove by statute the power of the Administration to reduce VA employment ceilings below the congressionally authorized level. As we have indicated, 5010(a)(4) was enacted by the Congress specifically in response to Administration action which prevented the VA from filling congressionally funded health care positions in fiscal year 1979. In reporting the compromise language which became 5010(a)(4) the House and Senate Veterans' Affairs Committees made it clear that the statute would force OMB to release all congressionally funded positions to VA.

Interpreting 5010(a)(4) to allow OMB to control VA hiring by means of a hiring freeze would be as much contrary to the intent of the Congress as allowing OMB to actually withhold the positions from VA. The OMB Bulletin which implements the freeze purports to deprive the Administrator of Veterans' Affairs of the power to fill the congressionally funded positions, which is not permitted by paragraph 5010(a)(4).

OMB next contends that 5010(a)(4) does not deprive the President of his power to manage the Executive Branch of the Government.

The President's power to manage the Government derives from his constitutional designation as Chief Executive and his responsibility to see that the laws are faithfully executed. However, the President may not use his powers to prevent the law from being fulfilled. See *Kendall v. United States*, 12 Pet. (37 U.S.) 524, 613 (1838) *National*

Treasury Employees Ass'n v. Nixon, 492 F.2d 587, 604 (D.C. Cir. 1974); *Haring v. Blumenthal*, 471 F.Supp. 1172, 1179 (D.D.C. 1979). A presidential order may not supercede contradictory statutory provisions or policies. *Marks v. Central Intelligence Agency*, 590 F.2d 997, 1003 (D.C. Cir. 1978); *Weber v. Kaiser Aluminum & Chemical Corp.* 563 F.2d 216, 227 (5th Cir. 1977), *rev'd on other grounds*, *United Steelworkers v. Weber* 443 U.S. 193 (1979).

Clearly paragraph 5010(a)(4) directs the Executive not to withhold from the VA the authority to fill the congressionally-funded personnel ceiling. The President cannot use his executive power to defeat this statute. Rather he has a constitutional obligation to see that it is fulfilled.

OMB contends that to the extent that 5010(a)(4) deprives the President of his executive powers it is contrary to the Constitution. This Office will not consider the constitutionality of congressional enactments in ruling on the legality of Federal agency actions. We consider every Federal law to be valid until such time as a Federal court of competent jurisdiction declares it to be unconstitutional.

OMB finally argues that 5010(a)(4) does not preclude the Administration from using the provisions of the Impoundment Control Act of 1974, 31 U.S.C. § 1400 *et seq.*, to attempt to control Federal expenditures. OMB indicates that it intends to propose a deferral of budget authority for the VA positions not filled and to instruct VA to use this budget authority later in the fiscal year in lieu of a supplemental to cover the costs of the Federal pay increase. We do not think the President's impoundment authority is available, however, to defeat a clear congressional mandate that certain funds be made immediately available for obligation.

On April 16, 1980, the President proposed a deferral (D80-65) of funds available for the Federal-Aid-Highways Programs. Several district courts held that the fourth disclaimer in the Impoundment Control Act, 31 U.S.C. § 1400(4), precluded the President from impounding funds by reducing the obligatory ceiling established by Congress and, thereby, reducing the allotments to the states.² The courts held that the fourth disclaimer exempts from the application of the Impoundment Control Act and law "which requires the obligation of budget authority or the making of outlays thereunder." The statute involved in the Highway cases requires the Secretary of Transportation to allot funds to the states by formula, subject to an obligatory ceiling. Reducing the obligatory ceiling would have had the effect of reducing the states' allotments, and, therefore, the amount that could be obligated to and expended by the states. Though the fourth disclaimer speaks in terms of obligations and outlays and the Federal-Highway Act's mandatory requirement is in terms of the apportionments to the states, the courts still held that the President was precluded by the fourth disclaimer from impounding funds under the Impoundment Control Act.

The situation involved here is analogous to the Highways cases. Both section 5010(a) and the Federal Highway Act require a type

² In the 1980 Supplemental Appropriations and Rescissions Act, the Congress rendered the question of the legality of deferral D80-65 moot. Accordingly, in cases pending before courts of appeals, the district courts' rulings were vacated. However, we believe the analysis contained in many of these cases is useful and provides guidance in the situation before us.

of allotment but neither statute requires the recipient of the funds to spend them. In both situations, some further action must occur after the allotment and before funds are actually obligated and spent. In the case of section 5010(a), VA determines that positions need to be filled, finds qualified individuals, and hires them. In the case of the Federal-Aid Highways Program, a state determines it needs the funds, submits a program plan and obtains Department of Transportation approval. Furthermore, the reduction of available positions in contravention of section 5010(a) and the reduction of the obligatory ceiling in contravention of the Federal-Aid Highways Act have the same effect—the amount of funds available for obligation and expenditure are reduced. Since the Impoundment Control Act was not available in the Highway cases, it should not be available to OMB to reduce the positions allocated to VA and, thereby, reduce the funds available to it.

Section 1001 of the Impoundment Control Act 31 U.S.C. § 1400, provides:

"Nothing contained in this Act, or in any amendments made by this Act, shall be construed as—

(4) superseding any provision of law which requires the obligation of budget authority or the making of outlays thereunder."

In light of the provisions of section 1001 it is our view that the Impoundment Control Act may not be used to deny to VA the funds and related positions mandated to be available by paragraph 5010(a)(4). In this connection, and in the context of paragraph 5010(a)(4), we see no distinction between a Congressional mandate to spend and a mandate to allot positions and make funds available to fill them.

We conclude that 38 U.S.C. § 5010(a)(4) precludes the administration from using the President's hiring freeze, as implemented by OMB Bulletin No. 81-6, to reduce congressionally funded VA employment levels. We also hold that all the funds appropriated for the designated positions in the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expenses accounts for fiscal year 1981 must continue to be available to fill those positions.

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General
of the United States.●

REVERSE FREEDOM OF INFORMATION PROCEDURE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. ENGLISH) is recognized for 5 minutes.

● Mr. ENGLISH. Mr. Speaker, I am today introducing the Reverse Freedom of Information Procedure Act, a bill intended to provide fairer and more efficient procedures for the treatment of freedom of information requests for records submitted to the Government by third parties. The problems with agency handling of requests for these records were set out in a 1978 report of the House Committee on Government Operations entitled "Freedom of Information Act

¹ As we have indicated, we have not received any formal written comments from OMB. For the remainder of this decision when we refer to OMB positions or contentions we are referring to the views of OMB staff informally communicated to us.

Requests for Business Data and Reverse FOIA Lawsuits" (H. Rept. 95-1382).

My bill is based on the recommendations of that report. At the administrative level, it would require agencies to notify persons who have submitted information to Federal agencies that a FOIA request for that information has been received. Submitters would then have an opportunity to present arguments to the agency supporting the confidentiality of the data. While this appears to be standard operating practice at most agencies, I believe that these requirements should be added to the law.

I also propose to give submitters a new right that agencies cannot now provide. The bill would give submitters of information the right to appeal an adverse decision at the administrative level. This is comparable to rights presently granted to requesters and may help to cut out unnecessary litigation. In order to allow more time for agency consideration of confidentiality arguments, the bill also relaxes slightly the time limits now in the law.

These administrative changes make possible corresponding changes in judicial procedures for the handling of reverse FOIA lawsuits. A reverse FOIA lawsuit is one filed by a submitter of information in order to prevent the disclosure of the information by a Federal agency. One of the major problems with litigation of this type is getting all of the relevant parties together in the same courtroom. Under existing law, it is possible for a submitter to be suing an agency to prevent disclosure of documents in one court while at the same time the requester is suing to require disclosure in another court. Existing judicial procedures may not be flexible enough to bring the parties before the same judge so that only one decision need be made. My bill establishes rules for the consolidation of lawsuits by submitters and requesters.

Those who have followed this issue will note that my bill is similar to the Reverse FOIA Litigation Act (H.R. 5861) that was introduced but not acted upon in the 96th Congress. I look forward to working together with interested parties to improve and refine my bill. I am hopeful that the Subcommittee on Government Information and Individual Rights, which I chair, will be able to take up this matter later in this Congress. Anyone who would like to comment on the legislation is invited to contact the subcommittee.

The text of the bill follows:

H.R. —

A bill to amend the Freedom of Information Act with respect to procedures for the disclosure of certain types of information, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That this Act may be cited as the "Reverse Freedom of Information Procedure Act".

Sec. 2. (a) Section 552(a)(4)(A) of title 5, United States Code, is amended—

(1) by inserting "(i)" immediately after "(4)(A)"; and

(2) by adding at the end thereof the following:

"(ii) Each agency shall also promulgate regulations, pursuant to notice and receipt of public comment, specifying procedures by which—

"(I) the agency shall, when requested by a submitter at the time of submission of information to the agency, notify the submitter, within five days of receipt of a request, that such a request for records containing such information has been made under this section; and

"(II) a submitter or requester may submit to the agency written argument regarding a request made for disclosure of records.

