SENATE—*Thursday, May 26, 1983*

(Legislative day of Wednesday, May 25, 1983)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Gracious Father in Heaven, in anticipation of the Memorial Day recess, we remember with gratitude those who have given their lives for our Nation. May we never forget their sacrifice and may we order our lives to be worthy of it. We remember the Navy officer killed in El Salvador last night and commend his loved ones to Thy comfort and peace.

We have so much for which to be thankful Dear God. We thank Thee for Thyself, for Thy love, and grace, and faithfulness. We thank Thee for life and health—for daily provision and the common benefits which Thou hast granted. We who always have more than enough of everything remember with compassion those who never have enough of anything. We thank Thee for our families and the opportunity to be together during recess. May this be a time of deepening and strengthening family relationships. We thank Thee for each other, for the privilege of laboring together in this place and commend one another to Thee during our separation. We pray for those who travel that they may do so in safety. Grant Father that this recess will be an opportunity for rest, relaxation, and personal renewal. In Jesus name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

SENATE SCHEDULE

Mr. BAKER. Mr. President, there is an order for a period for the transaction of routine morning business of 2 hours in length in which Senators may speak for not more than 10 minutes each, with the exception of the distinguished minority leader, who may deliver another in his series of papers on the history of the Senate. There is also a special order this morning for the recognition of the distinguished Senator from Michigan (Mr. LEVIN) after the two leaders. I do not anticipate any further business before the Senate is asked to adjourn until June 6.

The House has passed the MX resolution and the House has passed the adjournment resolution. I think that completes our necessary business before the recess begins.

Mr. President, on Monday, there will be no record votes in the Senate. We will be in. I will confer with the minority leader on his wishes with respect to further action on the proposal for the cap of the third year of the tax cut. As I understand it, a vehicle has not yet been chosen and maybe a new vehicle will be sent by the House on something else, but we will get together on that. As the minority leader knows, I will perform on the commitment I made.

I will say, however, that will not occur on Monday and perhaps not on Tuesday, but it depends on when the principal players are here and available and ready. So there is no inclination for delay.

EXPRESSIONS OF APPRECIATION

I did not have an opportunity yesterday to express my appreciation to the minority leader and others for working out an arrangement that permitted us to pass the debt ceiling without modification and send it to the President for his signature. Without that cooperation, it would not have been possible to complete the necessary business of the Senate today, or perhaps even not this week. I wish once again to state my thanks to the minority leader and to Senators on both sides of the aisle for their extraordinary cooperation in agreeing that no amendments would be in order and to a swift and prompt passage of that necessary measure.

It has been a good year, Mr. President, so far. It is not time to wax nostalgic about the accomplishments of the Congress, but at this point, almost midway through the year, it is interesting to me that we have attacked a number of very large problems and have handled them with reasonable promptness. Most of them have been a pleasure to me; one or two have been a disappointment. But I guess, on average, that it has been pretty good.

But the important thing is the Senate has functioned. The Senate has acted in a responsible way and obedient to the requirements of the law. And that is a prime responsibility of this body. I thank all Senators for it.

Mr. President, I wish all Senators a happy time during this week or so of break. We need it. I know, if other Senators are as weary as I am, that they will profit from it as well. I intend to go back to Tennessee and do some intensive resting. I will travel in my State some. I will celebrate my grandson's first birthday on Monday and do other pleasurable things with my family. I hope other Senators will enjoy it as much.

Mr. President, I have no further need for my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. EAST). The minority leader is recognized.

Mr. BYRD. Mr. President, I thank the majority leader for his generous remarks. I think the clarifications that were expressed by him yesterday, and especially by Mr. DOLE, by virtue of the fact that he was the manager of the bill, and also the assertions by the Speaker with respect to certain legislation and assurances by the majority leader enabled us to work out our problem. I am glad we were able to do that. It is not our desire to delay for the sake of delay or have confrontations for the sake of having confrontations.

The majority leader is very generous in passing out compliments to me. I think I should be just as generous, and I want to be, in complimenting him for the job that he not only did on yesterday but also on the job that he has done from the beginning of his tenure as majority leader. He has been a good majority leader. I have found it to be very pleasant to work with him.

Mr. President, on the matter of the majority leader's going back to Tennessee, I expect to go back to West Virginia, a State that is almost heaven, except that it has high unemployment right now. He also mentioned he was going to celebrate the anniversary of the first birthday of his grandson. Well, I certainly compliment him on that. As the years come and go, he will grow ever more proud of his grandson.

Sunday, my wife and I will also celebrate our 46th wedding anniversary. So I wish the majority leader well in regard to his anniversary, and I hope that his grandson will have the best in life, will be healthy, and I know he will come to appreciate and take great pride in his illustrious grandfather.

Having a grandchild is one's first taste of immortality. And I have no-

ticed that the majority leader has been living on a higher plateau since his grandson came along. I hardly know how to say it. I just take great satisfaction in the fact that the majority leader has a grandson. I had four—I have two granddaughters—and I lost one grandson last year.

I am just happy that the majority leader is going to be in a position to carry that little grandchild around in his arms. There will come a day when he will not be able to do that. Those grandsons grow and grow and grow. But I will be thinking of the majority leader as he enjoys his grandson.

Mr. BAKER. I thank the minority leader.

Mr. President, I looked forward to our first grandchild. The first year of his life is an important occasion. My wife and I will go to Memphis for that.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are two patient messengers at the door who wish to be admitted. I yield now so that the Chair may permit them to come in.

The PRESIDING OFFICER. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed in the end of the Senate proceedings.)

The PRESIDING OFFICER. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

At 12:10 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its clerks, announced that the House has agreed to the following concurrent resolutions, each without amendment:

S. Con. Res. 26. Concurrent resolution approving the obligation and expenditure of funds for MX missile procurement and full-scale engineering development of a basing mode; and

S. Con. Res. 41. Concurrent resolution providing for an adjournment of the Senate from May 26, or May 27, 1983 to June 6, 1983, and an adjournment of the House from May 26, 1983 to June 1, 1983.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2807. An act to increase the level of funds authorized to be appropriated for the fiscal years 1982, 1983, and 1984 to permit adequate reimbursement for meals served under the Older Americans Act of 1965; and

H.R. 2948. An act to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide mortgage assistance to veterans with loans guaranteed by the Veterans' Administration in order to avoid foreclosure of such loans, and for other purposes.

Mr. BYRD. Mr. President, certainly the rules would prohibit me from saying anything of an adverse nature about the House of Representatives even if I wanted to, but I must say that the clerks who bring messages from the House to the Senate are, shall I say, better looking than they have been in the past. I am always glad to see that young clerk come because she joins with our own nice young lady, Elizabeth. Of course, I mean no offense to the Speaker in my remarks.

Mr. BAKER. Mr. President, I am sure the Speaker will not be offended. I am glad to see the House is catching up. The minority leader is correct, it is nice to receive those messages from the House, usually but not always, and it is always better to receive them by an attractive clerk.

Mr. President, I do not believe I know of anything else that has to be done at this point. I yield whatever time I have remaining to the minority leader. I see the junior Senator from Michigan is in the Chamber to claim his special order.

RECOGNITION OF THE MINORITY LEADER

Mr. BYRD. Mr. President, I thank the majority leader.

PROTECTING MENTALLY DISABLED SOCIAL SECURITY RECIPIENTS

Mr. BYRD. Mr. President, I have requested today that I be added as a cosponsor of S. 1144, sponsored by the Senator from Pennsylvania (Mr. HEINZ) and cosponsored by 28 Members of both parties, titled "a bill to suspend periodic reviews of disability beneficiaries having mental impairments pending regulatory reform of the disability determination process."

This bill speaks to a pressing need. All the available evidence, collected by committees in both the Senate and the House, and recognized by Members of both parties, is that the Social Security Administration under the Reagan administration has been energetically culling the rolls of disabled recipients of both social security disability insurance and supplemental security income benefits—based, at best, on eligibility criteria that are flawed, and at worst, on a desire to cut the budget regardless of the human cost. Since April of 1981, when SSA began accelerated reviews of disability beneficiaries in both the disability insurance and the SSI programs, over 860,000 disabled persons' cases have been reviewed, and an astonishing 45.2 percent have been declared ineligible.

Being declared ineligible, and being removed from these programs, has come as a significant blow to many of the approximately 400,000 persons declared ineligible. But it has been a truly grave blow to many of those removed from the rolls whose eligibility was based on mental impairment. And it is with respect to these individuals that the SSA has been most ruthless in culling the rolls. Although this category of disability comprises only 11 percent of the DI rolls and 13 percent of the SSI rolls, nearly 28 percent of those determined to be ineligible since April, 1981 were recipients because of mental impairment.

Such actions are statistically suspect—for obvious reasons. The results of the appellate process also are showing the rejections to be largely unsupportable. The General Accounting Office has documented a reversal rate of 91 percent for mentally impaired persons whose appeals of termination were heard between June 1981 and August 1982.

But in addition to a strong likelihood that SSA reviews have been unfairly hostile, the published SSA disability criteria and standards have been harshly criticized for inadequacy by mental health experts. In a December 1982 Federal court decision, the presiding judge determined, based on expert testimony, that the SSA had "no medical, vocational, or other empirical or scientific basis" for eligibility criteria it employed pertaining to mental impairment.

At hearings held by the Senate Aging Committee on April 7 and 8 of this year, a case was cited of a person whose benefits were terminated and who was told he could return to work; at that very time he was committed against his will to a State mental institution because of the danger he posed to himself and society.

Mr. President, as has been said by the Senator from Arkansas (Mr. PRYOR), who has been pursuing this matter diligently and conscientiously, "the wheels of justice are grinding far too slowly for the mentally disabled who are being unfairly stripped of their benefits. It is time for the Congress to act to counter these grave injustices." That, in fact, is sadly the case.

The bill introduced by the Senator from Pennsylvania (Mr. HEINZ) and cosponsored by the Senator from Arkan-

sas (Senator PRYOR) and 27 other Senators, including myself, is a simple bill which will address this situation squarely and effectively. It requires SSA to revise its regulatory criteria relating to mental impairment, after consultation with mental health experts. And, until those criteria are revised so that they may be used to determine fairly, accurately, and impartially whether new applicants and current mentally impaired recipients of disability benefits truly are qualified to receive those benefits, the bill prohibits further disability reviews for such recipients. The bill does provide wisely that this prohibition will not apply if the Secretary of Health and Human Services finds evidence of fraud or that a recipient is working gainfully.

Mr. President, the mentally impaired must labor under a burden that most of us will never experience or fully comprehend. The least a conscientious society can do for them is treat them fairly. We must require no less of our governmental agencies—particularly one that was created to aid the less fortunate in our midst.

I am pleased to cosponsor this bill. I urge the Finance Committee, to which it has been referred, to consider and act on it expeditiously, so that we may take conclusive action before thousands more of mentally impaired individuals are harmed.

Mr. President, I yield the remainder of my time to the Senator from Michigan.

RECOGNITION OF SENATOR LEVIN

The PRESIDING OFFICER. Under the previous order, the Senator from Michigan is recognized for not to exceed 15 minutes, plus the additional time yielded by the minority leader.

Mr. LEVIN. I thank the Chair.

EXTENSION OF FEDERAL SUPPLEMENTAL COMPENSATION

Mr. LEVIN. Mr. President, today, I am introducing legislation with Senator SPECTER which will provide for a 6-month extension of the Federal supplemental compensation (FSC) program beyond the current termination date of September 30, 1983. At that point, the program will be providing up to 14 weeks of Federal unemployment benefits on top of the 26 weeks of State benefits available in all States and the 13 weeks of extended benefits for which the unemployed in certain States are eligible. This legislation would extend the FSC program through March 31, 1984, at an estimated net cost of $1.9 billion. It would include the phaseout provision of current law, under which individuals who would still be eligible for a number of weeks of FSC benefits as of March 31, 1984, could receive up to half of those weeks after that date.

This bill recognizes that there will be a need to extend this program after September 30. Even under the administration's revised economic forecast, unemployment by the end of this year is still projected to be close up to 10 percent, and the rate for all of 1984 is projected to average 9.1 percent. While this represents an improvement from current levels, unemployment would still be tragically high, and its victims would still feel its pain.

In some States, unemployment may still be at double-digit levels. My own State of Michigan, which is now in its 41st consecutive month of double-digit unemployment, is projected to have an unemployment rate for 1983 of 14.8 percent and for 1984 of 11.9 percent. Clearly, a Federal supplemental unemployment program will still be a vital need.

On a nationwide basis, we are talking about unemployment rates which will be about at levels they were when the Congress passed the present FSC program last August. If the conditions will be the same, the congressional response should be the same as well, and the program should be extended. To put this further into perspective, for 1983 and 1984 the administration is projecting unemployment rates almost 2 percentage points higher than we had when a similar Federal supplemental benefit program was enacted in the mid-1970's.

During the debate on the fiscal year 1984 budget resolution, Senator SPECTER and I engaged in a colloquy with the chairman of the Finance Committee, Senator DOLE, in which we received a commitment for hearings on this legislation before the committee and his assurance that he would not support a point of order raised under the Budget Act which could impede this legislation if it is reported out of committee. Senator DOMENICI, chairman of the Budget Committee, also indicated that if the Finance Committee hearings establish a need for the extension of the FSC program, he would not use the Budget Act to stand in the way of its consideration on the floor of the Senate.

When Senator SPECTER and I offered an amendment last December to increase the benefits under the FSC program by up to 6 weeks, it received broad bipartisan support. Once again, I urge my colleagues to join us in this effort and support this legislation on a bipartisan basis.

I ask unanimous consent that a text of the bill be printed in the RECORD.

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

S. 1387

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) section 602(f)(2) of Federal Supplemental Compensation Act of 1982 is amended by striking out "September 30, 1983" and inserting in lieu thereof "March 31, 1984".

(2) Section 605(2) of such Act is amended by striking out "October 1, 1983" and inserting in lieu thereof "April 1, 1984".

(b)(1) The amendments made by subsection (a) shall apply to weeks beginning after September 30, 1983.

(2) The Secretary of Labor shall, at the earliest practicable date after the date of the enactment of this Act, propose to each State with which he has in effect an agreement under section 602 of the Federal Supplemental Compensation Act of 1982 a modification of such agreement designed to provide for the payment of Federal supplemental compensation under such Act in accordance with the amendments made by subsection (a). Notwithstanding any other provision of law, if any State fails or refuses, within the 3-week period beginning on the date the Secretary of Labor proposed such a modification to such State, to enter into such a modification of such agreement, the Secretary of Labor shall terminate such agreement effective with the end of the last week which ends on or before such 3-week period.

● Mr. SPECTER. Mr. President, I rise today to support the distinguished Senator from Michigan (Mr. LEVIN) in the effort to extend the Federal supplemental compensation (FSC) program for an additional 6 months until March 30, 1984. Recently, I engaged in a colloquy with Senators LEVIN, DOLE, DOMENICI and BAKER on this issue. At that time, assurances were given that a point of order under the Budget Act would not be raised, and that hearings would be expeditiously held by the Senate Finance Committee.

The Social Security Amendments of 1983 contained, among other unemployment provisions, an extension of the FSC program from April 1 to September 30, 1983. This extension was supported by the administration, in part due to the acknowledgment of the gravity of the unemployment situation. At that time, I supported and worked for passage of the FSC extension to try to assuage the devastating effects of unemployment in my State, the level of which stood at 12.9 percent. According to recent estimates, the Commonwealth of Pennsylvania is now suffering from an unemployment rate of 13.4 percent, with over 719,000 Pennsylvanians out of work.

Mr. President, the Congressional Budget Office has estimated that this extension of Federal supplemental compensation would cost approximately $1.89 billion during fiscal year 1984. While this may be expensive, I feel that allowing the program to lapse would create human trauma on a scale that would dwarf the cost of the extension. At this juncture, even with many citing the upward motion of the economy, it is self-defeating to deny those in need of assistance the financial resources to survive the current crisis, until such time as they are able

to rejoin the work force in a productive capacity.

The major economic forecasts project unemployment to be well above 8 percent through April of 1984. Clearly, there will be a need for this program. The extension of the FSC program is absolutely essential for providing a safety net for the unemployed. This extension is badly needed, and I urge my Senate colleagues to support this legislation.●

REGULAR MUTUAL MEETINGS AND VISITS BETWEEN TOP MILITARY PEOPLE OF THE UNITED STATES AND THE SOVIET UNION

● Mr. LEVIN. Mr. President, last March 17, Senator NUNN and I took to the Senate floor to propose that there should be regular mutual meetings and visits between our top military people and those of the Soviets. It is more important than ever now that we are embarking on the MX project that we reduce the chances of misunderstanding and miscalculation. Whether one opposed the MX—as I did because of the belief that the world will be less safe with it than without it—or whether one supported the MX—as Senator NUNN did in part because of the hope that it would prod the Soviets to negotiate an arms control treaty—I now can say that most of us agree that it would be highly valuable for our military leadership and that of the Soviets to regularly visit each other. None of us are naive about Soviet intentions or about their actions. But while I am highly critical of the Soviets because of their expansionist and totalitarian activities, I do not believe they are suicidal.

I said a moment ago that I now can say that a majority of our colleagues support the idea of these regular mutual personal visits. I can say that because yesterday Senator NUNN and I sent the President a letter containing 56 signatures which proposes this program. The 56 Members of the Senate who have signed this letter represent a bipartisan and philosophically broadly based majority of this body.

The letter, after pointing out the risk to the world of misperception or miscalculation, urges President Reagan "to propose to the Soviet Union the establishment of a program of regular exchange visit by the high-level United States and Soviet military personnel."

Because a majority of us have signed it, because its subject is so near to the issues of world peace and survival that we have been discussing for many days now, I would like to share the contents with all my colleagues.

The letter is dated May 25, 1983, and it is addressed to the President.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., May 25, 1983.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: One of the greatest dangers facing the world today is the risk of war caused by misperception or miscalculation. That danger is even greater today because in an atmosphere of heightened tension and mistrust, this government, as a means of demonstrating our displeasure over Soviet actions, has cut back programs of face-to-face interchange between U.S. and Soviet citizens. Whatever justification there may be for some of these curtailments, they should not include that most critical area of bilateral understanding, a comprehension by each country of the other's strategic military motives, intentions, capabilities, and safeguards. Indeed, we believe that efforts must be expanded to improve this understanding on the part of military leaders of both countries, to reduce the risk of nuclear war by accident or miscalculation.

In full knowledge of the fact that the U.S. and the U.S.S.R. are indeed adversaries, but believing that steps must be taken to reduce the risk of war resulting from misperception, we urge you to propose to the Soviet Union the establishment of a program of regular exchange visits between high-level U.S. and Soviet military personnel. We believe that such a program would benefit both sides, is consistent with other confidence-building measures being considered by our government, and is a positive step toward reducing the danger of miscalculation, by either side, of the military intentions of the other.

We are not making detailed proposals for program format or content, as we believe that the specifics could be worked out by the military leaders themselves. In order to be effective, however, we believe that the discussions should be broad in scope and be as substantive as possible.

The American people, including our military leaders, have a strong desire for peace. We believe that an American proposal for military exchange visits would be a clear signal of our intention to search for new measures to help preserve world peace.

We urge you to give this proposal your careful consideration.

Carl Levin, Dan Quayle, John Glenn, John C. Danforth, Jim Sasser, William Proxmire, John H. Chafee, David Durenberger, Arlen Specter, Sam Nunn, William S. Cohen, James Exon, Slade Gorton, Dennis DeConcini, Alan K. Simpson, Warren Rudman, Alfonse M. D'Amato.

Rudy Boschwitz, Joseph R. Biden, Jeff Bingaman, Dale Bumpers, Quentin N. Burdick, Alan Cranston, Alan J. Dixon, Wendell H. Ford, Daniel K. Inouye, Patrick J. Leahy, Nancy Landon Kassebaum, Russell B. Long, Claiborne Pell, David Pryor, Donald W. Riegle, Paul S. Sarbanes, Paul E. Tsongas, Thomas F. Eagleton, J. Bennett Johnston, Lawton Chiles.

Walter D. Huddleston, Max Baucus, Mark O. Hatfield, Jennings Randolph, Lloyd Bentsen, Edward M. Kennedy, Frank R. Lautenberg, Gary Hart, John Heinz, Spark M. Matsunaga, Christopher J. Dodd, George J. Mitchell, Robert W. Kasten, Jr., Howard M. Metzenbaum, David L. Boren, Ernest F. Hollings, John Melcher, Lowell P. Weicker, Jr., Pete Wilson.

Mr. President, that letter is signed by myself, Senator NUNN, and 54 colleagues, making a total of 56 Members of the Senate who have signed this letter to the President.

Even as the ultimate debate was getting underway this week on the MX missile, news media carried accounts of interviews with long-term observers of United States-Soviet relations who expressed concern that those relations are at a new low and pointed out the resulting dangers for mutual survival.

This week also saw the President endorsing the recommendations of a Pentagon task force containing proposals for so-called confidence-building measures to improve communications between the United States and the U.S.S.R. The measures are essentially technological and are certainly worthwhile.

However, the letter which we sent to the President yesterday called for something new, something that would significantly improve the communication process above and beyond the technological aspects referred to in that report. This new element is the personal and regular mutual visits of the very uniformed personnel who are closest to the military situation and who need to know how each thinks and might act so that we can avoid any miscalculation or mistake which can plunge the world into the ultimate abyss.●

SBS SOUTHFIELD DEDICATED

Mr. LEVIN. Mr. President, I would like to bring to the attention of my colleagues the recent dedication of a new damage control trainer, the SBS (shipboard simulator) Southfield, at the Naval Reserve Center in Southfield, Mich.

The shipboard simulator is a unified system for training Naval Reserve personnel in surface warfare doctrine and procedures. It is comprised of various components, including the engine room (main control), damage control central, and a damage control compartment. The SBS, through its cost-effective programs, is a crucial facility which represents the real world, since the Reserves train for what can happen.

In their exercises, the sailors begin with a realistic incident of conflict which brings them to an hour-by-hour, even minute-by-minute, deterioration of the situation. Using apparatus normally found aboard the frigate, the crew cares for casualties, puts out fires, patches and repairs and, as one scenario says, "prepares for a possible reattack in the next 48 hours."

Damage control, in which people are assigned duties and parties throughout the ship, is concerned not only

with battle damage but also nonbattle damage from fire, collision, grounding or explosion. This could be necessary in port as well as at sea.

Briefly, damage control central serves as headquarters for the ship's damage control organization and efforts in the same manner as a headquarters is established at a disaster site. Personnel receive damage reports from repair parties, they follow their progress, send assistance if necessary and advise the commanding officer of the situation.

Naval Reserve Center training is conducted with a keen understanding of the modern technology of the Naval Reserve Force's *Knox*-class and *Oliver Hazard Perry*-class frigates. The Southfield, Mich. facility simulates damage to compartments onboard the FF-1052 *Knox*-class frigate. When reservists are not at these ships on 2-week active duty periods or at a weekend away training (WET) at a fleet training center or Great Lakes Naval Center, they receive the benefit of these realistic modularized training courses and sessions conducted during regularly scheduled drills. In some cases, active duty crews are also participating in prearrival training at Reserve centers in a reverse WET procedure.

The damage control trainer is the first facility at the SBS Southfield complex. It is part of an overall program begun only 3 years ago by the Navy to upgrade the training of the Naval Reserve. My congratulations to all the outstanding men and women associated with the damage control trainer and particularly the commanding officer, Lt. Comdr. Joel Frank.

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

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 2 hours, with statements therein limited to 10 minutes each except those made by the Senator from West Virginia (Mr. BYRD), on which there shall be no time limit.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I have conferred with the minority leader and it looks as if neither of us is going to be surprised by what I say next. I do not think we have many takers for morning business. I have the queasy feeling that there are not many people around except me and the minority leader. In any case, I have put out a hotline saying we are going to shut down as soon as the demand for morning business ends.

Mr. President, I am told there are two Members who have indicated they wish to speak on this side. There may be others. I see the distinguished Senator from Wisconsin.

ORDER FOR RECORD TO REMAIN OPEN UNTIL 3 P.M.

Mr. BAKER. Mr. President, I estimate that we shall probably adjourn around 1 p.m. In view of that possibility, I think it might be well to keep the RECORD open. I ask unanimous consent that today, in view of the probable early adjournment, the RECORD remain open until 3 p.m. for the insertion of statements, introduction of bills, and resolutions.

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

Mr. BAKER. Mr. President, I see others seeking recognition, so I shall yield the floor.

THE UTTER DEVASTATION OF A NUCLEAR WAR

Mr. PROXMIRE. Mr. President, just how catastrophic would a nuclear war be? Do those who foresee massive destruction exaggerate? Would a nuclear war end up little different than a conventional war except the bomb craters would be bigger and the human casualties somewhat higher? Could we recover in a few years from a nuclear war the way this country has from all its wars in the past, even the most destructive of all wars—World War II? We know that World War II, for example, was terrible in its results; we know that many people, especially in Europe—Germany, Russia, and in other parts of Europe—many, many people were killed and cities were leveled. Is that the kind of situation we face?

The World Health Organization recently decided that it would make as careful a study of this as they could, so they appointed 10 scientists from 10 different countries representing all kinds of views. These scientists made the most meticulous and careful estimate of what the consequences of nuclear war would be. They rejected what they called extreme assumptions such as the assumption that, possibly, the result of the effect on the atmosphere might just destroy all animal and human life, and they projected three different scenarios.

One scenario was an all-out war involving the United States and the Soviet Union. Another scenario was a tactical nuclear war in Europe, involving military targets. The third was a single nuclear bomb, a 20-megaton bomb, dropped in the center of London.

Mr. President, in the all-out nuclear scenario, these scientists estimated—and hold on to your hat now—that one-half of all the people in the world would be dead or dying, seriously injured. They said 1.15 billion dead, 1.1 billion injuries. They said that there would be virtually nothing left of civilization, that our cities would be utterly destroyed. There would be nothing like the kind of relationships we have with our fellow human beings now. Any notion that our magnificant Constitution or form of government could be preserved, of course, would be utterly gone.

One of the most immediate tragedies we would suffer, of course, is that our hospitals would be destroyed, virtually entirely. Our doctors would be gone, our medicines would be gone. In a nuclear holocaust of this kind, those who were not killed right away would be burned with first-, second-, and third-degree burns. Anybody who has been burned knows the horrible agonies that you suffer when you are burned. Of course, there would be no relief from these agonies in such a war.

This is the kind of scenario that I think we shrink from, we do not like to think about, but I think should be called to our attention, because we should know what we are doing.

Just yesterday, the Senate decided to go ahead, along with the House, with the MX multiwarhead nuclear bomb that would provide for another 1,000 warheads in this country in 100 silos—tremendously unstable, in my view, and very likely to result in a launch-on-warning system, which would make this a far less secure world.

Mr. President, I ask unanimous consent that the article in the Baltimore Sun of May 11, 1983, headlined "All-Out Nuclear War Could Claim Half of Planet, Experts Say," be printed at this point in the RECORD.

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

ALL-OUT NUCLEAR WAR COULD CLAIM HALF OF PLANET, EXPERTS SAY

GENEVA.—A report released yesterday by the World Health Organization estimates that about half the world's population of 4.5 billion would be immediate victims of an all-out nuclear war.

The report, prepared by an international committee of 10 scientists, listed a potential toll of 1.15 billion dead and 1.1 billion injured in outlining the worst of three war scenarios which it said "do not include the extreme views."

It warned that the chances of injured survivors receiving any medical attention are "next to nil," and voiced doubt that "even a comprehensive civil defense policy would reduce significantly the number of casualties."

Compiled from various studies, the 151-page report assumes that in an all-out nuclear war 10,000 megatons of nuclear bombs are exploded all over the world, 90 percent of them in Europe, Asia and North America.

The report says that a war with smaller, tactical weapons totaling 20 megatons and limited to military targets in Central Europe would claim about 9 million dead or severely injured, with the same number of people suffering less serious injuries.

"Even if the attack is aimed only at military targets, the civilian casualties would outnumber military casualties by 16-1," it said.

In the third scenario, which supposed that the Houses of Parliament in London were the target of a single one-megaton bomb—80 times the explosive power of the Hiroshima bomb—the report lists 1.8 million dead and 1.7 million injured as potential casualties.

Authors of the report, submitted to the 159-nation health organization's annual assembly, include scientists from the United States, the Soviet Union, France, Britain, Japan, Sweden, Austria, Venezuela, Nigeria and the Netherlands.

The report said that after an all-out war, "devastation to the advanced economies of the world would be virtually complete."

"Money, banking, investment, and all the trappings of advanced economies would disappear," it said.

The postwar period would be marked by hunger, and "millions would starve to death in the first few years," the report added. Smoke from huge conflagrations "could envelop much of the Northern hemisphere," reducing the amount of sunlight reaching the earth's surface and "directly impairing agricultural activity."

The report said it was "generally believed that no state in possession of nuclear weapons has embarked on an extensive civil defense program that could protect a large part of the population.

"Quite apart from the extremely high cost, it is doubtful whether even a comprehensive civil defense policy would reduce significantly the number of casualties."

Protection provided by civil defense measures could be "neutralized by increasing the scale of attack," the report said.

"Moreover, the very fact of a country starting large-scale civil defense measures may be seen by the other side as preparing for nuclear war. In a climate of political tension this may precipitate the outbreak of such a war in a pre-emptive move," it added.

The chairman of the scientific panel was Professor Sune Bergstroem, of Sweden's Karolinska Institute. The other members were Dr. Itsuzo Shigematsu, chairman of Hiroshima's Radiation Effects Research Foundation; Professor Alexander Leaf, of Harvard Medical School; Sir Douglas Black, president of Britain's Royal College of Physicians; Nikolay P. Bochkov, director of the Moscow Institute of Medical Genetics; Dr. Raeluf J. H. Kruisinga, of the Netherlands; Dr. Sigvar Eklund, former director general of the International Atomic Energy Agency; Professor Maurice Tobiana, of France's Gustave-Roussy Institute; Dr. Guillermo Whittembury, of the Venuzuelan Institute of Scientific Investigations, and Gen. Olusegun Obasanjo, of Nigeria.

THE CAMBODIAN GENOCIDE: THOSE WHO STILL SUFFER

Mr. PROXMIRE. Mr. President, the Washington Post ran an article this week on the troubled art of Cambodian children. These children have suffered terribly at the hands of the Communist Khmer Rouge in Cambodia. The drawings described by the article depict executions, torture, and starvation at the hands of the Communist Khmer Rouge who formerly ruled in Cambodia.

Several of the pictures drawn by the children show people tied to trees being stabbed or shot. Others portray mass graves.

These are not drawings of the imagination, the article reminds us. They are memories of scenes witnessed or experienced by the children themselves, children who have been orphaned and in some cases saw their parents' execution.

The article notes that—

(M)ore than four years after the Khmer Rouge were driven from power, the Cambodian children still suffer from painful memories. Many are still tormented by sights of the brutal deaths of parents and siblings, and many are still struggling to work out their anguish.

You can see the trauma in the pictures these children draw, children who are living reminders of the horrors of the Cambodian genocide. For us, these horrors tend to fade into abstraction over time. But the horrors refuse to fade from the memories of those who suffered.

It is their continued suffering that reminds us of the need to speak out against such atrocities wherever they exist. This reminder is especially strong, because the suffering of children strikes us in a particularly painful way.

We cannot make the suffering miraculously go away for those who have witnessed such horrors in the past, but we can provide hope for those whose human dignity and freedom are threatened now.

Mr. President, this was a planned, premeditated attempt at extermination, in my judgment, definitely a genocide. It is the kind of action that would be proscribed by the Genocide Treaty, which every developed nation in the world except the United States has ratified—we have not; which every President in the United States has called on us to ratify since 1949—the Senate has failed to do so; which many House Members have said we should ratify, but they do not have any voice in this, this is entirely a Senate matter.

I think the time certainly has long since passed when we should have acted on this. Once again, I urge my colleagues to consider the horrorifying drawings of these young children and to take immediate steps to ratify the Genocide Treaty.

Mr. President, I yield the floor.

ERA HEARINGS BEGIN IN SENATE

Mr. KENNEDY. Mr. President, the Senate Judiciary Committee's Subcommittee on the Constitution began hearings today on Senate Joint Resolution 10, the Equal Rights Amendment.

We were fortunate to have as one of our witnesses Marna S. Tucker, a distinguished attorney who has taught "Women and the Law" at the Catholic University and Georgetown University law schools; she is also the head of the section on individual rights and responsibilities of the American Bar Association, and founding member of the Women's Legal Defense Fund. In addition, she has an active family law practice in the District of Columbia.

Ms. Tucker spoke eloquently of the need for ERA, and provided valuable assistance to the subcommittee as we began consideration of this important matter in this Congress. I ask unanimous consent that the text of Ms. Tucker's statement may be printed in the RECORD.

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

TESTIMONY OF MARNA S. TUCKER BEFORE THE SUBCOMMITTEE ON THE CONSTITUTION OF THE SENATE JUDICIARY COMMITTEE

Chairman Hatch and Members of the Committee, I am Marna S. Tucker. It is my privilege to appear before you today. My interest on the issue reflects my affiliation with the Women's Legal Defense Fund, which I helped found and the National Women's Law Center, of which I am a member of the Board.

The WLDF was organized in 1971 as a vehicle for educating the public on legal and political issues of importance to women and for facilitating litigation attacking sex discrimination in all forms. Over the years, we have been invited to present our views to Congress on dozens of matters. And, we have participated in hundreds of law suits at all levels of federal and state courts.

We are here today to urge this Committee, and the Senate, to demonstrate to the women of this Nation that discrimination on the basis of sex has no place in American life by again submitting to the states for ratification on Equal Rights Amendment to the Constitution of the United States.

The Equal Rights Amendment was first introduced sixty years ago by the National Women's Party, to complement women's newly won right of suffrage. The feminists of that time recognized that their recent victory was only the beginning of the far more difficult struggle to obtain equality in all aspects of American society. They were, unfortunately, very right in their assessment of how difficult the struggle would be.

Sixty years later, women have still only begun to achieve meaningful progress. The inferior status of women in virtually every economic and political sphere remains the norm. The total exclusion of women from participation at many levels in our society is still an embarrassing reality and a national disgrace.

The continuing existence of laws which sanction inequality or accept a diminished status for women have an effect far beyond the literal meaning of their terms. Each of these laws is a governmental expression to the public that inequality of rights is an acceptable public policy. Their mere existence is an affirmation that American women remain second class citizens. Only an Equal Rights Amendment to the Constitution of the United States will end this shameful treatment.

Without an ERA, we know that those rights which have been painfully won are incredibly fragile. Indeed, this Administration is proving this point beyond our worst fears. The Administration, during the past two years, has effectively undermined exist-

ing federal anti-discrimination legislation by its feverish rewriting of federal regulations designed by prior administrations (including Republican ones) to encourage equal opportunity. This Administration is clearly signaling to the Nation that equal rights for women is no longer an important item on our national agenda.

Only with the passage of an Equal Rights Amendment will our national commitment to equality for women be unequivocally and emphatically affirmed for all of our citizens, for all time.

We have learned that there is no acceptable substitute for an ERA. Neither the Fifth nor the Fourteenth Amendments' guarantees of equal protection under the laws provides us the guarantee of equality we seek. The Supreme Court has made this clear again and again by refusing to view classification based on sex as inherently suspect (as it does classifications based on race).

During the course of these hearings, you will undoubtedly hear many, many reasons why an ERA is needed to guarantee equality for women. In my own testimony, I would like to limit my remarks to a discussion of the three areas I feel I know best: family law, employment, and education. For me, these three areas hold special importance because I see in them more than particular types of discrimination with which every woman can identify. I also see a direct link between them and the phenomenon of the feminization of poverty.

In the area of family law, for example, I see every day in my own practice how the institutionalized discrimination against women as homemakers contributes to their desperate economic condition following divorce—a kind of discrimination that would not be tolerated under an ERA. I am talking about an economic disparity between divorced men and women that we, as women, have always known to be true and that studies are just now beginning to corroborate. Studies have shown then, in the year immediately following divorce, the financial security of women plummets by an average of 73% while that of their husbands increases by 43%.

The root causes of this disparity may be found in inadequate child support awards, unequal distribution of marital property, and insufficient arrangements for spousal support—three problems which themselves find their genesis in the undervaluation of the homemaker's contribution to the family and to the acquisition of marital property.

We know that an ERA will alleviate these aspects of discrimination because, for the past 10 years, we have been watching the steady progress that has been made in many of the 16 states which have incorporated an equal rights amendments into their state constitutions. The experience in these states has shown that according legal recognition to the value of homemaker services does ensure economic protection for homemakers and equity in the marriage. State equal rights amendments have been effectively applied to achieve economic equity in all of these critically important areas.

In the area of child support, state ERA's have been used to establish not only a mutual obligation of support by both parents, but also to accord economic value to the custodial homemaker's non-monetary contribution of child care and nurturing. Courts in Pennsylvania, Colorado and Texas have all recognized the value of the non-working parent's custodial contribution,[1] and have begun to issue support awards in accordance with the respective abilities for each spouse to contribute. The importance of these rulings for the economic well-being of the custodial non-working parent is clear: recognizing the economic value of the homemaker's contribution in the face of an equal and mutual obligation of support has resulted in comparable and equivalent financial support being assessed against the working, non-custodial spouse.

In the distribution of marital property, state ERA states have overturned outmoded common law notions of ownership and have been responsible for equalizing each spouse's share of marital property at the time of divorce. Consistent with the newly-emerging concept of marital partnership, the Pennsylvania courts,[2] for example, have interpreted that state's new equitable distribution law to require (in light of Pennsylvania's ERA) a starting presumption of *equal* distribution.

Finally, married women and particularly homemakers have also acquired new strength in the area of spousal support as a result of the passage of state ERA's. A Pennsylvania court recently struck down a rule imposing an arbitrary limit on a wife's right to support, declaring the rule inherently sexist in its requirement that a wife receive less than ½ of her husband's earnings, despite her own needs. The increased value accorded the husband's labor, accompanied by a devaluing of the wife's work as a homemaker, were viewed by the court as violative of the "spirit if not the letter of the Pennsylvania Equal Rights Amendment . . ."[3]

Clearly, the extension of legal rights and benefits to both men and women, and the simultaneous removal of gender-based presumptions and burdens that have been triggered by state ERA's have laid the foundation for a changing family law system that is more equitable and responsive to each family member's needs. In the emerging system, it is the needs, abilities, and unique contributions of each family member, rather than antiquated rules based on sex stereotypes, that form the basis of the laws and inform judicial decisionmaking. The experience in these states demonstrate the value of an equal rights provision in enhancing women's economic and legal status, and highlight the burning need for an Equal Rights Amendment to the Constitution of the United States so that these principles will be extended to all fifty states.

I would like now to call the Committee's attention to another area (actually two areas) in which the pervasive discrimination against women clearly calls for the remedy of an Equal Rights Amendment. I am, of course, speaking of the interrelated issues of employment and education.

Employed women are today paid only 60¢ for every dollar paid to men. There are, we feel, two principal reasons for this disparity. First, existing equal employment laws are inadequate and enforcement is insufficient. Second, our system of public education tends to withhold from women training for all but a handful of low paying dead-end "women's jobs."

The enactment of Title VII of the Civil Rights Act of 1964 was a significant step in addressing the more obvious problems of sex discrimination in employment. But, the statute has many gaps in its coverage. The most glaring omission is that the statute fails to protect the employees of employers of fewer than 15 persons. Another, and particularly ironic, omission is that Title VII was written to deny protection to the staffs of Members of Congress and the federal judiciary. One can only speculate as to what message these exemptions convey to the women of America about Congress' commitment to ending job discrimination.

As useful as it may be, Title VII is only a statute. And, statutes can be repealed at the whim of Congress. Similarly, a lack of commitment of an Administration to enforce statutory policies can undermine the best intention of an earlier Congress. As I mentioned before, we are seeing this now in this Administration. Only when the policies of equal opportunity which underlie Title VII are mandated by the Constitution itself will we feel truly secure that an end to discrimination in employment will be possible.

Equal educational opportunities are effectively denied to women by many jurisdictions through a pattern of formal restrictions and active discouragement of women and girls from entering vocational training programs. Only an Equal Rights Amendment will ensure that women will be able to obtain equal educational opportunities and thereby break through the trap of continually being only relegated to "women's work."

Of course, equal educational opportunity laws, like Title IX, are only statutes and, as such, can be repealed. Law-by-law, state by state efforts at eliminating sex discrimination simply will not do. We will never see an end to discrimination unless non-discrimination in all government activities, including education, becomes the fundamental law of the land. Only an Equal Rights Amendment will insure that women and girls will be given fair educational opportunities and that the wage gap between men and women will be eliminated.

There is another significant source of education and training to which access by women is severely restricted and frequently denied: that provided by the military services. The military is the single largest educational and training institution in the United States. It has taught millions of persons advanced skills and occupations which they might otherwise never have been exposed to. Indeed, military occupation training is the route by which many poor Americans are able to pull themselves out of poverty. Unfortunately, the military is one of the principal discriminators against women.

Indeed, this Administration's recent preclusion of women from some 23 Army military occupational specialties, which had been open to them under the previous Administrations, has effectively destroyed the Army careers of many women. Through this discriminatory preclusion, women have once again been denied access to many military occupation specialties which would train them for such non-traditional jobs as carpentry, plumbing, and other skilled trades.

The armed services, may, in a future Administration, reverse themselves. But such a reversal is likely to be only transitory. Only an Equal Rights Amendment will ensure

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[1] Commonwealth Ex. Rel. *Wasiolek v. Wasiolek*, 380 A. 2d 400 (Pennsylvania Superior Court 1977); *In Re Marriage of Trask* 580, P. 2d 825 (Colorado Appellate 1978); *Friedman v. Friedman*, 521, S.W. 2d 111 (Tex. Civ. App. 1975); *Krempp v. Krempp*, 590 S.W. 2d 229 (Tex. Civ. App, 1979).

[2] *Paul W. v. Margaret W.; Biana K. v. George K.; Henry Z. v. Regina Z.* (Pennsylvania Court of Common Pleas, Allegheny County), reported at 8 FLR 3013 (12/1/81).

[3] *Holmes v. Holmes*, 127 PLJ 196 (Court of Common Pleas 1978).

that women members of the armed services will have equal opportunity, based upon their individual abilities, to learn the skills that will significantly improve their economic lot in post-service life. Until an Equal Rights Amendment is added to the Constitution, a principal vehicle for lifting themselves out of poverty (and possibly the only meaningful one left after the massive social program budget cuts imposed by this Administration) will be denied to women.

If our years of litigation and lobbying for equality have taught us anything, it is that discrimination against woman is embedded throughout the fabric of our laws. For years, we (and similar organizations) have sought to root it out one law at a time. We have had some success in this. But, there are too many discriminatory laws remaining for the job to be completed in our lifetime. And, new laws are being enacted all the time. It is obvious to us (as we believe it is to any student of women's issues) that the only way by which real progress can be achieved in making our society one in which the opportunities and rights of women are truly equal to those of men is for the adoption of an Equal Rights Amendment.

The people clearly know this. The Equal Rights Amendment is supported by a margin of two to one in virtually all regions of the country. The will of the people has been frustrated over the past few years by a handful of narrow-minded and cynical state legislators. But, we have an obligation to ourselves and our children not to give up.

We ask you to once again submit to the states the Equal Rights Amendment so that America may finally become the land of equal opportunity.

ALASKA STATEHOOD

Mr. STEVENS. Mr. President, we are fast approaching the silver anniversary of the final passage of the Alaska statehood bill in the Senate on June 30, 1958. I would like to remind the Senate that one of our distinguished colleagues, Senator HENRY JACKSON, led the statehood fight in the Senate and, once again, deserves a heartfelt thanks from the people of my State.

My good friend, "SCOOP" JACKSON, as chairman of the Interior Subcommittee and floor manager of the bill, was one of those who planned the successful strategy to put statehood over the top. Alaskans had rejoiced when the House of Representatives passed the bill by a 42 vote margin on May 28, but we were well aware of the uphill battle in the Senate that lay ahead. The House had passed a similar bill in 1950 but the Senate had failed to act.

During this period, a number of newspaper and magazine articles appeared throughout the country on the statehood fight. I ask unanimous consent to have the attached articles printed in the CONGRESSIONAL RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Seattle Post-Intelligencer, June 4, 1958]

PUT IT OVER

Now that the House in Washington has voted statehood for Alaska the chances of Senate approval are encouraging, but they are not so good that they cannot be made better. And that is where all of us who want Alaska to become the 49th state come in.

Statehood faces political booby-traps. Senator James Eastland, Mississippi Democrat, is considering tying it to a completely unrelated rider, in other words, amending it to death.

Senator Bill Knowland of California is toying with the idea of trying to join it in a single bill with statehood for Hawaii, which in our opinion would be fatal to the hopes of both territories. Interestingly enough, Senator Knowland's fellow Republican senator from California, Senator Tom Kuchel, also thinks it would be fatal.

Because of the complexities of politics, the only way Alaska, or Hawaii, can achieve statehood is to be considered separately.

Alaska is the predominant candidate this year.

[From the Washington Star, May 29, 1958]

TOUGHER FIGHT SEEN IN SENATE ON ALASKA BILL

(By Robert K. Walsh)

Alaska's drive for statehood ran into Senate obstacles today, even tougher than those it overcame in the House.

Republican Senate leaders indicated they will demand that Hawaiian Statehood legislation be tied to the Alaskan measure passed late yesterday by a 208-166 House vote.

House leaders said they have no plans to bring up a Hawaiian Statehood bill until the 86th Congress convenes next year.

Sources close to Senate Democratic Leader Johnson of Texas said they are confident the Alaska bill would come to the Senate floor by mid-June.

But Senator Eastland, Democrat of Mississippi, an avowed opponent of statehood for Alaska or Hawaii, said that if an attempt is made to consider either bill in the Senate he will offer as an amendment an equally controversial bill to limit review powers of the Supreme Court. Opponents of the Supreme Court measure have indicated they would talk at length against it.

SPEED SOUGHT

Senator Murray, Democrat of Montana, Insular Affairs Committee chairman, said he plans to go before the next meeting of the Democratic Policy Committee and insist that the Alaska bill be scheduled for floor action without further delay.

Senate Republican Leader Knowland of California expressed belief there are enough votes in the Senate to pass both an Alaska and a Hawaii bill.

The House roll call approving the Alaska bill yesterday showed almost the same margin for Alaska Statehood as did a House vote of 186-146 in 1950. The Senate that year adjourned without considering the House bill. In 1954 the Senate took up an Alaska bill and passed it, 46 to 43, after including Hawaii. The House refused to act on the combined bill.

[From the Washington Post, May 30, 1958]

ALASKA STATE BILL FACES TWIN THREAT OF FILIBUSTER AND INCLUSION OF HAWAII

(By Richard L. Lyons)

The twin Senate threats to the House-passed Alaska statehood bill—filibuster and a move to add Hawaii to it—were pointed up by two statements yesterday.

Sen. James O. Eastland (D-Miss.) told reporters that if the Senate takes up the Alaska bill he will try to tack on as an amendment the highly controversial Butler-Jenner bill to curb the powers of the Supreme Court.

Under the wide-open Senate rules an irrelevant amendment could be offered and debated as long as members wanted to talk. Unless it boomeranged and was quickly squelched, Eastland's move could have the weird effect to touching off a filibuster involving liberals who favor statehood but oppose the Court bill.

KNOWLAND UNDECIDED

Senate Republican Leader William F. Knowland (Calif.) told reporters he hasn't made up his mind what to do if Democratic leaders refuse the assurance that a vote on Hawaii statehood will follow immediately after Alaska.

Knowland has said he favored keeping the bills separate if a vote was promised on each. He added that he thought Alaska could pass the Senate on that basis.

Democratic leaders have given no promise of a vote on Hawaii, the Republican favorite. And in any event statehood opponents are expected to try to tie them together. This has killed statehood bills before by letting objectors to either of them team up to kill them both.

As in the House, a large part of the Senate opposition to new states is political and sectional. The South, doesn't want new "northern" states that would upset its balance of power. The state of Alaska would add two members to the Senate. Each state's portion of the Senate's power would then be cut from one forty-eighth to one forty-ninth.

HOUSE ARGUMENT DIFFERS

In the House, the same argument is made but from a different direction. No new members would be added. House membership is frozen by law at 435. Some state somewhere would have to give up a seat to Alaska—and to Hawaii.

There are several answers to the House argument.

In the first place, it won't happen until the 1962 elections. The Alaska bill temporarily lifts the ceiling on House membership by one until the general reapportionment of House seats after the 1960 census.

Furthermore, some states lose or gain members every 10 years anyway as they gain or lose population. In the next apportionment after 1960, the mass scale shift of seats to fast-growing states like California, will make Alaska's one seat look like peanuts.

At the rate it is growing, California may pick up 10 seats in 1962. Arizona, with a 51 per cent growth in population, probably will pick up one or two. Florida will gain several.

These seats will be taken away from states which have stood still or lost population. One of the states that has lost population since 1950, according to the Census Bureau, is West Virginia. But four of its six House members voted for Alaska statehood.

Congress can raise or eliminate the ceiling on House membership. Congress imposed it only after the present 48 states had been admitted. Until then House membership had increased as new states were admitted. The Constitution says only that each state must have at least one member in the House and none shall have more than one for each 30,000 population.

ALASKA: LAND OF BEAUTY AND SWAT

In the House dining room of the Capitol one day last week, a youthful dark-haired man was having lunch when he heard the roll-call bell. He jammed the last quarter of his tuna sandwich into his mouth, gulped his coffee and hurried up to a gallery overhanging the Democratic side of the aisle. There, Michael Anthony Stepovich, 39, Alaska's first native-born Governor, watched intently as one by one the Congressmen below called out their votes. A few minutes later, the House passed the Alaska statehood bill. Stepovich glanced at his wife sitting a few seats away, and broke into a broad, gold-tipped smile.

Mike Stepovich, happy as a sourdough with a new-found nugget, turned to leave, stopped to sign autographs for well-wishers, then stepped outside to pose for pictures and some hugs-and-backslap horseplay with Alaska's Democratic Delegate E. L. ("Bob") Bartlett and with two engineers of the House victory: New York's Democrat Leo O'Brien and Pennsylvania's Republican John Saylor. It was Floor Manager O'Brien, counseled at every turn by Speaker Sam Rayburn, who had beaten back strong-willed opposition from Virginia's Democratic Howard Smith, chairman of the Rules Committee, and Minority Leader Joe Martin, "It's great, it's great," sighed the Governor. "I'm very happy for the people of Alaska."

The people of Alaska were happy for themselves, too. In the Moose Hall on Franklin Street in Juneau, American Bar Association President Charles Rhyne (Time, May 5) had just finished his speech to the Alaska Bar Association when a newsman slipped in, gave the news of the House vote and sparked the audience to cheers. Throughout the territory, the cheers echoed, sometimes with a little reservation ("We've been this far before"); the Fairbanks News-Miner front-paged a picture of a pair of hands with fingers crossed (for the bill needs Senate approval). In Fairbank's Elks Club, scores of Alaskans tied on a wingding of a binge. At bars and soda fountains, drinks were on the house. Said a Unalakleet-born Eskimo named Oliver Amouak: "It's a good thing. I like to see it come on fine. I will enjoy my first vote for President."

CRICKS AND DAFFODILS

To Alaskan oldtimers, even the weather had augured well for statehood. Not since 1912, when Alaska first became an organized territory and won its first real, if tiny, measure of home rule, had the winter been so mild and the breakup so early. Parkas, mukluks, beaver caps and sealskin coats were thankfully stored away. The ice was gone from the Yukon River, and from the Porcupine, the Koyukuk and the Selawick. Out to Woodchopper, to Steel Creek, Poorman and a hundred other placer gold camps, packed the glint-eyed prospectors in search of a glint in the sand and gravel. In the villages of the Panhandle in the southeast, the red salmonberry blossoms fluttered, and the Indians span out to gather wild celery and Indian rhubarb, came home for feasts of delicate herring eggs (cooked in seal oil, garnished with soy sauce). Spring yawned in the lower valleys, and out popped the arctic poppy, shooting star, lupine and forget-me-not (Alaska's official flower). And now, after a long winter's self-imposed confinement, out lumbered the great Alaskan bears—and with them the sudden sparkle of high military brass from Washington, who, it just so happens, favor the bear season as the best time for Alaskan inspection trips.

School was out, and that meant that once again Eskimo and Indian children in the Alaska Native Service boarding school in the Panhandle were flown home to their villages in Anaktuvuk Pass in the Brooks Range, and to Chukwuktoligamut near the Bering Sea. In the heartland city of Fairbanks (pop. 11,000), fourteen hundred 4-H Club members relieved their mothers of that wintered-in, cabin-fever feeling by piling outside and scurrying to register for their summer activities. Bud Hilton's Thawing Service advertised steam-cleaning service for building exteriors, while out on the Alcan Highway, dust warnings replaced ice-warning signs. On the Fairbanks outskirts moose calves, abandoned by their mothers, bawled like babies, and into a downtown pool hall waddled a full-grown porcupine. It was 80° in the Panhandle's Ketchikan, and 60-lb. salmon flopped through the water in search of fishermen. Farther up the Panhandle, in the capital city of Juneau (pop. 7,200), gardens danced with lilacs and daffodils, and folks admired the new paint job that glistened on the twelve story Mendenhall apartment building (preparation, some gossiped, for the filming of Edna Ferber's Ice Palace). In a cocktail lounge a jukebox played Squaws Along the Yukon ("Oogah, oogak, oogah, which means I love you, won't you be my honey so I can oogah, oogak, you?).

NICKELS AND PEANUTS

On the coast of Baranof Island, Sitka, last capital of Russian America [1] was bustling with the clack and crunch of a new $55.5 million pulp mill building. Up to the north, Nome's Sah Yung Ah Tim Mim Chapter (Eskimo's talk for "strength gone from the body") of the National Foundation for Infantile Paralysis was busy pressing its immunization drive, and Bush Pilot Neal Foster, 41, reported that Nome (pop. 2,000) was having a pleasant day at 45° and that "a bunch of people are getting their boats in the water here now, mostly for seal hunting."

Perhaps the most surprised man in the whole territory was Alaska's own Attorney General J. (for James) Gerald Williams, who had confidently offered to roll a peanut with his nose from Big Delta 120 miles to Tok Junction, if Alaska should win statehood.

POLKA DOTS AND PIONEERS

Doubter Williams and more particularly, the rearguard of anti-statehood people have a certain amount of cold logic on their side. Despite its rapid urban development, Alaska is still a wildly savage land. It is bigger (586,400 sq. mi.) than two of Texas plus one Indiana, and 99% of the land—much of it faceless tundra—is owned by the Federal Government. Nearly one-fourth of the 213,000 population is in military uniform manning a polka-dot pattern of defense posts, and the rest of its inhabitants depend chiefly on two sources of income: fishing and timber.

But the statehood forces are encouraged—not awed—by such statistics. They see Alaska as resources waiting for resourcefulness, as a challenge to be met better by home government than by the Interior Department, 3,500 miles away in Washington. For more than anything else, statehood is a matter of heart, a spirit singing. In the cities, in the countless villages that all but defy outside contact, the zest to build and to carve something fresh and distinctive beats with the same kind of pioneer's pulse that drove the trail blazers of the continental West.

LOOK SHARP

"There's no second-generation money here," says 38-year-old Anchorage Millionaire (real estate) Wally Hickel, who went to Alaska from Claflin, Kans. in 1940 with 37¢ in his pocket. "This is the crib. We're it. We're trying to make a Fifth Avenue out of the tundra, to accomplish in less than 50 years what the U.S. did in 100. Where else could you get that kind of mission, in a land that cozies you with beauty on one hand and swats you hard—if you're not looking sharp—with the other?"

Says Alaska Federation of Labor President Bob McFarland, 47 (home town, Republic, Wash.): "You find so many brilliant people here, people attracted by the sense of challenge that Hawaii, for example, could never supply. Yet life is slower and tastier somehow. I've been back to New York twice—a walk up Times Square and I've just about had it. Now put the reins in our hands and see what we do with it." Says Governor Mike Stepovich: "Only the people of little faith are against statehood now."

COFFEE ROYALS AND PAN GINNEY

Mike Stepovich typifies the pioneer's sense of destiny better than any Alaskan Governor before him. A Republican appointed by a Republican Administration, Stepovich handles himself like a man of the people, and the people—65% Democrats, 35% Republicans—like him that way. That they like best is his open-faced friendliness, his native talent for conveying to doubters "outside" what Alaska is all about. "I'm Mike Stepovich," he says quietly to strangers, and then, tentatively: "I'm Governor of Alaska." Unschooled in the well-oiled sophistication expected of Governors, he is content to make his points with an earnest warmth that radiates when he waits his turn in a bowling alley or a barbershop—or a territorial committee meeting. And beneath all of this is the tough mettle that was born in him and was strengthened on the cold, hard anvil of Alaskan living.

Mike was born in a Fairbanks log cabin on March 12, 1919. His father was known far and wide as "Wise Mike," an emigrant from Seribia who followed the gold rush call to Alaska in 1898. Wise Mike was rugged and sometimes mean tempered, and there are those who say he won his nickname with wise-guy answers to everything. His breakfast appetizer was four or five coffee royals—a couple of slugs of bourbon sweetened with a dash of coffee—and his hobby was seven-deck "pan ginney" dealt out at the Pastime Café. Wise Mike laboriously scratched dust for 30 years before he came up with a modest gold strike, but instead of investing it in "pan ginney," he put his faith in Alaska and bought real estate in Fairbanks.

[1] Established by Alexander Baranof, a Siberian dry-goods salesman, manager of the Russian American Co., chartered in 1799 by Russia's Emperor Paul. Ordered to promote discovery, commerce and agriculture and to propagate Christianity. Baranof virtually ruled Alaska for 20-odd years. Through his trading company, which was to Alaska what Hudson's Bay Co. was to Canada, Baranof ably enhanced Russia's claim to the territory by organizing the country, setting up trade relations with England, the U.S. and Spain, and turning Sitka itself into a glittering, sophisticated Russian colony.

CATS AND DOGS

The Stepoviches were divorced when Mike was an infant, and his mother took him to Portland, Ore. when he was six months old. When he was 16, young Mike began spending his summers near Fairbanks working in his father's mines. For $5 a day, he drove a "Cat" and bought food for the camp, sometimes packed in 35-40 lbs. on his back across swampy terrain. Alaska's beauty and swat got him; he decided to take a permanent swat at it himself.

Back in the states at Columbia Prep. and later at the University of Portland and Spokane's Gonzaga University, Mike played baseball (first base), gave up a chance to turn pro, went on instead to Notre Dame for his law degree. After that, he put in 3½ years on Navy desk duty, was discharged a yeoman third class. In 1947 he returned to Portland to court a hearty, good-looking social worker named Matilda Baricevich. "Mat" knew that marriage to Mike meant frozen bliss in the tundra. "I rather looked forward to it," she says, "even though I had the usual idea of eternal snow and sled dogs cuddling up to you in a cabin for warmth." Mike went on to Fairbanks in the fall of 1947, took his bar exams. Before the year was out, he was appointed city attorney and had settled down with Mat in a four-bedroom frame house.

STEP BY STEP

Mike soon quit his job to set up private practice in a cubicle on Cushman Street. He liked the law but being the friendly sort, found it hard to apply himself seriously. He lost his papers on the way to court to try his first case; he seemed forever to be playing golf or shooting the breeze with friends on Cushman Street while Mat stayed home and cared for an increasing crop of children—now the famous "eight little'itches" (five months to nine years old), who are part of a Step-by-Step plan that calls for an even dozen children.

Alaska was growing, and so was Mike Stepovich's awareness of it. In 1950 he ran for a seat in the territorial legislature. He was elected to three terms. It was in the legislature, under the tutelage of an old friend and longtime Republican bigwig named John Butrovich Jr. ("Butro and Stepo") that Mike sank himself deep into Alaska's problems.

YAHOOS AND TEARS

For years, the statehood theme had whisked like a williwaw across the territory, sweeping up the visionaries, tossing the stubborn into stormy waves of opposition. In Washington, Alaska's longtime (first elected in 1944) delegate to Congress, onetime Gold Miner Bob Bartlett, spent his days and nights trying to carve out a 49th star on an unrelenting congressional conscience. Another missionary was a former newsman and editor of the Nation, Dr. Ernest Gruening (Time, June 16, 1947), appointed Governor of Alaska by Franklin Roosevelt in 1939. A diehard conservationist, crusty Ernest Gruening soon realized that Alaska's sleeping giant needed prodding, even at the cost of some of his own conservationist ideals. Says Anchorage Times Publisher Bob Atwood: "Gruening taught Alaskans that they could speak up and yell like yahoos for their rights."

In late 1955 a band of 55 Alaskans, elected by the voters, met at the University of Alaska near Fairbanks. Housewives, lawyers, pilots and merchants, they brought with them packets of state papers, copies of constitutions and history books, set to work writing a provisional constitution. For 75 days, the Alaskans labored, phrasing, rephrasing, arguing. At length, on Feb. 5, 1956, emotionally spent, physically exhausted, brimming with pride, they voted tp approve a finely hewn document. "These are good, tough men and women, and I wondered if we might not be getting carried away," recalls Alaska University President Ernest N. Patty, "so I looked for [Real Estate man] Muktuk Marsdon—this big, tough man with a face like granite. And there he was, digging tears from the corners of his eyes and actually throwing them down on the floor—completely disgusted with himself, apparently, but unable, as the rest of us to hold it back.

BEST FRIEND

Congress was unimpressed. Eisenhower's Interior Secretary Douglas McKay appeared similarly uninterested. It was only after McKay's resignation in 1956 that Alaska's hopes grew again. President Eisenhower appointed Nebraska's Republican ex-Senator Fred Seaton to McKay's job, and Seaton became the best friend Alaska statehood ever had in official Washington.

Fred Seaton flew into Alaska in 1957, looking for a new Governor. "There were 17 candidates and a dozen others being urged by individuals or groups," says he. "I saw this young lawyer in Fairbanks. Just 37 at the time. He never applied for the job. The more I saw him, the more I knew I was going to recommend him." Steering Mike Stepovich from behind were two powerful Republicans: Territorial Senator Butrovich and Fairbanks Publisher (News-Miner) Bill Snedden.

TIME TO SHINE

"You know," says Mike Stepovich, "a fellow doesn't quite realize, right after his election or appointment to such a job, just how much it means. People say hello, everything's gay and fine. And then comes that time—the time when you know you're going to have to stop just showing your teeth and start producing." Mike started producing right after his inauguration in June 1957. Says Matilda, who calls him "Mali" (Slavic for "little boy"): "When we were living in Fairbanks and Mali was practicing law, the jacket pocket on every one of his suits used to be torn from getting caught on a parking meter where he'd be leaning up while talking with the boys. There haven't been any torn pockets since we came to Juneau. But he's getting a shine on the seat of all his trousers."

No cheechako (newcomer), Mike Stepovich knows his country, puts in a solid day's work in his office in Juneau's grey stone Federal Building, deals with the 47 appointive territorial boards and commissions, oversees emergency work projects, orders examination of fiscal programs that will help prove Alaska's ability to stand alone, confers with Washington and territorial officials, studies his mail, e.g., "We the undersigned students have been recently examined by Dr. Brownlee and 60 having been found with defective teeth, do humbly petition our Governor, Mike Stepovich, to send us a dentist."

TIME TO CHANGE

Up on Squaw Hill, in the three-story, columned gubernatorial mansion, Mike pursues a rollicking, split-second family life. The eight little 'itches have to be undressed in assembly-line fashion for their showers; the mansion's third floor is blocked off ("We're always losing Dominic," says Matilda); Band-aids, next to food and clothing, are the big expense, what with the children falling downstairs or sliding too fast down the bannisters, or falling off the gubernatorial totem pole that stands outside. After dinner and a session of TV-watching, church-going Roman Catholic Mike sings out: "Prayers, everyone, let's say our prayers." He and the youngsters then kneel in a cluster about a big armchair before they are paraded off to bed.

In the morning Mike swings out of bed at 6:30, goes down the hall to look in on the children, methodically counts heads as he passes from room to room. Then, midst the morning chatter and leggy tumbling of this brood, the Governor of Alaska hoists his three youngest children to the stately hardwood table on which, 91 years earlier, U.S. Secretary of State William Seward proudly signed the historic Alaska purchase with Russia (for $7,200,000) and, one by one, proceeds to diaper them.

DISCOVERY

Mike's use of so hallowed a table symbolizes no bottomless irreverence for Alaskan tradition, but rather the muscular spirit of the ever changing, booming vastness that was once a faraway, forgotten frontier. As Governor, he has, in a sense, discovered Alaska all over again. "Man," says he, "it wasn't until I got into office that I really began to appreciate, with our resources potential, how much we could have accomplished even by now, if only we had the freedom and the responsibility to operate."

Stepovich's Alaska faces problems that will only become more intense with statehood. Once federal supervision and federal dollars are removed, Alaskans, who now pay a territorial income tax equal to 14 percent of their federal tax, will have to dig even deeper to pay increased costs of self-government. They are already strapped by what they call F.C.L.—fearful cost of living. Virtually everything Alaska uses is brought in by steamer and airplane, and because the territory produces so little for ships and planes to haul profitably back to the States, the freight charges boost retail prices to alarming levels. A Seattle dollar shrinks about 19¢ in Juneau, 29¢ in Anchorage, 35¢ in Fairbanks. Wages consequently run 15–40 percent higher than comparable Stateside payrolls, and that is a factor that holds back large-scale investment from Stateside in Alaska's potential.

RHAPSODY IN RICHES

But Alaska's promise sends statehooders into rhapsody. The oil boom, centered in the Kenai Peninsula, has brought the big U.S. oil companies hurrying north to drill the place full of holes—even though drilling a well there costs almost three times as much as it does at home—and already they have filed for leases on 27 million acres. The timber business racked up $34.3 million in 1957, and that economic youngster is still in short pants. Near Ketchikan, hard by the 16 million-acre Tongass National Forest, is a new, $52½ million pulp mill, and timber folk talk about production of 2 billion board feet a year (*v.* 33 billion Stateside). Scarcely tapped, too, is Alaska's mineral treasure, which boasts 31 of the 33 metals on the U.S.'s critical list (exceptions: industrial diamonds, bauxite). The North American continent's only major tin deposits lie in the Seward Peninsula, and some of the world's biggest known iron-ore deposits wait in the Klukwan section. Coal, as one engineer says, is "all over the damn place."

Alaska's biggest business is fishing (1957 take: $93 million), which is controlled by Se-

attle packers, supervised by an absentee government—and this outside control is the pet hate of Alaska statehooders. They claim that it weakens the Alaskan labor market by bringing in outsiders for half its 25,000 seasonal work force, and more important, severely depletes stocks by the use of fish traps. As it is, the industry is slipping (8,000,000 cases packed in 1936 v. 2,500,000 in 1957), and the sagging market makes it all the more imperative that the new state get new, diversified industry if it is to pay its own way.

OPULENCE AND ELEMENTS

Alaska has already made a running start with the resource of people. Anchorage, near the Kenai Peninsula, vibrates with a population of 35,000, has an opulent subdivision of $35,000 homes built by enterprising Wally Hickel. Two tall apartment houses peak the skyline, a glassed-in, year-round swimming pool ripples within sight of icy mountains, and fashionably dressed men and women frequent the Westward Hotel's spiffy cocktail lounge. Juneau still straggles with dingy, narrow streets from the roaring gold-rush times. Local phone service ends twelve miles from town, electricity 19 miles, the road 26 miles. In Juneau too, as if insulated from the rest of the territory by the mountains, are those who are most vocal against immediate statehood, led by the Juneau Empire's Publisher William Prescott ("Alamo") Allen, a former Texan.

Fairbanks was once a settlement quilted with sod-chinked log cabins. Today, livelier than ever, it still has many cabins, but the city has good utilities, the University of Alaska (on-campus enrollment: 700), a handsome Professional Building, and an urban redevelopment program that is chewing up the old cabins once inhabited by the bawds of "the line" to make room for more acceptable businesses.

Alaska has a stir and a throb that reaches far beyond the cities, into the tundra, across the forbidding mountains and glaciers, into the valleys. For most Alaskans, each day is a dare, each night a doubtful victory. Territorial Police Superintendent Bob Brandt's meager force of uniformed police and U.S. deputy marshals patrol the vastnesses in planes, helicopters and on dog sleds, alert for signs of old trappers who sometimes die on the trail and are eaten by their dogs; for pillagers who ransack the remote cabins, where a food cache is a guarantee of life for the inhabitant; for the hardy men who are inexplicably swallowed up in the unmapped oblivion.

DYNAMIC CHEMISTRY

The airplane, operated by scheduled airplanes as well as by oldtime bush pilots and private owners, is the tie to the cities for the thousands who live in wilderness villages. Airlines touch Point Barrow in the far north on the Arctic Ocean. Kotzebue on Kotzebue Sound, Attu in the Aleutians. Bush Pilot Don Sheldon, 36, hauls Indians and Eskimos, dog teams, pregnant women, dynamite and lumber, drops his handy craft onto a slippery strip in Umiat or on crags high in the mountain ranges. He brings groceries to Schoolteacher Charlie Richmond (home town: Tuxedo Park, N.Y.), who lives in Sleetmute (pop. 120) on the Kuskokwim River, where English-speaking Eskimos still attend Sleetmute's Russian Orthodox Church. Pilots transport Fairbanks Attorney Ed Merdes, 32, head of the Alaskan Junior Chamber of Commerce, who periodically visits club chapters in such places as Metlakahtla, south of Ketchikan. And they see, day after day, the strengthened heart of a people willing to challenge new frontiers.

"I tell you this," says John Butrovich, with the special kind of awe that seems to flourish in Alaskans "a dynamic chemistry is working here." That chemistry is a passion for life and growth. To Mike Stepovich and the rest of Alaska's leaders, statehood is a birthright, and they have etched that declaration on the skylines of the cities and on the cold, unyielding glaciers of their land.

[From the U.S. News & World Report, July 11, 1958]

HOW THE 49TH STATE WILL CHANGE U.S.

Alaska will take its place as the 49th State in the union by Christmas of this year. Hawaii, if present plans work out, is likely to become the 50th State before the end of 1959.

A place in the union was assured for Alaska on June 30 when the U.S. Senate voted in favor of Alaskan Statehood, 64 to 20. The House of Representatives, on May 28, 1958, had approved an identical bill by a vote of 208 to 166.

Statehood for Hawaii in the not-distant future was made virtually a certainty by the size of the vote for Alaska and by the political pressures now built up.

STATEHOOD MACHINERY

In the case of Alaska, the machinery that turns a territory into a State will soon begin to move. By or before August 1, Michael A. Stepovich, now territorial Governor of Alaska, will proclaim dates for primary elections and a general election to select officials and legislators—including two Senators and one Representative in Congress—who will govern and act for the new State.

In either the general or primary election, or in a special election, the people of Alaska must decide by ballot whether or not to accept the invitation to join the U.S. Governor Stepovich says that the vote will be at least 10 to 1 to accept.

Once all preliminaries are completed, President Eisenhower will proclaim Alaska to be a State. This proclamation will come before the end of 1958.

A 49th star then, by law, will go into this nation's flag on July 4, 1959. Alaska's two Senators and one Representative will take their seats in the 86th Congress on Jan. 3, 1959—unless Congress changes the opening date—to represent the first new State to join the union since Arizona was admitted in 1912.

REWRITING THE ALMANACS

The moment that Alaska is proclaimed a State, many things will change.

Texas will become next to the largest, not the largest State in the union. Nevada will become the State with next to the smallest population, not the smallest. The population of the United States will go up by 210,000. The highest mountain peak in the United States will become Mount McKinley, at 20,320 feet not Mount Whitney in California, at 14,495 feet.

New boundaries for the U.S. will be laid down. For the first time in American history, the nation will have a State that is not contiguous to any American territory and one that lies partially within the Arctic Circle. Canada will be bounded on the northwest, as well as on the south, by the United States. Soviet Russia will become the next-door neighbor of the U.S.

The almanacs will show that within the United States there are 21 active volcanoes, all, but one in Alaska. Montana's glaciers will take second place behind those of the 49th State. The Kodiak bear, the polar bear, the walrus, the sea otter will join the fauna of the nation. So will the seals on the Pribilof Islands, breeding grounds for 80 per cent of the world's fur seals.

The coldest spot in the country next winter will not be Bismarck, N. Dak., but Fort Yukon, Alaska, where the thermometer has dropped as low as 78 degrees below zero. The wettest spot will not be the Puget Sound area of Washington State, with 140 inches of rainfall, but Latouche in the Alaskan panhandle, where the average annual rainfall is 177 inches.

4,000 MILES OF HIGHWAY

Alaska will be the only State not reachable by railroad. It can be reached by automobile over the Alaskan Highway, 1,200 miles of which lies in Canada. To make the total motor trip from the U.S. border to Fairbanks, Alaska, requires a minimum of eight days—about the same time it takes to drive across the U.S. from New York to San Francisco. The distance is around 2,350 miles starting from Great Falls, Mont., or Seattle, Wash.

There are about 4,000 miles of highway in Alaska, most of it paved. This is about 2,000 miles less than the 5,843 miles of city streets in New York City.

YOUTH AND GROWTH

Alaska is a young man's country. The median age of its population is only 26 years—that is, half the people are older than 26, half are younger. The comparable figure for the United States is 31.

Because of its young population, Alaska's birth rate is well about the U.S. average. It stands at 35 births for each 1,000 of population each year. The U.S. average is 25.

In percentage of growth, if the new State holds its present pace, it will exceed every other State with the exception of Nevada, which it now equals. Between 1940 and 1950, the population of Alaska increased by 77 per cent, while that of the U.S. went up by 14 per cent.

Numerically, of course, Alaska's growth is not as startling. It gained an estimated 56,000 people between the 1950 census and 1957. That is a greater gain than each of 12 other States made during the same period. Twenty-eight States, however, picked up more than four times that number of people. California gains as many people in six to eight weeks as Alaska gained in the seven-year period.

ALASKA'S GOVERNMENT

The new State is all set to establish a government much like those in most other States. The Alaska constitution, written in 1955 by a constitutional convention of 55 delegates, was given approval in the Statehood bill that passed Congress. The job of writing the constitution took 75 days.

Under the terms of the constitution, the citizens of Alaska will elect a Governor, a secretary of state and a legislature. The Governor's term will be four years, and no one can be elected to more than two full terms.

The first Governor of Alaska as a State could conceivably serve very close to three full terms. He will take office Jan. 1, 1959, and his term will expire Dec. 3, 1962, just 28 days less than a full four-year term. The constitution provides that a Governor serving less than a full term still could be elected to two four-year terms.

The Alaskan legislature will consist of two houses—a Senate of 20 members and a

House of Representatives of 40 members. Senators will serve four-year terms, and Representatives will serve for two years.

POLITICAL IMPACT

Though Alaska, with its 210,000 citizens, will be the State with the smallest population, its entrance into the union is to have considerable impact on the politics of the nation.

Alaska's two Senators will push Senate membership up to 98. Their two votes could swing the balance of power on many questions, especially if the Senate remains closely divided between the two parties as it has been for the past six years.

In the U.S. House of Representatives, Alaska's Representative will push membership up to 436, temporarily. In 1960, after a new nation-wide census, House membership will revert to 435, with this number reapportioned among the States on the basis of new population figures.

AS ALASKA GOES . . .

Alaskan politicians hold that Alaska's voting is a better indicator of national political trends than Maine ever was. As a territory, Alaska's elections have preceded national congressional elections in the States.

In 1946 and again in 1952, when Republicans won control of Congress, Alaska had voted Republican. In 1948, 1950, 1954 and 1956—all years when Democrats won control of Congress—Alaskans voted Democratic.

The Democratic victory in 1956 was a landslide. Since then, both Republicans and Democrats have been busier with the final push for Statehood than with politics. Now, with Alaska's star stitched on the flag, politics is expected to get back to normal.

Politics, however, is about the only thing Alaskans expect to get back to normal. With Statehood an accomplished fact, they look for their part of the world to boom as never before.

[From the U.S. News & World Report, July 11, 1958]

ALASKA: LAND OF OPPORTUNITY? YES—FOR THOSE WHO ARE WILLING TO WORK AND WAIT

FAIRBANKS, ALASKA.—This new State of Alaska is a land of great opportunity—but a land, too, of great problems and real hardships.

It is no "El Dorado," where streets are paved with gold. If a man wants to get rich quick, Alaskans advise him to go elsewhere.