"(iii) An agency is not required to notify a submitter of the receipt of a request under division (ii)(I) if—

"(I) the agency determines, prior to giving such notice, that the request for disclosure should be denied;

"(II) the disclosure is pursuant to law (other than this section) or agency rule which requires disclosure of specific records in such a manner as to leave no discretion on the issue; or

"(III) the information has been published or otherwise made available to the public."

(b) Section 552(a)(4) of title 5, United States Code, is further amended—

(1) by striking out subparagraph (B) inserting in lieu thereof the following:

"(B)(i) The district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, or in the District of Columbia, has jurisdiction—

"(I) on complaint by a requester, to enjoin the agency for withholding agency records and to order the production of any agency records withheld from the requester; and

"(II) on complaint by a submitter, to order an agency to notify a submitter of a request as required by subparagraph (A)(ii), to enjoin the agency from disclosing agency records obtained from the submitter, and to order the withholding of any such records.

"(ii) The agency which is the subject of a complaint under this section shall promptly, upon service of a complaint—

"(I) seeking the production of records, notify each submitter (of information contained in the records which are sought by the requester) that the complaint was filed; and

"(II) seeking the withholding of records, notify each requester of the records that the complaint was filed.

"(iii) In an action based on a complaint—

"(I) by a requester, the court shall have jurisdiction over any submitter of information contained in the records which are sought by the requester, and any such submitter may intervene as of right or seek to be joined in such action; and

"(II) by a submitter, the court shall have jurisdiction over any requester of information which the submitter seeks to have withheld, any such requester may intervene as of right or seek to be joined in such action.

"(iv) Unless the court otherwise directs for good cause shown, in an action in which a requester is an intervenor, or is joined, the action shall on motion of the requester be

transferred to a district court, designated in the motion, which would have had jurisdiction had the action been brought by the requester."

(2) by redesignating subparagraphs (C), (D), (E), (F), and (G) as subparagraphs (D), (E), (F), (G), and (H), and by inserting immediately after subparagraph (B) the following new subparagraph:

"(C)(i) In an action under this section seeking the production of records, the court shall determine the matter de novo, and the burden is on the agency to sustain its determination.

"(ii) In an action under this section seeking the withholding of records, the court shall review the record of the agency's proceeding and shall uphold the agency's determination unless it is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

"(iii) In any action under this section, the court may examine the contents of such agency records in camera to determine whether such records or any part thereof shall be withheld under any of the exemptions set forth in subsection (b) of this section."

(3) by inserting "and any intervenor" immediately after "the defendant" in subparagraph (D) (as redesignated by paragraph (2)); and

(4) by striking out "in which the complainant has substantially prevailed" in subparagraph (F) (as so redesignated) and inserting in lieu thereof "by a requester and award such fees and costs to a requester who has substantially prevailed".

(c) Section 552(a)(6) of title 5, United States Code, is amended—

(1) by striking out clause (i) of subparagraph (A) and inserting in lieu thereof the following:

"(i) determine within ten days (excepting Saturdays, Sundays, and legal public holidays) after the receipt of any such request whether to comply with such request and shall immediately notify the requester, and any submitter of information contained in the records which are the subject of the request, of such determination and the reasons therefor, and of the right of such persons to appeal to the head of the agency any adverse determination; and"

(2) by striking out "or" at the end of clause (ii) of subparagraph (B), by striking out the period at the end of clause (iii) of such subparagraph and inserting in lieu thereof "; or", and by inserting immediately after such clause the following new clause:

"(iv) the need to notify the submitter (in accordance with paragraph (4)(A)(i)) of the receipt of the request."; and

(3) by striking out subparagraph (C) and inserting in lieu thereof the following:

"(C)(i) Any requester under this subsection shall be deemed to have exhausted his administrative remedies with respect to a request if the agency fails to comply with the applicable time limit provisions of this paragraph. If any requester initiates a complaint under paragraph (4)(B), then the administrative remedies of any submitter of information contained in the records which are the subject of such request shall also be deemed to have been exhausted.

"(ii) If the Government can show exceptional circumstances exist and that the agency is exercising due diligence in responding to the request, the court may retain jurisdiction and allow the agency additional time to complete its review of the records.

"(iii) Upon any determination by an agency to comply with a request for records, the records shall be made promptly available to the requester, except that if the disclosure of records was objected to by a submitter of information contained in the records, the agency shall not disclose such records for ten days after notice of the determination required by subparagraph (A)(i) has been received by the submitter.

"(iv) Any notification of denial of any request for records under this subsection shall set forth the names and titles or positions of each person responsible for the denial of such request."

(d) Section 552(d) of title 5, United States Code, is amended—

(1) by striking out "subsection (a)(4)(F)" in paragraph (4) and inserting in lieu thereof "subsection (a)(4)(G)"; and

(2) by striking out "subsections (a)(4)(E), (F), and (G)" in the second sentence and inserting in lieu thereof "subsections (a)(4)(F), (G), and (H)".

(e) Section 552 of title 5, United States Code, is further amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section—

"(1) 'submitter' means a person who voluntarily submits, or is required by rule or law to submit, information to an agency; and

"(2) 'requester' means a person who has made a request for disclosure of records under subsection (a)(3)."

SEC. 3. The amendments made by this Act shall take effect 180 days after the date of enactment of this Act, except that any provision in such amendments requiring an agency to promulgate regulations shall be effective upon such date of enactment and such regulations shall be promulgated not later than 180 days after such date. ●

CONGRESS SHOULD REPEAL NGPA'S INCREMENTAL PRICING PROVISIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 10 minutes.

● Mr. CORCORAN. Mr. Speaker, together with our colleagues BUTLER DERRICK of South Carolina and PHIL GRAMM of Texas, I am today introducing legislation which would repeal title II of the Natural Gas Policy Act of 1978. Title II includes incremental pricing provisions. An identical bill, S. 29, was introduced on January 5 by Senator RICHARD LUGAR of Indiana. This legislation is also identical to H.R. 5862 and S. 2392 of the 96th Congress. These measures would eliminate the current program under which 5,000 to 7,000 industrial boiler users of natural gas from interstate pipelines must be charged the energy equivalent price of oil, even though the rates that they would otherwise pay for natural gas would normally be lower.

Those of my colleagues who served during the 96th Congress are well aware of the controversy which has surrounded the incremental pricing program. In fact, in May of last year, the House voted, by a margin of more than 10 to 1, to veto proposed Federal

Energy Regulatory Commission (FERC) regulations that would have subjected approximately 45,000 additional industrial users to incremental pricing of natural gas. The House took that step because it was obvious that the limited first phase of the program was already posing serious problems without generating offsetting benefits in the process. Thus, significantly expanding a program that we knew to be ineffective and counterproductive would only have compounded the problem.

The outlook for natural gas supply is currently very encouraging. In 1979, the first full year the NGPA was in effect, additions to proved natural gas reserves from the lower 48 States were the highest since 1967. Additions to natural gas proved reserves in 1979 were up 35 percent over 1978 figures.

After a comprehensive 2-year assessment of the outlook for conventional and supplemental sources of gas energy to the year 2000, the American Gas Association's Gas Supply Committee has concluded that sufficient gas energy (methane) will be available in the year 2000 to continue to supply at least 25 percent of our Nation's total need for energy. Depending on assumptions regarding future technical, social, economic, and political conditions, gas could provide as much as 33 percent of our needs—the level provided by natural gas energy in the late 1960's and early 1970's. Since domestic gas energy supply and utilization projects, both large and small, generally require only two-thirds the capital investment of comparable projects to generate and utilize electricity and synthetic liquid fuels from domestic resources, gas energy can and should be an increasingly popular choice. To accomplish this, the restraint that incremental pricing places on the interstate market for natural gas should be removed. The bill we are today introducing would accomplish this.

Key reasons for repeal of incremental pricing include:

1. REDUCE INFLATIONARY IMPACT

Incremental pricing, by substantially and artificially increasing the prices which industry is required to pay for natural gas, adversely affects the economy. When industrial gas users pass through these increased energy costs to the consumer, the overall rate of inflation will be increased. To the extent that industrial gas users cannot pass through these costs, these higher gas prices will be paid through offsetting reductions in operations, personnel, and/or reduced investment. In some cases, marginal firms cannot pass through these artificially inflated gas rates and still remain competitive. In such instances, incremental pricing injures the economy by forcing these firms to make the aforesaid offsetting reductions.