Opportunities are here in profusion. Natural resources of all kinds are waiting to be developed. There is plenty of room—and a great need—for new business ventures. Many young men, coming here to grow up with the new State, will make fortunes. Big industries will develop. Cities will grow.

Yet the opportunities that Alaska offers are for the kind of people who can take the rugged life that this Far Northern country provides, and who are willing to work and wait for the pay-off. Developing Alaska is going to take time. Right now, you have to scramble even to find a job.

These are the impressions you get by traveling across that vast expanses of this new State and talking to its people.

The main impression you get is of Alaska's tremendous size—and its emptiness.

BIGGEST STATE

Statistics will tell you that Alaska is more than twice as big as Texas, yet contains only 210,000 people, about 4,000 miles of highways and 490 miles of railroad.

But you have to travel across Alaska before these statistics begin to have any real meaning. You can fly for hours and you will see no towns, no roads, no railways. What you see are forests, mountains, tundra, snow—a veritable wilderness.

A trip such as this brings you face to face with Alaska's biggest problem, distance, and its biggest lack, transportation. Just getting to Alaska's stores of riches is difficult. Getting those riches out to a market is even more difficult. And it's fantastically expensive.

The cost of exploiting Alaska's resources is too high, in many cases, to permit a profit.

This is one of the hard economic facts of life which this new State is up against. A Ketchikan banker says:

"Unless we get a transportation system that is cheaper than the one we have now, Alaska never will amount to much."

WANTED: MORE CAPITAL

To build the transportation system that is needed, and the industrial plants that are needed, huge sums of money will be required. This brings you to another great lack that is limiting Alaska's opportunities—a lack of capital.

Alaskan banks, which had assets of only 174 million dollars last year, are unable to make really large loans such as industrial projects require.

"Local capital is scarce," says E. F. Stroecker, president of the First National Bank of Fairbanks. "People come here without any money to make it—and then they take it out with them."

Alaskans confidently expect that Statehood will speed the solution of these problems. They expect that more railroads and highways will be built. A bill already has been introduced in Congress to help finance the paving of the Alaska Highway across Canada, which now is Alaska's only land link with the rest of the U.S. A railroad link across Canada also is envisioned.

WITH STATEHOOD: CHEAPER ROUTES

One transportation gain from Statehood is immediate. The Statehood Act eliminates laws which prevent shipping of goods across Canada by rail and sea. This is expected to open up cheaper routes. Further reductions in shipping costs are foreseen as new industries grow up in Alaska to provide a "back haul" for ships which now return empty after taking supplies to Alaska.

Another hope is to seal off the Knik Arm of Cook Inlet near Anchorage to provide Alaska's biggest city with a port that is free of ice the year around.

With their own State government and voting members in Congress, Alaskans believe they will be better able to put through the changes that must be made if Alaska is to grow and prosper.

Most Alaskans realize, however, that Statehood will not solve Alaska's problems overnight, or even in a few years. They concede that it's going to be a long, hard pull.

Yet Alaskans are excited about the prospects. They regard Statehood as a challenge. Their imaginations seem to be fired by the idea of taming a wild, raw country.

WHAT ALASKANS ARE LIKE

Another big impression that you get in Alaska is of the imprint that this frontier country has made on the people.

Most people here strike you as unusually self-reliant, ambitious and hard working. You meet many young men who hold two jobs so they can save capital to start a business of their own. Established businessmen will tell you how they worked as common laborers to get their start.

This is the kind of people you will be competing against if you come up here. The competition won't be easy.

If you come to Alaska, you'd better bring some money along. It costs a lot to live here. Prices are high. And jobs, at the moment, are scarce. With the recent cutback in military spending, there is a large amount of unemployment in Alaska, particularly among construction workers.

Engineers, surveyors, secretaries, physicians, dentists, nurses and some other skilled types of workers are still in demand. For the long-range future, all kinds of workers will be needed. Right now, however, an ordinary laborer is warned to stay away unless he has a definite prospect of a job—and the price of a ticket home.

ONE SHORTAGE: WIVES

For women seeking marriage, Alaska offers a happy hunting ground. There are 16 men for every 10 women here. And most of the men are young.

If you get a job in Alaska, the biggest problems you will face are high prices and housing difficulties.

In Ketchikan, the southernmost community of any size in Alaska, it costs 20 per cent more to live than in Seattle, according to the Alaska Resources Development Board. The farther north you go, the more expensive life becomes. In Juneau, the increase over Seattle living costs is 24 per cent; in Seward, 28 per cent; Anchorage, 34 per cent; Fairbanks, 50 per cent; Nome, 51 per cent.

Most newcomers rent homes rather than build them. If you try to build, you run into high costs for clearing land, for labor and for building materials. Building a house around Ketchikan can cost as much as $35 a square foot, compared with $15 in the Pacific Northwest. In Juneau, a new three-bedroom house will cost $30,000 to $45,000, without any frills.

Rents are high, too. A two-bedroom apartment in Juneau costs $180 a month.

Nearly all of Alaska's food must be shipped in, so food is also expensive. The same is true of clothes, or almost anything that you buy.

ALSO HIGH: WAGES

Yet the newcomer who gets a job up here will find, in most cases, that his wages take care of the increased cost of living. Wages run far above "Stateside" levels. An electrician in Ketchikan gets $7 an hour. Loggers in the woods around Ketchikan clear $500 a month. In Wrangell, sawmill workers get $2.56 an hour. Construction laborers in Sitka are paid $3.81 an hour.

For the small businessman with some capital to invest, countless opportunities are foreseen in Alaska. All kinds of service facilities are needed. Good restaurants are scarce. So are good hotels. It's hard to get repair services in many places. Building construction is expected to boom as Alaska's population grows.

With its own factories, Alaska could produce some of the things it now must import. Needs suggested by Ernest Gruening, former Governor of Alaska, include woodworking plants, furniture factories and plants to produce building materials.

Water power is available in Alaska in abundance, waiting only to be harnessed.

Commercial fishing, Alaska's principal industry, is expected to improve when Alaska, as a State, gains power to ban fish traps from coastal waters. These traps now are said to be depleting the salmon supply.

A PLACE TO VISIT

Tourism is another industry that is expected to grow. Alaska is a tourist's paradise—if he can get there. It offers magnificent scenery, excellent hunting and fishing. How to get to Alaska is shown in the chart on this page.

Soon, Alaskans hope, improving transportation and Alaska's admission to Statehood will bring a flood of tourists. Then there will be lots of business opportunities—for hotels, motels, all kinds of services for tourists.

Another opportunity that Alaska offers is one that always has held a strong lure for the adventurous and the ambitious. That is free land.

There are, in Alaska, about 1 million acres of arable land that are near enough to transportation to be turned into farms now. Another 3 or 4 million acres can be brought into farming reach with improved transportation.

Much of this vast expanse of virgin land is available for homesteading.

Area under cultivation now is only about 20,000 acres. Most of the farming is in the Matanuska Valley, about 50 miles from Anchorage. Another farming region is in the Tanana Valley, near Fairbanks.

Crops of many kinds can be grown in Alaska, and the area needs all the food it can raise.

If you are thinking of homesteading in Alaska, however, read the article on page 70 to get a picture of the problems involved. Homesteading, you will find, costs money, even though the land is free.

Dr. Allan H. Mick, director of the Alaska Agricultural Experiment Station in Palmer, estimates that a homesteader should have at least $25,000 in capital if he plans to go into dairying, for example.

BIGGER HOMESTEADS?

Alaskans hope that, with Statehood, homesteading can be made more attractive. One change they urge is an increase in the number of acres that can be claimed. The present limit is 160 acres, and farmers say that this is just not enough land to insure a profit.

The individual who comes to Alaska must be prepared for the kind of life up here. That life, though interesting, is often rugged.

WHERE WINTERS ARE COLDEST

Alaskan winters can be brutal. Along the coast, it's not much colder than in States near the Canadian border. The average January temperature in Anchorage, for example, is 11 degrees above zero, with minimums around 36 below. But, in the interior and far north, it's colder. In Fairbanks, the January average is minus 11.6 degrees and the mercury sometimes drops to 66 below zero.

Winter nights are long, and days are short. Alaskans at Point Barrow never see the sun from late in November until late in January. Those in Fairbanks get less than four hours of sunshine on December 21.

In summer, you get lots of sunshine. The sun never sets from May to August in Point Barrow, disappears only briefly each night in Fairbanks in June. But, in summer, a new difficulty arises. Swarms of mosquitoes appear. No one ever really gets used to their onslaught.

Living accommodations outside the larger cities are often crude, by modern American standards.

Some people find these discomforts hard to endure. Women often complain of the isolation, the darkness and the way children are forced to stay indoors in the winter. Alaskans like to get "outside" once a year for a vacation.

Alaska, in other words, is no place for a "softie." Yet those who learn to live its life grow to like it. Those who come here are settling down in increasing numbers to stay.

THE SCHOOL SETUP

One thing that surprises a visitor is to learn that Alaska has one of the best school systems anywhere.

Studies show, for example, that students in Alaska public schools maintain higher grades and have higher intelligence quotients than the average students in the other 48 States. Fewer Alaskan youngsters drop out of school before finishing high school. And Alaskans over 16 years of age have a general educational level two years higher than the average for all other States.

You get these figures in talking with Dr. William K. Keller, head of the Education Department at the University of Alaska. He gives this explanation:

"Because of our climate, school activity is concentrated indoors.

"Alaska's school system also is conservatively run. We stick mainly to the three R's and don't go in for the frills that have become the fashion in the States. Students in Alaskan schools get more homework to do than is the general practice in the States.

"We have made studies which show that students in the eighth grade in Alaska schools are doing work that is done in the ninth and tenth grades in Stateside schools."

Every community has its grade school—even Indian and Eskimo villages where the schools are run by the Federal Bureau of Indian Affairs. For students in smaller communities where there are no high schools, the Territorial Government pays tuition in city high schools. But Dr. Keller estimates that only 2,700 of 36,000 Alaskan students live in areas where there are no high schools.

You can go to college in Alaska. The University of Alaska, at Fairbanks, has more than 600 students. But many Alaskans go away to college because it gives them a chance to see the outside world.

Churches are found in every Alaskan community, just as in the older States. Anchorage, for example, has 36 churches listed in its telephone book, and Fairbanks has 21. The Roman Catholic Church maintains parochial schools in the larger cities.

PROBLEM: COST CUTTING

Much of Alaska's future as a State depends on the "big business" that it can attract. Many of its resources are of the kind that take a big concern, with plenty of capital, to exploit. The problem is to bring the costs of industrial operation in Alaska down to a level where its products can compete in the open market with those of States more favorably located.

Oil is an example. A big oil discovery was made last year on the Kenai Peninsula. Now about 40 million acres of potential oil or gas land is under lease or application for lease. Oilmen estimate that more than 100 million dollars will be spent in the next two years in search of additional oil fields.

Oilmen caution, however, that the high cost of labor and transportation poses serious problems for the industry. One said:

"We'll have to find oil on the Kenai in a really big way before we can make it a paying proposition."

If the Kenai field proves to be of such proportions, oilmen say the oil could be piped to tidewater and then transported by tanker to West Coast ports at competitive prices.

Elsewhere in Alaska, though, it appears that known oil and gas deposits will just have to stand idle for the time being waiting for transportation to improve and costs to come down.

STATUS OF MINING, TIMBERING

Mining and timber operations encounter the same problem. There are huge deposits of gold, coal and a variety of metals. But only gold, coal, sand and gravel are now being produced on any large scale.

Alaskans predict a mining boom that will make the old "gold rush" small by comparison, if costs of operation and transportation are brought down.

You get an idea from all this about why Alaskans are so excited about Statehood. They see all these riches, all these opportunities on every hand, waiting to be developed.

What they hope is that admission to the union as the 49th State will remove the obstacles that now are blocking the progress of this land of opportunity.

WHAT ALASKA OFFERS: AN ON-THE-SPOT APPRAISAL

(Reported from Juneau, Sitka, Anchorage, Fairbanks)

JOBS

Plentiful for engineers of all kinds, surveyors, secretaries, nurses, physicians, dentists, other professional and semiprofessional people. Openings scarce for construction workers, mechanics, skilled and semiskilled labor. Unemployment is a problem in some areas.

LAND

State of Alaska will have 102.5 million acres of the area's best land to sell, give away and lease to individuals and business firms. Alaska's remaining public land—about 265 million acres—will be owned by the Federal Government, but much of that land is open to exploration and leasing for mineral and timber rights.

FARMS

See page 70 for the story on homesteaders prospects.

SMALL BUSINESSES

As Alaska grows, new businesses will get their chance—gasoline stations, stores, hotels, restaurants, many others. Many Alaskan businessmen started out 20 to 30 years ago as manual workers, holding two jobs to get capital, and made a go of it. But—risks are high, capital is scarce, the rate of interest on loans from banks, on the average, is 8 per cent.

HUNTING AND FISHING

Some of the world's best remaining game preserves are in Alaska. There are Kodiak bears, grizzlies, polar bears, brown bears, white Dall sheep, moose, caribou. Rivers teem with trout and grayling. Twenty-pound salmon are common.

OIL

About 40 million acres of potential oil and gas land already are under license or applied for—about four times the acreage of a year ago. With Statehood, Alaska's oil-promising tidelands can be tapped, too.

TIMBER

Vast stands of spruce, hemlock and cedar will be the basis of a big timber and pulpwood industry someday. One pulp mill is op-

erating near Ketchikan, another is being built near Sitka, two others are in the planning stage. But most of Alaska's timber is in national forests, subject to federal rules. It takes a lot of capital to set up a lumbering operation today.

MINING

As in timber, minerals appear to be a field for the big operators now. Labor and transportation costs are high; expensive equipment is needed to make an operation successful. Only gold, coal, sand and gravel are being mined in quantities, but Alaska's mineral riches are an enormous asset for the future—and prospectors still hunt for the big strike, in gold, uranium, platinum, other scarce minerals.

[From Newsweek, June 9, 1958]

ALASKA: AT LAST, STATEHOOD?

After 42 years of knocking at the doors of Congress for admission to the Union the Territory of Alaska—which the U.S. bought from Russia in 1867 for $7.2 million—this week was in the strongest position it has ever achieved toward obtaining statehood—a goal as glittering to most Alaskans as the gold that had lured thousands of their forebears there at the turn of the century.

One big hurdle was overcome last week when the House passed the Alaska statehood bill by 208 to 166. It was true that House passage, in itself, was far from being a clincher. Once before the House had passed a similar bill only to see it wither and die in the Senate. Others had reached the floor. But never before had such a bill gone through the House with the current one's steam. Helping to build up the pressure had been crisp, smooth-talking Michael A. Stepovich, appointed just a year ago as Alaska's fifteenth governor, who once said: "Statehood will mean I'm out of a job, but I'm all for it."

The outlook in the Senate was brighter than it had ever been. One Senate insider put it like this: "Alaska will become a state this year. You can bet your last dollar on that."

Nevertheless, there would be pitfalls ahead and a wall of opposition—not solid perhaps, but formidable—from the Southern bloc. Alaska usually votes Democratic and probably would send two Democratic senators to Washington, but the southerners are fearful that they would be pro-civil-rights Democrats. The southerners may even attempt to launch a talkfest of filibuster proportions.

A more serious threat would be the effort of the bill's foes to tie it in with statehood for Hawaii. The company of Hawaii, with its entirely different problems (a racial question and left-wing influence on labor), has dragged Alaska down to defeat before. This strategic threat has already been posed by Republican Minority Leader William F. Knowland. The California senator has demanded a firm commitment from the Democratic leadership that a separate bill for Hawaiian statehood will be scheduled for floor action immediately after Alaska. Barring such a commitment, it is expected to try to tie Hawaii to the Alaska bill on the floor. (Senate rules permit this: House rules don't.)

Against Knowland and the Hawaiian strategists stands Democratic Majority Leader Lyndon B. Johnson. Lukewarm toward Alaska in the past, Johnson is determined now that statehood shall get through. Intimates consider it unlikely that he will give Knowland any commitment whatever on Hawaii.

Big Mixup: Alaska's victory in the House ended a poltical comedy-drama. First, the House Republican leaders got the impression at their regular meeting with President Eisenhower that he did not want the bill passed. Rep. Joseph Martin Jr., dutifully went to work to kill it—only to discover that the White House was working at the same time to save it. After statehood opponents sprang a quick teller vote that tentatively throttled the bill, Seaton (who was then in Alaska) and Democratic Rep. Leo O'Brien of New York spent hours on the phone rounding up the congressmen whose votes saved it.

If Alaska becomes a state, it will be the largest in size—586,400 square miles compared with Texas's 267,339—and the smallest in population—215,000 to Nevada's 231,000. It will bring three flourishing cities into the union—Juneau (population: 7,000), the capital nestled at the foot of green mountains that rise to white glaciers; Anchorage, the largest (population: 30,000), and Fairbanks (10,000), both new-looking bustling towns.

Of more importance to the future is the territory's vast and untapped mineral wealth lying largely within the 182 million acres of public land owned by the Federal government.

Under the bill, a full 102,550,000 acres of the Federal land would be given to the state. Once the state started leasing the mineral rights to this land, there might be a mineral rush, comparable—though on a business level—to the days of the sourdough.

THE 49TH

If Alaska joins the community of states, it will raise a problem. How to arrange the 49 stars that will spangle the nation's banner.

By precedent, the rearrangement of stars could be decided either by the President or by Congress. In either case, the Army's heraldic branch, which has been studying design possibilities ever since the question of new statehoods came up, will play an important advisory role. It has received hundreds of suggestions from many sources, including from private citizens, and of them, these three look like favorites:

Seven rows of seven stars.

Five rows of five stars and four of six, alternating.

A spiral arrangement which would have the advantage of easily absorbing another star when and if Hawaii achieves statehood.

Alaskans, meanwhile, still cherish their own territorial flag, which undoubtedly will become their state flag after accession. It represents the constellation Ursa Major, or Great Bear (more commonly known as the Big Dipper), with the North Star at upper right, gold on blue. The bear has long been a symbol to Alaskans and the North Star represents their aspirations. This design was chosen by the Alaska Legislature 30 years ago after a territorywide contest, sponsored by the American Legion. The winner—and all citizens with ideas about the new pattern of the American flag can take heart from this—was an Aleut named Benny Bensen. He was 13 years old.

BOOSTING PRODUCTIVITY

Mr. PERCY. Mr. President, among the many subjects that fascinated our beloved distinguished colleague Senator Jack Javits during his tenure in the Senate was a subject that has now at long last come front and center upon the American economic stage and is increasingly becoming reconginzed as the key to U.S. economic well-being in the future. The subject is that of productivity; on the farm, in the factory, with respect to services including those of government at all levels, particularly the Federal Government.

Senator Javits recognized that productivity improvement had to be a cooperative effort between business, labor, and Government. There were simply too many pieces of the productivity puzzle to try and improve our record by one or two efforts. It demands a concerted approach and that is the way Senator Javits and others in Congress and private enterprise have moved the Nation in recent years. Labor-management committees and the quality circles—imported in concept from Japan—have been having a marked improvement on productivity improvement in many industries.

President Reagan has recognized that the Government has an important role to play—but by no means the only role—in enhancing productivity. In the very first paragraph of his 1983 economic report, the President noted that "for more than a decade, the economy had suffered from low productivity growth and a rising rate of inflation. Government spending absorbed an increasing share of national income. A shortsighted view of economic priorities was destroying our prospects for long-term prosperity."

The economic recovery program passed by Congress in 1981 addressed that concern and implemented programs like the business and individual tax cuts and the spending reductions that will move us toward higher productivity in the long run. These were important steps to take to address this national problem. Along with regulatory reform, they are the major components of the Government's productivity effort.

The President and many of us in Congress recognized that we could do more to improve productivity, however. I joined with other Senators in supporting a measure calling on the President to call a White House Conference on Productivity this year. Congress passed the measure and I am pleased that there will be just such a conference this fall.

Preparatory conferences will soon be underway across the country, under the able leadership of former Treasury Secretary Bill Simon. The Christian Science Monitor on May 19 ran an excellent editorial about the upcoming White House Productivity Conference, citing the many elements that compose a productivity revival.

Mr. President, I ask unanimous consent that this editorial from the Monitor be included in the RECORD at the close of my remarks.

I commend this editorial to my colleagues. It is important for all of us to focus our attention on this crucial element of national economic recovery.

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

PRESIDENT AND PRODUCTIVITY

American workers remain among the most productive in the world. They still on average outstrip the Japanese, for example, despite Japan's well-deserved reputation for hard work and labor-saving technology. But U.S. productivity growth has faltered. Under present trends it would not be long before Japan's productivity overtook America's.

Keeping U.S. productivity high is a complex challenge involving individual employee and management attitudes as much as corporate and government policy. A key element is public awareness of problems and possible solutions. It can be enhanced by September's big White House Conference on Productivity—and momentum toward it that has now begun.

Next month comes a meeting on capital investment (Durham, N.C., June 14-16), the first of four preparatory conferences. Then human resources (St. Louis, June 21-23); government roles (San Diego, July 19-21); private sector initiatives (Pittsburgh, Aug. 2-4).

These topics offer some sense of the conference's range of concerns under the guidance of an advisory committee representing business, labor, education, and other segments of society. Further indications lie in the 11 policy areas to be considered:

Reorganizing government.

Promoting benefits from productivity improvement techniques.

Improving general training and skills of American labor.

Informing U.S. business of foreign technology developments.

Sharing government research with industry.

Establishing awards for improvements in productivity.

Revising tax laws.

Reviewing antitrust laws.

Reviewing patent laws.

Improving reliability of productivity measures.

Revising federal civil service laws.

A full assignment. One, we might say, that will require high productivity from the participants, not to mention chairman William Simon. And one that, if it is to go beyond publicity, will demand administration and congressional follow-up on the mandated recommendations for action. These are to be delivered to the president within 120 days after the Washington conference, Sept. 22-23.

Will there be hot news for Tokyo then or not?

QUESTION OF CYPRUS

Mr. PERCY. Mr. President, on May 17, I had the opportunity to host a meeting in the Committee on Foreign Relations with the Secretary General of the United Nations, His Excellency Javier Perez de Cuellar. The Secretary General is a remarkable individual who had a distinguished career as a Peruvian diplomat before his appointment to the top post at the United Nations. He is an impressive leader of an organization which still holds promise as a force for diplomacy and negotiation in areas of conflict.

In this regard, my colleagues should be aware of the most recent report of the Secretary General on the question of Cyprus. Last week, the press reported on a proposal by the Government of Turkey to establish a "Turkish-Cypriot independent state" in the northern part of Cyprus now occupied by Turkish troops. This would be a development in direct contradiction to several Security Council resolutions. Secretary General Perez de Cuellar stated earlier in May that it is his intention to strengthen his personal involvement and "to give fresh impetus to the negotiating process" embodied in the ongoing U.N.-sponsored intercommunal talks, and his increased involvement should be welcomed. I also welcome the administration's commitments to me to give the Cyprus situation a higher priority. I shall ask unanimous consent that the May 6, 1983, report of the Secretary General be included in the RECORD following my remarks.

As the Secretary General told the Foreign Relations Committee and other Members of the Senate last week, he will use his good offices to promote peace and understanding and a greater respect for human rights around the world. Because his remarks concern many issues of interest to the Senate, I ask unanimous consent that the complete statement of the Secretary General to the Foreign Relations Committee also be included in the RECORD.

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

QUESTION OF CYPRUS: REPORT OF THE SECRETARY GENERAL

I. INTRODUCTION

1. At its thirty-fifth and thirty-sixth sessions, the General Assembly deferred consideration of the question of Cyprus (decisions 35/428 and 36/463). The reports of the Secretary-General submitted to the Assembly at those sessions remain before it (A/35/659 of 25 November 1980 and A/36/702 of 20 November 1981). The following information is submitted for the purpose of bringing the information in those reports up to date.

II. INTERCOMMUNAL TALKS

2. The intercommunal talks, which are being held in the framework of the mission of good offices entrusted to the Secretary-General by the Security Council, have continued on a regular basis under the auspices of my Special Representative, Mr. Hugo J. Gobbi. Until 21 April 1982, the Greek Cypriot community was represented by Mr. George Ioannides, who was succeeded on 30 April 1982 by Mr. Andreas V. Mavrommatis. The Turkish Cpyriot community continued to be represented by Mr. Unit Suleyman Onan.

3. Since January 1982, the "evaluation" of the status of the negotiations with regard to some aspects of the Cyprus problem, which was submitted by the Special Representative for the consideration of the parties on 18 November 1981, has continued to be used as a method of discussion. In analysing the negotiating process, the "evaluation" identifies, on the one hand, "points of coincidence" and, on the other, "points of equidistance" where substantive divergences have to be bridged. The two interlocutors have been discussing systematically the elements indentified in the "evalution", beginning with the "points of coincidence" regarding the constitutional aspect. Discussion of this topic was concluded on 10 March 1982. From 17 March to 18 May 1982, the interlocutors discussed "points of equidistance", with special reference to the questions of freedom of movement, freedom of settlement and the right of property. On 25 May 1982, the interlocutors began discussion of the points relating to the organs of the federal Government, and transitional provisions. This was followed by a re-examination of the general constitutional provisions. On 25 November 1982, the interlocutors began discussion of the territorial aspect. Since the beginning of the year, the talks have continued to deal with various aspects of the Cyprus problem. By consent the pace of the talks was adjusted in connection with the presidential elections in Cyprus and thereafter as required. The latest meeting in the talks took place on 14 April 1983. The atmosphere of the talks has remained co-operative and constructive.

4. In the exercise of my mission of good offices, I have also maintained personal contacts with both sides, as well as through my Special Representative, with a view to promoting the negotiating process. On 4 April, 8 June and 4 October 1982 and on 8 March and 24 April 1983, I met with President Kyprianou for extensive exchanges of views. On 9 April, 9 June and 14 October 1982, I had comprehensive talks with His Excellency Mr. Denktash. I expect to have an opportunity to meet with Mr. Denktash again in the very near future.

5. It is my intention to strengthen my personal involvement within the framework of my mission of good offices. In particular, I shall make every effort to give fresh impetus to the negotiating process, following up the work done during the current phase of the negotiations. As I have reported on this subject to the Security Council, my efforts will seek to encourage the parties to develop an overall synthesis covering the remaining major unresolved issues, and I and my Special Representative shall do our utmost to assist them in this endeavour.

III. OTHER PROVISIONS

6. As regards other provisions of the various resolutions under this item, the situation has remained essentially as described in my report dated 20 November 1981 (A/36/702). The United Nations Peace-keeping Force in Cyprus (UNFICYP) had continued to supervise the cease-fire lines of the Cyprus National Guard and the Turkish and Turkish Cypriot forces and to provide security for civilians in the buffer zone between those lines. It has also continued to discharge certain humanitarian responsibilities (see A/34/620, paras. 22 and 24). In this connection, UNFICYP has continued to assist in the transfer of Greek Cypriots from the north to the south of the island. As at 30 April 1983, 921 Greek Cypriots lived in the north, 169 Turkish Cypriots remained in the south. I have reported in detail on these matters in my reports to the Security Council on the United Nations operation in Cyprus, most recently on 1 December 1982 (S/15502).

7. The Committee on Missing Persons in Cyprus, which began its deliberations in July 1981 (see A/36/702, para. 8), has been unable so far to perform its substantive functions, despite sustained efforts by its members and all possible assistance provided by my representatives both in Cyprus and at United Nations Headquarters. In July 1982, the Chairman and one other member of the Working Group on Enforced and Involuntary Disappearances of the Commission on Human Rights visited Cyprus and met with the representatives of both communities on the Committee on Missing Persons as well as other officials. They were also in contact at Geneva with the third member of the Committee. On 17 December 1982, the General Assembly adopted resolution 37/181 whereby it, inter alia, invited the Working Group on Enforced or Involuntary Disappearances to follow developments and to recommend to the parties concerned ways and means of overcoming the pending procedural difficulties of the Committee on Missing Persons in Cyprus and, in co-operation with it, to facilitate the effective implementation of its investigative work on the basis of the existing relevant agreements; called upon all parties concerned to facilitate such investigation in a spirit of co-operation and good will; and requested the Secretary-General to continue to provide his good offices with a view to facilitating the work of the Committee on Missing Persons in Cyprus. My representatives and I have continued our efforts to assist in overcoming the persisting difficulties so as to enable the Committee to carry out its humanitarian task.

THE SECRETARY GENERAL'S MEETING WITH THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. Chairman Percy, Senators, I would like to express my sincere thanks for the welcome which you have extended, and for this opportunity to meet with members of the Foreign Relations Committee and the other distinguished Senators who are present today. May I first introduce several senior colleagues who are with me. Jean Ripert is the Director-General for Development and International Economic Co-operation, my senior colleague for economic matters. Brian Urquhart, whose special area of responsibility is peace-keeping and the Middle East, is Under-Secretary-General for Special Political Affairs. Bill Buffum is a former American Ambassador and Assistant Secretary of State who is now Under-Secretary-General for Political and General Assembly Affairs. I would also like to introduce Mrs. Phyllis Kaminsky, a gifted and energetic American, whom I have just appointed as Director of the United Nations Information Center in Washington. I hope you will get to know her well as the senior United Nations Representative in Washington.

Mr. Chairman, I am profoundly conscious of the role played by the United States Senate, and the Foreign Relations Committee in particular, in shaping the present structure of international relations, including the establishment of the United Nations. I know of the high importance which President Roosevelt and Secretary of State Hull attributed to obtaining the support and understanding of this Committee's Members for the concept of a world organization of fully sovereign states which would unite their strength to maintain international peace and security and promote economic and social well-being.

It is frequently said that it was naive to expect the victorious powers in World War II to be able to work together in peace-time, given the great disparity in interests and ideology between East and West. We all know that it has indeed proven difficult—for a good part of the time, impossible. But to me the concept of working together reflects an imperative. For unless there is a degree of co-operation among the five Permanent Members of the Security Council in dealing with conflict situations and unless these powers, especially the United States and the Soviet Union, support the Council and its decisions, the Council cannot fulfill its responsibility under the Charter to maintain peace.

I think the question must be asked: is the actual state of affairs in the interest of any of the major powers? Regional conflicts persist that take an enormous toll in human life and resources. They encourage arms acquisition, at the cost of economic development, and add to the fear and uncertainties that burden international relations. In some cases the disputes were not even brought to the Security Council until fighting was underway. The Council's resolution, which, by the way, need the concurrence of all five Permanent Members, have too often been ignored. Looking at the war between Iran and Iraq, at the South Atlantic conflict, at the current tragedy in Lebanon, I do not believe that there is likely to be a long-term gain for any of the parties directly involved or for the major powers either. I would not suggest that the Security Council could necessarily have prevented or resolved all of these conflicts even if it enjoyed the authority of the combined support of the Permanent Members. But I can say that the Council's impact would have been far greater.

I am naturally conscious of the criticism in this country of the performance of the United Nations. Certainly there are legitimate grounds for criticism. If something isn't working well, one should say so—as I myself have done—with the purpose of improving it. On the other hand, criticism which is unjustified or without constructive purpose can diminish the authority of the Organization which is needed if it is to be effective in strengthening international security.

One of the most frequent criticism is that the United Nations is an extravagant organization—that our budget is out of control. As the largest contributor to the United Nations—twenty-five percent—the United States certainly has full justification in following this subject closely—in particular, the United States Congress, which has the ultimate athority on American expenditures. I feel it may be worthwhile for me to give you a few facts.

Over the past eight years, the annual growth in United Nations expenditures has been only two percent in real terms. This increase stems from the belief of the majority of the 157 Member States that the Organization should do more in the political, economic and social fields. I consider it my duty and responsibility in the interest of all Member States to ensure the greatest possible efficiency in the utilization of available resources. The budget which I am submitting for the 1984/85 biennium provides for real growth of only 0.7 percent. It may be of interest to you to know in this connection that, on a per capita basis, the United States ranks twelfth in its contributions to the United Nations.

May I just add, by the way, that it is extremely important that the assessed contributions of Member States be received on time. Delayed payment results in heavier expenses and inefficiency—not in greater economy.

Another frequent criticism of the United Nations is that it has become increasingly politicized. The attention and the time devoted now in some of the operational agencies to political issues, especially with regard to the Middle East and southern Africa, gives rise to understandable concern. The ultimate answer to this problem is to achieve, with all of the efforts which that will require, fair and lasting solutions to these problems.

In this connexion, it must be borne in mind that certain fora in the United Nations system, such as the General Assembly, were specifically designed to serve as political arenas for the airing of problems. As distinct from operational and other organs such as the International Court of Justice and the Secretariat, it would go against the grain of the General Assembly and run counter to the concept of the founders of the United Nations to deprive them of their political character. Indeed, it would be as if an attempt were made to turn the United States Senate into a merely technical body. And let us not forget that the General Assembly's decisions, aside from those on budgetary questions, are recommendatory in character.

The fact should not be obscured, in any event, that the important operational work of the United Nations agencies is going on successfully. Millions of refugees in many parts of the world are being assisted by the United Nations High Commissioner for Refugees in environments of high political sensitivity without adverse impact of politicization. Progress is being made in the promotion of health, education and other fields on the basis of co-operation at the operational level among the 157 Member States of the United Nations. The United Nations Development Programme operates very effectively on the basis of consensus under the leadership of your former Congressional colleague, Brad Morse, in bringing assistance to developing countries. Both the United States and the USSR are on its Governing Council.

These achievements show that the concept of an international organization in which the sovereign states of the world are joined in common purpose can work and is working in important fields. The United Nations, let me add, is ready to move quickly to provide the necessary military and civilian personnel and services in Namibia the moment the necessary conditions have been achieved for implementation of Security Council resolution 435. We had the same capability to move quickly in providing observers and administrators that might have been part of a peaceful resolution of the Falklands/Malvinas conflict. The United Nations peace-keeping forces have been effective in preventing renewed conflict and affording an opportunity to find lasting resolutions of disputes. They fulfilled their mandate in southern Lebanon with remarkable courage although they were neither authorized nor equipped to meet a massive movement of forces into their area of operation. At present, the United Nations, and only the United Nations, is engaged in seeking a political solution of the Afghanistan problem. I am deeply concerned about the deteriorating situation in Central America and I have offered my good offices to the parties.

Maintenance of peace, of course, entails many things besides the resolution of immediate political conflicts and crises. Lasting peace will surely depend, too, on international economic co-operation, progress in social justice and human rights, and a reduction in arms.

Progress toward securing greater respect for human rights is slow and difficult, but there is movement, and I attach high priority to the effort. The United Nations deals with such problems both publicly and privately. The Human Rights Commission is an inter-governmental body which has moved beyond its earlier concentration on standard setting to scrutiny of human rights violations in every part of the globe. Further, through the good offices of the Secretary-General, I myself try, by the exercise of quiet diplomacy, to discourage persecution of vulnerable groups, summary executions, arbitrary imprisonment and other violations of individual human rights.

I am convinced of the great political importance that must be attached to economic issues. There are signs of economic recovery in some industrial countries, in particular in the United States, which, in the longer term, offer much hope for the world economy. However, the economic situation in developing countries remains poor and, in some cases, desperate. There are indications that hunger, malnutrition and disease are actually on the rise as governments are constrained to reduce support to the poor elements in these societies.

Recovery in industrial countries will take time to produce renewed growth in the developing world. Meanwhile, a deepening recession in the Third World can abort recovery in the industrial world. This means that immediate action will be needed beyond what is already contemplated to strengthen the liquidity of the developing countries and lighten their debt burden. The markets for their products must be kept open and their commodity earnings stabilized.

In these areas the United States can play a key role in providing leadership among the industrial countries. I am greatly heartened by decisions in the Congress in the past few weeks which will greatly improve the financial situation in United Nations instruments of development and cooperation such as IDA and UNDP. I trust that leaders of the industrialized countries meeting in Williamsburg will take into account the constructive approach shown by the developing countries both in the New Delhi Summit and in the Group of 77 meeting in Buenos Aires. The forthcoming session of UNCTAD in June should provide an opportunity for progress.

The relationship between arms and security is perhaps the most fateful problem of the present era. It is one with which I know the Senate is deeply preoccupied. I personally am convinced that greater security is not likely to be obtained through a further expansion of weapons of mass destruction of their deployment in the areas of the deep sea-bed and outer-space, which until now have remained protected. I have had the opportunity to speak with President Reagan and more recently with General Secretary Andropov, and I am convinced that there is an opportunity now to find a means of stabilizing the military relationship between East and West and beginning the essential process of reducing nuclear weapons.

In this connexion, let me end by stressing that a strong and effective United Nations can facilitate a reduction in arms. First, it can contribute to the resolution of conflicts and crises that add tension to the relationship between the major powers; secondly, with regard to the smaller regional countries, a strong United Nations can offer a promise of security which can lessen the tendency on the part of these governments to feel that their security can only be assured through military strength; and thirdly, it can contribute to economic development and social progress, thereby diminishing the causes of instability that frequently lead to recourse to arms.

This is a further reason why the strong support which the Senate has given to the United Nations over the years is as farsighted for the United States as it is essential for the United Nations.

SUPPORT FOR RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND SELF-SUFFICIENCY ACT OF 1983

Mr. ZORINSKY. Mr. President, I am honored to join several of my distinguished colleagues in cosponsoring S. 1300, the Rural Electrification and Telephone Revolving Fund Self-Sufficiency Act of 1983, introduced last week by Senator HUDDLESTON.

For almost 50 years, rural electric cooperatives, aided by programs of the Rural Electrification Administration, have provided power at reasonable prices to improve the quality of life of rural people, and to help make this country's agriculture the most productive in the world. The side effects of this program have served to improve the quality of life in our cities, and serve as one of the most stable pillars of our economy.

Ten years ago the rural electric cooperatives came to Congress with a plan to make themselves more self-sufficient. The centerpiece of this proposal was the rural electric and telephone revolving fund, a self-sustaining source of rural electric loan funds that is replenished through loan repayments. Two years ago the rural electrics came to us with a plan that recognized the recent large increases in interest rates, and supported a change in the loan criteria that eliminated the special 2-percent interest rate except for the most extreme hardship cases.

That history of responsibility is being repeated with this latest proposal to amend the Rural Electrification Act of 1936. In a nutshell, rural electric systems are asking us in this bill to allow the interest rate on their revolving fund loans to be periodically adjusted in order to keep that fund a self sustaining financing mechanism. In 1973 we could not foresee the high interest rates and inflation that have sharply increased the costs of utility financing and put a special strain on the revolving fund to the point that it will begin having to dip into its principal sometime in the 1990's.