2. REDUCE FUEL SWITCHING

Incremental pricing exposes industrial users to the likelihood of sudden, large increases in the price of natural gas and encourages industrial users to switch to alternate fuels. The incremental prices for each State change every month, but under the system established by the Department of Energy, an industrial user does not know until 7 to 10 days before the first of the month what the incremental price will be. Such uncertainty in gas prices, due to fluctuating oil prices, encourages fuel switching. For many, the convenient alternative is oil, which industrial users can buy on contract and thus be guaranteed a set price for a fixed period. It seems incongruous that, at a time when Government policy encourages energy users to reduce the use of imported oil, incremental pricing of natural gas actually encourages industries to use more oil. This is compounded by the fact that for those who do stay on natural gas, the inflationary impact of increasing oil prices is now being artificially duplicated. With the decision last month to speed up the decontrol of oil, this effect will be further exacerbated.

3. ELIMINATE COMPLEX REGULATIONS

Incremental pricing is an incredibly complex mechanism. Enforcement of it—and compliance with it—drains the administrative resources of the public and private sectors alike with no identifiable benefit. For instance, over half of the States on the interstate gas system have taken measures to circumvent the incremental pricing system envisioned by the Congress in 1978, and thus keep any surcharge revenues in the State rather than being spread throughout the pipeline system. Indeed, the National Association of Regulatory Utility Commissioners (NARUC), the organization of State regulatory commissioners, has opposed incremental pricing as an "unwarranted * * * intrusion of Federal control in retail ratemaking."

4. ELIMINATE GUISE OF SHIELDING RESIDENTIAL GAS USERS

Incremental pricing is not providing any benefits to offset the problems it has created. It was theoretically intended to reduce the gas bills of residential users—but FERC has concluded that this reduction is nominal, at best, in scope. Further, whatever very limited benefits that might be accruing to residential gas consumers are being achieved at the costs of greater inflation for all consumers including oil, electricity, and propane users who are bearing these higher costs of manufactured goods, but receiving no benefits whatsoever when their utility bills arrive. In effect, residential oil and electricity users are subsidizing residential gas users. In addition, whenever industrial users leave the gas system, the fixed costs of distribu-

tion and transmission of natural gas must be paid by a smaller pool of users. This, of course, raises rates to exactly those groups the Congress meant to protect when incremental pricing was proposed.

5. ELIMINATE MARKET SEGMENTATION

Because gas bought and sold in the intrastate market is exempt from this program, incremental pricing has effectively reintroduced the segmentation of the national gas market into interstate and intrastate components. Such segmentation could induce industries to relocate or expand their operations in those States not subject to incremental pricing.

Mr. Speaker, for these reasons, Mr. DERRICK, Mr. GRAMM, and I believe it is time to repeal title II—incremental pricing—of the Natural Gas Policy Act of 1978. We urge our colleagues to join us in this effort. ●

WE SPEND TOO MUCH ON DEFENSE

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. DELLUMS. Mr. Speaker, as we begin to examine the budget for fiscal year 1982, it is important that we look at every item with the same scrutiny. I would like to bring to the attention of my colleagues the following article which appeared in the New York Times on Sunday. I believe that it brings another much needed perspective on ways to cut Government spending.

[From the New York Times, Feb. 1, 1981]

WE SPEND TOO MUCH ON DEFENSE

(By Gene R. LaRocque)¹

Ronald Reagan has come to power on a platform of alleged United States military weakness and imminent world dominance by the Soviet Union. Mr. Reagan calls for huge increases in military spending as the chief means of showing the world that the nation is still No. 1. The military budget is again to be used as the central symbol of America's world role.

Any assessment of military budgets must acknowledge that they are first of all political instruments in the hands of American leaders. No clear relationship has been established between the level of military spending and measurable calculations of national security, victory in battle or deterrence of conflict.

The vagaries of public opinion, political interests and media attention have more to do with budgets than strictly military considerations. The military budget is formed to accord with the mood of the American electorate, and is shaped by the American political process. There is little that is indisputably rational or inevitable about it, but there is much that a consensus of habit and custom has sanctified. From year to year, the latest fad of military strategy or foreign policy prevents tinkering at the edges.

¹ Gene R. LaRocque, a retired rear admiral, is director of the Center for Defense Information, a nonprofit independent research institute.

Today, the military budget is more than ever the victim of changing circumstances. The budget is increasingly utilized as a vehicle for sending "messages" and "symbols" of will and intention. However, because we do not understand the rest of the world very well and the rest of the world certainly does not understand us very well, the military budget as a symbol is even less effective than the military budget as a measure of our real defense capability.

Too many extensive programs are competing in the military arena and even the budget increases contemplated by the Reagan Administration cannot accommodate all of them. We cannot simultaneously acquire a vast new arsenal of nuclear weapons, expand costly forces for defending countries in Europe and Asia, add to substantial equipment and manpower for rapid intervention everywhere in the world, enlarge a very expensive Navy for deployment on all the world's oceans, develop new weapons that are always better than Soviet weapons and keep existing forces at a high level of readiness and training.

The most unneeded feature of the new budget is its stepped-up pursuit of nuclear weaponry. Mr. Reagan and his advisers have stated that their first priority is a "quick fix" of nuclear forces. Their plans include an expanded MX missile program, revival of a manned bomber, additions to the existing Minuteman missile force, acceleration of the Trident II submarine-based missile, speeded deployment of new Trident submarines, increased spending on antiballistic-missile programs, and accelerated and expanded new nuclear-tipped Cruise and Pershing missiles for deployment in Europe. Mr. Reagan's new Deputy Secretary of Defense, Frank Carlucci, has summed up this nuclear expansion program in claiming that the United States must develop a "nuclear war-fighting capability." As Mr. Carlucci admits, "that's a very large order."

But programs like the proposed MX missile and new nuclear missiles for Europe do not enhance our security. They contribute little to the defense of the United States and are probably harmful. New nuclear missiles do not help to secure oil supplies or promote the resolution of international turbulence. They are irrelevant to most real-world problems.

Obsession with extremely remote scenarios for fighting nuclear war at a time when the nation has other clear and present dangers distracts us from taking those realistic steps that are genuinely needed for national defense.

"Quick fixes" in the area of nuclear weaponry will waste tens of billions of dollars over the next decade. These billions will likely come at the expense of other programs, both military and nonmilitary, which could contribute far more to the defense and well-being of America.

The first priority for military expenditures should be insuring that the existing military establishment, including personnel and weapons, is utilized in the most appropriate and efficient manner. Of course, this only sounds like common sense and every-one rhetorically endorses the proposition. However, we cannot underestimate the power of the ingrained habit of undervaluing what we already have in pursuit of fancy new weapons incorporating the newest features of technology. The rush to produce these new aircraft, ships, tanks and missiles will inevitably lead to neglect of weapons already in the field. Congress and the American people, even in the current

pro-defense climate, can only be brought to provide the funds for very expensive new weapons if they are convinced of the alleged inadequacies of existing weapons. At best, we will continue to hear partisan views about the purported inferiority of our weapons.

The economic costs of military power are great. The real present danger is rampant inflation that affects every American, and there should be strong pressures to contain all aspects of government spending. We must strive to maintain some sense of balance about our military and foreign policy problems. As Thomas Ross, who was Mr. Carter's Assistant Secretary of Defense for Public Affairs, recently said, "The military is getting such a favorable hearing that there is a danger that everything that drops from their lips will be taken as holy writ." The 1980 election-year rhetoric about American weakness could lead to an extremely wasteful period of throwing money at military problems. Overstatements of problems usually lead to overreactions and most frequently to "solutions" that offer no real solution.

The United States has strong and wealthy allies who today can more than ever look after their own defense. Consultation with our military allies to achieve a redistribution of the burdens of defense must be undertaken. This is a necessary component of a Western campaign to slow inflation in the world economy.

The sensible areas of military investment in the coming years are increased military pay, more funding for military readiness and maintenance of existing weapons, more spending on non-carrier Naval forces (particularly for antisubmarine warfare), greater procurement of proven existing weapons (such as A-10 antitank aircraft and antitank missiles), enhanced protection for sea-based strategic nuclear forces and adequate funding for fundamental and advanced military research and development. If we are to do what is required in these areas, we will have to be tough-minded in rejecting many other proposed military programs.

It is difficult to measure how much military spending is enough. But it is clear that spending is excessive if the nation's political, social or economic fabric is weakened in the process. ●

OAKLAND RAIDERS SHOULD STAY IN OAKLAND

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. DELLUMS. Mr. Speaker, I speak today in support of H.R. 823, which I am cosponsoring with Messrs. STARK and EDWARDS.

It has been said that victory has a thousand fathers, but that defeat is an orphan. I speak today as one who is concerned that, in its hour of victory, the city of Oakland might be in the process of being orphaned by the prospective departure of the Super Bowl Champion Oakland Raiders.

The fan support given the black and silver over the years compares more than favorably with any other team in the entire National Football League.

Despite the chaos engendered by the front office machinations to relocate the team—before, during, and after the season—Coach Tom Flores held the team together in order to present a united front to the opposition on the playing field. He provided inspiration and encouragement for Quarterback Jim Plunkett. He devised offensive and defensive game plans that stymied the opposition week after week, despite a long list of player injuries. And most of all, he leveled with the fans—always.