It is a tribute to the rural electric systems of this country that we have this proposal before us now. Too often there is a tendency to wait until the ceiling is caving in before asking for immediate, emergency help. Instead, we have a well-thought-out, reasonable plan that has been studied for almost 2 years. It asks for no quick-fixes or crash programs, but a simple, sensible solution to maintaining one of the most successful programs this Government has ever created.

We should encourage this sort of responsible action, and we should help maintain our rural electric systems and the important part they play in rural life and American agriculture, by supporting passage of this bill.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 12:10 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its clerks, announced that the House has agreed to the following concurrent resolutions, each without amendment:

S. Con. Res. 26. Concurrent resolution approving the obligation and expenditure of funds for MX missile procurement and full-scale engineering development of a basing mode; and

S. Con. Res. 41. Concurrent resolution providing for an adjournment of the Senate from May 26, or May 27, 1983 to June 6, 1983, and an adjournment of the House from May 26, 1983 to June 1, 1983.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2807. An act to increase the level of funds authorized to be appropriated for the fiscal years 1982, 1983, and 1984 to permit adequate reimbursement for meals served under the Older Americans Act of 1965; and

H.R. 2948. An act to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide mortgage assistance to veterans with loans guaranteed by the Veterans' Administration in order to avoid foreclosure of such loans, and for other purposes.

ENROLLED BILLS SIGNED

At 12:34 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks,

announced that the Speaker has signed the following enrolled bills:

H.R. 2681. An act to make technical amendments to sections 4, 13, 14, 15, and 15B of the Securities Exchange Act of 1934; and

H.R. 2990. An act to increase the permanent public debt limit, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILLS REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 2807. An act to increase the level of funds authorized to be appropriated for the fiscal year 1982, 1983, and 1984 to permit adequate reimbursement for meals served under the Older Americans Act of 1965; to the Committee on Labor and Human Resources.

H.R. 2948. An act to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide mortgage assistance to veterans with loans guaranteed by the Veterans' Administration in order to avoid foreclosure of such loans, and for other purposes; to the Committee on Veterans Affairs.

H.R. 3069. An act making supplemental appropriations for the fiscal year ending September 30, 1983, and for other purposes; to the Committee on Appropriations.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 26, 1983, he had presented to the President of the United States the following enrolled bill:

S. 967. An act to amend the Independent Safety Board Act of 1974 to authorize appropriations for fiscal years 1984, 1985, and 1986.

REPORTS OF COMMITTEES

The following reports of commmittees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 75. Joint resolution to provide for the designation of June 12 through 18, 1983 as "National Scleroderma Week."

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 108. Joint resolution authorizing and requesting the President to designate October 15, 1983, as "National Poetry Day."

By Mr. HATFIELD, from the Committee on Appropriations, with amendments:

H.R. 3069. An act making supplemental appropriations for the fiscal year ending September 30, 1983, and for other purposes (Rept. No. 98-148).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

Julia Smith Gibbons, of Tennessee, to be U.S. district judge for the western district of Tennessee;

H. Ted Milburn, of Tennessee, to be U.S. district judge for the eastern district of Tennessee;

Bobby Ray Baldock, of New Mexico, to be U.S. district judge for the district of New Mexico;

Ronald A. Donell, of West Virginia, to be U.S. marshal for the northern district of West Virginia for the term of 4 years;

Charles F. Goggin III, of Tennessee, to be U.S. marshal for the middle district of Tennessee for the term of 4 years.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BINGAMAN (for himself, Mr. SASSER, Mr. SARBANES, and Mr. EAGLETON):

S. 1385. A bill to prohibit the implementation of certain regulations and actions proposed by the Office of Personnel Management and published in the Federal Register on March 30, 1983; to the Committee on Governmental Affairs.

By Mr. TSONGAS (for himself, Mr. CHAFEE, and Mr. MELCHER):

S. 1386. A bill to establish a supplemental student loan program in which the size of annual repayments is dependent upon a borrower's income level, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. LEVIN (for himself and Mr. SPECTER):

S. 1387. A bill to extend the Federal Supplemental Compensation program until March 31, 1984; to the Committee on Finance.

By Mr. SIMPSON (by request):

S. 1388. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation for surviving spouses and children of veterans; to the Committee on Veterans' Affairs.

By Mr. LAXALT (for himself and Mr. HECHT):

S. 1389. A bill to transfer administration of certain lands in California and Nevada to the Bureau of Land Management; to the Committee on Energy and Natural Resources.

By Mr. SPECTER:

S. 1390. A bill to amend chapter 67 of title 31, United States Code, to permanently authorize revenue sharing, to increase funding for fiscal year 1984 for units of general local government, and to index future funding to the rate of inflation; to the Committee on Finance.

By Mr. INOUYE:

S. 1391. A bill for the relief of Dr. Eric S. Casino; to the Committee on the Judiciary.

By Mrs. HAWKINS:

S. 1392. A bill to amend title 44, United States Code, to require the inclusion of a statement of cost in certain Government publications; to the Committee on Rules and Administration.

By Mr. DOMENICI (for himself, Mr. BENTSEN, Mr. DECONCINI, and Mr. BINGAMAN):

S. 1393. A bill to extend and make technical corrections to the existing program of research, development and demonstration in the production and manufacture of guayule rubber; to the Committee on Environment and Public Works.

By Mr. STEVENS:

S. 1394. A bill to establish a nationwide maximum standard of blood alcohol content for lawful operation of a motor vehicle, and to establish a victim compensation fund; to the Committee on Commerce, Science, and Transportation.

By Mr. MOYNIHAN:

S. 1395. A bill entitled the "Radiological Emergency Response Planning and Assistance Act of 1983"; to the Committee on Environment and Public Works.

By Mr. DOMENICI (for himself, Mr. JACKSON, Mr. WALLOP, Mr. MCCLURE, Mr. BAKER, Mr. BYRD, Mr. GARN, and Mr. HATCH):

S. 1396. A bill to amend the Internal Revenue Code of 1954 to extend the period for qualifying certain property for the energy tax credit, and for other purposes; to the Committee on Finance.

By Mr. DANFORTH (for himself and Mr. EAGLETON):

S. 1397. A bill to amend the Internal Revenue Code of 1954 to provide an alternative test for qualification for the credit for rehabilitated buildings; to the Committee on Finance.

By Mr. WALLOP:

S. 1398. A bill to amend the Internal Revenue Code of 1954 and title IV of the Social Security Act to provide for the support of dependent children through a child support tax on absent parents, and to provide for a demonstration program to test the effectiveness of such tax prior to full implementation; to the Committee on Finance.

By Mr. PERCY:

S. 1399. A bill to amend the Tariff Act of 1930 to prevent the exportation or importation of certain vehicles; to the Committee on Finance.

By Mr. PERCY (for himself, Mr. DIXON, Mr. LUGAR, Mr. DANFORTH, and Mr. LAXALT):

S. 1400. A bill to enhance the detection of motor vehicle theft and to improve the prosecution of motor vehicle theft by requiring the Secretary of Transportation to issue standards relating to the identification of vehicle parts and components, by increasing criminal penalties applicable to trafficking in stolen vehicles and parts, by curtailing the exportation of stolen motor vehicles and off-highway mobile equipment, and by establishing penalties applicable to the dismantling of vehicles for the purpose of trafficking in stolen parts, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. SIMPSON (by request):

S. 1401. A bill to amend title 38, United States Code, to clarify the authority of the Administrator to permit a Federal fiduciary, administratively appointed by the Veterans' Administration, to deduct from the beneficiary's estate a modest commission for fiduciary services; to the Committee on Veterans' Affairs.

S. 1402. A bill to amend title 38, United States Code, to permit substitution of a veterans' housing loan entitlement when the veteran-transferee is not an immediate transferee; to the Committee on Veterans' Affairs.

S. 1403. A bill to amend title 38, United States Code, to provide for a 5-year extension to permit States to apply for Federal aid in establishing, expanding or improving

State veterans' cemetaries; to the Committee on Veterans' Affairs.

S. 1404. A bill to amend title 38, United States Code, to authorize the Administrator to make contributions for construction projects on land adjacent to national cemeteries in order to facilitate safe ingress or egress; to the Committee on Veterans' Affairs.

By Mr. STEVENS:

S.J. Res. 110. Joint resolution proposing an amendment to the Constitution of the United States with respect to limiting campaign contributions and expenditures; to the Committee on the Judiciary.

By Mr. PERCY (for himself, Mr. PELL and Mr. DODD):

S.J. Res. 111. Joint resolution expressing the sense of the Congress with respect to international efforts to further a revolution in child health; to the Committee on Foreign Relations.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DECONCINI (for himself and Mr. DURENBERGER):

S. Res. 156. Resolution expressing the sense of the Senate that extended voluntary departure status should be granted to El Salvadorans in the United States whose safety would be endangered if they were required to return to El Salvador; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BINGAMAN (for himself, Mr. SASSER, Mr. SARBANES, and Mr. EAGLETON):

S. 1385. A bill to prohibit the implementation of certain regulations and actions proposed by the Office of Personnel Management and published in the Federal Register on March 30, 1983; to the Committee on Governmental Affairs.

PROHIBITING THE IMPLEMENTATION OF CERTAIN REGULATIONS

● Mr. BINGAMAN. Mr. President, I am introducing legislation to prohibit the implementation of certain regulations proposed by the Office of Personnel Management and published in the Federal Register on March 30, 1983.

The proposed new regulations are intended to implement a new performance management system, change reductions-in-force regulations, revise pay administration under the Fair Labor Standards Act, limit the scope of collective-bargaining rights, and make changes in the prevailing rate pay system. These changes are far reaching and controversial. They have been proposed at a time when the esteem of the Federal work force is perhaps at an all-time low. Severe cutbacks in the Federal personnel benefit system have occurred recently, and additional benefit losses have been proposed by the administration and other study groups.

I strongly believe that the Congress and the administration should be concerned with recruiting and retaining a highly skilled work force necessary to administer the laws and provide vital Government services. These proposed regulatory changes, if allowed to be implemented, will impact negatively on morale of the Federal worker and on personnel management.

The continued erosion of Federal benefits is unfair and unwise from a management standpoint. It jeopardizes efforts to recruit highly skilled workers, breaks the promises made to employees when hired, and encourages dedicated employees to leave Federal service. I believe those of us in Congress who believe in efficient and effective Government should support efforts to resist unfair and counterproductive assaults on Federal workers. By providing recognition, respect, and fair treatment to the Federal worker, we insure professionalism in the work force necessary to carry out the vital missions of Government.

The Senate Subcommittee on Civil Service, Post Office and General Services, on which I am the ranking Democratic member, recently held a hearing on the proposed regulations on April 13, 1983. At that time I indicated my concern with the proposed changes and called upon Donald Devine, Director of the Office of Personnel Management, to demonstrate with facts that the proposed changes are necessary, that they would be implemented properly, and that the performance appraisal and merit pay systems now in place have worked properly. I am still awaiting response to these and other questions which I raised.

The new regulations would overturn major existing statutory policy in a number of important areas. The Civil Service Reform Act of 1978 created the merit pay system, which embodies the concept of pay for performance only to managers and supervisors at the GS-13 through 15 levels. These new regulations would apply the concept Government-wide; yet OPM has not come forth with empirical data indicating the success of the merit pay system. Many of the comments we have had from the General Accounting Office and others as to the implementation and operational results of the merit pay system and the underlying performance appraisal system have been negative.

The Merit System Protection Board (June 1981) and recently GAO studied agency implementation of the merit pay and performance appraisal system as well as employee attitudes and perceptions of the process. Both studies reflect employees' lack of trust and confidence in the system as well as employees' concerns with performance standards and ratings. In fact, in the words of key administration officials in a memorandum to the President from the Cabinet Council on Management and Administration,

(T)here has been insufficient evaluation of existing systems to conclude that they do not and can not work, and there is little evidence that OPM can develop a uniform system that is superior to existing system.

The memo goes on to raise many other specific questions and problems regarding the regulations, which are left unanswered.

Under the new regulations, the Federal Labor Relations Authority would no longer have sole authority in the field of labor-management relations, as provided for under the Civil Service Reform Act. The new regulations would give broad regulatory power to OPM to decide the scope of what is a bargainable item. The new regulations would result in a much reduced set of matters that are considered bargainable and would suggest consultation and not negotiations. This aspect of the new regulations would have a significant adverse impact on current labor-management agreements creating much uncertainty and turmoil, without any apparent beneficial results.

The new regulations would also diminish the intended result of veterans' preference laws as applied in reduction-in-force situations. The new regulations would stress performance of employees rather than seniority and limit bumping and retreat rights. This would be a major break with private sector practices. According to a number of sources, private industry overwhelmingly attaches greater significance to seniority in determining retention. The new system also would be based on the performance appraisal system, but evidence indicates that such systems may not be adequately developed to be used as a key element in deciding which employees lose their jobs. These systems may also be easily misused for political reasons to simply get rid of unwanted or unpopular employees. I am also concerned that OPM is proposing major changes to the RIF process without adequate study. No documentation has been supplied indicating a need for these proposed changes.

Not only have these proposed regulatory changes not been carefully studied by OPM but apparently comments from other agencies on them are not being considered. I would like to share with my colleagues information that I have received which suggests the suppression of negative interagency comments on the proposed regulations. I ask unanimous consent that a copy of a Social Security Administration memorandum from the Associate Commissioner for Management, Budget, and Personnel to the Assistant Secretary for Personnel Administration, be inserted following my remarks. These comments raise nu-

merous questions and concerns which trouble me greatly. According to a cover letter attached to the memo,

• • • these are the concerns that the Social Security Administration has regarding the civil service regulations which the Office of Personnel Management proposed on March 30, 1983. However, the Social Security Administration has been told by the Department of Health and Human Services that, since President Reagan has approved them, no comments will be passed on by the Department of Health and Human Services or its agencies to OPM!

According to the comments the

• • • changes are being perceived by our managers and employees as regressive, punitive and inequitable. The changes would have a very negative impact on our program operations and severely impair our ability to get our job done in the years ahead. Our ability to fulfill our mission to serve the public would, no doubt, be irreparably harmed.

Mr. President, the proposed regulations amount to further cutbacks in Federal employee benefits and protections. They will have an adverse impact on personnel management in the Federal Government. They make apparently unjustifiable major changes in statutory policies and they have not been adequately evaluated. I am also disturbed that relevant, valid comments by key administrative officials and the comments of major agencies, regarding these changes are not being considered. Each of these major changes deserves the full consideration of the Congress before being adopted. I urge my colleagues to join me in supporting this legislation to prohibit their implementation by regulation.

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

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
May 4, 1983.

From: Associate Commissioner for Management, Budget and Personnel.

Subject: SSA comments on proposed OPM regulatory changes—Information.

To: Assistant Secretary for Personnel Administration, OS.

The attached comments on the proposed OPM regulations reflect the thoughts and concerns of both line management officials and human resources staff. Because of the importance of the subject matter, we have both general and specific comments.

While the proposed regulations are directed toward increasing public credibility, improving productivity, expanding accountability and adopting certain private sector practices, the message they convey to employees and managers is quite different. The changes are being perceived by our managers and employees as regressive, punitive and inequitable. In trying to create a system that treats 2 million employees alike, management's flexibility is reduced and employees' self-esteem is diminished.

At the heart of most of the proposed changes is the performance appraisal. Historically there has been limited success with appraisal systems in either the public or private sector. While we believe we have taken a step in the right direction, the performance based appraisal system implemented in the Federal sector only 2 years ago is still far from perfect. These regulations add tremendous pressure to a fledging system. We fear that adding links to the appraisal system to the point that all personnel actions are tied to it will cause the whole system to topple of its own weight.

Although we concur with the position that outstanding performance should be recognized, we believe the proposed linkage goes too far. The tremendous effort we have devoted to promoting the concept that "fully successful" means employees are doing their jobs and doing them well will be undermined. Managers and employees alike would view changes such as limiting certain career ladder promotions and within-grade increases to employees exceeding "fully successful" performance as a reversal of policy and another reason to distrust "the system."

We cannot help reflecting on the irony which implementation of these regulations would present in view of the massive changes effected just 2 years ago. Untold workyears and over $1.3 million were spent developing and issuing 85,000 performance plans, training employees and managers, implementing the new system and promoting the rationale for a performance based appraisal system. Now we would have to repeat much of this work, starting with a revision of all 85,000 performance plans, each with an average of 6 job elements. This redundant effort would do little to enhance employee and management confidence and acceptance of the new system. Further, managers gain nothing and in fact lose under the proposals. They would be responsible for managing several appraisal systems (for example merit pay, bargaining unit and nonunit) while operating with less flexibility under a system that promotes unionism.

Besides being concerned about the message being sent to current employees and managers, we must consider the effect on prospective employees. Those incentives that have helped attract good people in the past are disappearing. The Government will not be an appealing place to work. To recruit and retain the best people in the right jobs, we need a system that acknowledges individuality and provides management the flexibility to motivate, recognize and promote or we will never achieve the productivity sought.

Except for reduction-in-force, virtually all of the proposed OPM regulatory changes are barred from implementation for the duration of the existing contractual agreements covering SSA's bargaining unit employees. In fact, AFGE has taken the position that our Master Agreement prevents us from implementing any new regulations. As a minimum, we will need to litigate that issue. Beyond the contract bar period, extensive labor relations implications exist in administering the new regulations.

Until April 1986, when the last SSA contract expires, working conditions for our unit employees will be substantially different particularly in areas linked to compensation. Approximately 60,000 of SSA's 85,000 employees are members of bargaining units. Aside from management and supervisory personnel, opportunities for union expansion within SSA still exist. Forced maintenance of personnel systems which so dramatically differ for unit and nonunit employees will obviously increase union organizational activities. We can only expect a substantial number of accretions to the unions' membership.

Rather than reducing conflicts between employee unions and management, the regulations will have an exacerbating effect on day-to-day line operations and will cause a commensurate increase in grievance and third party actions. Disagreements over performance appraisals that are now settled through the grievance procedure and expedited arbitration could well result in multiple grievances and/or EEO complaints over the application of the appraisal.

We feel very strongly in SSA that because of the contract bars, it would be a serious mistake to implement these changes for any of our employees. Managers and nonunit employees will be subject to more restrictive policies than other employees. Managers also will have the burden of operating several personnel systems with no commensurate perquisites. The damage done to managers beginning with the Civil Service Reform Act would be reinforced by these proposals. If we are forced to implement, we may never be able to regain the trust and confidence of our valuable managers.

We urge you to take a very strong position in responding to OPM on these proposals. The changes would have a very negative impact on our program operations and severely impair our ability to get our job done in the years ahead. Our ability to fulfill our mission to serve the public would, no doubt, be irreparably harmed.

NELSON J. SABATINI.●

● Mr. SASSER. Mr. President. The clock is rapidy ticking away the 60-day comment period that began March 30, 1983, with the Federal Register publication of proposed Office of Personnel Management rules that make comprehensive changes in benefits and working conditions for Federal employees. The time runs out on May 31.

The changes contemplated during this very short space of time are sweeping ones. They are likely to have a significant effect on the civil service system for years to come. The proposed regulations eliminate automatic in-grade pay raises in favor of a performance appraisal based system. Layoff rules are revised to place more emphasis on performance and less on seniority. And fewer employees are eligible for overtime pay under the rules now being considered.

OPM also published a notice of its proposed policy guidance to Federal managers that may have the effect of curtailing Federal employees bargaining rights.

Now, while there may be some merit in these proposals, there is also room for potential politicization and other abuses. That is why I think that it is very important that the Congress have an opportunity to carefully examine the proposed regulations to test whether they correctly interpret both the intent and the letter of the civil service laws.

I think the Congress needs to look closely at the record of the Federal agencies in their administration or performance appraisals and merit pay plans now in effect. We now have several years of experience with the application of these merit principles to

the Senior Executive Service to draw upon for information. In the absence of such an evaluation, I can see no sound basis for the precipitous decision by OPM to apply these principles to the entire Federal work force.

Further, the record of the Reagan administration to date is not one that gives me confidence that it really wants to promote a strong civil service system.

Over the past couple of years, the Reagan administration has:

Frozen adjustments in Federal retired pay;

Reduced Federal retiree benefits;

Curtailed health care benefits, while increasing premiums by 56 percent;

Imposed an unpopular 1.3-percent medicare payroll tax on all Federal workers;

Included all newly hired Federal workers in the mandatory social security system; and

Reduced the amount of space assigned to the average Federal worker from 166 square feet to 135 square feet.

I am proud that Congress has thus far halted other proposals that the Reagan administration would like to see effected. These include the requirement that Federal employees work more years to qualify for retirement benefits, make a larger contribution to their retirement fund, and accept a pay freeze.

Given the lack of concern that has been demonstrated time and time again by this administration, I do not believe that the Congress should allow extensive changes to be made in the civil service system by administrative dictum.

I compliment Senator BINGAMAN for introducing S. 1385, to prohibit the implementation by the Office of Personnel management of these regulations. I am pleased to join with him as an original cosponsor of this legislation.

On Wednesday, April 13, the Civil Services Subcommittee, of which I am a member, heard testimony from Dr. Don Devine on these proposed regulatory changes. In the course of that hearing, it was revealed that no study of the performance appraisal system for the Senior Executive Service has been done. However, anecdotal reports from the affected employees reveal a number of complaints. In fact, Dr. Devine himself told the subcommittee that the SES appraisal system did not work well the first year.

Further, according to the Office of Management and Budget, Cabinet Council on Management and Administration memorandum alluded to in the hearing: "Current performance appraisal systems are still new enough to managers and employees that they lack credibility." The Cabinet Council for Management and Administration memorandum also states its view that moving to such a procedure at this time is likely to trigger an unprecedented number of appeals and grievances to snarl the system.

Overall, then, there appears to be little or no documentation by the Office of Personnel Management to support its claim that linking the performance appraisal system to pay, promotions and job protections for the entire work force will result in increased productivity.

I have written to Dr. Don Devine, the Director of the Office of Personnel Management, asking that the comment period for the proposed regulations be extended from 60 to 180 days and ask unanimous consent that the letter be printed in the RECORD. This would give the congressional committees time to study the proposal and take whatever action is necessary.

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

U.S. SENATE,
Washington, D.C., April 21, 1983.

Hon. DONALD DEVINE,
Director, Office of Personnel Management, Washington, D.C.

DEAR DR. DEVINE: Sweeping proposals to revise regulations governing criteria for Federal employee pay increases, layoff rules, and overtime pay were published by the Office of Management and Budget in the March 30, 1983 Federal Register. These proposed regulations deserve the closest scrutiny before any final decision is made about their implementation.

As a member of the Senate Civil Services Subcommittee, which is charged with the oversight of this personnel system, I call on you to extend the period of comment for these proposed new regulations from 60 to 180 days.

It is essential that Congress have the opportunity to examine not only the legislative authorities for the proposed regulations, but also the record of the Federal agencies in their administration of performance appraisals and merit pay plans now in effect. For example, your OPM investigation initiated at the request of the Special Counsel for the Merit Systems Protection Board recently found that DOE performance ratings were incorrectly used to lay off 19 senior executives at the Department of Energy. Before the OPM findings were issued K. William O'Connor, the Special Counsel for the MSPB, said he has reason to believe that DOE engaged in a "pattern of prohibited personnel practices" in conducting its reduction-in-force in this case. Further, I am not aware of any OPM evaluation of the overall record of the Federal agencies on the use of performance appraisals for pay and layoff decisions relative to senior executives.

Without such an evaluation of the present performance appraisal system, I believe that OPM has no sound basis for the decision to link pay and RIF decisions to such appraisals for the rest of the Federal work force.

Groups representing Federal workers should also have an opportunity to study the proposed changes so that OPM can have the benefit of their comments concerning the impact that such revisions may have on the Federal work force. The 60 day period is too short a time for an adequate analysis of these regulations by these organizations.

The Senate Subcommittee on Civil Services held its hearing on April 13th to discuss these regulations with you. The House Civil Service Committee hearing is set for April 21st. A number of questions are being raised in the course of these hearings. An extension of the time for comment on the revised regulations will allow time for Congressional questions to be fully answered.

In sum, we need to see some hard data to justify the wholesale changes in the Federal personnel system that are proposed in the March 30 Federal Register. The Congress and organizations representing Federal employees also need sufficient time to analyze the impact of these regulations on the Federal work force. Consequently, I call on you to extend the comment period on your March 30th regulations to 180 days.

Thank you for your prompt attention to this matter.

Sincerely,

JIM SASSER,
U.S. Senator.

Mr. SASSER. Mr. President, as a result of the April 13, Civil Services Subcommittee hearing on the proposed changes, Senators TED STEVENS and JEFF BINGAMAN have notified me that an amendment to the supplemental appropriations bill will be offered by Senator STEVENS to prohibit the expenditure of funds to implement the procedures before October 1, 1983. I support that move.

I ask that Senator STEVENS' and BINGAMAN's letter about this amendment be printed at this point in the RECORD.

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

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., May 24, 1983.

Hon. JIM SASSER,
U.S. Senate,
Washington, D.C.

DEAR JIM: On March 30, 1983, the Office of Personnel Management published proposed regulations in the Federal Register affecting major changes in the civil service laws. These changes include: (1) extending certain merit pay principles now only applicable to mid-level managers to the rest of the workforce; (2) reducing the importance of seniority in reductions in force and increasing the importance of performance; and (3) providing guidance on the negotiability of certain items in the collective bargaining process.

Due to the significance of these changes, our subcommittee held a hearing on April 13. Dr. Devine, the Director of OPM, testified and answered questions regarding these changes.

We have concluded that such extensive changes in the operation of the civil service should not be made through the regulatory process. Therefore, Senator Stevens will be offering an amendment in the Appropriations Committee to the Supplemental Appropriations bill prohibiting the implementation of these regulations prior to October 1. We have discussed with OPM our desire to consider these issues in the context of legislation. In fact, the Subcommittee will be holding a hearing on May 26 on S. 958, a bill to reform the Merit Pay System in the Federal Government. We hope to use that

legislation to address the specific issues raised in the regulations.

We urge your support for our amendment in the Approporiations Committee.

Cordially,

JEFF BINGAMAN.
TED STEVENS.

Mr. SASSER. Mr. President, however, I think the prohibition of implementation of these regulations found in S. 1385, is also needed. This bill would not allow the regulatory changes to take effect at all. I urge my Senate colleagues to rapidly pass S. 1385.

● Mr. SARBANES. Mr. President, I rise to support the legislation introduced today by my colleague from New Mexico, Mr. BINGAMAN which would prohibit the Office of Personnel Management from implementing a package of proposed regulations affecting the administration of the civil service. This legislation is identical to a bill introduced earlier in the House by Representative SCHROEDER.

In my view the proposed regulations, published on March 30 in the Federal Register, are far too broad and far reaching in their impact to be implemented administratively without congressional input. It should be clear that such sweeping policy changes need to be carefully examined by the appropriate congressional committees and considered by the full Congress. I strongly urge my colleagues to join in the effort to prevent OPM from moving ahead with these proposed changes through the regulatory process.

The proposed regulations are each objectionable for specific reasons which I will outline below. Taken as a group, however, the proposals are even more disturbing. These proposals, when considered in the context of other administration policies and actions, represent and are being perceived as a continuation of an across-the-board assault on the pay, benefits, and job security of Federal employees. This broad assault and the underlying attitude it reflects are unjustified, unnecessary, and harmful to the long-term strength of the civil service and the Federal Government. We must move to a more balanced, less confrontational, and ultimately more effective approach toward managing the Federal work force.

The proposed regulation on retention during a reduction in force has two major problem areas. First, by assigning a greater emphasis to performance than to seniority, the proposal assumes a workable, objective performance appraisal system. In my discussions with Federal employees there has been a strong consensus that the performance appraisal process is too often highly subjective and even arbitrary. Second, by allowing consideration of only the most recent performance appraisal, the proposal would make retention during a RIF open to favoritism, and blatant manipulation. I am deeply concerned that, because of these two factors, this proposal would pave the way for wholesale replacement of career employees on the basis of political loyalty or other transient considerations with each change of administration or agency management.

The proposals to change eligibility standards for within grade and quality step increases in pay are flawed in that they also assume an accurate and objective performance appraisal system. Experience with the merit pay system has shown that, while the concept is appealing, fair and consistent implementation is much more difficult. But even beyond the implementation problems these proposals are fundamentally flawed and poorly timed. By making ingrade pay increases more difficult to achieve, these proposals will have the effect of a pay freeze and a further loss in purchasing power for Federal employees. According to the Congressional Budget Office, Federal compensation has already slipped significantly behind comparability with the private sector. To propose at this time that the relatively small ingrade increases be further limited is highly inappropriate. Such a change would only add to the perception that the Federal civil service is no longer interested in attracting or retaining high caliber personnel.

Another ominous feature of the proposed regulations is the effect on veterans' preference. The regulations would create what amounts to a "conditional veteran" for retention purposes. Veterans who meet performance criteria would retain their preference ratings. Those veterans who receive one unsatisfactory evaluation, however, would lose their preference.

The Civil Service Reform Act of 1978 did not make veteran employees immune from removal for unacceptable performance. However, employees subject to removal for unacceptable performance are afforded additional safeguards. In particular, the agency must meet a substantial evidence standard in making its case against an employee. Nowhere has Congress indicated a willingness to weaken veterans' rights during a RIF. In my view, OPM has no right to divest an employee eligible for preference of his or her status.

Finally, I would like to comment on the proposed changes in what can or should be negotiated by agencies with employee representatives. By emphasizing a list of what is not negotiable OPM is clearly signaling agency management personnel not to actively involve employee unions on major decisions. I note with interest that the list provided of areas in which unions can be consulted is relatively short and the areas mentioned are trivial by comparison. I would urge just the opposite approach. Instead of emphasizing what is not negotiable we should be encouraging agencies to consult fully with employee representatives on all major decisions. Even areas that are technically nonnegotiable should be open to discussion and consultation. It should be clear that management and labor, in the Government as in the private sector, have strong mutual interests and can benefit from each others unique strengths. Only by actively and consistently seeking input from employee groups can management move beyond confrontation and realize the benefits of cooperation.

I strongly urge my colleagues to join in supporting this legislation to prevent OPM from implementing such broad policy changes without congressional participation.●

By Mr. TSONGAS (for himself, Mr. CHAFEE, and Mr. MELCHER):

S. 1386. A bill to establish a supplemental student loan program in which the size of the annual repayments is dependent upon a borrower's income level, and for other purposes; to the Committee on Labor and Human Resources.

INCOME-DEPENDENT EDUCATION ASSISTANCE ACT OF 1983

● Mr. TSONGAS. Mr. President, today I am introducing, together with Senator CHAFEE of Rhode Island, legislation to create a new supplemental student loan program. This proposal is identical to legislation developed and offered by Congressman PETRI of Wisconsin in the House.

The Income-Dependent Education Assistance (IDEA) Act of 1983 responds to changing needs for educational financial assistance. Today's economy demands greater technical and professional skills requiring additional graduate level study. There is a growing demand for lifelong education approaches that allow an individual to interrupt their careers of family life and return to school to build and sharpen skills. Rapid changes in industry generate an urgent need for retraining opportunities.

The IDEA program would increase access to loan capital for purposes like these. It would be open to all individuals regardless of financial circumstances. The program would require little or no taxpayer subsidy by offering credit at a rate sufficient to meet costs. IDEA would help the borrower meet the costs of financing through repayment schedules which vary depending on postgraduate income.

Access to adequate financing is increasingly important as the costs of education continue to rise, in spite of lower inflation. It is not uncommon to find costs of attendance at some universities exceeding $10,000 a year. While costs rise, Congress has been setting limits on subsidized student loan programs in response to growing

deficits. IDEA would provide up to $40,000 a year of educational financing, including up to $10,000 a year for graduate training, and $2,500 a year for collegiate or vocational study.

Higher education costs have also produced growing individual debt burdens that bring additional problems. Postgraduation job selection can be affected by large educational debts. A borrower may be forced to seek high paying employment, regardless of personal preferences or society's needs. Mathematicians may decline to be schoolteachers, engineers may not pursue doctoral degrees or research, and physicians may be financially unable to practice community medicine. An assortment of representatives reflecting the interests of graduate programs and their students have pointed to growing debt burdens as a problem that may begin to turn students away from low- or moderate-paying fields, or discourage them from pursuing graduate education altogether.

This program offers an alternative. By varying annual repayment obligations according to income, IDEA makes education and employment decisions less vulnerable to short-term postgraduation salary considerations. Moreover, this mechanism shields the individual from extraordinary burdens stemming from income fluctuations due to unemployment, retraining, child care, or other voluntary or involuntary changes in job status.

No borrower will be required to pay more than 15 percent of their income on IDEA debt in any year. Most IDEA loans would be repaid in 12 to 18 years. A single table would indicate to a borrower how much they owed in any year based upon income and borrowing history. For lower income graduates, IDEA would produce annual repayment burdens below those of the current GSL program. Borrowers with high postgraduate income would pay a premium interest rate, but still below commercially available rates.

The income-dependent repayment mechanism is implemented by the Treasury Department as part of the tax collection process. This approach also minimizes the growing problem of default on student loans. As estimated $1.8 billion in loans will be defaulted on this year. At current levels, these revenues alone could double the financial assistance provided to graduate students.

The IDEA program does not alter other student assistance programs. It does provide an important supplement to existing financial assistance programs for students.

There is a large and growing need for legislation like this. There is general agreement that the cost of graduate school education is rising beyond the means of many able students. Individual schools, and some States like Massachusetts have taken steps to create additional financial mechanisms to cope with the growing need. The problem is national, however.

Further, recent cutbacks in student aid programs have curtailed the availability of financing, especially for family members who may barely fail to meet various means test requirements. This creates a particular hardship for particular groups: middle-income families who cannot afford to send their children to many quality schools, or wage earners trying to retrain themselves or advance their careers.

This bill creates a mechanism for financing these needs with little or no taxpayer subsidy. The Government would simply make it possible to do something that the private market finds very difficult to do—lend money for the purposes of investing in the capability of people.

The importance of this investment cannot be overestimated. Theodore Schultz has suggested that fully 80 percent of all our wealth stems from investment in people, while the remaining 20 percent comes from capital put into plant, equipment, and other physical resources. This bill makes it possible to borrow against future earnings to improve individual capabilities.

Let me describe this proposal in more detail. Any student may borrow up to $40,000 under this program with a maximum of $2,500 each year available for college or vocational training and $10,000 per year for graduate work. There is no limitation on participation based upon family or personal income. To protect the individual from taking on debt burdens beyond their means, any amounts borrowed under other Federal programs are subtracted from these limits.

The $40,000 limit is also reduced by $2,000 a year for each year over age 35 so that borrowers will not assume obligations disproportionate to their remaining earning years.

Interest on these loans will be charged at a rate of 2 percent over the average for 91-day Treasury bills during the preceding year. At current rates this amounts to approximately 10 percent. This is an amount sufficient to cover the Government's cost of funds and administrative expenses. This charge allows the program to operate with little or no taxpayer subsidy. It still provides access to loan capital for educational purposes at a rate far below commercial sources. As a further protection for the borrower, interest charges are prohibited from exceeding 14 percent.

The most distinctive feature of this bill is its income-dependent approach to structuring repayment. There have been many efforts in the past to structure an education financing proposal that could adjust repayment to reflect the earnings experience of the borrower. The approach adopted in this bill utilizes the lessons learned from these prior efforts.

I believe the income-dependent approach used here is ideally suited to a supplemental program such as we are proposing. It is particularly appropriate for financing the cost of education for professional students, participants in vocational programs, and others who do not qualify for subsidized, means-tested, financial assistance.

This program has been carefully designed to make it easy for the individual to use, for schools to participate in, and for the Government to administer.

Upon leaving school and entering repayment, borrowers will figure out their annual repayment amounts in conjunction with filing their individual income tax return. They will utilize an extra line in the "Other Taxes" section of the form 1040 together with a separate simple form. A simple chart with income on one axis and maximum account balances on the other, will be used to find the repayment amount due.

The taxpayer will be responsible for this amount just like other income taxes due, and they will be responsible for estimated tax payments or additional withholding. The rules will be similar to those which currently govern people with nonwage income.

The repayment is calculated by first looking to the total outstanding principal and interest owed, and calculating the payments necessary to pay off the IDEA debt over an assumed period of 12 years at a 10 percent rate of interest.

This amount is then modified using a progressivity factor derived from the current tax tables. The progressivity factor builds in a cross-subsidy of low-income individuals by high-income people. It makes it possible to ease the repayment burden for those who end up in low-wage circumstances.

Again, as a further protection, regardless of the annual payment due, no individual or couple is required to pay more than 15 percent of their income for IDEA repayment in any year.

This 15-percent cap is a burden comparable to that experienced by individuals under the current financial assistance programs. It is roughly the burden on a person who earns $15,000 a year and is repaying $15,000 in loans under the current GSL program with its 8-percent interest rate.

Many individuals may borrow from the IDEA program as well as existing financial assistance programs. To avoid unmanageable debt burdens as a result of the combined borrowing, provisions are also made to convert other borrowing into IDEA loans so as to cover the individual with the protection of the 15-percent cap.

A borrower continues to repay until the loan and accrued interest have been repaid. Even if the loan is not fully repaid, it is forgiven after 30 years of repayment, or when the borrower becomes disabled, reaches age 70, or dies.

High-income borrowers are also required to stay in repayment for at least 12 years, or until total payments equal 150 percent of the normal rate. This makes it possible to provide the cross-subsidy necessary for low-income borrowers.

This program will be conducted through existing administrative mechanisms. State guarantee agencies will supply funds to individual educational institutions for lending purposes. These funds will be raised by issuing debt obligations approved by the Secretary of Education and in a form specified by the Treasury Department.

The schools will supply machine-readable lists of applicant data, funds disbursed, and enrollment status of borrowers to the Education Department. Accounts will be maintained by the Education Department as they currently are for other financial assistance programs.

Repayments will be collected by the Internal Revenue Service as part of tax collection and deposited in an IDEA loan trust fund. These funds may be drawn upon by the Education Department to make interest and principal payments on the debt obligations issued by the State guarantee agencies originally.