The fans reciprocated this faith by supporting the team on the field, even after their poor record in the early part of the season. The playoff victories against Houston, Cleveland, San Diego, and Philadelphia were testimonials to the mutual bond created between players and fans. These fans—and the city of Oakland—deserve to have a municipal voice in the retention of the team in the city where it all began.●

THE 63D ANNIVERSARY OF DECLARATION OF INDEPENDENCE OF LITHUANIA

(Mr. DENARDIS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. DENARDIS. Mr. Speaker, I am pleased to join my colleagues in honoring the 63d anniversary of the Declaration of Independence of Lithuania. On February 16, 1918, the Lithuanian National Council unanimously proclaimed a free and independent State of Lithuania. Independence brought considerable progress in Lithuanian social, cultural, and economic life. This freedom was short-lived, however. On June 15, 1940, after only 22 years of independence, the Soviet Union invaded Lithuania. This action was in blatant violation of the peace treaty the Soviet Union had signed with Lithuania in 1920. At that time the Soviet Union had declared:

Russia, without any reservation whatever, recognizes Lithuania as a self-governing and independent state with all juridical consequences that follow from such a recognition and in the spirit of free and good will renounces for all time all sovereignty rights of Russia concerning the Lithuanian nation and Lithuanian territory.

This obligation was confirmed by Russia on September 28, 1926, in a nonaggression pact with Lithuania.

Despite these commitments, however, Lithuania was forceably incorporated into the Soviet Union as the 14th republic in 1940. To this day the United States has refused to recognize this illegal conquest. The Lithuanian diplomatic missions that have been in our country since 1940 continue to enjoy full recognition as representatives of a free and independent Lithuania.

The United States must continue to speak out in support of determined Lithuanians who consistently fight to regain their independence. I truly admire the courage of these individuals. They deserve our respect and support. I strongly urge all Americans to join with the Lithuanian people in celebrating their independence day and in working toward the day when Lithuania can regain its sovereignty.●

RULES OF COMMITTEE ON THE BUDGET FOR THE 97TH CONGRESS

(Mr. JONES of Oklahoma asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. JONES of Oklahoma. Mr. Speaker, in accordance with clause 2(a) of rule XI of the Rules of the House of Representatives, I submit herewith for publication in the RECORD the rules of the Committee on the Budget which were adopted by the committee in open session on Wednesday, January 28, 1981.

RULES OF THE COMMITTEE ON THE BUDGET

A. MEETINGS

Rule 1. Regular meetings

The regular meeting day of the Committee shall be the 2d Wednesday of each month at 11:00 a.m., while the House is in session.

The Chairman is authorized to dispense with a regular meeting when he determines there is no business to be considered by the Committee, provided that he gives written notice to that effect to each member of the Committee as far in advance of the regular meeting day as the circumstances permit.

Regular meetings shall be cancelled when they conflict with meetings of either party's caucus or conference. [Required by House Rule XI, cl. 2.]

Rule 2. Additional and special meetings

The Chairman may call and convene additional meetings of the Committee as he considers necessary, or special meetings at the request of a majority of the members of the Committee in accordance with House Rule XI, clause 2(c).

In the absence of exceptional circumstances, the Chairman shall provide written or verbal notice of additional meetings to the office of each member at last 24 hours in advance while Congress is in session, and at least 3 days in advance when Congress is not in session.

Rule 3. Open business meetings

Each meeting for the transaction of Committee business, including the markup of measures, shall be open to the public except when the Committee, in open session and with a quorum present, determines by rollcall vote that all or part of the remainder of the meeting on that day shall be closed to the public. No person other than members of the Committee and such congressional staff and departmental representatives as they may authorize shall be present at any business or markup session which has been closed to the public. This rule shall not apply to any meeting that relates solely to matters concerning the internal administration of the Committee.

Rule 4. Quorums

A majority of the Committee shall constitute a quorum. No business shall be transacted and no measure or recommendation shall be reported unless a quorum is actually present.

Rule 5. Recognition

Any member, when recognized by the Chairman, may address the Committee on any bill, motion, or other matter under consideration before the Committee. The time of such member shall be limited to 5 minutes until all members present have been afforded an opportunity to comment.

Rule 6. Consideration of business

Measures or matters may be placed before the Committee, for its consideration, by the Chairman or by a majority vote of the members of the Committee, a quorum being present.

Rule 7. Rollcall votes

A rollcall of the members may be had upon the request of at least 20% of those present.

Rules 8. Proxies

Any member of the Committee may vote by special proxy if the proxy authorization is in writing, asserts that the member is absent on official business or is otherwise unable to be present at the meeting of the Committee, designates the person who is to execute the proxy authorization, and is limited to a specific measure or matter and any amendments or motions pertaining thereto; except that a member may authorize a general proxy only for motions to recess, adjourn or other procedural matters. Each proxy to be effective shall be signed by the member assigning his or her vote and shall contain the date and time of day the proxy is signed. Proxies may not be counted for a quorum. [Required by House Rule XI, cl. 2(f).]

B. HEARINGS

Rule 9. Announcement of hearings

The Chairman shall publicly announce the date, place, and subject matter of any Committee hearing at least one week before the commencement of that hearing, unless he determines there is good cause to begin such hearing at an earlier date, in which case public announcement shall be made at the earliest possible date.

Rule 10. Open hearings

Each hearing conducted by the Committee or any of its Task Forces shall be open to the public except when the Committee or Task Force, in open session and with a quorum present, determines by rollcall vote that all or part of the remainder of that hearing on that day shall be closed to the public because disclosure of testimony, evidence, or other matters to be considered would endanger the national security or would violate any law or rule of the House of Representatives. The Committee or Task Forces may by the same procedure vote to close one subsequent day of hearing.

Rule 11. Quorums

For the purpose of hearing testimony, not less than two members of the Committee shall constitute a quorum. [Required by House Rule XI, cl. 2(h).]

Rule 12. Time for questioning witnesses

Committee members shall have not to exceed five minutes to interrogate each witness until such time as each member who so desires has had an opportunity to interrogate such witness.

After all members have had an opportunity to ask questions, the round shall begin again under the 5-minute rule.

In questioning witnesses under the 5-minute rule, the Chairman and the ranking minority member may be recognized first after which members may be recognized in the order of their arrival at the hearing. Among the members present at the time the hearing is called to order, seniority shall be recognized. In recognizing members to question witnesses, the Chairman may take into consideration the ratio of majority members to minority members and the number of majority and minority members present and shall apportion the recognition for questioning in such a manner as not to disadvantage the members of the majority.

For the purposes of House Rule XI. 2.(g) (2) The Task Forces of the Committee are considered to be Subcommittees.

Rule 13. Subpoenas and oaths

In accordance with House Rule XI, clause 2(m), subpoenas authorized by a majority of the Committee may be issued over the signature of the Chairman or of any member of the Committee designated by him, and may be served by any person designated by the Chairman or such member.

The Chairman, or any member of the Committee, may administer oaths to witnesses.

Rule 14. Witnesses' statements

So far as practicable, any prepared statement to be presented by a witness shall be submitted to the Committee at least 24 hours in advance of presentation, and shall be distributed to all members of the Committee in advance of delivery.

Rule 15. Committee prints

All Committee prints and other materials prepared for public distribution shall be approved by the Committee prior to any distribution, unless such print or other material shows clearly on its face that it has not been approved by the Committee.

C. BROADCASTING

Rule 16. Broadcasting of meetings and hearings

It shall be the policy of the Committee to give all news media access to open hearing of the Committee, subject to the requirements and limitations set forth in House Rule XI, clause 3. Whenever any Committee business meeting is open to the public, that meeting may be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, or by any of such methods of coverage, in accordance with House Rule XI, clause 3. However, a majority of the Committee may decide at any time to exclude radio, television, and still camera equipment from the Committee room.

D. STAFF

Rule 17. Committee staff

(a) Subject to approval by the Committee, and to the provisions of the following paragraphs, the professional and clerical staff of the Committee shall be appointed, and may be removed, by the Chairman.

Committee staff shall not be assigned any duties other than those pertaining to Committee business, and shall be selected without regard to race, creed, sex or age, and solely on the basis of fitness to perform the duties of their respective positions.

All Committee staff shall be entitled to equitable treatment, including comparable salaries, facilities, access to official Committee records, leave, and hours of work.

(b) In addition to the staff provided in paragraph (a) each member of the Commit-

tee may select and designate an associate staff member who shall serve at the pleasure of that member. Such staff member shall be compensated at a rate, determined by the member, not to exceed 75 per centum of the maximum established in clause 6(c) of Rule XI of the House of Representatives; provided, that no member shall appoint more than one person pursuant to these provisions; provided further, that members designating a staff member under this subsection must certify by letter to the Chairman that the employee is needed and will be utilized for Committee work.