This bill fills an important gap in providing greater access to loan capital for education. I would like to emphasize that it has been designed to complement other programs based on need, not supplant them.

While it serves the needs of graduate students particularly, it also does not attempt to address all of the problems inherent in graduate school financing. We should make it possible for individuals to borrow for educational purposes. That does not mean the Federal Government can step back from its commitment to provide grant assistance for advanced scholarship. In 1968, the Federal Government offered some 51,000 fellowships to graduate students across the country. That number has fallen to fewer than 10,000 in 1983. Federal grants and fellowships in 1980 from all sources amounted to only about $40 million.

All would agree, however, that access to loan capital for education is crucial. The approach proposed in our legislation today could make an important contribution to insuring an adequate investment in our human resources. I urge my colleagues to join with us in prompt consideration and adoption of this bill.

Mr. President, I ask unanimous consent that a summary of the major provisions be included in the RECORD, and that the bill be printed in its entirety.

There being objection, the material was ordered to be printed in the RECORD, as follows:

S. 1386

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 "Income-Dependent Education Assistance Act of 1983".

TITLE I—SYSTEM FOR MAKING INCOME-DEPENDENT EDUCATION ASSISTANCE LOANS

SEC. 101. ESTABLISHMENT OF PROGRAM.

(a) IN GENERAL.—The Secretary shall establish a program of entering into agreements with guarantee agencies for the purpose of providing funds to eligible institutions which have entered into an agreement under section 102 to make loans to eligible students in accordance with section 103.

(b) TERMS OF AGREEMENTS WITH GUARANTEE AGENCIES.—Any guarantee agency which desires to participate in the program under this Act shall enter into an agreement with the Secretary which provides that—

(1) the guarantee agency will issue debt obligations in accordance with subsection (c) to the extent approved by the Secretary under paragraph (3) of such subsection;

(2) the proceeds of sale of such debt obligations will be allocated among eligible institutions in accordance with subsection (d) or used for making consolidation loans under subsection (e);

(3) the full faith and credit of the United States is pledged for the repayment of the principal and interest of such debt obligations;

(4) the Secretary will pay the interest and will repay the principal of such obligations from funds available under this Act (including the amendments made by title II of this Act) plus an additional amount as determined by the Secretary to be necessary to cover the administrative expenses of the agency for its activities under this Act; and

(5) the guarantee agency will comply with such regulations as the Secretary or the Secretary of the Treasury may prescribe to protect the fiscal interest of the United States and to ensure effective administration of the program under this Act.

(c) ISSUANCE OF APPROVED DEBT OBLIGATIONS.—

(1) TERMS OF OBLIGATIONS.—In order to be approved by the Secretary under paragraph (3), debt obligations which a guarantee agency proposes to issue shall—

(A) provide for repayment of the principal amount of the obligation in not less than 15 years;

(B) be in a form approved by the Secretary of the Treasury for this purpose (which may include, at the Secretary's discretion, conventional, variable rate, zero coupon, or zero coupon variable rate obligations);

(C) bear interest which, notwithstanding section 103 of the Internal Revenue Code of 1954, shall be included in gross income for purposes of Federal income tax.

(2) AMOUNT OF OBLIGATIONS.—The Secretary shall not approve under paragraph (3) the issuance of any debt obligations by a guarantee agency in excess of the amount required by that guarantee agency to provide to each of the eligible institutions served by that agency the sum such institution needs to make IDEA loans to eligible students in accordance with section 103 plus the amount such agency requires to make consolidation loans under subsection (e).

(3) APPROVAL OF OBLIGATION.—If the Secretary determines that the debt obligation which a guarantee agency proposes to issue meets the requirements of this section, and regulations prescribed thereunder, the Secretary shall so notify such guarantee agency and authorize the agency to include in the terms of such obligation a certification of approval of the obligation by the Secretary.

(d) ALLOCATION OF PROCEEDS OF DEBT OBLIGATIONS.—Each eligible institution which has an agreement with the Secretary under section 102 shall notify the guarantee agency of the State within which it is located of the amount of IDEA loans for which students have applied and the amount of such loans which are approved by the Secretary. The guarantee agency shall, from the proceeds of debt obligations issued under this section, allocate to each such institution an amount equal to the sum of such approved loans.

(e) CONVERSION AND CONSOLIDATION OF OTHER LOANS.—

(1) IN GENERAL.—A guarantee agency may, upon request of a borrower who has received federally insured or guaranteed loans under title IV of the Higher Education Act of 1965, make a new loan to such borrower in an amount equal to the sum of the unpaid principal and accrued unpaid interest on the title IV loans. The proceeds of the new loan shall be used to discharge the liability on such title IV loans. Except as provided in paragraph (2), any loan made under this subsection shall be made on the same terms and conditions as any other loan under this Act and shall be considered a new IDEA loan for purposes of this title and section 6306 of the Internal Revenue Code of 1954.

(2) EXCEPTIONS.—For the purposes of section 105, interest charges on any IDEA loans used to discharge any title IV loans under paragraph (1) shall be determined in accordance with regulations prescribed by the Secretary, as if proportionate shares of the new IDEA loan had been made on the origination date of each such title IV loan. In the case of a discharge of any consolidation loan made under section 439(o) of the Higher Education Act of 1965, the origination date shall be deemed to be the origination dates of each of the title IV loans which the consolidation loan consolidated.

(f) GUARANTEE AGENCY.—For the purpose of this section, the guarantee agency with respect to the eligible institutions in any State shall be—

(1) the State or nonprofit private institution or organization in such State which has in effect an agreement with the Secretary under section 428(b) of the Higher Education Act of 1965; or

(2) if no agreement is in effect under such section in such State, or the State or institution or organization which has that agreement does not enter into an agreement under subsection (b) of this section, (A) the State or institution or organization in another State which has in effect an agreement under section 428(b) and which enters into an agreement under subsection (b) of this section, or (B) the Student Loan Marketing Association.

SEC. 102. AGREEMENTS BY ELIGIBLE INSTITUTIONS.

(a) TERMS OF AGREEMENT.—In order to qualify for an allocation of funds under section 101, an eligible institution shall enter

into an agreement with the Secretary which—

(1) provides that funds made available to the institution under this title will be used exclusively for the purpose of making loans to students in accordance with section 103;

(2) contains assurances that the institution will provide to the Secretary the lists and other information required by section 104;

(3) provides that the institution will provide to each student applying for a loan under this title a notice provided by the Secretary of the student's obligations and responsibilities under the loan;

(4) provides that, if a student withdraws after receiving a loan under this title and is owed a refund, the institution will pay to the Secretary a portion of such refund, in accordance with the regulations prescribed by the Secretary to ensure receipt of an amount which bears the same ratio to such refund as such loan bore to the cost of attendance of such student; and

(5) contains such additional terms and conditions as the Secretary prescribes by regulation to protect the fiscal interest of the United States and to ensure effective administration of the program under this Act.

(b) ENFORCEMENT OF AGREEMENT.—The Secretary may, after notice and opportunity for a hearing to the institution concerned, suspend or revoke, in whole or in part, the agreement of any eligible institution if the Secretary finds that such institution has failed to comply with this title or any regulation prescribed under this title or has failed to comply with any term or condition of its agreement under subsection (a). No funds shall be allocated under this title to any institution while its agreement is suspended or revoked, and the Secretary may institute proceedings to recover any funds held by such an institution. The Secretary shall have the same authority with respect to his functions under this Act as he has with respect to his functions under part B of title IV of the Higher Education Act of 1965.

SEC. 103. AMOUNT AND TERMS OF LOANS.

(a) ELIGIBLE AMOUNTS.—

(1) ANNUAL LIMITS.—Any individual who is determined by an eligible institution to be an eligible student for any academic year shall be eligible to receive an IDEA loan for such academic year in an amount which is not less than $500 or more than the lesser of—

(A)(i) $2,500 in the case of any student who has not completed a course of undergraduate study; or

(ii) $10,000 in the case of any other student; or

(B) the cost of attendance at such institution, determined in accordance with section 484 of the Higher Education Act of 1965.

(2) LIMITATION ON BORROWING CAPACITY.—No individual may receive any amount in an additional IDEA loan

(A) if the sum of—

(i) the amount of such additional loan,

(ii) the amount of any other IDEA loans made to such individual during the current calendar year, and

(iii) the current account balance of such individual (as of the close of the preceding calendar year),

equals or exceeds $45,000; or

(B) if the sum of the original principal amounts of all IDEA loans to such individual (including the pending additional loan) would equal or exceed (i) $40,000, minus (ii) the product of (I) the number of years by which the borrower's age (as of the close of the preceding calendar year) exceed 35, and (II) one-twentieth of the amount specified in clause (i), as adjusted pursuant to paragraph (3).

For the purposes of clause (A) of this paragraph, the current account balance shall be determined in accordance with section 6306(d)(2) of the Internal Revenue Code of 1954.

(3) ADJUSTMENT OF LIMITS FOR INFLATION.—Each of the amounts specified in paragraphs (1)(A), (2)(A), and (2)(B)(i) shall be adjusted for any calendar year after calendar year 1985 by the cost-of-living adjustment for such calendar year determined under section 6306(h)(3)(C) of the Internal Revenue Code of 1954, rounded to the nearest multiple of $100 (or, if such adjustment is a multiple of $50, such adjustment shall be increased to the next higher multiple of $100).

(4) COMPUTATION OF OUTSTANDING LOAN OBLIGATIONS.—For the purposes of this subsection, any loan obligations of an individual under student loan programs under title IV of the Higher Education Act of 1965 shall be counted toward IDEA annual and aggregate borrowing capacity limits. For purposes of annual and aggregate loan limits under any such student loan program, IDEA loans shall be counted as loans under such program.

(b) DURATION OF ELIGIBILITY.—An eligible student shall not be eligible to receive a loan under this title for more than a total of 9 academic years, of which not more than 5 academic years shall be as an undergraduate student and not more than 5 academic years shall be as a graduate student.

(c) TERMS OF LOANS.—Each eligible student applying for a loan under this title shall sign a written agreement which—

(1) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, endorsement may be required.

(2) provides that such student will repay the principal amount of the loan and any interest or additional charges thereon in accordance with section 6306 of the Internal Revenue Code of 1954;

(3) provides that the interest on the loan will accrue in accordance with section 105;

(4) certifies that the student has received and read the notice required by section 102(a)(3); and

(5) contains such additional terms and conditions as the Secretary may prescribe by regulation.

(d) DISBURSEMENT OF PROCEEDS OF LOANS.—The Secretary shall, by regulation, provide for the appropriate notification of eligible institutions of the amounts of loans which are approved for any eligible student, and for the allocation of the proceeds of such loan by semester or other portion of an academic year. Proceeds of loans under this title shall be credited to any obligations of eligible students to the institution related to the cost of attendance at such institution, with any excess being paid to the student.

SEC. 104. INFORMATION REQUIREMENTS FOR LOAN PROGRAM.

(a) RESPONSIBILITIES OF ELIGIBLE INSTITUTIONS.—Each eligible institution which receives funds under this title shall—

(1) submit to the Secretary, at such time and in such form as the Secretary may require by regulation, a machine readable list of applicants and the amounts for which they are qualified under section 103;

(2) after receipt of notification of the amount of loans approved for its students and disbursement of the proceeds of the loan, submit to the Secretary, in the form required by such regulation, a machine readable list of recipients and the amounts received;

(3) promptly notify the Secretary, on request, of any change in enrollment status of any recipient of a loan under this title; and

(4) at the time of submitting the list required by paragraph (1), submit to the Secretary a machine readable list of eligible students who have previously received loans under this title but who are not included as current applicants in the list required by such paragraph.

(b) RESPONSIBILITIES OF THE SECRETARY.—The Secretary shall, on the basis of the lists received under subsection (a)(2), establish an obligation account, by name and taxpayer identification number, with respect to each recipient of a loan under this title. The Secretary shall provide for the increase in the total amount stated for each such account by any amounts subsequently loaned to that recipient under this title and by the amount of any interest charges imposed pursuant to section 105. The Secretary shall, with the notice required by section 6306(a)(1) of the Internal Revenue Code of 1954, transmit to each recipient of a loan under this title a statement of the total amount of the obligation of such recipient as of the close of the preceding calendar year.

SEC. 105. INTEREST CHARGES.

Interest charges on loans made under this title shall be added to the recipient's obligation account at the end of each calendar year. Such interest charges shall be based upon an interest rate equal to the lesser of—

(1) the sum of the average bond equivalent rates of 91-day Treasury bills auctioned for the prevous year, plus two percentage points, rounded to the next higher one-eighth of one percent; or

(2) 14 percent.

SEC. 106. DEFINITIONS.

"For purposes of this title—

(1) the term "Secretary" means the Secretary of Education;

(2) the term "eligible institution" has the meaning given it by section 435(a) (1) or (2) of the Higher Education Act of 1965;

(3) the term "eligible student" means a student who is eligible for assistance under title IV of the Higher Education Act of 1965 as required by section 484 of such Act; and

(4) the term "IDEA loan" means a loan made under this title.

TITLE II—COLLECTION OF INCOME-DEPENDENT EDUCATION ASSISTANCE LOANS

SEC. 201. REPAYMENTS USING INCOME TAX COLLECTION SYSTEM.

(a) IN GENERAL.—Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection) is amended by adding at the end thereof the following new section:

"SEC. 6306. COLLECTION OF INCOME-DEPENDENT EDUCATION ASSISTANCE LOANS.

"(a) NOTICE TO BORROWER.—

"(1) IN GENERAL.—During January of each calendar year, the Secretary of Education shall furnish to each borrower of an IDEA loan notice as to—

"(A) whether the records of the Secretary of Education indicate that such borrower is in repayment status,

"(B) the maximum account balance of such borrower,

"(C) the current account balance of such borrower as of the close of the preceding calender year, and

"(D) the procedure for computing the amount of repayment owing for the taxable year beginning in the preceding calendar year.

"(2) COPIES OF NOTICE TO TREASURY.—The Secretary of Education shall compile the notices required by paragraph (1) and submit the compilation to the Secretary.

"(3) FORM, ETC.—The notice under paragraph (1) (and the compilation thereof under paragraph (2)) shall be in such form as the Secretary may by regulations prescribe and shall be sent by mail to the individual's last known address or shall be left at the dwelling or usual place of business of such individual.

"(b) COMPUTATION OF ANNUAL REPAYMENT AMOUNT.—

"(1) IN GENERAL.—The annual amount payable under this section by the taxpayer for any taxable year shall be the lesser of—

"(A) 15 percent of the modified adjusted gross income of the taxpayer for such taxable year, or

"(B) the product of—

"(i) the base amortization amount, and

"(ii) the progressivity factor for the taxpayer for such taxpable year.

"(2) BASE AMORTIZATION AMOUNT.—

"(A) IN GENERAL.—For purposes of this section, the term 'base amortization amount' means the amount which, if paid at the close of each year for a period of 12 consecutive years, would fully repay (with interest) at the close of such period the maximum account balance of the borrower. For purposes of the preceding sentence, a 10 percent annual rate of interest shall be assumed.

"(B) JOINT RETURNS.—In the case of a joint return under section 6013 where each spouse has an account balance and is in repayment status, the amount determined under subparagraph (B)(i) shall be the sum of the base amortization amounts of each spouse.

"(3) PROGRESSIVITY FACTOR.—

"(A) IN GENERAL.—For purposes of this sector, the term 'progressivity factor' means the number determined under tables prescribed by the Secretary which is based on the following tables for the circumstances specified:

"(i) JOINT RETURNS; SURVIVING SPOUSES.—In the case of a taxpayer to whom section 1(a) applies—

"If the taxpayer's modified adjusted gross income is:	*The progressivity factor is:*
Not over $6,550	0.429
Not over 9,750	0.500
Not over 13,950	0.571
Not over 18,100	0.643
Not over 22,400	0.786
Not over 27,250	0.893
Not over 32,550	1,000
Not over 40,500	1.000
Not over 52,900	1.152
Not over 72,800	1.272
Not over 97,500	1.364
Not over 135,900	1.485
140,700 and over	1.500

"(ii) HEADS OF HOUSEHOLDS.— In the case of a taxpayer to whom section 1(b) applies—

"If the taxpayer's modified adjusted gross income is:	*The progressivity factor is:*
Not over $5,450	0.429
Not over 8,600	0.500
Not over 10,250	0.607
Not over 13,400	0.643
Not over 16,600	0.714
Not over 20,850	0.857
Not over 26,150	1.000
Not over 31,450	1.000
Not over 39,400	1.094
Not over 52,650	1.313
Not over 71,200	1.406
95,050 and over	1.500

"(iii) UNMARRIED INDIVIDUALS, ETC.—In the case of a taxpayer to whom section 1(c) applies—

"If the taxpayer's modified adjusted gross income is:	*The progressivity factor is:*
Not over $5,450	0.467
Not over 7,500	0.500
Not over 9,650	0.533
Not over 11,850	0.600
Not over 13,950	0.667
Not over 16,600	0.767
Not over 20,850	0.867
Not over 26,150	1.000
Not over 31,450	1.000
Not over 37,800	1.118
Not over 48,400	1.235
Not over 68,550	1.412
78,600 and over	1.500

"(iv) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of a taxpayer to whom section 1(d) applies—

"If the taxpayer's modified adjusted gross income is:	*The progressivity factor is:*
Not over $3,275	0.483
Not over 4,875	0.552
Not over 6,975	0.655
Not over 9,050	0.759
Not over 11,200	0.862
Not over 13,625	1.000
Not over 16,275	1.000
Not over 20,250	1.182
Not over 26,450	1.333
Not over 36,400	1.485
37,500 and over	1.500

"(B) RATABLE CHANGES.—The tables prescribed by the Secretary under subparagraph (A) shall provide for ratable increases (rounded to the nearest 1/1000) in the progressivity factors between the amounts of modified adjusted gross income contained in the tables.

"(C) INFLATION ADJUSTMENT OF MODIFIED AGI AMOUNTS.—For inflation adjustment of amounts of modified adjusted gross income, see subsection (h)(4).

"(4) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income for the taxable year—

"(A) determined without regard to the deductions from gross income allowable under section 62 by reason of—

"(i) paragraph (7) thereof (relating to profit-sharing, annuities, and bond purchase plans of self-employed individuals),

"(ii) paragraph (10) thereof (relating to retirement savings), and

"(iii) paragraph (14) thereof (relating to reforestation expenses), and

"(B) increased by—

"(i) interest and dividends exempt from the tax imposed by chapter 1, and

"(ii) the items of tax preference described in section 57 (other than paragraph (9) thereof).

"(c) TERMINATION OF BORROWER'S REPAYMENT OBLIGATION.—

"(1) IN GENERAL.—The repayment obligation of a borrower of an IDEA loan shall terminate only if there is repaid with respect to such loan an amount equal to—

"(A) in the case of any repayment during the first 12 years for which the borrower is in repayment status with respect to any loan, the sum of—

"(i) the principal amount of the loan, plus

"(ii) interest computed for each year the loan is outstanding at an annual rate equal to 150 percent of the annual rate otherwise applicable to such loan for such year, and

"(B) in the case of any repayment during any subsequent year, the principal amount of the loan plus interest computed at the rates applicable to the loan.

"(2) NO REPAYMENT REQUIRED AFTER 30 YEARS IN REPAYMENT STATUS OR AFTER AGE 70.—No amount shall be required to be repaid under this section with respect to any loan for any taxable year after the earlier of—

"(A) the 30th year for which the borrower is in repayment status with respect to such loan, or

"(B) the taxable year in which the borrower attains age 70.

"(3) EXCEPTION FOR DE MINIMUS LOANS REPAID DURING FIRST 12 YEARS IN REPAYMENT STATUS.—In any case were the maximum account balance of any borrower is $3,000 or less, subparagraph (B), and not subparagraph (A), of paragraph (1) shall apply to repayment of such loan.

"(4) DETERMINATION OF YEARS IN REPAYMENT STATUS.—For purposes of paragraphs (1)(A) and (2)(A), the number of years in which a borrower is in repayment status with respect to any IDEA loan shall be determined without regard to any year before the most recent year in which the borrower received an IDEA loan.

"(d) DEFINITIONS.—For purposes of this section—

"(1) MAXIMUM ACCOUNT BALANCE.—The term 'Maximum account balance' means the highest amount (as of the close of any calendar year) of unpaid principal and unpaid accrued interest on all IDEA loan obligations of a borrower.

"(2) CURRENT ACCOUNT BALANCE.—The term 'current account balance' means the amount (as of the close of a calendar year) of unpaid principal and unpaid accrued interest on all IDEA loans of a borrower.

"(3) REPAYMENT STATUS.—A borrower is in repayment status for any taxable year unless such borrower—

"(A) was, during at least 6 months of such year, an eligible student, as that term is defined in section 106(a)(3) of the Income-Dependent Education Assistance Act of 1983, and

"(B) has not attained age 55 before December 31 of the taxable year.

"(4) IDEA LOAN.—The term 'IDEA loan' means any loan made under title I of the Income-Dependent Education Assistance Act of 1983.

"(e) PAYMENT OF AMOUNT OF OWING.—Any amount to be collected from an individual under this section shall be paid—

"(1) not later than the last date (determined without regard to extensions) prescribed for filing his return of tax imposed by chapter 1 for the taxable year ending before the date the notice under subsection (a) is sent, and

"(2)(A) if such return is filed not later than such date, with such return, or

"(B) in any case not described in subparagraph (A), in such manner as the Secretary may by regulations prescribe.

"(f) FAILURE TO PAY AMOUNT OWING.—If an individual fails to pay the full amount required to be paid on or before the last date described in subsection (e)(1), the Secretary shall assess and collect the unpaid amount in the same manner, with the same powers,

and subject to the same limitations applicable to a tax imposed by subtitle C the collection of which would be jeopardized by delay.

"(g) LOANS OF DECEASED AND PERMANENTLY DISABLED BORROWERS; DISCHARGE BY SECRETARY.—

"(1) DISCHARGE IN THE EVENT OF DEATH.—If a borrower of an IDEA loan dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary of Education) then the Secretary of Education shall discharge the borrower's liability on the loan.

"(2) LIMITATION ON DISCHARGE.—The discharge of the liability of an individual under this subsection shall not discharge the liability of any spouse with respect to any IDEA loan made to such spouse.

"(h) NOTICE AND CREDITING OF COLLECTIONS SPECIAL RULES.—

"(1) NOTICE TO THE SECRETARY OF EDUCATION.—The Secretary shall notify the Secretary of Education of the amount collected under this section with respect to any individual and the Secretary of Education shall credit that amount to the account of such individual.

"(2) CREDITING OF AMOUNTS PAID ON A JOINT RETURN.—Amounts collected under this section on a joint return from a husband and wife both of whom are in repayment status shall be credited to the accounts of such spouses in the following order:

"(A) first to repayment of interest added to each account at the end of the preceding calendar year in proportion to the interest so added to the respective accounts of the spouses, and

"(B) then to repayment of unpaid principal, and unpaid interest accrued before such preceding calendar year, in proportion to the respective maximum account balances of the spouses.

"(3) COMPUTATION OF ALTERNATIVE ANNUAL PAYMENT FOR INDIVIDUALS WHO HAVE ATTAINED AGE 55.—

"(A) IN GENERAL.—In the case of an individual who attains age 55 before the close of the calendar year ending in the taxable year, in lieu of the amount determined under subsection (b)(1)(B) for such individual there shall be substituted (if greater) for such amount an amount equal to the product of—

"(i) the amount which, if paid at the close of each year for a period of 15 consecutive years, would fully repay at the close of such period the individual's current account balance (as of the close of the calendar year in which the individual attains age 55), and

"(ii) the greater of 1 or the progressivity factor applicable to such individual for such taxable year.

"(B) MARRIED INDIVIDUALS FILING A JOINT RETURN.—In the case of a joint return, in lieu of the amount determined under subsection (b)(1)(B) there shall be substituted (if greater) for such amount an amount equal to—

"(i) in the case where both spouses have attained age 55, the sum of the amounts determined under subparagraph (A) for each spouse, or

"(ii) in the case where only 1 spouse has attained age 55, the sum of—

"(I) the amount determined under subparagraph (A) for such spouse, and

"(II) if the other spouse is in repayment status, the amount determined under subsection (b)(1)(B) (without regard to this subparagraph) with respect to such other spouse.

For purposes of this subparagraph, paragraph (2) shall not apply and payments shall be credited to the accounts of the respective spouses under regulations prescribed by the Secretary of Education.

"(4) INFLATION ADJUSTMENT IN COMPUTATION OF PROGRESSIVITY FACTOR.—

"(A) IN GENERAL.—Not later than December 15 of 1986 and of each 3rd calendar year thereafter, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsection (b)(3)(A) with respect to the succeeding 3 calendar years.

"(B) METHOD OF PRESCRIBING TABLES.—The table which under subparagraph (A) is to apply in lieu of the table contained in clause (i), (ii), (iii), or (iv) of subsection (b)(3)(A), as the case may be, shall be prescribed—

"(i) by increasing each amount of modified adjusted gross income in such table by the cost-of-living adjustment for the calendar year, and

"(ii) by not changing the progressivity factor applicable to the modified adjusted gross income as adjusted under clause (i).

If any increase under the preceding sentence is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or, if such increase is a multiple of $5, such increase shall be increased to the next highest multiple of $10).

"(C) COST-OF-LIVING ADJUSTMENT.—For purposes of this paragraph, the cost-of-living adjustment for any calendar year is the percentage (if any) by which—

"(i) the CPI for the preceding calendar year, exceeds

"(ii) the CPI for the calendar year 1983.

"(D) CPI FOR ANY CALENDAR YEAR.—For purposes of subparagraph (C), the CPI for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on September 30 of such calendar year.

"(E) CONSUMER PRICE INDEX.—For purposes of subparagraph (D), the term 'Consumer Price Index' means the last Consumer Price Index for all-urban consumers published by the Department of Labor.

"(5) RULES RELATING TO BANKRUPTCY.—

"(A) IN GENERAL.—An IDEA loan shall not be dischargeable in a case under title 11 of the United States Code.

"(B) CERTAIN AMOUNTS MAY BE CANCELLED.—If any individual receives a discharge in a case under title 11 of the United States Code, the Secretary of Education may cancel any amount of the portion of the liability of such individual on any IDEA loan which is attributable to amounts required to be paid on such loan for periods preceding the date of such discharge.

"(5) FINALITY OF ASSESSMENT AND COLLECTION.—The first sentence of subsection (b) of section 6305 shall apply to assessments and collections under subsection (c) of this section."

(b) APPLICATION OF ESTIMATED TAX.—Subsection (g) of section 6654 of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "plus" as the end of paragraph (1), by striking out "minus" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) the amount required to be repaid under section 6306 (relating to collection of income-dependent education assistance loans), minus."

(c) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 64 of such Code is amended by adding at the end thereof the following new item:

"Sec. 6306. Collection of income-dependent education assistance loans."

SEC. 202. ESTABLISHMENT OF STUDENT LOAN REPAYMENT TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to trust fund code) is amended by adding at the end thereof the following new section:

"SEC. 9504. INCOME-DEPENDENT EDUCATION ASSISTANCE LOAN TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Income-Dependent Education Assistance Loan Trust Fund' consisting of such amounts as may be appropriated or credited to the Income-Dependent Education Assistance Loan Trust Fund as provided in this section.

"(b) TRANSFER OF CERTAIN RECEIPTS.—There are hereby appropriated to the Income-Dependent Education Assistance Loan Trust Fund amounts received in the Treasury on any loan made under title I of the Income-Dependent Education Assistance Act of 1983.

"(c) EXPENDITURES FROM TRUST FUND.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, for the following purposes and in the following order of priority:

"(1) repayment of principal on IDEA debt obligations;

"(2) payment of interest on such obligations;

"(3) advancing of funds directly to schools for new loans to students, provided the Trust Fund balance is adequate, in light of anticipated obligations under (1) and (2) above, and anticipated receipts from borrower's repayments; and

"(4) return of any excess funds to the Treasury.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end thereof the following new item:

"Sec. 9504. Income-Dependent Education Assistance Loan Trust Fund."

INCOME-DEPENDENT EDUCATION ASSISTANCE ACT SYNOPSIS

The IDEA Act creates a new, supplementary student loan program in which repayments are determined by post-school income of the borrower and are collected by the IRS as part of the individual income tax. The program avoids taxpayer subsidies but does contain an internal cross-subsidy from those with very high post-school incomes to those with very low incomes. Essential features follow:

Students may borrow up to $40,000 total ($2,500 per year undergraduate and $10,000 per year graduate), but any amounts borrowed under other federal programs are subtracted from these limits. The $40,000 limit is phased out between age 35 and age 55 so that borrowers do not assume obligations disproportionate to their remaining earning years.

Borrowers' accounts are charged interest each year at the average 91-day T-bill rate for the year plus 2 percent, but in no case more than 14 percent.

For a given account balance, the annual repayment amount due for a given year varies according to income. The progressivity is derived from the income tax rates applicable to single and married taxpayers.

Borrowers with higher post-graduation incomes will pay higher effective interest rates for their loans than lower-income borrowers. For highest income borrowers, the

IDEA interest charge will in any case be below that commercially available, while lowest income borrowers will have any unpaid portion of their loans forgiven after 30 years. A majority of borrowers will pay off their loans at the T-bill plus 2 percent rate in 12 to 18 years.

No borrower will be released from her obligation until she has been in repayment for 12 years or repaid the loan at 150 percent of the normal T-Bill plus 2 percent rate.

Borrowers may convert GSL and NDSL debt to IDEA loans of the same origination date.

No borrower will owe more than 15 percent of his income for IDEA repayments in any year. Along with the progressivity in the normal repayment schedules, this assures borrowers that their payments will be manageable, regardless of job changes, unemployment, retraining, homemaking, et cetera.

No means tests restrict IDEA borrowing. They would not reduce government costs and would prevent participation by future high income earners.

IDEA repayment obligations may not be discharged in a bankruptcy proceeding but may be rescheduled or forgiven for a bankrupt person by the Secretary of Education.

Initial capital comes from federally guaranteed bonds sold by guarantee agencies and repaid from borrowers' repayment amounts deposited in an IDEA Trust Fund. If zero coupon bonds are approved by Treasury for this purpose, no appropriations will be required; otherwise appropriations will be needed in the first years to pay interest on the bonds until repayments start coming into the Trust Fund.

Schools submit machine-readable lists of borrowers to Education for approval and establishment of computerized accounts that can be cross-checked against new loan requests and IRS tapes to ensure compliance.

Borrowing limits and repayment schedules are indexed for inflation.

INCOME-DEPENDENT EDUCATION ASSISTANCE (IDEA) OUTLINE OF PROPOSED BILL

I. LOAN PROVISIONS AND BORROWER ELIGIBILITY

A. Loan Provisions

1. Non-secured loans with interest accruing at 2 percent over the average for 91-day Treasury bills over the preceding year, but in no case more than 14 percent per year.

2. Annual repayments vary by borrower according to current income and the maximum IDEA account balance (unpaid principal and unpaid accrued interest); payment is made through the Internal Revenue Service, which is given the same statutory authority to collect amounts due as it has in the case of individual income taxes.

B. Borrower Eligibility

1. Eligible students are those meeting the definition that governs the Guaranteed Student Loan program, with the following differences:

a. no limitations based upon family or personal income

b. borrowing under other federal loan programs is counted toward IDEA annual and cumulative limits (see below)

c. borrowing limits decrease to zero over age 35 to 55 (see below).

2. Borrowing may take place for a total of nine academic years, of which no more than five years each may be in undergraduate or graduate studies.

3. Students may borrow:

a. up to $2,500 (or the cost of attendance if less than $2,500) per year as an undergraduate or other non-graduate student

b. up to $10,000 (or the cost of attendance if less than $10,000) per year as a graduate student

c. up to $40,000 cumulative loan principal, plus up to $5,000 in accrued but unpaid interest added to original principal: The $40,000 lifetime borrowing limit decreases by 5 percent per year of age of the borrower over 35 years (i.e., is $20,000 at age 45 and $0 at age 55)

4. There are no loan origination fees or in-school interest payments due on IDEA loans; interest accruing while a borrower is in school is added to original principal borrowed and repaid on leaving school.

5. GSL and NDSL borrowers may convert such loans to IDEA loans of the same origination date; in doing so they assume the obligation to pay accrued interest at the IDEA rate and receive the income-dependent annual payment levels and 15 percent of income payment ceiling applied to converted loans.

II. REPAYMENT MECHANISM

A. Establishment of Borrower Obligation Accounts

1. The Education Department will maintain records on the outstanding loan obligations of borrowers, including current unpaid principal and accrued interest, highest outstanding balance, annual interest charges, payments made, and current repayment status.

2. The Secretary of Education will use information obtained from educational institutions to update account information and will report the status of individual accounts to borrowers annually.

B. Payments will be made to the Internal Revenue Service by using a special supplemental form to the Form 1040, and rules governing collection of taxes due, penalties for delinquent payments, and estimated taxes and withholding will apply to the collection of IDEA payments.

C. Determination of Payments Due

1. Annual payments on IDEA debts will reflect the borrowing history, current income level, age, and marital status of borrowers.

a. A Modified Adjusted Gross Income calculation (MAGIC) adds certain preference income to a borrower's Adjusted Gross Income as reported for individual income tax purposes.

b. The maximum outstanding unpaid principal and interest owed by a borrower will determine the "base amortization amount" (BAA) required to pay off IDEA debts over 12 years at an assumed interest rate of 10 percent per year. The 10 percent rate is an estimate of the actual average T-bill plus 2 percent rate that is charged on the loan, current T-bill rates are approximately 8 percent and declining; for married couples filing joint returns, the BAA will reflect the borrowing history of any spouse(s) in repayment status and their combined income.

c. The Modified Adjusted Gross Income (MAGI) of a taxpayer determines a "progressivity factor" that, when multiplied by the base amortization amount, adjusts the annual payment due according to ability to repay. The actual progressivity adjustments result in payments due that are from 150 percent to less than 50 percent of the BAA, with borrowers earning approximately $30,000 paying roughly 100 percent of BAA.

d. Notwithstanding the size of the annual payment due as determined by outstanding IDEA obligations and current income, no individual or couple will have to pay more than 15 percent of MAGI in IDEA loan payments in any year. The 15 percent cap is roughly the burden on a $15,000 per year earner repaying $15,000 in loans under the current GSL program with its 8 percent interest rate on loans (annual payment of $2,235 or 14.9 percent of income, ignoring the cost of origination fees); under IDEA, A $15,000 single borrower would pay 10.4 percent of her income on a $15,000 maximum account balance ($1,555), while a $30,000 earner would pay 7.4 percent of income ($2,202) and a $50,000 earner would pay 5.6 percent of income ($2,800) on tha same $15,000 account balance.

e. Although they will also be protected by the 15 percent of MAGI cap on annual payments due, borrowers over age 55 will have to pay back loans at a minimum rate of amortization of 15 years at an assumed interest rate of 10 percent even if their MAGI would otherwise permit a smaller payment. This provison is included as a safeguard against abuse of the forgiveness provisions in (2)(c) and (2)(d) below, and operates in conjunction with the phased out borrowing limits between age 35 and 55 to ensure loan repayment and manageable debt burdens

2. Borrowers will be released from further obligations to make loan payments when:

a. loan principal and accrued interest at the normal (T-bill plus 2 percent rate have been reduced to zero over a period of 12 to 30 years,[1] or

b. loan principal and accrued interest at up to 150 percent of the normal rate have been reduced to zero over a period of less than 12 years,[2] or

c. a borrower has been in repayment status for a period of 30 years,[3] or

d. a borrower reaches age 70,[4] or

e. a borrower dies or is disabled.

3. Borrowers are temporarily released from annual repayment obligations while in school if under the age of 55; non-students and all borrowers age 55 and over make annual repayments. Years in which a borrower is not in repayment status are not counted toward the twelve-years of repayment required of all borrowers who do not repay their loans over a shorter period at 150% of the T-bill plus 2% normal interest rate. Non-repayment years also do not count toward the thirty-year maximum repayment period. If a borrower leaves repayment status and borrows additional IDEA funds, the twelve and thirty year periods begin again upon the borrower's return to repayment status.

4. The progressivity factors used to adjust annual payments according to income are indexed (as are the borrowing limits) for inflation to avoid "bracket creep."

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[1] For most borrowers, repayment of the IDEA loans should be completed in 12 to 15 years.

[2] In practice, the highest rate that a taxpayer will pay during a 12-year repayment period will be approximately 11.25 percent for a $35,000 earner, 12.75 percent for a $40,000 earner, 14.75 percent for a $50,000 earner, and 18.75 percent for an earner who averages $75,000 in earnings over 12 years of repayment.

[3] In practice, the actual rates of interest paid on loans forgiven in part after 30 years will be as high as 7 percent for a $10,000 earner, 9.75 percent for a $15,000 earner, 11.75 percent for a $20,000 earner, and 14 percent for a $25,000 earner (which would fully repay over $26,000 in IDEA loans at even the maximum chargeable rate under the program).

[4] This allows at least 15 years of repayment by borrowers who do not begin repayment until the latest possible time, i.e., 55 years of age.

5. Married couples make payments based upon combined incomes and combined IDEA obligations if they file joint returns. Payments are credited to spouses' individual accounts on a pro rata basis, first based upon the interest charged the accounts in the previous year, and then according to the size of the highest historical balance of the respective accounts.

a. When spouses die or cease to be married, the surviving or now single spouse resumes responsibility for his or her IDEA debt.

b. Special provisions govern the payments of couples who have one spouse over age 55 and subject to the mandatory minimum amortization rate (see II.C.1.e.).

6. While IDEA obligations will not be dischargeable in bankruptcy, a bankrupt person will be free to apply to the Secretary of Education for forgiveness or rescheduling of overdue IDEA payments.

III. ROLE OF EDUCATIONAL INSTITUTIONS

A. Institutions through which students apply for IDEA loans must be "eligible institutions" under the Higher Education Act of 1965 and agree to fulfill responsibilities of information gathering and reporting. Foreign schools, however, are excluded. Machine-readable lists of applicant data, funds disbursed, and enrollment status of current and past borrowers must be supplied by eligible institutions to the Education Department.

B. Institutions must also refund to the Education Department loans or portions of loans made to students who withdraw from school during a term in which they have borrowed IDEA funds.

C. Violation of the agreement between an eligible institution and the Education Department to perform the above duties can result in the termination of the eligibility of the school to channel IDEA loans to its students.