(c) In addition to the staff provided in the above paragraphs, the Chairman shall appoint three professional and two clerical staff, recommended by the minority members, who shall provide staff assistance to the minority members.

Rule 18. Staff supervision

Staff shall be under the general supervision and direction of the Chairman, who shall establish and assign their duties and responsibilities, delegate such authority as he deems appropriate, fix and adjust staff salaries (in accordance with House Rule XI, clause 6(c)) and job titles, and, in his discretion, arrange for their specialized training.

Staff assigned to the minority shall be under the general supervision and direction of the minority members of the Committee, who may delegate such authority as they deem appropriate.

E. COMMITTEE RECORDS

Rule 19. Preparation and maintenance of committee records

An accurate stenographic record shall be made of all hearings.

The proceedings of the Committee shall be recorded in a journal which shall, among other things, include a record of the votes on any question on which a record vote is demanded.

Members of the Committee shall correct and return transcripts of hearings as soon as practicable after receipt thereof.

Any witness may examine the transcript of his own testimony and make grammatical or technical changes that do not substantially alter the record of testimony.

The Chairman may order the printing of a hearing record without the corrections of any member or witness if he determines that such member or witness has been afforded a reasonable time for corrections, and that further delay would seriously impede the Committee's responsibility for meeting its deadlines under the Congressional Budget Act of 1974.

Transcripts of hearings and meetings may be printed if the Chairman decides it is appropriate, or if a majority of the members so request.

Rule 20. Access to committee records

The Chairman shall promulgate regulations to provide for public inspection of roll-call votes and to provide access by members to Committee records (in accordance with House Rule XI, clause 2(e)).

Access to classified testimony and information shall be limited to members of Congress and to House Budget Committee staff and stenographic reporters who have appropriate security clearance.

Notice of the receipt of such information shall be sent to the Committee members. Such information shall be kept in the Committee safe, and shall be available to members in the Committee office.

F. APPLICABILITY OF HOUSE RULES

Rule 21. Applicability of House Rules

Except as otherwise specified herein, the Rules of the House are the rules of the Committee so far as applicable, except that a motion to recess from day to day is a motion of high privilege.

G. CONFEREES

Rule 22. Appointment of conferees

Majority party members recommended to the Speaker as conferees shall be recommended by the Chairman subject to the approval of the majority party members of the Committee. The Chairman shall recommend such minority party members as conferees as shall be determined by the minority party, provided that the recommended party representation shall be in approximately the same proportion as that in the Committee.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DAVIS) to revise and extend their remarks and include extraneous material:)

Mr. CONTE, for 15 minutes, on February 26.

(The following Members (at the request of Mr. LEE) to revise and extend their remarks and include extraneous material:)

Mr. CORCORAN, for 10 minutes, today.

(The following Members (at the request of Mr. DWYER) to revise and extend their remarks and include extraneous material:)

Mr. BLANCHARD, for 5 minutes, today.

Mr. NEAL, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ADDABBO, for 5 minutes, today.

Mr. LEVITAS, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. ENGLISH, for 5 minutes, today.

Mr. JONES of North Carolina, for 5 minutes, today.

Mr. FAUNTROY, for 60 minutes, on February 25.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DAVIS) and to include extraneous matter:)

Mr. GOODLING.

Mr. HAGEDORN.

Mr. HOLLNBECK.

Mr. HYDE in two instances.

Mr. DANNEMEYER in two instances.

Mr. MICHEL in two instances.

Mrs. HOLT.

Mr. SENSENBRENNER.

Mr. LAGOMARSINO in two instances.

Mr. HARTNETT in three instances.

Mr. DORNAN of California in five instances.

Mr. McCLOSKEY.

Mrs. SCHNEIDER in three instances.

Mr. DERWINSKI in three instances.

Mr. SMITH of New Jersey.

(The following Members (at the request of Mr. DWYER) and to include extraneous matter:)

Mr. GAYDOS in three instances.

Mr. McHUGH.

Mr. DORGAN of North Dakota.

Mr. FOLEY.

Mr. WAXMAN.

Mr. YATRON.

Mr. SCHUMER in two instances.

Mr. LANTOS.

Mr. STOKES in three instances.

Mr. FORD of Tennessee.

Mr. ROSENTHAL.

Mr. MONTGOMERY.

Mr. MOTT.

Mr. SCHEUER.

Mr. GUARINI.

Mr. BLANCHARD.

Mr. PEASE.

Mr. SANTINI.

Mr. OBERSTAR.

Mr. STARK.

Mr. GEJDENSON.

ADJOURNMENT

Mr. CONYERS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 25 minutes p.m.), the House adjourned until tomorrow, Wednesday, February 25, 1981, at 3 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

587. A letter from the Secretary of Agriculture, transmitting the 1980 annual report on the Nation's agricultural research, extension, and teaching activities, pursuant to section 1410 of Public Law 95-113; to the Committee on Agriculture.

588. A letter from the Secretary of Labor, transmitting a report on the number of cases reviewed and the number of exemplary rehabilitation certificates issued during calendar year 1980, pursuant to section 6(f) of Public Law 90-83; to the Committee on Armed Services.

589. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the commissary shelfstocking and custodial function at Castle Air Force Base, Calif., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

590. A letter from the Acting Administrator, Environmental Protection Agency, transmitting the main report on the Ohio River Basin Energy Study, requested by Senate Report No. 94-326; to the Committee on Energy and Commerce.

591. A letter from the Acting Assistant Secretary of State for Congressional Rela-

tions, transmitting a report on the executive branch's estimates of the international volume of arms traffic, including estimates on an annual basis of the sale and delivery of weapons and weapons-related defense equipment by all major arms suppliers to all major recipient countries since 1977, pursuant to subsection 25(e) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

592. A letter from the Acting Inspector General, Department of Agriculture, transmitting a report on the food stamp anti-fraud matching programs; to the Committee on Government Operations.

593. A letter from the Director of Administration, Department of Energy, transmitting a report on the Department's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

594. A letter from the Acting Director, Community Services Administration, transmitting a report on the Administration's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

595. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on the Bank's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

596. A letter from the Comptroller General of the United States, transmitting a report on Federal records management (PLRD-81-2, Feb. 24, 1981); to the Committee on Government Operations.

597. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during January 1981, pursuant to section 234 of the Legislative Reorganization Act of 1970; to the Committee on Government Operations.

598. A letter from the Clerk, U.S. House of Representatives, transmitting his quarterly report of receipts and expenditures for the period October 1 through December 31, 1980, pursuant to section 105(a) of Public Law 88-454, as amended (H. Doc. No. 97-24); to the Committee on House Administration and ordered to be printed.

599. A letter from the U.S. Trade Representative, transmitting a draft of proposed legislation to authorize appropriations for the Office of the U.S. Trade Representative through fiscal year 1985 and to provide express authority for certain necessary actions; to the Committee on Ways and Means.

600. A letter from the Comptroller General of the United States, transmitting a report on management of battlefield intelligence data (LCD-81-23, Feb. 24, 1981); jointly, to the Committees on Government Operations and Armed Services, and the Permanent Select Committee on Intelligence.

601. A letter from the Comptroller General of the United States, transmitting a report on the national productivity effort established under Executive Order 12089 (AFMD-81-29, Feb. 18, 1981); jointly, to the Committees on Government Operations, and Banking, Finance and Urban Affairs.

602. A letter from the Comptroller General of the United States, transmitting a report on the civil case backlog in Federal district courts, and recommendations to increase efficiency (GGD-81-2, Feb. 24, 1981); jointly, to the Committees on Government Operations, and the Judiciary.

603. A letter from the Comptroller General of the United States, transmitting a report on revisions in nursing home regulations proposed by the Department of Health and Human Services (HRD-81-50, Feb. 20, 1981), pursuant to section 119 of Public Law 96-536; jointly, to the Committees on Government Operations, Ways and Means, and Energy and Commerce.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 2014. A bill to amend the Internal Revenue Code of 1954 to revise and simplify the exclusion of income of U.S. citizens and residents abroad; to the Committee on Ways and Means.

By Mr. AuCOIN:

H.R. 2015. A bill to enable the Secretary of the Interior to erect permanent improvements on land acquired for the Confederated Tribes of Siletz Indians of Oregon; to the Committee on Interior and Insular Affairs.

Mr. BROWN of Ohio:

H.R. 2016. A bill to add representatives of town officials to the membership of the Advisory Commission on Intergovernmental Relations; to the Committee on Government Operations.

By Mr. CORCORAN (for himself, Mr. DERRICK, and Mr. GRAMM):

H.R. 2017. A bill to repeal the Federal requirement of incremental pricing under the Natural Gas Policy Act of 1978; to the Committee on Energy and Commerce.

By Mr. CORRADA:

H.R. 2018. A bill to amend title 44, United States Code, to designate the Public Library of Puerto Rico a depository library for Government publications; to the Committee on House Administration.