IV. FUNDING MECHANISM

A. Guarantee agencies supply funds to educational institutions for lending purposes.

1. The agencies issue debt obligations approved by the Secretary of Education and in a form specified by the Treasury Department.

2. The Education Department will make interest and principal payments on the obligations, which shall have a return equivalent to Treasury bills of comparable maturity (which shall be at least fifteen years).

3. Guarantee agencies may be current agencies approved under the GSL program, other entities which may qualify under GSL rules, or the Student Loan Marketing Association.

B. Payments made on agency obligations will be made from the Income-Dependent Education Assistance Loan (IDEAL) Trust Fund, which shall contain such amounts as may be appropriated from general revenues for the purpose and all amounts received from borrowers making repayments through the IRS.

INCOME

	500	10000	15000	20000	25000	30000	35000	40000	50000	75000	100000	150000
INCOME-DEPENDENT EDUCATION ASSISTANCE (IDEA): TAXPAYERS FILING JOINT RETURNS												
(1) Progressivity factor [1]	0.429	0.504	0.589	0.706	0.843	0.949	1.000	1.000	1.116	1.280	1.493	1.500
(2) Annual payment per $10,000 maximum account balance (MAB) [2]	$630	$740	$865	$1,036	$1,238	$1,392	$1,468	$1,468	$1,639	$1,879	$2,191	$2,202
(3) Percentage of income [3] payable per $10,000 MAB	12.6	7.4	5.8	5.2	4.9	4.6	4.2	3.7	3.3	2.5	2.2	1.5
(4) (a) Maximum annual payment	$750	$1,500	$2,250	$3,000	$3,750	$4,500	$4,750	$6,000	$7,500	$11,250	$15,000	$22,500
(4) (b) MAB amortizable at rate in (6) [4]	11,905	20,270	26,056	28,958	30,291	32,328	33,267	42,014	52,517	78,776	105,035	157,552
(5) Years required to pay back loan at indicated actual interest rates charged on IDEA loans												
8 percent				19	14	11	10	10	9	7	6	6
10 percent					17	13	12	12	10	8	6	6
12 percent						17	15	15	12	9	7	7
14 percent							24	24	15	10	8	8
(6) Maximum effective interest rate paid at end of 30 years notwithstanding rates charged [5]	4.75	6.25	7.75	9.75	12.00	13.75	#	#	#	#	#	#
(7) Maximum effective interest rate paid at end of 12 years (or shorter period if 150 percent of actual interest rate) [6]						9.00	10.00	10.00	12.25	15.50	19.25	19.50
INCOME-DEPENDENT EDUCATION ASSISTANCE (IDEA): UNMARRIED TAXPAYERS												
(1) Progressivity factor [1]	0.467	0.544	0.707	0.847	0.971	1.000	1.066	1.142	1.249	1.468	1.500	1.500
(2) Annual payment per $10,000 maximum account balance (MAB) [2]	$685	$798	$1,037	$1,243	$1,425	$1,468	$1,565	$1,677	$1,833	$2,155	$2,202	$2,202
(3) Percentage of income [3] payable per $10,000 MAB	12.6	8.0	6.9	6.2	5.7	4.9	4.5	4.2	3.7	2.9	2.2	1.5
(4) (a) Maximum annual payment	$750	$1,500	$2,250	$3,000	$3,750	$4,500	$4,750	$6,000	$7,500	$11,250	$15,000	$22,500
(4) (b) MAB amortizable at rate in (6) [4]	10,949	18,797	23,332	24,135	26,259	31,510	33,267	42,014	52,517	78,776	105,035	157,552
(5) Years required to pay back loan at indicated actual interest rates charged on IDEA loans												
8 percent			19	13	11	10	9	8	7	6	6	6
10 percent				17	13	12	11	10	8	7	6	6
12 percent				30	16	15	13	11	9	7	7	7
14 percent					24	24	17	14	11	8	8	8
(6) Maximum effective interest rate paid at end of 30 years notwithstanding rates charged [5]	5.50	7.00	9.75	11.75	14.00	#	#	#	#	#	#	#
(7) Maximum effective interest rate paid at end of 12 years (or shorter period if 150 percent of actual interest rate) [6]					9.50	10.00	11.25	12.75	14.75	18.75	19.50	19.50

[1] Based upon income level of borrower; derived from income tax rate structure and specified in Income-Dependent Education Assistance Act.

[2] MAB is highest amount of unpaid principal and accrued interest during the history of a borrower's IDEA obligation account.

[3] Income is Modified Adjusted Gross Income (MAGI)—Adjusted Gross Income plus certain additional preference income.

[4] 15 percent of MAGI maximum payment; indicated balance is fully amortized at the end of 30 years if the maximum payment is made each year.

[5] This figure is relevant for low-income borrowers whose annual payment may not fully pay off loans within 30 years (after which they are forgiven) at the actual applicable rates; if payments are limited by the 15 percent of income ceiling, the 30-year effective rate will be lower.

[6] Borrowers are released from their loan obligations after 12 years if they have repaid loans at the applicable interest rates, and are released at an earlier date if they have repaid all loans at 150 percent of the normally applicable rates.

An individual in repayment status for more than 12 years will never pay more than the actual interest rate charged each year on IDEA loans, which is limited to 14 percent in any year; the "#" symbol indicates potential effective rates in excess of 14 percent, and in these cases the balance indicated in (4) would have been repaid in a period shorter than 30 years at even the 14 percent maximum rate.

Note.—Interest rates are rounded to nearest ½ percent; years are rounded to nearest year.●

Mr. CHAFEE. Mr. President, a strong Federal commitment to education is as good as any investment we can make in the future growth and prosperity of our Nation. Providing financial assistance for students and their families has been the cornerstone of that commitment. Such important programs as Pell grants, guaranteed student loans, supplemental educational opportunity grants, and college work study have enabled millions of young people to pursue educational goals who might not otherwise have had the opportunity.

These programs should continue to receive our support. I believe it is incumbent upon the Federal Government to respond to the changing educational needs of our country by taking the lead in developing innovative strategies to assure that students will have sufficient resources to pursue undergraduate study as well as research and graduate training. Such steps must be taken in order to bolster our ability to respond to the rapidly changing field of high technology.

In order to help accomplish this, I am pleased to join with Senator TSONGAS today in introducing the Income-Dependent Education Assistance Act of 1983. This legislation will establish a program to make additional sources of loan capital available to students, with repayment schedules which are adjusted according to post-graduation income.

This additional access to education financing is extremely important in light of the sykrocketing costs of attending many institutions of higher learning today. This is especially significant with respect to those pursuing graduate study, who often face higher costs combined with the additional burden of foregone income. The anticipation of high-education-loan debts should not be permitted to dissuade graduate students from pursuing careers in such critical fields as mathematics, science instruction, engineering or medicine.

The IDEA program will encourage students to pursue their career plans according to considerations other than post-graduation income. It will also provide the flexibility necessary for individuals to embark upon educational goals without incurring unworkable loan burdens due to income fluctuations resulting from unemployment, retraining, child care, or changes in job status.

The supplemental student-loan program which IDEA creates is an innovative approach to one of our Nation's most challenging programs. Today's economy requires enhanced technical and professional skills. There is an increasing demand for educational programs which are lifelong in scope, and enable individuals to interrupt their careers and resume their education to build and refine skills. The growth of high technology will continue to generate an urgent need for retraining opportunities.

The IDEA program will be an important addition to the group of student financial assistance programs which are playing a key role in building a strong future for our country. This legislation represents a timely and significant step forward in demonstrating the Federal commitment in this vital endeavor.

By Mr. SIMPSON (by request):

S. 1388. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation for surviving spouses and children of veterans; to the Committee on Veterans Affairs.

DEPENDENCY AND INDEMNITY COMPENSATION

Mr. SIMPSON. Mr. President, I approach the desk to introduce by request of the administration a bill proposing to provide a cost-of-living increase of 3.5 percent to disabled veterans and beneficiaries of the dependency and indemnity compensation program (DIC), effective April 1, 1984.

The administration's 3.5-percent proposed cost-of-living adjustment is the same as the increase in the Consumer Price Index, the indicator which by law establishes the cost-of-living adjustment in other Federal income payment programs such as social security and veterans' pensions.

The effective date of April 1, 1984, represents a 6-month delay from the customary October 1 effective date and is similarly in keeping with the administration's policy to require delay in making cost-of-living adjustments in all Federal income-payment programs for fiscal year 1984 in a conscientious attempt to reduce the Federal deficit.

By Mr. LAXALT (for himself and Mr. HECHT):

S. 1389. A bill to transfer administration of certain lands in California and Nevada to the Bureau of Land Management; to the Committee on Energy and Natural Resources.

DEATH VALLEY MONUMENT

Mr. LAXALT. Mr. President, I introduce for appropriate reference a bill to provide for the transfer of a small portion of the far western border of the Death Valley Monument to the Bureau of Land Management to facilitate the development of a significant ore body.

This small portion of the monument is on the western edge adjacent to Saline Valley. It is on the far side of the crest of Ubehebe Peak in an area which is virtually unreachable from the monument floor and completely hidden from the visitors to the monument. There will be no impact whatever on the scenic values of the monument.

The ore body contains significant deposits of molybdenum, and copper, and other metals important to our economy. The ore body has been extensively tested including core drilling and is fully mapped. The company involved is the successor in interest to the original holder of the mineral claims going back to prior to the moratorium on mining.

Administrative remedy has been attempted, without success, although the claims to the minerals are legitimate and the case for developing these minerals is strong. I believe we cannot withhold from development promising mineral deposits when our reliance on foreign sources of so many of the materials critical to our needs has become pervasive. I believe it is important that this legislation be carefully considered.

By Mr. SPECTER:

S. 1390. A bill to amend chapter 67 of title 31, United States Code, to permanently authorize revenue sharing, to increase funding for fiscal year 1984 for units of general local government, and to index future funding to the rate of inflation; to the Committee on Finance.

GENERAL REVENUE SHARING

Mr. SPECTER. Mr. President, one of the most pressing issues confronting the Congress today is the reauthorization of the Federal general revenue sharing program. Revenue sharing constitutes the most productive partnership between Federal and local governments. It comprises the single largest Federal program assisting local authorities, providing $4.6 billion annually. General revenue sharing is a comprehensive and flexible program, allowing funds to be used for a wide range of programs and activities, determined at the local level, and giving localities the opportunity to respond quickly to new problems.

For my State of Pennsylvania, the general revenue sharing program has provided an annual allocation of $225 million. These funds have been used for various essential expenditures such as services for the poor, elderly and youth, fire and police protection, transportation, and recreation activities.

The need to continue this program has been fully documented. A recent Pennsylvania survey found that revenue sharing accounted for almost 17 percent of the average local budget. It is the only direct Federal funding for more than 93 percent of all municipalities in Pennsylvania. If revenue sharing did not receive reauthorization, at least 87 percent of Pennsylvania localities would be compelled to compensate by raising taxes or cutting services. If a municipality's current general revenue sharing entitlement had to be raised from property taxes alone, it would add an average of 4.4 mills, or a total increase of 61.2 percent, to the property tax rate.

Mr. President, I am convinced that the general revenue sharing program is worthwhile and deserving of reauthorization. As an indication of my support, I have cosponsored S. 41, a measure introduced by Senator DURENBURGER that extends the program another 3 years. But while I believe a reauthorization to be essential, it alone is not enough to compensate for the loss in spending power revenue sharing has suffered. Since 1976, the last time the program was increased, revenue sharing has lost 52 percent of its value due to inflation.

Despite its loss in value, revenue sharing in recent years has become more vital to municipalities. Present economic conditions have exacted a harsh toll upon the tax base of many local governments. In addition to the problems caused by a recessionary economy, local governments are facing substantial reductions in Federal aid. According to the Library of Congress, Federal assistance fell 9.32 percent from fiscal year 1981 to fiscal year 1982, and 11.8 percent from fiscal year 1982 to fiscal year 1983.

The bill I am introducing today will preserve revenue sharing by offering a permanent authorization of this program. In addition, this measure increases its annual funding to $7.8 billion, to account for the rate of inflation since 1975, and indexes future payments to the rate of inflation.

This will place revenue sharing on the same footing as much of the rest of the Federal budget. The rate of increase in the defense budget takes inflation into account, and the Congress in 1981 indexed personal income taxes to inflation. With much of the Federal budget indexed to inflation, the major program of assistance to localities should be similarly indexed.

In terms of efficiency and effectiveness, the general revenue sharing program is an ideal Federal response to

the fiscal problems and revenue constraints of local governments. It is entirely consistent with the administration's New Federalism proposal. The program allows local governments wide latitude to determine their most pressing needs and allocate their revenue sharing dollars accordingly. Administrative costs for this program are less than 2 percent, requiring fewer than 100 Federal employees to manage what is the largest Federal grant program—a total of $4.6 billion allocated to 39,000 units of government. Our budgetary problems would be reduced considerably if all Federal programs had a similar track record.

Clearly, general revenue sharing has been a success in Pennsylvania and throughout the Nation. It serves as a positive model for future partnerships between the Federal Government and local communities. To govern most efficiently, our local officials must continue to have the authority to respond to their particular needs and problems. A permanent authorization of revenue sharing in addition to a retroactive and continued indexing of this program would provide the tools necessary for responsive community action.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1390

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (1) of section 6701(a) of title 31, United States Code, is amended by striking out "October 1, 1981, and October 1, 1982" and inserting in lieu thereof "October 1, 1983, and October 1 of each succeeding calendar year".

(b) Paragraph (2) of section 6703(b) of such title is amended by striking out "$4,566,700,000" and inserting in lieu thereof "$7,800,000,000".

(c) Section 6703 of such title is amended by adding at the end thereof the following new subsection:

"(d)(1) For each fiscal year, beginning in fiscal year 1985, the dollar amount in paragraph (2) of subsection (b) shall be adjusted by multiplying such amount by the inflation adjustment factor for the 12-month period ending on the preceding July 1 and, as adjusted shall be substituted for such amount for such fiscal year beginning after such 12-month period.

"(2) The Secretary shall, not later than October 1 of each calendar year (beginning in 1984), determine and publish in the Federal Register the inflation adjustment factor for the immediately preceding 12-month period ending on July 31 in accordance with this subsection.

"(3) The term 'inflation adjustment factor' means, with respect to a calendar year, a fraction the numerator of which is the average monthly Consumer Price Index (all items—United States city average) published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period ending on July 31 and the denominator of which is the average monthly Consumer Price Index (all items—United States city average) for the 12-month period ending July 31, 1983.".

(d) The amendments made by this Act shall take effect for fiscal years beginning after September 30, 1983.

By Mrs. HAWKINS:

S. 1392. A bill to amend title 44, United States Code, to require the inclusion of a statement of cost in certain Government publications; to the Committee on Rules and Administration.

GOVERNMENT PUBLICATION COST REFORM ACT OF 1983

Mrs. HAWKINS. Mr. President, today I am introducing the Government Publication Cost Reform Act of 1983 to inform taxpayers, the Congress, and Federal agencies about the cost of producing Government documents. This is a logical first step before intelligent choices can be made on how to make economies in an overlooked area of Government expense.

Our Government Printer, Dan Sawyer, tallies GPO's printing operation cost at $608 million in fiscal year 1982. Another $1.2 billion was spent by other parts of the Government in direct printing costs.

But printing costs represent only a fraction of total publication costs. Substantial staff time of highly paid professionals goes into research, writing and layout of publications. And costly equipment must be used in the process. Thus, the unit cost of many publications is far higher than the cost of paper and ink.

For that reason, the Government Publication Cost Reform Act requires that publications issued by Federal agencies list on their inside covers the total costs of production. That way the costs per copy can be calculated and intelligent decisions, concerning publications to cancel and which should receive increased circulation can be made.

This is not a new idea. The State of Florida approved similar legislation 11 years ago. Other States, including Tennessee, Georgia, Montana, Oklahoma, Maine, and Nebraska have also enacted analogous laws to control wasteful spending on publications.

At a time when many important Federal programs are being subjected to intense scrutiny to slow the growth in Federal spending, it is essential that the same attitude govern Federal publication costs.

Mr. President, I ask unanimous consent that a copy of the bill be published in the RECORD at this point and urge that my colleagues carefully consider its adoption.

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

S. 1392

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 "Government Publication Cost Reform Act of 1983".

SEC. 2. Title 44 of the United States Code is amended by inserting at the end thereof, the following new chapter:

"CHAPTER 39—GOVERNMENT PUBLICATIONS: STATEMENTS OF COST

"Sec.
"3901. Definitions.
"3902. Statements of cost.

"§ 3901. Definitions

"As used in this chapter—

"(1) the term 'Government publication' shall have the meaning given such term by section 1901 of this title, except such term shall not include—

"(A) public bills and resolutions,

"(B) the daily Congressional Record,

"(C) the Federal Register,

"(D) House and Senate reports, including reports of committees and joint committees,

"(E) any publication determined by the issuing component to be required for official use only or for strictly administrative or operational purposes which have no public interest or educational value, and

"(F) any publication classified for reasons of national security pursuant to criteria set forth in an Executive order;

"(2) the term 'preparation cost' includes expenditures for materials, salaries, and operating expenses of personnel involved in researching, writing, editing, reviewing, or otherwise preparing a Government publication, or expenditures for procuring the same services from an non-Governmental source; and

"(3) the term 'printing cost' includes expenditures for processes of composition, platemaking, presswork, binding, and microfilm, or expenditures for procuring such processes from a source other than the Government Printing Office.

"§ 3902. Statements of cost

"(a) Every component of the Federal Government which issues any Government publication shall cause to be printed on such publication adjacent to the name of the issuing component the following statement, with cost data inserted:

"This Government publication was prepared and printed at a cost of:

	All copies	Per copy
Original issue:		
Preparation cost		
Printing cost		
Total costs (predistribution)		
Latest reprint:		
Preparation cost		
Printing cost		
Total costs (predistribution)		"

"(b) The statement required by subsection (a) of this section shall be printed in at least eight-point type and shall be set in a box composed of a one-point rule.

"(c) The component of the Federal Government which issues any document described in subparagraphs (B), (C), or (D) of section 3901(1) shall cause to be printed on such publication adjacent to the name of the issuing component the following statement, with cost data inserted: 'This document was issued at a printing cost of $, or $ per copy.' This statement shall be printed in at least eight-point type and shall be set in a box composed of a one-point rule.".

SEC. 3. The table of chapters at the beginning of title 44, United States Code, is amended by inserting after the item relating to chapter 37 the following new item:

"39. Government Publications:
Statements of cost ..... 3901".

SEC. 4. The amendments made by this Act shall take effect with respect to Government publications printed after the date of enactment of this Act.

By Mr. DOMENICI (for himself, Mr. BENTSEN, Mr. DECONCINI, and Mr. BINGAMAN):

S. 1393. A bill to extend and make technical corrections to the existing program of research, development, and demonstration in the production and manufacture of guayule rubber; to the Committee on Environment and Public Works.

NATIVE LATEX COMMERCIALIZATION AND ECONOMIC DEVELOPMENT ACT OF 1983

Mr. DOMENICI. Mr. President, today I am introducing legislation, along with Senators BENTSEN, Mr. DECONCINI, and Mr. BINGAMAN, to extend the Native Latex Commercialization and Economic Development Act of 1978 for an additional 5-year period.

In 1977 I came before this body to introduce the Native Latex Commercialization and Economic Development Act and to explain the need to develop a domestic source of natural rubber.

Guayule is a rubber-producing shrub which grows wild in Mexico and southern Texas and is ideally suited for cultivation in other arid States in the Southwest, such as Arizona, New Mexico, and California. Guayule can be grown with minimal irrigation and contains commercial quantities of extractable latex—the raw material for the manufacture of natural rubber.

Presently, the United States imports all of the natural rubber which is used in domestic production, at a cost exceeding one-half billion dollars per year. Almost all of it comes from Southeast Asian rubber plantations of the tree Hevea braziliensis.

Natural rubber is an essential and strategic commodity. It is required in the manufacture of all kinds of tires. Truck tires, for example, contain about 60 percent natural rubber, while aircraft tires are essentially pure natural rubber. Therefore, it is an important initiative to develop a domestic source of natural rubber.

Since passage of the Native Latex Act, tremendous progress has been made in the research and development of a viable domestic guayule industry. The Department of Agriculture and the Department of Commerce, working in concert, as the Joint Commission on Guayule Research and Commercialization, have undertaken important research efforts. Those research efforts have been enhanced through involvement by the National Science Foundation, the Bureau of Indian Affairs, the Departments of State, Energy, Defense and the Federal Emergency Management Agency. While progress has been made, there are still many questions to be answered before natural rubber production can be a viable industry in this country.

For example, seed production is still poor and needs to be increased; the best method of developing new varieties has not been determined; the yield level in many areas is still too low for profitable production; and the best method of establishing the crop has still not been determined.

In a combined 1980 and 1981 report to the Congress, the Joint Commission has outlined exactly what research efforts still need to be accomplished before guayule production will become viable.

The legislation which I am introducing today extends the act for 5 more years, at authorizations that are consistent with past years' authorization levels. The work that has been accomplished under this act is extremely important and the extension of the program is essential in this Senator's opinion. I ask unanimous consent that the text of the bill appear at this point in the RECORD.

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

S. 1393

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Native Latex Commercialization and Economic Development Act of 1978 (hereinafter referred to as "the Act") is amended to read as: "That this Act may be cited as the Native Latex Commercialization and Economic Development Act of 1983".

SEC. 1. Section 2(e) of the Act is amended to read as follows—

"(e) Congress further recognizes that ongoing research into the development and commercialization of native latex has been conducted by the Department of Agriculture, the Department of Commerce, the National Science Foundation, and other public as well as private and industrial research groups, and that these research efforts should be continued and expanded.".

SEC. 2. Section 3 of the Act is amended by striking out subsection (e).

SEC. 3. Section 4(b) of the Act is amended to read as follows—

"(b) The Joint Commission shall consist of the following members: Three individuals designated by the Secretary of Agriculture from among the staff of his Department; three individuals designated by the Secretary of Commerce from among the staff of his Department; a representative of the Bureau of Indian Affairs of the Department of Interior; a representative of the National Science Foundation; a representative of the Department of State; a representative of the Department of Defense; and a representative of the Federal Emergency Management Agency. Each of the members of the Joint Commission shall be an individual who, on behalf of the Department or Agency which he represents, supports research, development, demonstration and commercialization activities involving native latex.".

SEC. 4. Section 5 of the Act is amended—

(1) by striking out clause (c) and inserting in lieu thereof the following—

"(c) accelerating present plant breeding, genetics, and selection programs for the purposes of improving and increasing latex yields, expanding insect and disease resistance, broadening the ranges of drought and cold resistance of the Parthenium plant, and providing a system of regional research trials for enhancing and increasing the supply of foundation seed for certified seed production;";

(2) by striking out "experimental plantings" and all that follows in clause (d) and inserting in lieu thereof the following—"large-scale experimental plantings (aggregating ten thousand acres or more) to provide shrub for feedstock to process in the development rubber processing facility described in clause (g);"; and

(3) by striking out clause (g) and inserting in lieu thereof the following—

"(g) accelerating the refinement of present extraction and processing technologies and future extraction technologies, including the development and construction of a developmental rubber processing facility for the extraction and production of test quantities of solvent extracted guayule natural rubber;".

SEC. 5. Section 6 of the Act is amended—

(1) by striking out "may be carried out through the Regional Commissions or otherwise and" in the second sentence;

(2) by striking clause (a) and inserting in lieu thereof the following—

"(a) continuing support of research and development on extraction and processing technology being developed by the Department of Agriculture;";

(3) by striking clause (b) and inserting in lieu thereof the following—

"(b) an acceleration of an economic analysis and feasibility study of native latex production and usable byproducts;"; and

(4) by striking clause (c) and inserting in lieu thereof the following—

"(c) an immediate study for the purpose of determining the environmental, social and economic impact of native latex commercialization;".

SEC. 6. Section 7 of the Act is amended by inserting ", the Government of Australia, the Government of Israel, and the Government of Egypt" after "Mexico".

SEC. 7. Section 10 of the Act is amended—

(1) by striking out "the provisions of this section" and inserting in lieu thereof "the provisions of this Act"; and

(2) by striking out ", acting through the Regional Commissions or otherwse,".

SEC. 8. Section 11 of the Act is amended—

(1) by inserting "Department of State," after "Department of Energy,"; and

(2) by striking out "Federal Preparedness Agency" and inserting in lieu thereof "Federal Emergency Management Agency".

SEC. 9. Section 13 of the Act is amended—

(1) by striking out "The Secretary of Agriculture and the Secretary of Commerce" and inserting in lieu thereof "The Secretaries"; and

(2) by inserting after the first sentence the following new sentence: "Dispositions under this section may include sales of the materials involved to other Federal departments and agencies for testing purposes.".

SEC. 10. Section 14 of the Act is amended by striking out "The Secretary of Agricul-

ture and the Secretary of Commerce" and inserting in lieu thereof "The Secretaries".

SEC. 11. Section 15 of the Act is amended—

(1) by striking out "The Secretary of Agriculture and the Secretary of Commerce" and inserting in lieu thereof "The Secretaries"; and

(2) by striking out "1982" and inserting in lieu thereof "1987".

SEC. 12. (a) Section 16(a) of the Act is amended by striking out "and" where it appears after "1981,", and by inserting after "1983," the following: "$5,000,000 for the fiscal year ending September 30, 1984, $5,500,000 for the fiscal year ending September 30, 1985, $6,500,000 for the fiscal year ending September 30, 1986, $7,500,000 for the fiscal year ending September 30, 1987, and $8,000,000 for the fiscal year ending September 30, 1988,".

(b) Section 16(b) of the Act is amended by striking out "and" where it appears after "1981,", and by inserting after "1983," the following: $2,500,000 for the fiscal year ending September 30, 1984, $3,000,000 for the fiscal year ending September 30, 1985, $3,500,000 for the fiscal year ending September 30, 1986, $4,000,000 for the fiscal year ending September 30, 1987, and $4,500,000 for the fiscal year ending September 30, 1988,".

By Mr. STEVENS:

S. 1394. A bill to establish a nationwide maximum standard of blood alcohol content for lawful operation of a motor vehicle and to establish a victim compensation fund; to the Committee on Commerce, Science, and Transportation.

NATIONAL DRUNK AND DRUGGED DRIVER PREVENTION ACT OF 1983

Mr. STEVENS. Mr. President, the public is becoming increasingly aware of the problem posed by drunk and drugged drivers on our national roadways. The fact that 1 out of every 2 Americans will be involved in an alcohol or drug related accident in his or her lifetime is a statistic that is unacceptable in this day and age. It is imperative that Americans stop looking at the occurrence of drunk or drugged driving as something that is not a serious infraction of social conduct. Movement in this direction has already begun, due in great part to the efforts of such citizen awareness groups like Mothers Against Drunk Driving (MADD), Students Against Drunk Driving (SADD) and Remove Intoxicated Drivers (RID). Further, credit should be given to Senator DANFORTH, and his efforts in conjunction with title II of S. 1108. Senator DANFORTH has been a leader in the Senate, along with Senator PELL, in the renewed national concern over drunk driving. Their efforts, and those of Representative BARNES, were instrumental in the passage of the Pell-Barnes legislation in the last Congress.

However, although the Pell-Barnes legislation and S. 1108 encourage the States to set mandatory minimum standards to deter drunk or drugged driving, and to punish and rehabilitate violators, I do not feel that this has been a sufficiently comprehensive solution to the problem before us. In addition to addressing the problem from the enforcement side, it is essential that we provide a mechanism by which the needs of the victims of alcohol and drug related traffic accidents can be addressed. With these concerns in mind, I introduce the National Drunk and Drugged Driver Prevention Act of 1983.

By Mr. DOMENICI (for himself, Mr. JACKSON, Mr. WALLOP, Mr. MCCLURE, Mr. BAKER, Mr. BYRD, Mr. GARN, and Mr. HATCH):

S. 1396. A bill to amend the Internal Revenue Code of 1954 to extend the period for qualifying certain property for the energy tax credit, and for other purposes; to the Committee on Finance.

ENERGY SECURITY TAX INCENTIVES ACT OF 1983

Mr. DOMENICI. Mr. President, along with my distinguished colleagues, Senators JACKSON, WALLOP, MCCLURE, JOHNSTON, BAKER, BYRD, GARN, and HATCH, I am today introducing legislation to provide an extended period of time during which certain renewable energy and synthetic fuels property will remain eligible for energy tax credits.

Existing energy tax credits for solar, wind, geothermal, and biomass renewable energy resources will expire on December 31, 1985. If project sponsors are unable to complete construction and place the renewable energy property in service by the end of calendar year 1985, then the energy tax credit cannot be taken. The threat that these energy tax credits may not be available to projects which do not meet the 1985 deadline may prohibit renewable energy projects from being initiated today.

Energy tax credits for certain synthetic fuels property expired on December 31, 1982. There exists, however, an affirmative commitments provision which applies to this type of energy property and provides that the energy tax credit will remain available until 1990 if, prior to the 1982 expiration date, certain commitments to a project had been made. Specifically, a project must have completed engineering studies and applied for construction and environmental permits prior to the end of 1982. Because the availability of energy tax credits is crucial to the financial feasibility of these projects, those project sponsors who could not complete the requirements regarding the 1982 date cannot now proceed. The worldwide recession, the temporary glut of crude oil and the sharply decreasing prices for that oil, resulted in many projects being placed on the back burner and consequently unable to meet the 1982 deadline.

The legislation which I am introducing is limited in scope in that it would simply provide an "affirmative commitments provision" to the existing energy tax credits available for qualifying solar, wind, geothermal, and biomass renewable energy property and amend the current tax law relating to the affirmative commitments provision for synthetic fuels by changing the 1982 date to June 1987. Further, the legislation proposes changes which will insure that equipment used to mine and convert oil shale and tar sands to synthetic fuels is eligible for the energy tax credit.

Specifically, this proposal would extend the availability of the renewable energy tax credits to December 31, 1992, for those taxpayers who make certain demonstrable commitments to renewable energy projects by a date certain. If the taxpayer meets the following criteria, then the tax credits would be extended until 1992:

By January 1, 1986, feasibility studies to commence construction of the renewable energy project have been completed and all environmental and construction permits required by law to commence construction have been applied for; and by January 1, 1988, binding contracts have been signed for at least 50 percent of the reasonably estimated cost of all equipment for the project or 50 percent of the reasonably estimated cost of that equipment specially designed for the project.

Second, with respect to certain equipment used for the production of synthetic fuels from coal, tar sands, or oil shale, this proposal would amend the existing affirmative commitments provision by changing the existing December 31, 1982, date to June 30, 1987, by which time all engineering studies to commence construction of the project must be completed and environmental and construction permits required to begin construction must be applied for; however, all other requirements of the existing affirmative commitments provision would remain the same.

During the lameduck session of the last Congress I was joined by several distinguished colleagues in introducing an amendment to the Surface Transportation Act of 1982 which amended the existing affirmative commitments provision by changing the current 1982 date to December 31, 1985. With the assistance of the distinguished chairman of the Finance Committee, Senator DOLE, and the distinguished senior Senator from Louisiana, Senator LONG, the Senate was able to accept that amendment. Unfortunately, time did not allow the House conferees to act favorably on the amendment, although the distinguished chairman of the Ways and Means Committee confirmed that he would attempt to consider this matter during this Congress.

Those who seek to develop our Nation's vast resources of coal, oil shale,

and tar sands, are no longer eligible for an energy tax credit unless they were able to qualify the project under the current affirmative commitments provision. Many project sponsors were simply not able to proceed with projects in light of the severe economic downturn, high interest rates and erratic crude oil prices caused by the temporary glut of supply. While so many sponsors are on the verge of making commitments to develop synthetic fuels we should, I believe, continue to encourage development. It would, in my opinion, be foolhardy to discontinue support in the form of energy tax credits just at that time when the Synthetic Fuels Corporation appears to be making real progress in implementing the objectives of the Energy Security Act. Further, recent history has amply demonstrated how vunerable we remain to sources of energy not totally in our control. To fail to develop synthetic fuels now, just because we are not confronted with an imminent crisis, is to close our eyes to the reality that oil and gas reserves, for example, are both finite in quantity and subject to supply interruptions in an unstable part of the world.

The rationale for my continued support of the extension of certain commitment dates to the existing affirmative commitments provision for synthetic fuels property, applies equally to the proposal of this bill which is designed to provide an affirmative commitments provision for renewable energy property. Project sponsors, whether attempting to construct a solar thermal power tower, a geothermal powerplant or a windfarm, need assurance now that if they diligently proceed with project development and for whatever reason are unable to complete construction and begin operation of the facility by the end of calendar year 1985, the energy tax credit will be available for some longer period of time.

There are numerous reasons why the Congress must act decisively and within the near term. First, project sponsors may not proceed with renewable energy projects now on the drawing boards if slippage or project delay or any other unforeseen uncontrollable circumstance threatens the likelihood of the project being placed in service before the all-important December 31, 1985, date. Second, large-scale, multimillion dollar renewable energy projects require significant leadtimes and large amounts of upfront funding prior to actual construction of the project. If project sponsors require the tax credit to make the project economically feasible and they cannot qualify for the energy tax credit by the December 31, 1985, cutoff date, then they will cease work on these projects now, even though the tax credit expiration date is nearly 3 years hence.

This proposal which we introduce today is an interim emergency measure which is needed so that project sponsors have the assurance they need to proceed. Expedient action will send these developers of our abundant domestic energy resources a clear and unambiguous signal that Congress still encourages the marketplace to develop these resources; that Congress recognizes the need for additional time for those projects which have been delayed by a lengthy time of economic uncertainty and drastically fluctuating world energy supply and demand; and that Congress remains committed to early development of solar, wind, geothermal, biomass, and coal, oil shale, and tar sands resources.

As one who remains concerned about our continued vulnerability to the instability of the oil-producing nations, and as a long-time advocate of synthetic and renewable energy resources, I would urge the Congress to take early action on this proposal. I do not believe it wise to abandon our efforts in midstream or to shortchange the financial and technical commitment we have already made as a nation to the development of alternative energy. To that end, I strongly support synthetic and renewable energy project development and I would urge the Congress to recognize this need for additional time to insure that these energy projects will be built.

Mr. JACKSON. Mr. President, I join with the distinguished senior Senator from New Mexico, Mr. DOMENICI, and our colleagues in introducing legislation to extend the benefits of energy tax credits for certain renewable energy property and certain synthetic fuel property. The measure we are introducing today is vital to synthetic fuels and renewable energy projects now on the drawing boards and enactment will signal to these project sponsors that Congress continues to support the construction and operation of these enormously valuable undertakings.

This proposal first provides that when a solar, wind, geothermal, or biomass energy project has been initiated and certain firm commitments have been made to go forward with the project, the energy tax credits will remain available for that project for an additional 7 years beyond the current tax credit expiration date of December 31, 1985. Under existing law, renewable energy projects must be in operation by the end of calendar year 1985 in order for the energy tax credit to be claimed. Because many of these renewable energy projects are first-of-a-kind facilities, the tax credits are crucial to the economic viability of the project; indeed, the availability of these tax credits, or the lack thereof, may well be the determining factor in whether the project is built or not.

The unfortunate reality is that the uncertainty that these new projects will actually be operational by 1985, coupled with the fact that the renewable energy tax credits will expire at the end of 1985, means that new projects will not be initiated and projects already on the drawing boards will be terminated unless there is some immediate assurance that these energy tax credits will be available for qualifying projects beyond 1985. This is especially true in view of the variety of major obstacles already confronting the sponsors of renewable energy projects. First, as is the case with many energy projects, long leadtimes are generally involved, thereby increasing the difficulty for project sponsors in meeting the December 1985 termination date of the existing tax credits. Second, the job of project sponsors in securing financing for these projects has been made significantly more difficult by the continuing recession. Finally, the technical risks associated with many of these first-of-a-kind projects present the likelihood of delay—delay which could be fatal to a project if it results in missing the 1985 tax credit termination date.

This proposal also provides for changes to the existing affirmative commitments provision for certain equipment used in synthetic fuels production facilities. Currently, unless all engineering studies were completed and construction and environmental permits applied for by December 31, 1982, the affirmative commitments provision is no longer available to the taxpayer and the expiration date of the existing energy tax credits cannot be extended until December 31, 1990. The change recommended in this proposal merely extends the date by which this initial work must be completed; all other requirements of the existing affirmative commitments provision remain the same, including the date to which the energy tax credit is currently extended, that is, December 31, 1990.

Synthetic fuels project sponsors are faced with first-of-a-kind projects which are too risky and expensive for sponsors to proceed without the benefit of the energy tax credits. Indeed, the pace of development has slowed considerably, or stopped completely, for those projects which could not meet the December 1982 affirmative commitments deadline. When Congress enacted the Energy Security Act in 1980 and established the Synthetic Fuels Corporation, authority for an aggressive program of synthetic fuels development was put into place and an industry capable of producing 500,000 barrels of crude oil equivalent per day by 1987 was envisioned. Delays at the

SFC and uncertainties resulting from a worldwide recession, along with a drastic change in world crude-oil prices, have all contributed to the fact that we have yet to see large-scale production from synthetic fuels plants.

Finally, this proposal included provisions to clarify the eligibility of certain energy-related equipment used in the recovery of liquid fuel from oil shale and tar sands. These particular changes will insure that all equipment related to synthetic fuels development is equally eligible for the existing energy tax credits.

With respect to the specific provisions of the bill the proposal provides for an affirmative commitments provision for solar, wind, geothermal, and biomass energy credits which would be similar to the one already available for other energy property, including synthetic fuel property. Our bill provides that if by January 1, 1986, feasibility studies to commence construction of the renewable energy project have been completed and all environmental and construction permits required by law to commence construction have been applied for; and by January 1, 1988, binding contracts have been signed for at least 50 percent of the reasonably estimated cost of all equipment for the project or 50 percent of the reasonably estimated cost of that equipment specially designed for the project, then the energy tax credit will remain available to that project until December 31, 1992.

With respect to synthetic fuels property, the existing affirmative commitments provision would be amended by changing the current December 31, 1982, date to December 31, 1985. All other elements of the existing provision would remain the same.

The extension we propose is absolutely essential if the original intent of Congress in encouraging these domestic energy projects is to be fulfilled. The importance of new synthetic and renewable energy sources should not be overlooked, even during a time of falling oil prices. We have made a national commitment to synthetic and renewable energy. This legislation offers an important means of renewing that commitment, and pressing toward resolution of our national need to provide secure domestic energy resources through development of renewable, inexhaustible sources of energy and our vast supply of solid fossil fuel resources.

Our legislation does not address the need to extend generally the duration of energy tax credits, nor does it address the need to increase the amount of those credits. While I support additional action in both of these areas, I believe it is important at this time, when so many energy projects are entering the critical "go or no-go" stage, to assure project sponsors that tax credits will be available to them if they proceed with due diligence in the development of their projects. This legislation is a recognition of the obstacles facing these projects, and offers continued congressional assistance. I urge prompt consideration and action on this legislation.

Mr. BYRD. Mr. President, I am pleased to join with my distinguished colleague from New Mexico in the introduction of the "Energy Security Tax Incentives Act of 1983." This is an important piece of legislation which will extend and continue the tax incentives for the development of synthetic fuels and other alternative energy technologies. This legislation would amend the current tax law relating to the affirmative commitment provision for synthetic fuels by changing the date from 1982 to December 1985, and would provide an affirmative commitment provision for existing energy tax credits for renewable energy technologies.

The bill includes a technical amendment relating to modifications to chlor-alkali electrolytic cells. Such modifications involve the application of new technology to reduce the amount of energy used to produce caustic soda and chlorine, two basic feedstocks for the chemical industry. That industry, Mr. President, is an important part of West Virginia's economy. This new technology is similar to that used to make energy-saving modifications to electrolytic cells used by the alumina industry, which were eligible for the energy credit in 1980. The alumina and chlor-alkali industries are the two largest industrial users of electricity in the United States. Modifications to their electrolytic processes save substantial amounts of energy.

The 1980 and 1982 legislative actions concerning alumina and chlor-alkali cell modifications resulted from the failure of the IRS to exercise authority delegated to it, when the energy credits were enacted in 1978, to administratively qualify items of energy-saving investment in addition to items specifically eligible by statute.

The energy investment credits for conservation property generally expired at the end of 1982. However, a rule in existing law allows an extended effective period for credits on qualifying investment involved in projects with relatively long-term construction periods. Under this so-called "affirmative commitment rule," certain energy credits are extended through 1990 for qualifying investment in projects with a construction period of 2 years or more where certain actions are undertaken in connection with the project, first by the end of 1982 and, second, by the end of 1985.

When alumina cell modifications were made eligible for the energy credit in 1980, the affirmative commitment rule was extended to this investment. However, eligibility for the affirmative commitment rule was not extended to chlor-alkali cell modifications when this investment was made for the energy credit.

This legislation would extend the affirmative commitment rule to include chlor-alkali modification investments in qualifying long-term projects. This is particularly important for one modification project in West Virginia, for which over $11 million was expended on preliminary activities at the end of 1982. This project will result in the creation of over 200 jobs during the next several years. In my State of West Virginia, where unemployment is at 21 percent, these jobs are sorely needed. It is estimated that energy credits totalling less than $5 million will be generated from this project.

Mr. President, this legislation provides tax incentives which are essential for encouraging continued private sector investment in the development of technologies to produce synthetic fuels, and other technologies important to this Nation's energy future.

Mr. McCLURE. Mr. President, I am pleased to cosponsor the Energy Security Tax Incentive Act of 1983. I support full and complete extension of the energy investment tax credits that expired in 1982; their loss was critical to industry's capital investment in new energy facilities. Moreover, the loss of these tax benefits coincided with other economic disincentives, including an outlook for lower energy prices over the near and long term. Therefore their loss was particularly inopportune.

The bill being introduced today does not go as far as I would hope for; namely, full extension of the previous investment tax credits. However, the measure does address those matters approved, in part, by the Senate last year. When the Tax Equity and Fiscal Responsibility Act passed the Senate it contained an extension of certain energy investment tax provision; however, those provisions were not contained in the final law. The failure to extend these investment tax provisions has had a critical impact on energy investments in the areas of renewable resources—including biomass energy, solar, wind, and geothermal—and synthetic fuels.

According to the Synthetic Fuels Corporation, for example, the failure to extend certain tax provisions has injured its ability to carry out its program for the development of a synthetic fuels capability in the United States. Loss of tax benefits along with other economic events has resulted in the cancellation of a number of proposed synfuels projects. At a minimum the Corporation must now offer additional dollars of support to offset each dollar of unavailable tax benefit.

I ask that the SFC analysis appear at this point in my remarks.

The analysis follows:

EFFECT OF INCOME TAX CHANGES ON PROGRAM OF U.S. SYNTHETIC FUELS CORPORATION—JANUARY 24, 1983

Income tax events of 1982 have injured the ability of the U.S. Synthetic Fuels Corporation (SFC) to carry out its program for the development of synthetic fuel plants in the United States. By limiting the amount and timing of tax benefits, such changes reduced the attractiveness of private investment in synfuels. The loss of tax benefits coincided with other economic disincentives including a sharply lower outlook for energy prices over the long term and the recession-induced fall in corporate cash flows that resulted in more conservative investment behavior. One result has been cancellation of a number of proposed synfuel projects.

To offset the negative events SFC must offer the surviving projects more support, which will consume its fixed pool of authorized funds on fewer plants. Large synfuel projects today typically require loan guarantees subsequently convertible to price guarantees for the full 75 percent of capital that is SFC's legal maximum, plus a significant amount of additional price guarantees. SFC guaranteed loans must be repaid with interest, and SFC price support payments are taxable income over a period of distant years, causing both forms of aid to have a lower discounted present value than net tax benefits that occur in the early years of a project. SFC must in some instances offer several dollars of additional support to offset each dollar of unavailable benefit.

It appears that under present tax and economic conditions average SFC assistance will equal 100 percent of a plant's cost. In this analysis, it is assumed that SFC's obligational authority of approximately $16 billion is sufficient to bring about the construction of 10 large coal and oil shale projects at an average cost of about $1.5 billion each, with the remainder used for tar sands and miscellaneous small projects. (The actual range for large projects may be from $.5 billion to as much as the legal ceiling of $3 billion.) An estimate is made below of the equivalent number of additional large plants SFC could foster if pre-1982 tax benefits were restored and the ETC were amended to a fuller effectiveness. For analytical purposes, it is assumed that availability of such tax benefits would permit SFC to reduce its assistance to each project and that the reduction would impact both forms of assistance equally.

The number of major plants that SFC can support is a critical aspect of its mission of providing a diversified portfolio of synfuels projects by assisting with the funds available. There are approximately twenty significant technologies applicable to the principal synthetic fuel resources, of which six for oil shale, ten for coal gasification/liquefaction and six for direct coal liquefaction. Even if each assisted plant is unique, SFC will be able to support about half the available technologies. Several additional technologies could be brought to the production stage if SFC's funds were supplemented by improvement of tax benefits. The relative importance of such tax changes is assessed below.

1. Extension of Energy Tax Credit Affirmative Action Date. The Energy Tax Credit (ETC), which dates from 1978, in essence grants an additional 10 percent investment tax credit to certain expenditures on a wide variety of alternate energy facilities. Although it is available for projects through 1990, its use by synfuels investors is sharply curtailed by an "affirmative commitment" date that required completion before January 1, 1983 of all necessary engineering studies and the filing of applications for all environmental and construction permits for the commencement of construction. (Oddly, the ETC for alternate energy other than synfuels is available for projects begun through 1985 without any "affirmative commitment".) Because of the economic disincentives that prevailed during 1981-2, many synfuels projects were unable to proceed at a pace that enabled them to meet the deadline. SFC estimates that only about half a dozen projects of the 30 potentially qualified projects presently under consideration have, with near certainty, met the deadline. It is assumed that 50% of SFC assistance will eventually go to projects that failed to meet the deadline.

The ETC is a potent incentive to synfuels projects. One dollar of ETC has the same impact on rate of return on equity as four dollars of incremental SFC assistance. The affirmative action date cutoff will probably require SFC to offer $2.0 billion of additional aid to projects that were unable to comply in a timely fashion, which aid would otherwise be available to subsidize an additional 1.3 large synfuel plants. Therefore SFC recommends the extension of the date to January 1, 1986, which is the affirmative action date for execution of contracts involving 50 percent of construction cost.

2. Broadening the Eligibility of Synfuel Outlays for ETC. The ETC, when enacted, contained certain restrictions that make it less effective for synfuel plants than an extra 10 percent investment tax credit. SFC recommends the following amendments to the ETC.

a. Inclusion of Ancillary Facilities. The ETC is not applicable to certain items of equipment essential to synfuels projects but not in the main stream of conversion, e.g. oxygen plants. It is estimated that 35 percent of the physical equipment and construction cost of a typical plant comprises such ineligible items. SFC recommends broadening of the ETC to include them, which would be equivalent to $1.6 billion of incremental SFC assistance to the industry and would effectively permit SFC to sponsor one additional large plant.

b. Inclusion of Tar Sands and Eligible Heavy Oil. The ETC applies to projects that produce synthetic fuel from coal and shale, but not from tar sands and certain heavy oils that the SFC is authorized to support. Broadening of the ETC to apply to such projects would offset incremental SFC assistance of $0.3 billion, equivalent to sponsorship of an additional 0.2 large synfuel plant.

3. Restoration of Benefits Removed by TEFRA. The 1982 tax act (TEFRA) introduced several benefit reductions that are especially painful to synfuel projects due to their capital-intensiveness. SFC recommends that the previous benefits be restored for synfuel plants.

a. Capitalization of Production Period Interest. TEFRA requires the capitalization of interest expense incurred for acquisition of real property during construction. Because synfuels plants require long construction periods, this was a costly change. (As Treasury regulations have yet to be issued the impact is unknown. The "worst case" is assumed to be applicable, namely 90 percent of plant costs deemed real property.) If the tax laws were amended to again permit current expensing of interest, SFC support of about $2.0 billion would be freed up to assist another 1.3 plants.

b. Reduction of Basis by One Half of ITC. TEFRA requires this basis adjustment, which reduces depreciation benefit. Elimination would be equivalent of $0.7 billion of SFC incremental support, or another 0.5 large plant.

c. Reduction of Basis by One Half of ETC. This is similar to the above change. If ETC were made fully effective as recommended above, the additional benefit of eliminating this item would allow SFC to save $0.7 billion of supports, equivalent to another 0.5 plant.

d. Change in 5-Year ACRS. TEFRA reduced the effectiveness of depreciation for 1985 and later years. Restoration of the previous law would allow SFC to conserve $1.3 billion of supports, enough to sponsor another 0.9 large plant.

Summary of Impacts. Taken together, the recommended changes listed above would have a cumulative result of benefiting the rate of return on synfuel projects to the same degree as $8.6 billion of SFC assistance. If such benefits were fully available, the SFC's authorized funds might be sufficient to support 15 to 16 large plants, rather than the 10 presently envisioned. SFC would thereby come much nearer to achieving the technological diversity that is the main thrust of its program.

The SFC recommends legislative actions that would provide the foregoing tax benefits to private sector sponsors of synfuel projects.

Summary of additional SFC support (resulting from certain tax changes) that could assist additional projects

	Billions
1. Extension of ETC affirmative action date	$2.0
2. Broadening eligibility of ETC to include:	
(a) Ancillary facilities	1.6
(b) Tar sands and heavy oil projects	.3
Subtotal	1.8
3. Restoration of benefits removed by TEFRA:	
(a) Capitalization of interest during construction	2.0
(b) Reduction of basis by 50 percent of ITC	.7
(c) Reduction of basis by 50 percent of ETC	.7
(d) Change in 5-year ACRS schedule	1.3
Subtotal	4.7
Total	8.6

Totals may not add due to rounding.

Mr. McCLURE. Mr. President, this measure would extend the affirmative commitment dates for solar, wind, geothermal, and biomass energy properties, as well as synthetic fuel projects. The measure also would clarify the eligibility of certain tar sands properties and equipment, shale oil equipment, and synthetic fuels production equipment.

By Mr. DANFORTH (for himself and Mr. EAGLETON):

S. 1397. A bill to amend the Internal Revenue Code of 1954 to provide an al-

ternative test for qualification for the credit for rehabilitated buildings; to the Committee on Finance.

CREDIT FOR REHABILITATED BUILDINGS

Mr. DANFORTH. Mr. President, in 1978, we passed the credit for qualified rehabilitated buildings, the purpose of which was to provide incentives to taxpayers to rehabilitate and modernize older buildings. This credit was modified and expanded in the Economic Recovery Tax Act of 1981. These actions by the Congress reflected our concern about the declining usefulness of existing, older buildings, primarily in central cities and older neighborhoods of all communities. We believed at the time that it was appropriate to extend the policy objective of the investment tax credit to enable business to rehabilitate and modernize existing structures. It was felt that this change in the investment tax credit would promote greater stability in the economic vitality of areas which had been deteriorating. I believe we have seen that this change in the law has been successful in achieving its objectives.

The credit for rehabilitation of older buildings is premised on the idea that we were providing an incentive only for rehabilitation of older buildings, not for new construction. To avoid giving the credit for new construction, both the 1978 and 1981 legislation required, as a condition of the credit, that at least 75 percent of the existing external walls of a building be retained in place as external walls in the rehabilitation process. It was felt that this requirement would prevent construction which was essentially new construction from qualifying for the credit.

Unfortunately, what we did not foresee at the time was that this requirement excludes many rehabilitation projects which are without question rehabilitation and not new construction. This problem arises where, because of the shape of the existing building, less than 75 percent of the existing external walls are retained in place as external walls even though virtually the entire existing building is retained in place.

For example, in downtown St. Louis, a 40-year-old office building is being rehabilitated and expanded into a hotel. The expansion will cover a small part of one side of the existing structure, leaving the other three sides entirely as they now exist. If this were a plain, rectangular building, the expansion would cover far less than 25 percent of the existing external walls. However, the building is shaped similar to an "E," with the legs of the "E" on the side to which the expansion is to be added. Thus, because of the indentations on that side of the building, less than 25 percent of the existing external walls will remain as external walls, even though three of the four sides of the building will remain untouched.

This is just one example. The Treasury Department is aware of a number of other situations where, because of the unusual shape of a building, the rehabilitation will not meet the letter of the requirements, yet clearly meets our objectives in limiting the credit to those situations where there is truly a rehabilitation, not new construction. Officials with whom I have discussed this problem at Treasury agree that there is a problem which should be addressed legislatively. Although Treasury has no official position on the bill I am introducing today, as of yet, the initial reaction of the Office of the Tax Legislative Counsel is favorable.

This bill is very straightforward and is aimed at solving this problem without opening up the rehabilitation credit to projects which are actually new construction. Under this bill, the requirement of current law that 75 percent of existing external walls be retained in place as external walls is deemed to be met if three conditions are met:

First, 50 percent or more of the existing external walls are retained in place as external walls, and

Second, 75 percent or more of the existing external walls are retained in place—but not necessarily as external walls—and

Third, 95 percent or more of the existing internal structural framework is retained in place.

The provisions of this bill would be effective for qualified rehabilitation expenditures incurred after May 26, 1983, the date of introduction.

Mr. President, I ask unanimous consent that the text of the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows;

S. 1397

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ALTERNATIVE TEST FOR DEFINITION OF QUALIFIED REHABILITATED BUILDING.—Subparagraph (A) of section 48(g)(1) is amended by adding at the end thereof the following new clause:

"(iv) the requirement in clause (iii) shall be deemed to be satisfied if in the rehabilitation process:

"(I) 50 percent or more of the existing external walls are retained in place as external walls;

"(II) 75 percent or more of the existing external walls are retained in place (but not necessarily as external walls); and

"(III) 95 percent of the existing internal structural framework is retained in place."

SEC. 2. EFFECTIVE DATE.—The amendments made by this section shall be effective for qualified rehabilitation expenditures incurred after May 26, 1983.

By Mr. WALLOP:

S. 1398. A bill to amend the Internal Revenue Code of 1954 and title IV of the Social Security Act to provide for the support of dependent children through a child support tax on absent parents, and to provide for a demonstration program to test the effectiveness of such tax prior to full implementation; to the Committee on Finance.

CHILD SUPPORT TAX ACT

Mr. WALLOP. Mr. President, in the 1983 state of the Union message, President Reagan stated his administration intends "to strengthen enforcement of child support laws to insure that single parents, most of whom are woman, do not suffer unfair financial hardship." The President's comments were directed to a growing problem in this country, the abandonment of families by the parent who had been the primary provider. Over the past decade, single parent families increased by the phenomenal rate of 69 percent. Such families represent about 20 percent of all families, up from 9 percent in 1960.

The rise in single parent families has lead to several distressing developments. Single parent families are most often headed by a female. They account for 90 percent of such families, and the economic and social burdens of raising children in a broken family fall on women. The economic difficulties of this situation are reflected in the growing femanization of welfare. The number of poor families in this country has not grown appreciably. What has happened is that the number of male-headed families below the poverty level has declined while the number of female-headed families has increased by one-third since 1970. The rate of poverty among female-headed families is six times the rate for male-headed families. One-third of the female-headed families live below the poverty level.

As more and more female-headed families fall into poverty, there is increased demands placed on our social welfare system. What has traditionally been a personal responsibility, the care of one's family, is becoming a public responsibility, paid for by the taxpayers. The other side of the coin is that fathers are successfully evading their responsibilities. Only about 50 percent of families with child support orders ever receive any funds. And, many single parent families do not even have a child support order. In discussing this problem last year, I described the child support situation for one group of women, those receiving AFDC. While over 80 percent of all families on AFDC have an absent parent, only 38 percent even have a court order for child support. The ability to obtain an order reflects the legal ties between the parents. About 80 percent of divorced women on welfare have legal support orders. Only 11 percent of those never married have an agreement. However, only 39 percent

of the families ever receive any money, and often the payments are much less than the order. What it comes down to is that only 15 percent of families on welfare receive any support from the deserting parent.

With over 2 million fathers not honoring child support agreements, and many others not even faced with such an obligation, it is the taxpayer who is being asked to bear the expense of raising their families. This is a ridiculous, and immoral, situation. I certainly support the administration's efforts to improve enforcement of child support laws. Last year, I introduced S. 2437, the Child Support Tax Act, in an attempt to stimulate reform of our system for child support.

Today, I am reintroducing this legislation. The bill is a very strong measure. It imposes a tax on those parents who have abandoned their families, and are not paying any child support. The funds would be returned to the families. My bill is directed to only those families receiving public assistance, that is AFDC. Other alternatives exist. Some would cover all families where a situation of child support might exist. Collection methods other than a tax have been suggested. One suggestion is to amend the law regarding our W-4 tax forms, the withholding forms. When a support order exists, the parent with the order or the local court would request that the employer withhold the child support from the paycheck. This could be done once a month, with a small fee paid to the employer. Funds would go directly to the trustee handling the support order.

The State of Wisconsin is preparing to embark on a demonstration project using the concepts in the Child Support Tax Act. This will be an opportunity to test this approach. I hope that the introduction of my bill will stimulate further discussing and innovation concerning this serious problem. I would ask that the bill be printed in the RECORD at this point along with a description of the bill and several recent articles on the child support problem.

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

S. 1398

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 "Child Support Tax Act".

ESTABLISHMENT OF TAX

SEC. 2. Subtitle D of the Internal Revenue Code of 1954 (relating to miscellaneous excise taxes) is amended by inserting after chapter 38 the following chapter:

"CHAPTER 39—CHILD SUPPORT TAX

"Sec. 4701. Imposition of tax.
"Sec. 4702. Definitions and special rules

"SEC. 4701. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed for each taxable year a child support tax on every liable absent parent in an amount to—

"(1) in the case of a parent having support obligations for 1 child, 20 percent of the lesser of—

"(A) such parent's adjusted gross income (as defined in section 62) for such taxable year; or

"(B) the amount of the contribution and benefit base for such taxable year as determined for purposes of title II of the Social Security Act (as determined under section 230 of that Act);

"(2) in the case of a parent having support obligations for 2 children, 30 percent of the lesser of such amounts; and

"(3) in the case of a parent having support obligations for 3 or more children, 40 percent of the lesser of such amounts.

"(b) MONTHLY APPLICABILITY.—The tax imposed under this section shall apply only to adjusted gross income attributable to months during any part of which the taxpayer has been certified as a liable absent parent in accordance with section 464 of the Social Security Act.

"SEC. 4702. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this chapter—

"(1) LIABLE ABSENT PARENT.—The term 'liable absent parent' means an individual who has been determined under section 464 of the Social Security Act to be the liable absent parent of a child for whom a benefit is being paid under such section 464.

"(2) SUPPORT OBLIGATION.—The term 'support obligation' means child support payments for which a liable absent parent has been determined to be responsible under section 464 of the Social Security Act.

"(b) SPECIAL RULES.—For purposes of this chapter—

"(1) WITHHOLDING OF TAX.—The provisions of chapter 24 (relating to collection of income tax at source of wages) shall apply to the tax imposed under this chapter in the same manner as they apply to the tax on income imposed under subtitle A; except that—

"(A) the Secretary shall prescribe the amount to be withheld based upon the relevant amount applicable to an individual; and

"(B) from the amount withheld by an employer, such employer may retain as reimbursement for administrative expenses an amount equal to 1 percent of the taxes owed by his employees under this chapter and withheld by such employer.

"(2) INFORMATION, RETURNS, ADMINISTRATIVE PROVISIONS, PENALTIES, ETC.—Except as otherwise provided in this chapter, the provisions of subtitle F (relating to procedure and administration) shall apply to the tax imposed by this chapter in the same manner as they apply to the tax on income imposed by subtitle A.".

CHILD SUPPORT PAYMENTS

SEC. 3. (a) Section 451 of the Social Security Act is amended by inserting "paying Federal child support benefits under section 464," after "For the purpose of".

(b) Part D of title IV of such Act is amended by adding at the end thereof the following new section:

"FEDERAL CHILD SUPPORT BENEFITS

"SEC. 464. (a)(1) Any eligible child of a liable absent parent shall be eligible to receive child support benefits under this section at an annual rate determined under paragraph (1) or (2). Such benefits shall be paid by the Secretary on a monthly basis for each month during all of which such child is an eligible child, and shall be paid for use on behalf of such child to the custodial relative (referred to in subsection (b)(1)(B)) of such child or, if the Secretary determines it to be appropriate, to another person (including an appropriate public or private agency) who is interested in the welfare of such child.

"(2) The annual rate for benefits under this section for the calendar year 1984 shall be—

"(A) $2,000 for an eligible child living in a household in which he is the only household member eligible for such a benefit;

"(B) $1,500 for each eligible child living in a household in which there are two household members eligible for such a benefit;

"(C) $1,335 for each eligible child living in a household in which there are three household members eligible for such a benefit;

"(D) $1,250 for each eligible child living in a household in which there are four household members eligible for such a benefit;

"(E) $1,165 for each eligible child living in a household in which there are five household members eligible for such a benefit;

"(F) $1,080 for each eligible child living in a household in which there are six household members eligible for such a benefit;

"(G) $1,000 for each eligible child living in a household in which there are seven household members eligible for such a benefit;

"(H) $915 for each eligible child living in a household in which there are eight household members eligible for such a benefit;

"(I) $830 for each eligible child living in a household in which there are nine or more household members eligible for such a benefit;

"(3) The annual rate for benefits under this section for the calendar year 1985 and each calendar year thereafter shall be the rate in effect (for each type of household described in paragraph (2)) for the preceding calendar year, increased by a percentage equal to the percentage increase (if any) in the average of the total wages reported to the Secretary of the Treasury for the preceding calendar year (as determined for purposes of section 215(q)(1) of this Act) as compared to the average of the total wages so reported for the second preceding calendar year, rounded to the nearest $5.

"(4) Notwithstanding the provisions of paragraphs (2) and (3), the amount of benefits paid under paragraph (1) in any taxable year to any child or children of a liable absent parent shall not exceed the amount of the child support tax collected from such parent for such taxable year.

"(b)(1) For purposes of this section, an eligible child means an individual—

"(A) who has not attained the age of 18;

"(B) who—

"(i) is living in the home of a relative specified in section 406(a)(1); or

"(ii) was removed from such home pursuant to a voluntary placement agreement or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child;

"(C) one (or both) of whose parents is a liable absent parent with respect to such child; and

"(D) on whose behalf benefits have been applied for under this seciton.

"(2) For purposes of this section, a liable absent parent means an individual—

"(A) who is absent from the home of one or more of his children on other than a temporary basis;

"(B) has a legal obligation under State law to furnish support for such child or children; and

"(C) whose whereabouts have been established by the State, the Internal Revenue Service, or the Federal Parent Locator Service.

"(3) All determinations of family status for purposes of this section shall be made on the basis of the applicable State law.

"(c)(1) Any amount of any benefit received under this section (or the amount of any such benefit for which a child would be eligible if application were made therefor) shall be considered unearned income of such child for purposes of part A of this title.

"(2) All requirements of this part relating to establishment of paternity, locating of absent parents, and collection of child support (if any) ordered by a court in addition to the tax imposed by section 4701 of the Internal Revenue Code of 1954, shall apply to each State with respect to each child in such State applying for or receiving benefits under this section in the same manner as they are applicable with respect to each child applying for or receiving aid to families with dependent children. Any relative of a child receiving a benefit under this section, or other individual living in the same household as such child, shall be eligible for aid under the State plan approved under part A in the same manner as the relative of a child, or other individual living in the same household as a child, not receiving such benefits.

"(3) The State shall certify to the Secretary of the Treasury each individual who is determined to be a liable absent parent, and the Secretary of the Treasury shall notify such individual and his employer (if any) of such certification and of the imposition of the child support tax under section 4701 of the Internal Revenue Code of 1954.

"(d) The provisions of this section, and the imposition of the child support tax under section 4701 of the Internal Revenue Code of 1954, shall not be construed as a limitation upon the right of any State or any court to order, suspend, or amend any child support obligation under State law.

"(e) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any child, proper adjustment or recovery shall be made by appropriate adjustments in future payments to such child or by recovery from or payment to such child. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a child with a view to avoiding penalizing such child who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this section, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this section.

"(f)(1) The Secretary is directed to make findings of fact and decisions as to the rights of any child applying for benefits under this section. The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible child and is in disagreement with any determination under this section with respect to eligibility of such child for benefits, or the amount of such child's benefits, if such child requests a hearing on the matter in disagreement within 60 days after notice of such determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse his findings of fact and such decision. The Secretary is further authorized, on his own motion, to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this section. In the course of any hearing, investigation, or other proceeding, he may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Secretary even though inadmissible under the rules of evidence applicable to court procedure.

"(2) Determination on the basis of such hearing shall be made within 90 days after the child requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judical review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205.

"(g)(1) The provisions of section 207 and subsections (a), (d), and (e) of section 205 shall apply with respect to this section to the same extent as they apply in the case of title II.

"(2) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this section, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this section, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this section by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

"(h)(1)(A) The Secretary shall, subject to subparagraph (B), prescribe such requirements with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this section.

"(B) The requirements prescribed by the Secretary pursuant to subparagraph (A) shall require that eligibility for benefits under this section will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible children and that the amounts of such benefits are correct.

"(2) In case of the failure by any child (or his custodial relative or guardian) to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this section as required by the Secretary under paragraph (1), or delay by any child, relative, or guardian in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1)) shall reduce any benefits which may subsequently become payable to such child under this section by—

"(A) $25 in the case of the first such failure or delay,

"(B) $50 in the case of the second such failure or delay, and

"(C) $100 in the case of the third or a subsequent such failure or delay,

except where the child, relative, or guardian was without fault, or where good cause for such failure or delay existed.

"(i) The head of any Federal agency shall provide such information as the Secretary may require for purposes of determining eligibility for or amount of benefits under this section, or verifying other information with respect thereto.

"(j) Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this section,

"(2) knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any child in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"(k) The Secretary may make such administrative and other arrangements as may be

necessary and appropriate to carry out his functions under this section.

"(l) For purposes of title XIX of this Act, any child, or relative or other person living in the same household as such child, who would be eligible for aid to families with dependent children under the State plan approved under title IV-A but for the fact that such child is eligible (or would be eligible if he applied therefor) for benefits under this section, shall be deemed to be an individual receiving aid to families with dependent children under such State plan.".

(c) Section 402(a)(7) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by adding "and" at the end thereof; and

(3) by adding at the end thereof the following new subparagraph:

"(D) shall include as unearned income the amount of any benefit received under section 464 by any such child, relative, or other individual whose needs are taken into account under subparagraph (A);".

EFFECTIVE DATE

SEC. 4. The amendments made by sections 2 and 3 of this Act shall become effective on January 1, 1988.

DEMONSTRATION PROGRAM

SEC. 5. (a) The Secretary of Health and Human Services (referred to in this section as the "Secretary"), in consultation with the Secretary of the Treasury, shall undertake a demonstration program, which shall be voluntary on the part of any State, under which those States participating in the program shall put into effect—

(1) a State child support tax which the Secretary determines is substantially equivalent (at the State level) to the child support tax established under chapter 39 of the Internal Revenue Code of 1954; and

(2) a State child support payment program which the Secretary determines is substantially equivalent (at the State level) to the child support payment program established under section 464 of the Social Security Act.

(b) The Secretary shall, in the case of any State participating in the demonstration program established under subsection (a), waive any requirement of part A of title IV of the Social Security Act as may be necessary (as determined by the Secretary) to carry out such demonstration program.

(c) The Secretary shall, to the extent feasible, approve demonstration programs under subsection (a) in at least six States, and shall include the widest variety of States possible based upon such characteristics as urban-rural differences, population characteristics, cost-of-living, and standard of living.

(d) The Secretary shall pay to each State participating in the demonstration program under subsection (a) an amount equal to the reasonable administrative expenses incurred by such State (as determined by the Secretary) in carrying out the program, including administrative expenses incurred in collecting the child support tax.

(e) The Secretary, and the Secretary of the Treasury, shall provide technical assistance to States participating in the demonstration program under subsection (a) to assist such States in locating absent parents, collecting the child support tax, and making child support benefit payments.

REPORTS AND EVALUATION

SEC. 6. (a) The Secretary shall submit an annual report to the Congress on the demonstration program under section 5. Such report shall include—

(1) an analysis of any obstacles or potential obstacles to the implementation of the demonstration program or of the nationwide implementation of the child support program established under sections 2 and 3 of this Act;

(2) any recommendations for legislation to ensure the effective implementation of such programs; and

(3) a plan for the implementation of such programs.

(b) The Office of Management and Budget shall submit a report to the Congress on the budgetary ramifications of implementing the nationwide child support program established under sections 2 and 3 of this Act. Such report shall be submitted prior to January 1, 1984.

(c)(1) The Secretary shall provide for independent evaluations which describe and measure the impact of such programs. Such evaluations may be provided by contract or other arrangements and all such evaluations shall be made by competent and independent persons, and shall include, whenever possible, opinions obtained from program participants about the strengths and weaknesses of the program.

(2) The Secretary shall develop and publish standards for evaluation of the effectiveness of the program in achieving the objectives of this Act, and provide for annual evaluation of the program based on a selective sample of States. Such standards shall specify objective criteria which shall be utilized in evaluation of the program and shall outline techniques and methodology for producing data.

(3) The Secretary shall make a report to the Congress concerning the results of evaluations required under this section which shall be comprehensive and detailed and based to the maximum extent possible on objective measurements, togethr with other related findings and evaluations and his recommendations.

(d) The Secretary is authorized to expend such sums as may be necessary to carry out the provisions of this section, but not to exceed for any fiscal year an amount equal to one-half of 1 percent of the administrative expenses incurred in carrying out such programs.

DESCRIPTIVE ANALYSIS OF THE CHILD SUPPORT TAX ACT

PART 1

A tax will be imposed on the adjusted gross income of a liable absent parent at the rate of 20% of income for the first child, an additional 10% for the second, and another 10% for three or more children.

The tax base is the same as that used for the FICA tax, and will increase at the same rate as the FICA wage base.

The liable parent is an individual determined under Section 464 of the Social Security act to be the liable absent parent of a child seeking support.

The tax shall be withheld in the same manner as the federal income tax is withheld. Up to 1% of the withholding will be applied to employer administrative expenses for the withholding.

PART 2

Eligibility for the child support benefit shall include any family applying for AFDC where there is an absent liable parent. Benefits will be paid monthly by Health and Human Services for a child's support from the Child Support Benefit Fund.

Each child be given a Social Security number and have an account established in the Fund. Their benefits shall be the greater of the absent parent's actual contribution or $2000 minimum for a single child, an additional $1000 for the second through fourth child, and proportionately reduced benefits for each additional child. No family will receive more than $10,000 in minimum benefits.

In the event that a child support account does not collect enough revenue to match the minimum benefit, the child would continue to qualify for the minimum benefit. An alternative would be to continue to cover such children under AFDC. The custodial parent would be eligible for custodial parent benefits under AFDC.

PART 3

The Office of Child Support Enforcement would be responsible for locating parents. The Department of Health and Human Services shall administer distribution of benefits from the Child Support Benefit Fund. The Department of the Treasury shall oversee notification of employers regarding withholding and shall collect the tax.

The program would be effective in 1988. For years 1984 to 1988, a state demonstration project shall be in operation to test the feasibility of the program. At least six states would be eligible to participate (the state of Wisconsin is already working on a program). The states would have to have an effective income tax and collection procedure. The federal government would assist with a 90% federal match for administrative expenses. The bill also requries annual evaluation of the operation of the program.

[From the U.S. News & World Report, Mar. 21, 1983]

ON THE TRAIL OF THOSE DEADBEAT DADS

(By Patricia A. Avery)

A Pennsylvania man wins 4.6 million dollars in the state lottery only to end up in legal negotiations with two states over nonpayment of child support.

A Michigan mother had to go to court when her former husband, a judge earning $52,000 a year, fell more than $6,600 in arrears on support payments for their two children.

An Arizona woman reports her child is suffering from malnutrition because she has only $10 a week for food and her ex-husband isn't sending money.

These are a few of the distressing stories behind figures showing that an estimated 2 million fathers do not honor agreements to support children of broken marriages. In fact, government figures show that more than half of all fathers who should be paying child support give less than required—or nothing at all. Fathers represent 95 percent of the parents who fall behind on support.

So serious is the problem that Congress and state legislatures are seeking new ways to track down deadbeat dads and make them pay.

In most cases, when a father stops payment, his children and former wife quickly find themselves at the bottom of the economic ladder. The result: The financial responsibility of the father is shifted to the taxpayer.

FORCED MOVE

An example is a 27-year-old woman who had lived with her husband and three children in a wealthy suburb of Flint, Mich.

After the divorce, the man paid only a fraction of his support payments, although he was earning $50,000 a year. His family soon was living in an inner-city subsidized-housing project.

"It was a nightmare," the woman says. "My children and I went from a typically middle-class existence to poverty practically overnight."

A study in California shows that there is little relationship between income and the father's failure to comply with court-ordered child support. Says researcher Lenore J. Weitzman of Stanford University: "Men with incomes between $30,000 and $50,000 were as likely to fail to comply as those with incomes of under $10,000."

The delinquent parent often can escape local supervision of court-ordered support payments simply by moving out of state. In Florida and Texas, just moving to another county makes a new court proceeding necessary. Only 11 states have mandatory wage withholding for child support. While some states will jail a parent for nonsupport, in most cases the penalties are slight.

"Trying to achieve a legal remedy was a total farce and a failure," says a 37-year-old Tallahassee, Fla., mother who had to sell her three-bedroom ranch house and has battled her former husband across state lines over support for their three children. "States and judges simply do not cooperate," she says. "Uniformity in laws and enforcement is desperately needed."

Why do men—even successful, middle-class professionals—turn their backs on their own children? David Chambers, a law professor at the University of Michigan, lists a number of reasons:

Some are angry at ex-wives and the courts for what they see as an unfair financial burden.

Writing a support check can be a painful reminder of happier times, bringing on depression and remorse.

Men separated from their children sometimes have only weak emotional attachments to them.

Remarriage can mean a new family and additional financial burdens.

Whatever the reason, the women and children these men neglect often feel isolated. "I thought my case was unique and that I had been unlucky enough to marry a totally irresponsible guy," says a Maryland woman abandoned with one child while pregnant with another. "But then I found there were great numbers of women going through this."

REMEDIES SOUGHT

So many women face the problem that nearly a dozen child-support advocacy groups have been formed to lobby for stiffer laws against runaway parents. In Arizona, one group is asking the Legislature to have neglect of support payments noted on credit reports.

Federal law provides for garnishing of federal tax refunds of delinquent parents when the children are on welfare, but Congress is being asked to expand this provision to all runaway parents and to order wage withholding for federal employes owing child support.

New York State officials in early March said that up to 60,000 New Yorkers could have state-income-tax refunds withheld this spring for failure to pay child support.

One aid in finding such parents is the Federal Parent Locater service. This computer system uses records of the Internal Revenue Service and other agencies to trace those whose support payments are in arrears.

However, since the federal government wants to reduce welfare spending, the priority still is given to tracking down fathers whose families receive such federal benefits. Nonwelfare mothers have to pay a fee to use the service—and, in many states, must pay an application fee to enlist the aid of the local child-support agency.

Because of this, women's groups are pushing for a federal income-withholding system for child support or a wage-attachment provision that would follow a person from job to job.

"This isn't a matter of camp fees and expensive vacations," says Patricia Kelly of KINDER, a Michigan group focusing on the problem. "It's a matter of shoes and food for children. We will continue to seek remedies for as long as it takes."

[From the Wall Street Journal, Oct. 5, 1982]

SEDUCED AND ABANDONED: AMERICA'S NEW POOR

(By Bruce Chapman)

The way we use and understand certain words has special importance in public life—billions of dollars could be riding on it.

The interpretations analysts give to demographic and economic terms tend to influence the way problems get defined, issues developed, legislation drafted and those billions of dollars spent.

Take the concept of "poverty."

Poverty in America, as officially measured, went from 25.4 million persons below poverty level in 1970 to 31.8 million in 1981. With seeming incongruity, that rise took place during the very period when federal programs to combat poverty were greatly expanded.

Slow overall economic growth in the '70s and three recessions, may have played a part in the perverse upward trend of poverty. But on closer inspection it also appears that the official measure of poverty may be somewhat overstating the numbers of the truly poor.

For instance, the official measurement of poverty doesn't take into consideration the value of such in-kind benefits as Medicaid, public housing subsidies, school lunches and food stamps—federal programs whose costs, after inflation, grew eightfold, from $5.2 billion to $42.4 billion between 1965 and 1980.