By Mr. DANNEMEYER:

H.R. 2019. A bill to amend the Natural Gas Policy Act of 1978 to eliminate Federal price control and allocation authority over natural gas; to the Committee on Energy and Commerce.

By Mr. FORD of Tennessee:

H.R. 2020. A bill to provide coverage for eyeglasses, hearing aids, and dentures under the medicare program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. ENGLISH:

H.R. 2021. A bill to amend the Freedom of Information Act with respect to procedures for the disclosure of certain types of information, and for other purposes; to the Committee on Government Operations.

By Mr. FLORIO:

H.R. 2022. A bill to incorporate the Pearl Harbor Survivors Association; to the Committee on the Judiciary.

By Mr. FLORIO (for himself, Mr. SMITH of New Jersey, Mr. ROE, Mr. DWYER, Mrs. FENWICK, Mr. GUARINI, Mr. HOWARD, Mr. RINALDO, Mr. HOLLENBECK, Mr. COURTER, and Mrs. ROUKEMA):

H.R. 2023. A bill to designate the proposed new Veteran's Administration Medical Center in Camden, N.J., as the "Carlton R. Rouh Memorial Veterans' Medical Center"; to the Committee on Veterans' Affairs.

By Mr. GAYDOS (for himself, Mr. ARKINSON, Mr. BAILEY of Pennsylvania, Mr. JAMES K. COYNE, Mr. DOUGHERTY, Mr. ERTEL, Mr. LEDERER, Mr. MARKS, Mr. McDADE, Mr. MURPHY, Mr. MURTHA, Mr. RITTER, Mr. YATRON, Mr. BONER of Tennessee, Mr. ADDABBO, Mr. ANTHONY, Mr. HANSEN of Utah, Mr. ZEPERETTI, and Mr. FORD of Michigan):

H.R. 2024. A bill to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization; to the Committee on Energy and Commerce.

By Mr. GLICKMAN:

H.R. 2025. A bill to amend the Congressional Budget Act of 1974 to establish a ceiling on revenue loss from tax expenditures, to require authorization of new tax expenditures, and for other purposes; to the Committee on Rules.

By Mr. GUARINI (for himself, Mr. COURTER, Mr. DWYER, Mrs. FENWICK, Mr. FLORIO, Mr. HOWARD, Mr. HUGHES, Mr. MINISH, Mr. RINALDO, Mr. RODINO, Mr. ROE, Mrs. ROUKEMA, Mr. SMITH of New Jersey, and Mr. EVANS of Delaware):

H.R. 2026. A bill to amend the Communications Act of 1934 to provide that not less than one very high frequency commercial television broadcasting station be located in each State; to the Committee on Energy and Commerce.

By Mr. SAM B. HALL, JR. (for himself, Mr. MONTGOMERY, and Mr. EDGAR):

H.R. 2027. A bill to amend title 38, United States Code, to provide a cost-of-living increase in the rates of disability compensation for disabled veterans and in the rates of dependency and indemnity compensation for survivors of disabled veterans; to the Committee on Veterans' Affairs.

By Mr. SAM B. HALL, JR. (for himself, Mr. MONTGOMERY, and Mr. WYLIE):

H.R. 2028. A bill to amend title 38, United States Code, to increase the maximum amount of Servicemen's Group Life Insurance and Veterans' Group Life Insurance to \$35,000; to the Committee on Veterans' Affairs.

By Mr. SAM B. HALL, JR. (for himself and Mr. WYLIE):

H.R. 2029. A bill to amend title 38, United States Code, to provide that the Secretary of Defense shall be responsible for insuring that the Secretaries of the military departments properly carry out their functions required by such title to collect, account for, and transfer to the Veterans' Administration amounts necessary to cover the costs of insuring each member of the Army, Navy, Air Force, and Marine Corps participating in the Servicemen's Group Life Insurance program; to the Committee on Veterans' Affairs.

By Mr. SAM B. HALL, JR. (by request):

H.R. 2030. A bill to provide that the injuries which qualify a member of the Armed Forces for award of the military decoration of the Purple Heart shall include, in the case of a member who was held as a prisoner of war, damage inflicted during captivity; to the Committee on Armed Services.

H.R. 2031. A bill to amend title 38, United States Code, to expand eligibility of former prisoners of war for certain health care benefits, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. HARTNETT:

H.R. 2032. A bill to amend the Food Stamp Act of 1977 to prohibit certain households containing persons involved in labor-management disputes from participating in the food stamp program; to the Committee on Agriculture.

H.R. 2033. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for contributions to saving accounts for use by first-time home buyers in purchasing a principal residence; to the Committee on Ways and Means.

By Mr. HYDE:

H.R. 2034. A bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy, and for other purposes; to the Committee on the Judiciary.

By Mr. KAZEN:

H.R. 2035. A bill to authorize certain employees of the Department of Agriculture to carry firearms in the performance of their duties; to the Committee on Agriculture.

By Mr. LAGOMARSINO:

H.R. 2036. A bill to require the U.S. Government and persons carrying on federally assisted programs, projects, and activities to pay interest to business concerns for overdue sales and lease agreement payments, and to take early payment discounts only when payment is timely made; to the Committee on Government Operations.

By Mr. LAGOMARSINO (for himself, Mr. PORTER, Mr. FISH, Mr. SOLOMON, Mr. FORSYTHE, Mr. KILDEE, Mr. KOGOVSEK, Mr. LEBOUTILLIER, Mr. WON PAT, Mr. CRAIG, Mr. GUYER, Mr. LOTT, Mr. ANNUNZIO, and Mr. DUNCAN):

H.R. 2037. A bill to amend the Internal Revenue Code to provide for individual housing accounts; to the Committee on Ways and Means.

By Mr. LEATH of Texas:

H.R. 2038. A bill to amend chapter 37 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to guarantee loans for the purchase of single-family residential units in cooperative developments or projects; to the Committee on Veterans' Affairs.

By Mr. LEATH of Texas (for himself, Mr. GUYER and Mr. BRINKLEY):

H.R. 2039. A bill to amend chapter 37 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for variable payment plans; to the Committee on Veterans' Affairs.

By Mr. LEVITAS:

H.R. 2040. A bill to establish an Office of Regulatory Review in the General Accounting Office to assist the Congress in evaluating the economic impact of agency rules; to the Committee on Government Operations.

By Mr. McCLOSKEY:

H.R. 2041. A bill to extend the right to vote in primary and runoff elections for Federal office to citizens who will be 18 years of age or older on the date of the related general and special election; to the Committee on House Administration.

H.R. 2042. A bill to amend the Shipping Act of 1916; to the Committee on Merchant Marine and Fisheries.

By Mr. MAZZOLI (for himself, Mr. SAM B. HALL, JR., Mrs. SCHROEDER, Mr. FISH, and Mr. LUNGREN):

H.R. 2043. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. MICA:

H.R. 2044. A bill to reform the Powerplant and Industrial Fuel Use Act of 1978 to sup-

port the reduction of oil, air pollution, and consumer costs by existing electric powerplants; to the Committee on Energy and Commerce.

By Mr. MITCHELL of Maryland (for himself, Mr. BENJAMIN, Mr. HAWKINS, Mr. WOLPE, Mr. ADDABBO, Mr. MURPHY, Mr. RICHMOND, Ms. MIKULSKI, Mr. WHITEHURST, Mr. VENTO, Mr. CORRADA, Mr. ROE, Mr. FORD of Tennessee, Mrs. CHISHOLM, Mr. OTTINGER, Mr. FAUNTROY, Mr. DIXON, Mrs. COLLINS of Illinois, Mr. PHILLIP BURTON, Mr. GRAY, Mr. WASHINGTON, Mr. SAVAGE, Mr. GREEN, Mr. HUGHES, Mr. PEPPER, Mr. STARK, and Mr. CROCKETT):

H.R. 2045. A bill to provide for the striking of medals in commemoration of Maggie Lena Walker; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MITCHELL of New York:

H.R. 2046. A bill to amend title XVI of the Social Security Act to provide that payments of tuition, fees, or other training costs by any person for a mentally retarded adult individual attending a school for the retarded shall not be treated as income of such individual in determining his or her eligibility for supplemental security income benefits; to the Committee on Ways and Means.

By Mr. MOORE:

H.R. 2047. A bill to establish reasonable limits on the power of courts of the United States in the imposition of injunctive relief in suits to protect the constitutional rights of individuals in public education and to authorize the Attorney General to institute suits to enforce such limits; to the Committee on the Judiciary.

By Mr. MONTGOMERY (by request):

H.R. 2048. A bill to amend title 38, United States Code, to eliminate provisions of outpatient dental treatment for service-connected noncompensable dental conditions which are unrelated to service trauma or prisoner-of-war status; to the Committee on Veterans' Affairs.

By Mr. MOTTL:

H.R. 2049. A bill to impose quotas on the importation of automobiles, trucks, and certain engines for a 3-year period; to the Committee on Ways and Means.

By Mr. NICHOLS (for himself and Mr. DICKINSON):

H.R. 2050. A bill to authorize the Secretary of the Army to correct certain slope failures and erosion problems along the banks of the Coosa River; to the Committee on Public Works and Transportation.

By Ms. OAKAR:

H.R. 2051. A bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from gross income of certain retirement benefits received by individuals who have attained age 55; to the Committee on Ways and Means.

By Mr. OBERSTAR (for himself and Mr. RHODES):

H.R. 2052. A bill to require the Secretary of Transportation to administer a national driver register to assist State driver licensing officials in electronically exchanging information regarding the motor vehicle driving records of certain individuals; to the Committee on Public Works and Transportation.

By Mr. PATTERSON (for himself and Mr. BLANCHARD):

H.R. 2053. A bill to amend the Internal Revenue Code of 1954 to provide incentives for the construction and rehabilitation of

real property; to the Committee on Ways and Means.

By Mr. PORTER:

H.R. 2054. A bill to amend the Uniform Time Act of 1966 to provide that the period of observance of daylight saving time each year shall begin on the last Sunday in March, rather than the last Sunday in April, and shall end on the last Sunday in November, rather than the last Sunday in October; to the Committee on Energy and Commerce.

By Mr. REGULA:

H.R. 2055. A bill to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization; to the Committee on Energy and Commerce.

By Mr. RODINO (for himself and Mr. WAXMAN):

H.R. 2056. A bill to amend the Immigration and Nationality Act with respect to alien graduates of foreign medical schools; jointly, to the Committees on the Judiciary and Energy and Commerce.

By Mr. SCHUMER:

H.R. 2057. A bill providing for a reduction in the amount paid each year by the United States as its contribution toward the assessed budget of the United Nations, such reduction to be equal to the amount of that contribution which would be used for the expenses of the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the Special Unit on Palestinian Rights; to the Committee on Foreign Affairs.

By Mr. STANTON of Ohio:

H.R. 2058. A bill to modify the project for Ashtabula Harbor, Ohio, to authorize the enlargement of a turning basin; to the Committee on Public Works and Transportation.

By Mr. THOMAS (for himself, Mr. LUNGREN, Mr. LAGOMARSINO, Mr. CLAUSEN, Mr. MINETA, Mr. LOWERY of California, Mr. BEDELL, and Mr. JOHNSTON):

H.R. 2059. A bill to amend title I of the Elementary and Secondary Education Act of 1965 to permit the Secretary of Education to waive the requirements of subsection (c), (d), or (e) of section 126 of such act in the case of local educational agencies participating in experimental State programs that increase local flexibility in the use of educational funds by consolidating certain categorical educational programs; to the Committee on Education and Labor.

By Mr. TRAXLER:

H.R. 2060. A bill to amend title XIV of the Public Health Service Act to authorize States with primary enforcement responsibility for drinking water standards to grant variances from turbidity requirements for certain public water systems; to the Committee on Energy and Commerce.

H.R. 2061. A bill to amend title 18 of the United States Code to increase the sentences for certain gun-related offenses and to extend the mandatory nature of such sentences to certain additional gun-related offenses; to the Committee on the Judiciary.

H.R. 2062. A bill to amend title II of the Social Security Act to provide that the automatic cost-of-living increases in benefits which are authorized thereunder may be made on a semiannual basis (rather than only on an annual basis as at present); to the Committee on Ways and Means.

H.R. 2063. A bill to amend the Internal Revenue Code of 1954 to allow individuals a refundable income tax credit of \$1,000 for purchasing a new American-made passenger

automobile; to the Committee on Ways and Means.

H.R. 2064. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the credit for the elderly, and to eliminate the adjusted gross income limitation applicable to such credit; to the Committee on Ways and Means.

H.R. 2065. A bill to amend the Internal Revenue Code of 1954 to repeal the inclusion in gross income of unemployment compensation; to the Committee on Ways and Means.

H.R. 2066. A bill to amend the Internal Revenue Code of 1954 to allow individuals under age 55 to elect the one-time exclusion of gain from sale of principal residence; to the Committee on Ways and Means.

By Mr. TRAXLER (for himself and Mr. BRODHEAD):

H.R. 2067. A bill to amend the Internal Revenue Code of 1954 to make permanent certain rules relating to travel expenses of State legislators; to the Committee on Ways and Means.

By Mr. YOUNG of Florida:

H.R. 2068. A bill to amend the Public Health Service Act to provide for research concerning Reye's syndrome, and for other purposes; to the Committee on Energy and Commerce.

H.R. 2069. A bill to provide a penalty for unlawful assault upon policemen, firemen, and other law enforcement personnel, and for other purposes; to the Committee on the Judiciary.

H.R. 2070. A bill to amend title 5 and title 44, United States Code, to lengthen the time period between the publication of a Federal rule and the effective date of such rule, and the time period between the publication of notice of a hearing and the beginning of such hearing; to the Committee on the Judiciary.

H.R. 2071. A bill to require that the U.S. Government prepare and make public annual consolidated financial statements utilizing the accrual method of accounting, and for other purposes; to the Committee on Government Operations.

H.R. 2072. A bill to provide that individuals who retired on disability before October 1, 1976, shall be entitled to the exclusion for disability payments under section 105(d) of the Internal Revenue Code of 1954 without regard to the income limitation in such section, and for other purposes; to the Committee on Ways and Means.

H.R. 2073. A bill to amend title 18, United States Code, to provide for the personal safety of persons engaged in furthering the foreign intelligence operations of the United States; jointly, to the Committees on the Judiciary and the Permanent Select Committee on Intelligence.

H.R. 2074. A bill to repeal the Foreign Intelligence Surveillance Act of 1978; jointly, to the Committees on the Judiciary and the Permanent Select Committee on Intelligence.

By Mr. DELLUMS:

H.J. Res. 185. Joint resolution designating February 28, 1982, as "National Minority Military History Day"; to the Committee on Post Office and Civil Service.

By Mr. SAM B. HALL, JR. (by request):

H.J. Res. 186. Joint resolution directing the President to designate April 9 as a day for observance each year as "National P.O.W./M.I.A./Hostage Recognition Day"; to the Committee on Post Office and Civil Service.

By Mr. ROBERT W. DANIEL, JR.:

H. Con. Res. 75. Concurrent resolution disapproving the action of the Council of the District of Columbia approving the District of Columbia Statehood Constitutional Convention Initiative of 1979; to the Committee on the District of Columbia.

By Mr. UDALL:

H. Res. 82. Resolution to require a study of congressional employment levels; to the Committee on House Administration and Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HORTON:

H.R. 2075. A bill for the relief of Mordechai Dror; to the Committee on the Judiciary.

H.R. 2076. A bill for the relief of William Eugene Maney; to the Committee on the Judiciary.

By Mr. LAGOMARSINO:

H.R. 2077. A bill for the relief of Jeffrey Parrack; to the Committee on the Judiciary.

H.R. 2078. A bill for the relief of Jeffrey Parrack and Wanda Parrack; to the Committee on the Judiciary.

By Mr. PORTER:

H.R. 2079. A bill for the relief of Mary Jane Shaw; to the Committee on the Judiciary.

By Mr. RODINO (by request):

H.R. 2080. A bill for the relief of Lucia Jurkauskas; to the Committee on the Judiciary.

By Mr. WOLF:

H.R. 2081. A bill for the relief of Chi K. Lee; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 13: Mr. BEREUTER.

H.R. 27: Ms. FERRARO, Mr. McCLOSKEY, Mr. MILLER of California, Mr. MINETA, Mr. RAHALL, Mr. WYDEN, and Mr. YOUNG of Florida.

H.R. 31: Mr. EVANS of Delaware, Mr. WYLIE, Mr. CARMAN, Ms. OAKAR, Mr. MINISH, Mr. NEAL, Mr. GONZALEZ, Mr. PATTERSON, Mr. HUBBARD, Mr. HYDE, Mr. PARRIS, Mr. VENTO, Mr. MATTOX, Mr. SHUMWAY, Mr. BLANCHARD, Mr. JAMES K. COYNE, Mr. BARNARD, and Mr. WORTLEY.

H.R. 33: Mr. WORTLEY.

H.R. 380: Mr. BIAGGI, Mr. BROWN of Ohio, Mr. COLLINS of Texas, Mr. EDGAR, Mrs. HOLT, Mr. RUSSO, Mr. ST GERMAIN, Mr. DERWINSKI, and Ms. FERRARO.

H.R. 385: Mr. KILDEE.

H.R. 390: Mr. HUGHES, Mr. WILSON, Mr. JAMES K. COYNE, Mr. EDGAR, Mr. ROE, Mr. LUKEN, and Mr. BENJAMIN.

H.R. 750: Mr. HAGEDORN, and Mr. ANNUNZIO.

H.R. 760: Ms. FIEDLER.

H.R. 1064: Mr. MONTGOMERY, and Mr. BURGNER.

H.R. 1100: Mr. WHITE and Mr. CORCORAN.

H.R. 1125: Ms. FIEDLER.

H.R. 1294: Mr. WHITEHURST, Mr. MURPHY, Mr. VENTO, Mr. SAM B. HALL, JR., Mr. FASCELL, Mr. HUGHES, Mr. SOLOMON, Mr. ZEPERETTI, Mr. AKAKA, Mr. NEAL, Mr. RINALDO, Mr. TRAXLER, Mr. CHAPPELL, Mr. COURTER,

Mr. KINDNESS, Mr. DAUB, Mr. FROST, Mr. JAMES K. COYNE, and Mr. BENJAMIN.

H.R. 1400: Mr. BRINKLEY.

H.R. 1506: Mr. DOWNEY, Mr. MURPHY, Mr. LAGOMARSINO, Mr. ZEPERETTI, Mr. MITCHELL of Maryland, Mr. DONNELLY, Mr. RUSSO, Mr. ST GERMAIN, Mr. YATRON, Mr. MOTT, Mr. MILLER of California, Mr. CORRADA, Mr. BOLAND, Mr. SIMON, Mrs. CHISHOLM, Mr. BINGHAM, Mr. TRAXLER, Mr. EDGAR, Mr. BEVILL, and Mr. FLORIO.

H.R. 1509: Mr. FAUNTROY, Mr. EDWARDS of California, Mr. MAVROULES, Mr. DELLUMS, Mr. GARCIA, Mr. VENTO, Mrs. COLLINS of Illinois, Mr. STARK, Mrs. CHISHOLM, Mr. MITCHELL of Maryland, Mr. BROWN of California, Mr. FORD of Tennessee, Mr. CONYERS, Mr. DOWNEY, Mr. EARLY, Mr. OTTINGER, Mr. STOKES, Mr. WEAVER, Mr. PRICE, Mr. REUSS, Mr. MARKEY, Mr. CROCKETT, Mr. PHILLIP BURTON, Mr. PANETTA, Mr. RAHALL, and Mr. GEJDENSON.

H.R. 1532: Mr. STUMP.

H.R. 1541: Mr. JEFFRIES, Mr. ROBERT W. DANIEL, JR., Mr. SNYDER, Mr. BARNARD, Mr. GOLDWATER, Mr. BENEDICT, Mr. YOUNG of Missouri, Mr. RAILSBACK, Mr. DUNCAN, Mr. ECKART, Mr. WYDEN, Mr. WILLIAM J. COYNE, and Mr. STANGELAND.

H.R. 1574: Mr. BONIOR of Michigan, Mr. BROWN of California, Mr. MATSUI, Mr. MURPHY, and Mr. SCHEUER.

H.R. 1580: Mr. ARCHER, Mr. KRAMER, Mr. FORSYTHE, Mr. MARTIN of North Carolina, Mr. MCKINNEY, Mr. WHITEHURST, Mr. WINN, and Mr. SABO.

H.R. 1640: Mr. KOGOVSEK, Mr. RAHALL, Mr. DASCHLE, Mr. GORE, Mr. CONYERS, Mr. BAILEY of Pennsylvania, Mr. MOTT, and Mr. EVANS of Georgia.

H.R. 1765: Mr. LUJAN, Mr. LEATH of Texas, Mr. MICA, Mr. PATTERSON, and Mr. LEWIS.

H.R. 1768: Mr. WEAVER.

H.R. 1769: Mr. WEAVER.

H.R. 1853: Mr. CARNEY, Mr. RITTER, Mr. GOODLING, and Mr. HILER.

H.R. 1863: Mr. KILDEE, Mr. ROE, Mr. MITCHELL of Maryland, Mr. EDGAR, Mr. LEHMAN, Mr. JAMES K. COYNE, and Mr. DE LUGO.

H.R. 1911: Mr. JOHNSTON, Mr. DANNEMEYER, Mr. STUMP, Mr. DERWINSKI, and Mr. FLIPPO.

H.R. 1918: Mr. GONZALEZ, Mr. PETRI, Mr. MICA, and Mrs. BYRON.

H.J. Res. 50: Mr. DERWINSKI, Mr. CORCORAN, Mr. YOUNG of Missouri, and Mr. FIELDS.

H.J. Res. 84: Mr. DYMALLY, Mr. MOLLOHAN, Mr. WINN, Mr. LAGOMARSINO, Mr. TRAXLER, Mr. GUYER, Mr. BRODHEAD, Mr. GIBBONS, Mrs. COLLINS of Illinois, Mr. GRAMM, Mr. WEBER of Minnesota, Mr. JAMES K. COYNE, Mr. DUNCAN, Mr. MAVROULES, Mr. HAWKINS, Mr. CORRADA, Mr. GRADISON, Ms. MIKULSKI, Mr. PETRI, Mr. WIRTH, Mr. RUSSO, Mr. BENJAMIN, Mr. FARY, Mr. WALGREN, Mr. WAXMAN, Mr. LEHMAN, Mr. HANCE, Mr. SPENCE, Mr. CHENEY, Mr. MORRISON, Mr. AKAKA, Mr. HEPTTEL, Mr. YATES, Mr. SHAW, Mr. LEACH of Iowa, Mr. PORTER, Mr. DELLUMS, Mr. BROWN of Ohio, Mr. McDADE, Mr. BARNARD, Mr. LUKE, Mr. GRAY, Mr. SNYDER, Mr. ST GERMAIN, Mr. MOTT, Mrs. HOLT, Mr. SWIFT, Mr. O'BRIEN, Mr. ROBERTS of South Dakota, Mr. NICHOLS, Mr. DORNAN of California, Mr. FAUNTROY, Mr. GUARINI, Mr. HARTNETT, Mr. FINDLEY, Mr. TAUKE, Mr. HILER, Mr. BONIOR of Michigan, Mr. PRICE, Mr. BEARD, Mr. LOWERY of California, Mr. QUILLEN, Mr. DE LUGO, Mr. PASHAYAN, Ms. OAKAR, Mr. BINGHAM, Mr. ROBERTS of Kansas, Mr. STOKES, Mr. BAILEY of Pennsylvania, and Mr. LEATH of Texas.

H.J. Res. 102: Mr. EVANS of Delaware, Ms. MARTIN of Illinois, Mr. BENEDICT, Mr. GREGG, Mr. REGULA, and Mrs. HECKLER.

H.J. Res. 104: Mr. CARMAN.

H.J. Res. 124: Mr. NAPIER and Mr. MOAKLEY.

H.J. Res. 125: Mr. BREAUX, Mr. McDADE, Mr. LOWERY of California, Mr. LIVINGSTON, and Mr. MADIGAN.

H.J. Res. 156: Mr. BROOMFIELD, Mr. WINN, Mr. MURPHY, Mr. FOUNTAIN, Mr. MAZZOLI, Mr. LOWERY of California, Mr. ERDAHL, Mr. PEPPER, and Mr. CAMPBELL.

H. Con. Res. 1: Mr. SHARP.

H. Con. Res. 55: Mr. PORTER, Mr. GRAY, and Mr. WALGREN.

H. Con. Res. 67: Mr. FRANK, Mr. WOLPE, Mr. WEISS, Mrs. COLLINS of Illinois, Mr. KASTENMEIER, Mr. DOWNEY, Mr. EDWARDS of California, Mr. AU COIN, Mr. VENTO, Mr. MOFFETT, Mr. WEAVER, Mrs. CHISHOLM, Mr. HARKIN, Mr. OTTINGER, Ms. OAKAR, Mr. CONTE, Mr. GARCIA, Mr. STOKES, Mr. RAHALL, Mr. CROCKETT, Mr. PHILLIP BURTON, Mr. SEIBERLING, Mr. ECKART, Mr. MARKEY, Mr. KILDEE, Mr. MAVROULES, Mr. DELLUMS, Mr. JEFFORDS, and Mr. DE LUGO.

H. Res. 33: Mr. EMERY, Mr. BAFALIS, Mr. PETRI, Mr. DUNCAN, Mr. LAGOMARSINO, Mr. FORSYTHE, Mr. BUTLER, Mr. SAM B. HALL, JR., Mr. STANGELAND, Mr. McCLORY, Mr. MOTT, Mr. HOPKINS, Mr. LEE, Mr. LUNGREN, Mr. BARNARD, Mr. THOMAS, and Mr. BENEDICT.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

28. By the SPEAKER: Petition of the City Council, Berkeley, Calif., relative to Jobs for Peace; to the Committee on Armed Services.

27. Also petition of the Independent Petroleum Association of Mountain States, Denver, Colo., relative to the windfall profit tax; to the Committee on Ways and Means.