MORE SINGLE-PARENT FAMILIES

Also a source for possible official overstatement of poverty is the underground economy, which cannot be measured accurately, but which nearly all economists believe has been expanding; obviously, it's largely ignored when "poverty" is measured.

Recent data now points to another factor in today's relatively high official poverty levels—the expanding number of single-parent families, more than half of them poor or near-poor. There was a 69 percent increase in single-parent families during the past decade, and such families now constitute 19 percent of all families with children.

There does seem to be at least a partial connection between the change in attitudes toward family life, the rise in single-parent families and high poverty rates. It is not a neat or uniform equation, of course, and one can expect suggestions from a few quarters that no link exists at all.

At the outset, for example, some question the proposition that the traditional family institution in America really is in decline. They tend to dismiss the doubling of the divorce rate in the last 15 years as mere evidence that bad marriages are being ended with less hesitation these days. Likewise, they may chalk up the last decade's 30 percent drop in the remarriage rate to a more sophisticated populace who have learned that "getting burned once is enough." Perhaps.

But it's hard to dismiss the increased rate of marital separation, especially when one considers that separation is often just a euphemism of abandonment. The increases in separation is of particular concern among black families, where there were 225 separated persons per 1,000 married persons in 1981. That figure was up from 172 per 1,000 in 1971. For whites, the increase was from 21 to 29 per 1,000.

Nor can one rationalize easily the growing number of out-of-wedlock births that, as a proportion of all births, rose from 5.3% in 1960 to 17% in 1979.

Among whites the increase was from 2% in 1960 to 9% in 1979, while for blacks the number rose from 22% in 1960 to 55% in 1979. Four out of 10 of all out-of-wedlock births, moreover, are to teen-agers.

One result of such a surge in divorce, separation and out-of-wedlock births, then has been a concurrent rise in single-parent families—90% of them are maintained by women.

These facts are worrisome in themselves, but might be consigned to the "social issue" agenda alone if they did not, in turn, tell us something about today's economic issues, notably the problems of poverty and of public spending on social programs meant to alleviate that poverty. Family dissolution is helping to create a strain on an already taut federal budget.

Census Bureau figures suggest that when a father physically leaves his family, for instance, he tends also to leave his former dependents to their own devices financially—and often to the care of government. Only two-fifths of single-parent families maintained by women receive child support payments from the father; and only 7% of never-married women with children. On the other hand, one-half of all families maintained by women receive some form of public assistance.

Thus, the single-parent family is the newly significant factor in the nation's high poverty figures and in growing social spending. It is not that such families are poorer today (they are not), but that there are so many more of them swelling the ranks of the poor.

When the effect of the growth of single-parent families is examined, in fact, poverty was in retreat in the past decade. Poverty levels for year-round, full-time workers have fallen close to zero, and those few full-time workers who are in poverty are there primarily as a result of large family size, not low salaries.

Much of the new data that illuminate the relationship of single-parent family status to poverty are found in a recent Census Bureau report by Gordon Green and Edward Weiniak; "Changing Family Composition and Income Differentials."

Among the Green-Weiniak revelations is that real median family income, which went up only 1% for whites in the 1970s, and declined 5% for blacks, reflects the consequences of increased family breakup, but does not represent what happened to intact families (two parents). The real income of intact families went up in the '70s. Indeed, as Messrs. Green and Weiniak estimate, if one statistically adjusts the family composition of the 1980 population in the U.S. to reflect that which prevailed in 1970, real median family income would be seen to go

up 3% for whites and 11% for blacks. In other words, had we not seen the increase in single-parent families in the 1970s, and all other factors had remained constant, we might not have seen such slow growth in median family income and such a high rate of poverty.

POVERTY-DIVORCE LINK

In reporting the Green-Welniak study, the Census Bureau did not examine "causality" between changing family composition and high poverty rates, but pointed only to the strong correlation. After all, from the data, one could argue that poverty contributes to family breakup, as well as vice versa. Personally, however, I question whether poverty per se is playing a larger-than-usual role in today's level of family dissolution, since we saw no comparable trend, say, in the far worse times of the Great Depression.

By coincidence, a little-notice report released last June by Greg J. Duncan of the University of Michigan's Survey Research Center used different statistical methodology from that of the Census Bureau, but came to similar conclusions, with direct evidence of the link between poverty and family composition changes. Mr. Duncan's report stated, "Divorce is economically disastrous for many of the women and children involved in it, accounting for much of the flows into and out of poverty."

Those who deny the existence of a real decline in the traditional family in America, and those who accept it but deny that it has any serious consequences in effecting income levels, would have us ignore the new reality of poverty in America. But as with other social and economic interactions, the new poverty reality must be recognized if either the changed society or the changed economy is to be understood.

By Mr. MOYNIHAN:

S. 1395. A bill entitled the Radiological Emergency Response Planning and Assistance Act of 1983; to the Committee on Environment and Public Works.

RADIOLOGICAL EMERGENCY RESPONSE PLANNING AND ASSISTANCE ACT OF 1983

Mr. MOYNIHAN. Mr. President, I rise today to offer legislation that recognizes what is by now altogether clear to those familiar with the debate in this Nation over nuclear power: if we are to have a domestic nuclear-power industry, it must exist within a large framework of institutions and procedures that make clear who is responsible for regulation and who is responsible for protecting the safety of the public.

Some years ago it became evident that in our hurry—that does not exaggerate the great expectations of the postwar period—to develop nuclear energy we paid far too little attention to the problem of disposing of the nuclear waste that results. Carroll L. Wilson, of the Massachusetts Institute of Technology, has aptly described this as paying too much attention to the front of the machine and too little to the back. With the passage of the West Valley demonstration Project Act of 1980, providing for the Federal Government to take the nuclear waste now stored at West Valley, N.Y., and prepare it through solidification for permanent storage, we began to address that responsibility.

Even more recently, it has become evident that in our early arrangements we also failed to pay enough attention to how communities are to respond should something go radically wrong in a nuclear reactor.

It would seem that despite nearly four decades of experience with these issues, there are fundamental questions still unanswered. From the creation of the old Atomic Energy Commission under the Atomic Energy Act of 1946, through its amendment by the Atomic Energy Act of 1954, to the creation of the Nuclear Regulatory Commission under the Energy Reorganization Act of 1974, Congress has found that a domestic nuclear-power industry requires the presence of Federal regulation. it has so required, in part, because the possibility of a domestic nuclear-power industry devolved from the Federal Government's own role in bringing this Nation into the nuclear age.

Yet the thrust of regulation over the last 37 years has been directed to the licensing, siting, construction, and safe operation of nuclear powerplants. The latest edition of the U.S. Government Manual, in its entry on the NRC, so states:

> The Nuclear Regulatory Commission's purpose is to assure that the civilian uses of nuclear materials and facilities are conducted in a manner consistent with the public health and safety, environmental quality, national security, and the antitrust laws.

It has only been within the last several years that the Nation has become greatly aware of, and properly concerned with, the question of what happens when despite the best of these assurances, something goes wrong.

Mr. President, I should make clear that, in the main, the record of the U.S. nuclear-power industry in protecting the public, and the efforts of the Federal regulatory authority to insure that it does so, has been commendable. Especially in light of some evidence that suggests other nations may have not.

Yet the incident at Three Mile Island, however anomalous, has concentrated our focus on what happens in the instance of a nuclear emergency. Even in the absence of that incident, prudence would have dictated that we direct more attention to the question of response to nuclear accidents.

The NRC has, of course, not neglected this concern. In conjunction with the Federal Emergency Management Agency (FEMA) standards and guidelines have been promulgated for the protection of the public in the case of an emergency. But we are beginning to learn that the resources of State and local governments alone are not wholly adequate.

The NRC now requires that each nuclear powerplant site have an offsite radiological emergency response plan. There are 87 such sites with reactors operating or under construction. Yet of the 53 currently operating sites, only 16 have federally approved State or local emergency evacuation plans.

It is no doubt true that there are separate explanations to describe why each of the 37 remaining sites is operating without the required and approved plan for emergency evacuation. But it is surely true that some of these sites are located in States and in the vicinity of communities that are hard-pressed to provide the resources needed to satisfy the requirements of Federal law.

The guidelines for preparing radiological emergency response plans developed by the NRC and FEMA require State and local governments to consider 16 major planning standards and 212 evaluation criteria. In addition to the development of the plans themselves, there must be periodic review and adjustment.

The fact of the matter is that many State and local governments are in need of additional resources to handle this responsibility. It is only reasonable that Federal assistance be provided to meet the requirements of Federal law. That is the situation that the legislation I introduce today seeks to address.

Moreover, as a letter I have received from Gov. Mario M. Cuomo of New York makes clear, there are large questions of responsibility yet to be settled. As Governor Cuomo notes, the Federal responsibility for onsite safety has been made clear, but the responsibility for offsite safety needs clarification. Governor Cuomo notes that discussions conducted by his staff with the NRC and FEMA reveal that these agencies do not disagree that there must be a better delineation of responsibility.

That, too, is a purpose of the legislation I introduce today.

Mr. President, this matter arises in part as a major nuclear powerplant site in my State—one of the 37 in the Nation operating without an approved emergency response plan—faces a shutdown order early next month due to the absence of an approved emergency evacuation plan. The situation at the Indian Point nuclear powerplant site could well be the harbinger of yet a new crisis in the domestic nuclear-power industry.

Mr. President, the legislation I offer today—the Radiological Emergency Response Planning and Assistance Act of 1983—would help rectify the troubles we have encountered in making sure the public is protected from the possibility, be it however remote, of a nuclear emergency.

The legislation has two general objectives: First, to provide planning assistance from the Federal Government to State and local governments preparing and updating required emergency response plans, and second, to establish a radiological emergency response trust fund, through fees set by the Nuclear Regulatory Commission and collected annually from the operators of civilian nuclear powerplants, to be used in offsetting the costs to State and local governments of a variety of emergency response needs.

The first provision of the bill would carry an authorization of $3,000,000 for each of the fiscal years 1984 and 1985. These funds would allow the NRC to provide grants directly to State and local governments, upon application, for the preparation and updating of emergency response plans. In determining the amount of the grant to be awarded, the NRC will take into account but will not be limited to such factors as:

population density in the zone covered by the plan;

revisions to a plan required through findings of deficiency by FEMA;

the estimated cost of preparing the plan; and special circumstances that require additional studies by State and local governments in order to complete a plan.

The second major provision in the bill I introduce would establish a radiological emergency response trust fund with fees collected annually from powerplant operators. The fund would be available for a variety of purposes, including:

Offsetting cost associated with the training of State, local, or other personnel who will assist in case of a nuclear emergency, paying the costs of training State National Guard units to participate in response to an emergency, paying the costs of full field exercises and drills in testing emergency response plans, paying the costs of acquiring communication systems and equipment needed in an emergency, and offsetting other costs associated with the implementation of emergency response plans.

Mr. President, there are two other general provisions of the legislation I introduce. First, the bill authorizes the President, upon a request from a State or local government, to enter into agreements on a case-by-case basis to make available Federal personnel, including members of the Armed Forces, to supplement State, local, and other personnel in the implementation of emergency response plans. Clearly, there are some cases when the proximity of Federal personnel, including units of the Armed Forces, makes it possible to supplement the resources of State and local government.

Second, we must do a better job, generally, of finding out who is available and what is available in case of an emergency. For this reason, the legislation I introduce authorizes FEMA to prepare an inventory of Federal personnel—including the Armed Forces—that could be used immediately to respond to a radiological emergency. This inventory would include personnel and resources available in the vicinity of each operating powerplant site and those personnel and resources that could be relocated quickly to the site of an emergency; $1,000,000 would be authorized to FEMA to carry out this inventory.

Mr. President, the legislation I offer today is the closest we have ever come to having a comprehensive mechanism for handling a side of the nuclear-power equation that has, perhaps, been paid insufficient attention. We have developed reasonable and effective means for dealing with the safe operation of nuclear powerplants. We have not, in a comprehensive fashion, answered the question; What happens if something goes wrong?

This measure is vital not only to the safety of our Nation's residents, but to the viability of a nuclear-power industry if we are, indeed, to have one. The measure is neither pronuclear nor antinuclear. It says, simply, that we must have the resources to do the job and that the Federal Government has a responsibility, if it sets requirements in Federal law, to provide those resources.

The measure is timely in light of recent NRC decisions. It is necessary in light of our situation in New York. It is responsible in that it addresses a matter that needs clarification. It is prudent in that it represents a sound investment of tax dollars. And above all, it is essential, for a failure to develop an adequate response to possible nuclear emergencies would be irresponsible.

Mr. President, I ask unanimous consent that the text of the bill, as well as the correspondence I have received from the Honorable Mario M. Cuomo, Governor of New York, be entered in the RECORD following my remarks.

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

S. 1395

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 "Radiological Emergency Response Planning and Assistance Act of 1983".

TITLE I—FINDINGS AND PURPOSES

FINDINGS

SEC. 101. The Congress finds that—

(1) The Nuclear Regulatory Commission, in carrying out its mandate to protect the public health and safety, requires that each nuclear powerplant site have an offsite radiological emergency response plan;

(2) the Nuclear Regulatory Commission requires State and local governments to prepare radiological emergency response plans for the areas surrounding the sites of nuclear powerplants;

(3) there are 87 nuclear powerplant sites, with reactors operating or under construction, that require offsite radiological emergency response plans and involve hundreds of State and local governments; and

(4) the joint Nuclear Regulatory Commission and Federal Emergency Management Agency guidelines for the preparation of State and local radiological emergency response plans includes sixteen major planning standards and 212 evaluation criteria.

PURPOSES

SEC. 102. The purposes of this Act are—

(1) to provide direct Federal financial assistance to State and local governments for emergency radiological planning and preparedness activities; and

(2) to make Federal personnel, equipment, and other resources available to assist in implementation of offsite radiological emergency response plans.

TITLE II—RADIOLOGICAL EMERGENCY RESPONSE PLANS AND PREPAREDNESS ASSISTANCE

PLANNING ASSISTANCE

SEC. 201. (a) The Nuclear Regulatory Commission is authorized and directed to provide grants directly to State and local governments to prepare or update radiological emergency response plans as required by 10 CFR part 50.

(b) Such grants shall be distributed to State and local governments based upon an application for assistance.

(c) In determining the amount of a grant, the Nuclear Regulatory Commission shall consider—

(1) the population density within the emergency planning zone for which the plan is being prepared;

(2) any revisions to the plan required as a result of a finding of deficiencies made by the Federal Emergency Management Agency;

(3) special studies that State and local governments may be required to undertake in order to prepare the plan; and

(4) the total estimated cost of preparing or revising the plan.

(d) There is hereby authorized to be appropriated to the Nuclear Regulatory Commission for the purposes of carrying out this section $3,000,000 for each of the fiscal years 1984 and 1985.

PREPAREDNESS FUND

SEC. 202. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Radiological Emergency Response Trust Fund" consisting of such amounts as may be appropriated or transferred to such fund as provided in this section.

(b) The Nuclear Regulatory Commission is directed to establish a fee to be paid annually by the operators of each civilian nuclear powerplant for which a radiological emergency response plan must be prepared in accordance with 10 CFR part 50.

(c) All fees imposed under subsection (b) shall be paid to the Treasury of the United States and deposited in the Radiological Emergency Response Trust Fund.

(d) Amounts in the trust fund shall be available for—

(1) paying the costs of training State, local, or other personnel to participate in radiological emergency response activities;

(2) paying the costs of training National Guard units to participate in radiological emergency response activities;

(3) paying to State and local governments the costs of full-field exercises and drills involved in practicing and testing emergency response plans; and

(4) paying to State and local governments the costs of acquiring communication systems, radiological monitoring equipment, warning systems, or other equipment required to implement radiological emergency response plans.

(e) There is hereby authorized to be appropriated to the Nuclear Regulatory Commission for the purpose of carrying out subsection (d) an amount equal to the fees deposited under subsection (c) for each fiscal year.

TITLE III—FEDERAL RESOURCE ASSISTANCE

CASE-BY-CASE USE OF FEDERAL PERSONNEL AND OTHER RESOURCES

SEC. 301. (a) Within sixty days of receiving a request from a State or local government that is preparing or has prepared a radiological emergency response plan in accordance with 10 CFR part 50, the President is directed to make a determination as to the availability of Federal personnel, including the Armed Forces, or other Federal resources to be used in the implementation of State or local emergency response plans.

(b) Based upon a finding of availability under subsection (a), the President is directed to enter into agreements with State and local governments to make available Federal personnel, including the Armed Forces, or other Federal resources to be used in the implementation of State or local emergency response plans.

RESOURCES AND NEEDS INVENTORY

SEC. 302. (a) The Federal Emergency Management Agency is directed to prepare—

(1) an inventory of Federal personnel, including the Armed Forces, and Federal resources that could be used to respond immediately if a radiological emergency occurred at a civilian nuclear powerplant; and

(2) an inventory of the resources needed to respond effectively and efficiently to a radiological emergency at each civilian nuclear powerplant required to have a radiological emergency response plan in accordance with 10 CFR part 50.

(b) The findings under subsection (a) are to be reported to the President and the appropriate committees of Congress not later than six months after the date of enactment of this Act.

(c) There is hereby authorized to be appropriated to the Federal Emergency Management Agency in fiscal year 1983, and to remain available until expended, $1,000,000 to carry out the purposes of subsection (a).

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
New York, N.Y., May 16, 1983.

Hon. DANIEL PATRICK MOYNIHAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOYNIHAN: I am writing to request that you initiate a hearing process to: (1) achieve a clairification and a precise specification of the respective responsibilities of local, state and federal governments for off-site emergency plans at our nation's nuclear plants, and (2) devise a federal system for the administration and funding of the extensive activities undertaken by all three levels of government in the implementation and (3) examine the consequences of decisions required by this off-site emergency planning process.

In 1954, the federal government established its pre-emptive authority for the licensing and operation of nuclear power plants and has maintained its singular authority for on-site monitoring of the safety of these facilities. However, federal agencies have attempted to redefine the responsibilities of state and local governments, as well as those of the utilities, for offsite safety.

The Nuclear Regulatory Commission has recognized that it lacks "statutory authority over state and local governments to require them to develop and implement emergency response plans." (Report to Congress: Areas Around Nuclear Facilities Should Be Better Prepared for Radiological Emergencies, United States General Accounting Office, March 30, 1979.)

The allocation of responsibility for meeting federal regulations and mandates remains unclear, and recognition of this lack of clarity is increasing daily. Recent discussion by my staff with the NRC and FEMA revealed that these agencies "do not disagree" that there is a need for an immediate delineation of these responsibilities.

The Reagan Administration also appears to share this concern. Secretary of Energy Donald P. Hodel has said difficulties with emergency planning threatens "the viability of the nuclear power industry." In a Department of Energy memorandum dated April 28, 1983, Hodel wrote: "The breakdown of Federal, state, local and private utility cooperation in developing and implementing a workable emergency evacuation plan in the event of a serious accident at a nuclear power plant has become an issue of national significance."

The Secretary has established a special working group to study the problem and recommend "Federal actions to remedy this situation.

We applaud that action, as well as the recent decision by NRC Chairman Palladino to join with us in a study of the various factors affecting the future of the Shoreham nuclear power plant in Suffolk County, New York.

Given the increasing concern with reactor safety and public perception of planning problems, we are likely to see increased attention focused on the operation of nuclear power plants. Currently, 37 of the nation's 53 sites for nuclear power plants do not have evacuation plans which meet federal preparedness mandates.

Almost certainly we will experience a continuing redefinition of the degree of risk to be imposed upon our society. The definition of safety does not recognize geographic boundaries and must be addressed as a national issue.

The recent Supreme Court decision in *Pacific Gas & Electric Co.* v. *Energy Resources Conservation and Development Commission*, Docket No. 81 1945 (April 20, 1983), held in part, that Congress, in passing the 1954 (Atomic Energy) Act and in subsequently amending it, intended that the federal government should regulate the radiological safety aspects involved in the construction and operation of a nuclear plant.

With that responsibility for regulation comes an equivalent obligation—for insuring that the process for enforcement of regulations does indeed clearly define the roles of all levels of government.

The existing nuclear power plants, in whatever political jurisdiction they may be, were constructed to comply with the then existing federal requirements. Changes in the requirements place the utility and ultimately the consumer at risk for the costs of compliance with unanticipated regulatory requirements, or for the costs of decommissioning a facility. These costs should not be the burden of a single locality, state, or utility. These costs are caused by a changing federal regulatory process and the problem they create cries for a federal solution.

The illogic of an imprecise, but apparently singular state and local responsibility for off-site preparedness is made even clearer when compared to federal recognition of the areas in which the federal government has sought to per-empt local responsibility; e.g., transportation of nuclear waste has been considered by the federal government to be totally within its jursidiction; employees working within nuclear facilities have been determined to be of concern to the federal government.

If these are indeed matters of such import to the federal government, by what logic are the health and safety of all of those who might be impacted by the operation of a nuclear facility not the responsibility of the federal government? The disposal of nuclear waste and the decommissioning of nuclear plants are equally part of a federal responsibility for an industry which it actively fostered and promoted.

The public is not well served by a protracted disagreement on these issues. The public needs both a clear definition of responsibility and decisive action to support and implement effective emergency planning. Large scale nuclear power plants symbolize for some the imposition of a relatively new technology which fosters an increasing anxiety for not only the technical issues, but also a need for a clear understanding of the political process established by Congress to define "safety" within national rather than local boundaries.

I therefore respectfully request that you schedule Congressional hearings on this issue to consider changes in the role of the federal government. We believe that these changes could extend to the assumption of all responsibilities within the emergency planning zone, the direct provisions of funding through a federal initiative, or the standby availability of federal personnel and/or the National Guard to assume full authority in the event of an accident. Enclosed are: (1) suggested specific questions and (2) suggested federal actions which need to be addressed.

Sincerely,

MARIO M. CUOMO, *Governor.*

I. SUGGESTED QUESTIONS TO BE ADDRESSED BY HEARING

1. What is and should be the responsibility, if any, of the federal government in the establishment and development of *standards* for off-site emergency preparedness plans for nuclear power plants? What federal agency is or should be responsible for this activity?

2. What is and should be the responsibility of state government if any, in the development and establishment of standards for off-site emergency preparedness plans for nuclear power plants? Should state governments be allowed to enact more rigid standards or requirements than those imposed by the federal government?

3. What is and should be the responsibility, if any, of local governments, in the development and establishment of standards for off-site emergency preparedness plans for nuclear power plants? Should local governments be allowed to impose more stringent standards or requirements than those required by either the federal or state gov-

ernments? What is a local government for purposes of this question?

4. What is and should be the responsibility of the federal government, if any, in the *preparation* of off-site emergency preparedness plans for nuclear power plants?

5. What is and should be the responsibility of state government, if any, in the preparation of off-site emergency preparedness plans for nuclear power plants?

6. What is and should be the responsibility of local governments, if any, in the preparation of off-site emergency preparedness plans for nuclear power plants?

7. What is and should be the responsibility of the federal government, if any, for the *Implementation* of off-site emergency preparedness plans for nuclear power plants?

8. What is and should be the responsibility of the state government, if any, for the implementation of off-site emergency preparedness plans for nuclear power plants?

9. What is and should be the responsibility of local governments, if any, for the implementation of off-site emergency preparedness plans for nuclear power plants?

10. What is and should be the responsibility of the federal government, if any, in determining the *adequacy and implementability* of an off-site emergency preparedness plan for a nuclear power plant?

11. What is and should be the responsibility, if any, of state government in determining the adequacy and implementability of an off-site emergency preparedness plan for a nuclear power plant?

12. What is and should be the responsibility, if any, of local governments in determining the adequacy and implementability of an off-site emergency preparedness plan for a nuclear power plant?

13. What is and should be the responsibility of the federal government, if any, for financing the costs of development and implementation of an off-site emergency preparedness plan for a nuclear power plant?

14. What is and should be the responsibility of the state government, if any, for financing the costs of development and implementation of an off-site emergency preparedness plan for a nuclear power plant?

15. What is and should be the responsibility of the local governments, if any, for financing the costs of development and implementation of an off-site emergency preparedness plan for a nuclear power plant?

II. SUGGESTED FEDERAL ACTIONS TO BE CONSIDERED BY HEARING

1. The Congress should consider the assumption by the Federal government of full responsibility for ownership, siting, design, construction, quality control, operation, emergency response and waste disposal. This approach has been adopted in other nations, such as France and England, in a manner which has reduced public policy uncertainty, facilitated standardization of design, construction and operation, and reduced private sector risk.

2. The Congress should enact legislation which clearly defines and delineates the respective responsibilities of Federal, state and local governments, and the licensee of a nuclear power plant in the development and implementation of off-site emergency preparedness plans.

3. The Congress should enact legislation to provide financial assistance to state and local governments for preparedness plans. A model for such legislation is the proposal for the reaction of the Radiological Emergency Response Plans and Preparedness Fund for State and Local Governments, recommended by the Nuclear Regulatory Commission Office of State Programs in 1979.

4. The Congress should consider the establishment of federally-funded, federally-trained special radiological response teams, as suggested by Westchester County Executive Andrew O'Rourke. An alternative might be a program of Federal funds and training for selected National Guard Units which could then be available to respond immediately if a radiological emergency might occur.

5. The Congress should consider legislation to create a special fund to reimburse ratepayers and local governments in those circumstances where a nuclear power plant cannot open or must close because it cannot comply with federal requirements for off-site emergency preparedness. Perhaps the Federal government should acquire these facilities for use only in an emergency situation, such as envisioned by the creation of the Strategic Petroleum Reserve.

By Mr. PERCY:

S. 1399. A bill to amend the Tariff Act of 1930 to prevent the exportation or importation of certain vehicles; to the Committee on Finance.

By Mr. PERCY (for himself, Mr. DIXON, Mr. LUGAR, Mr. DANFORTH, and Mr. LAXALT).

S. 1400. A bill to enhance the detection of motor vehicle theft and to improve the prosecution of motor vehicle theft by requiring the Secretary of Transportation to issue standards relating to the identification of vehicle parts and components, by increasing criminal penalties applicable to trafficking in stolen vehicles and parts, by curtailing exportation of stolen motor vehicles and off-highway mobile equipment, and by establishing penalties applicable to the dismantling of vehicles for the purpose of trafficking in stolen parts, and for other purposes; to the Committee on Commerce, Science, and Transportation.

MOTOR VEHICLE THEFT

Mr. PERCY. Mr. President, motor vehicle theft is one of the fastest growing property-related crimes in America. According to the Uniform Crime Reports from 1981, auto theft now represents a $5 billion a year criminal activity, including $3.4 billion in the value of property and $1 billion a year spent in the criminal justice system. And these costs are not borne just by those unfortunate victims of auto theft, but passed on to all of us in the form of higher automobile insurance premiums.

In recent years, the cost of theft coverage has increased dramatically due to this rising criminal activity. The theft portion of comprehensive coverage now costs an average of over $30 per vehicle, and in some high-crime areas can cost $400 or more. For instance, on the south and west sides of Chicago, motorists pay $332 annually for theft coverage on a standard-sized 1983 car. Even in outlying Cook County, motorists pay $105 annually for the same car, or three times the national average.

Increases have not been as dramatic in rural areas, but reports of auto theft in those areas are increasing in frequency, so the cost of comprehensive coverage can be expected to rise there also.

Auto theft used to be a crime of juvenile joyriders. This has now changed. Auto theft is increasingly a crime of the professional thief. This change in the nature of auto theft is reflected in the lower recovery rates experienced in recent years. A decade ago 80 percent of the vehicles stolen were recovered, usually within a block or two of their original location, and there was a 25-percent arrest rate. Today, there is a 15-percent arrest rate. And the recovery rate for stolen vehicles has declined to approximately 52 percent from more than 80 percent 9 years ago.

The driving force behind this crime is the high profit and low risk in motor vehicle theft and the increasing involvement of the professional thief. There are two major components to the current crime wave. First is the proliferation of the so-called chop shops, spurred by the spiraling cost of replacement parts of automobiles damaged in accidents. Some experts estimate that it would cost $30,000 to replace completely, part by part, an automobile that cost $7,000 new. The economics of car parts have made it enormously profitable to operate the chop shops, which disassemble stolen automobiles into replacement parts for sale to repair shops. Once a part has been separated from an automobile, it cannot be identified as having come from a stolen vehicle.

The only exceptions are the engine and the transmission, which are stamped with a vehicle identification number. These numbers are required by the States of Georgia and Tennessee, which 15 years ago recognized the value of identifying numbers. It has been the experience of those in the field that these two parts are almost never sold in the criminal market, and are usually discarded despite their value because of the higher risk of dealing with identifiable parts.

Because of the impossibility of tracing most auto parts, law enforcement officials are unable to prove that parts in the possession of suspected thieves have, in fact, been stolen. As a result, fewer than 15 percent of auto thefts end in arrest, and only a tiny fraction of those result in a conviction.

The second major problem is the unchecked export of the stolen cars overseas. Currently, a thief need only drive to the docks and pay to have the car shipped, or drive across the border to Mexico or Canada. There is no verification of the legality of the car.

The auto theft problem has been the subject of a number of recent articles and analyses. For example, a Chicago

Sun-Times editorial from April 19, 1983.

I would also like to draw my colleagues' attention to an excellent column on this problem by Leo Callahan, president of the International Association of Chiefs of Police (IACP) which appeared in the February 1983 issue of the Police Chief. In addition, Vernon Guidry, Jr., of the Baltimore Sun has written a commendable article that I know my fellow Senators will want to read.

Mr. President, I ask unanimous consent that these articles and a section-by-section analysis of the legislation be included in the RECORD at the close of my remarks.

The bills I am introducing today would give the law enforcement community the tools needed to combat this crime wave. The Motor Vehicle Theft Law Enforcement Act, would require that motor vehicle manufacturers place the vehicle identification number on a limited number of major component parts of the automobile, at a maximum cost of $10 per vehicle, if found cost effective. The bill would increase Federal criminal penalties for trafficking in stolen motor vehicles and their parts. It would require motor vehicle shippers to record vehicle identification numbers and to file export declarations with Customs. In addition, the bill would make it a Federal offense to import or export stolen self-propelled vehicles, or their parts, with knowledge that the vehicle or part was stolen. The bill would also prohibit the importation or exportation of vehicles or parts whose identification numbers the importer or exporter knows to have been removed, obliterated, tampered with, or altered.

I am also introducing as a separate bill, title III of the Motor Vehicle Theft Law Enforcement Act, dealing with the problem of export controls. This bill is identical to H.R. 1744, introduced by Representative PETE STARK. Representative STARK, who also is a cosponsor of the Motor Vehicle Theft Law Enforcement Act, sponsored by Representative BILL GREEN, introduced H.R. 1744 to expedite the consideration of this vitally important legislation by the House of Representatives. I am introducing the export provisions as a separate measure to accommodate my colleagues in the House. It is my expectation, however, that the Senate will consider this legislation as a single package.

These measures have received support from a broad spectrum of concerned groups and individuals, united into the Coalition To Halt Automotive Theft. Among the Coalition's members are representatives from the insurance and automotive repair industries, automotive dismantlers and recyclers, law enforcement associations, and consumers. The chairman of the Coalition is Ronald Sostkowski, director of the International Association of Chiefs of Police's Division of State and Provincial Police, and the vice chairman is Penny Farthing, senior legal counsel for the American Insurance Association.

The Motor Vehicle Theft Law Enforcement Act is identical in every major substantive respect to legislation which I introduced in the 96th and 97th Congresses. Hearings have been held on this legislation by a Judiciary Subcommittee, and the Foreign Relations Committee touched on this subject while discussing a convention with Mexico on the return of stolen cars and airplanes. In addition, the Senate Permanent Investigations Subcommittee held hearings in 1979 on the very serious problem of organized crime involvement in motor vehicle theft.

I strongly recommend that my colleagues join the concerned groups and individuals of the Coalition To Halt Automotive Theft, and give these measures their support.

Mr. President, I ask unanimous consent that the texts of these two bills be printed in the RECORD at this time, along with other material I referred to earlier.

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

MOTOR VEHICLE THEFT LAW ENFORCEMENT ACT OF 1983 SECTION-BY-SECTION ANALYSIS

Section 1—Title

Section 1 of the bill provides that the bill when enacted may be cited as the "Motor Vehicle Theft Law Enforcement Act of 1983"

Section 2—Findings and purpose

Section 2 sets forth findings by the Congress and the purpose of the legislation.

TITLE I—IMPROVED IDENTIFICATION FOR MOTOR VEHICLE PARTS AND COMPONENTS

Section 101—Motor vehicle parts and components security standards

Section 101(a) adds a new paragraph to Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391), defining "motor vehicle security standard." This is a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components).

Subsection 101(b) adds to section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392) a new subsection, (j), dealing with the effectuation of such standard. The Secretary of Transportation is required, under subsection (j), to publish a proposed motor vehicle security standard requiring an identification number on key components or parts within 12 months after the date of enactment of the Act, and to promulgate a final Federal motor vehicle security standard not later than 24 months after enactment. Such standard is to take effect between 180 days and one year from the date of promulgation. However, if the Secretary finds it is in the public interest and show good cause, the effective date may be earlier or later. The standard will apply only to parts and components which are (a) included in the assembly of a motor vehicle manufactured after the effective date or (b) manufactured as new replacement parts or components for motor vehicles after the effective date. It is anticipated that the parts manufactured exclusively for use as replacement parts or components that are equivalent to a part or component required by a federal Motor Vehicle Security Standard to bear an identification number, would bear an appropriate marking which identifies such part or component as a replacement. Such a marking would be affixed by the manufacturer of such replacement part or component.

The part or component identification number should be permanently affixed by riveting, welding, stamping, impressing, burning or some other basically equivalent manner such as the use of an adhesive material which is tamper proof and self-destructing, and hence non-reuseable. if the material is removed from the part of the component.

Paragraph (3)(A) of new subsection (j) requires that before promulgating any security standard, the Secretary must conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of such standard. In preparing such a study, the Secretary must consider the effect which such standard may have on production and sales by the domestic manufacturers.

The most desirable number which could be utilized for component identification would be the same as that required for the vehicle identification number (VIN) under U.S. Department of Transportation Federal Motor Vehicle Safety Standard No. 115 (i.e. 17 characters). However, for some methods of application, requiring all 17 characters may be difficult and costly. Accordingly, it may be necessary to make use of a derivative of the VIN for some component parts. Identification of parts and components is to be accomplished in the least expensive way consistent with the purposes of the Act.

Paragraph (3)(B) of new subsection (j) directs the Secretary to include the results of such study in the publication of the proposed Federal motor vehicle security standard. Under paragraph (3)(C), the Secretary shall have no authority to promulgate any such standard unless the Secretary determines the benefits from the standard are likely to exceed the costs of such standard.

Paragraph (4)(A) provides that no security standard promulgated by the Secretary under the section shall impose additional costs upon the manufacturers of motor vehicles in excess of $10.00 (adjusted for inflation beginning in 1982) per motor vehicle. The level of costs per motor vehicle will be determined by the Secretary as part of the cost-benefit study required prior to the promulgation of the standard.

Subparagraph (B) provides that any manufacturer, subsequent to the promulgation of the standard, may petition the Secretary to amend such standard for the purpose of adjusting the standard to be in compliance with the paragraph in paragraph (4)(A). Upon a showing by such manufacturer that the costs of compliance with such standard will result in costs in excess of $10.00 per motor vehicle (adjusted for inflation), the Secretary shall amend such standard to eliminate the costs which exceed $10.00 per motor vehicle.

Subsection (5) states that no security standard may require the numbering or other identification of more than a total of four parts or components for trailers, nine parts or components for trucks, and four-

teen parts or components for any other motor vehicle. This limitation is to be exclusive of the VIN (Vehicle Identification Number) currently required under Federal Motor Vehicle Safety Standard 115 (the Public Vehicles Identification Number).

The parts and the components selected by the Secretary of Transportation should be those which will primarily deter professional thieves who either resell the vehicle itself or cut it up for parts. Such parts and components should be part of the vehicle at the time of original manufacture.

The maximum limitation of 14 parts and components to be numbered was derived from a listing prepared by the Justice Department based on a four-door passenger car. It is anticipated that the parts and components for passenger cars required to be identified by the Secretary will be from the Justice Department list. The components the Justice Department believes are necessary to accomplish the purposes of the Act in regard to component identification for passenger cars are: the engine; the transmission; each door allowing entrance or egress to the passenger compartment; the hood; the radiator core support of the front end assembly; each front fender; the deck lid, tailgate, or hatchback (whichever, if present); the trunk floor pan; the frame (or, in the case of a unitized body, the supporting structure which serves as the frame); and one additional confidential location selected each year by the manufacturer with notification to law enforcement of the exact location. There is no intent that the Secretary require that the full authorized number of parts or components be actually marked. However a sufficient number should be marked to accomplish the purposes of the Act. The bill allows that, as the theft profile changes or as cars and body styles change, different components may be marked; and such change, however, will be subject to rulemaking.

Paragraph (6) directs that the Secretary shall take several factors into account in prescribing motor vehicle security standards. First, the Secretary shall consider relevant available motor vehicle security data, including the results of research, development, testing and evaluation activities conducted pursuant to the Act.

Second, the Secretary shall also review available studies carried out by motor vehicle manufacturer which evaluate methods and procedures for the identification of motor vehicle parts and components and the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership.

Third, the effect of the implementation of such standard upon the cost of motor vehicle insurance shall be considered by the Secretary.

Fourth, the Secretary shall take into account savings which may be realized by consumers through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components.

Finally, the Secretary should take into account considerations of safety.

Subsection 101(c) amends Section 103(d) of the National Traffic and Motor Vehicle Safety Act of 1966 which applies general Federal supremacy status to standards issued by the Department of Transportation under this bill. The Federal program cannot be modified by State actions. This does not mean that the states are preempted from enforcing, by an appropriate method, identical federal motor vehicle security standards at the pre-consumer level of distribution; provided, however, that such state enforcement scheme does not create an undue burden on interstate commerce or present serious danger of conflict with Federal enforcement programs.

Section 102—Authority of Secretary to study security devices and systems

Section 102 amends section 106 of the National Traffic and Motor Vehicle Safety Act of 1966 by adding a new paragraph which authorizes the Secretary to conduct studies regarding the development of security devices and systems which are designed to deter individuals from entering a locked motor vehicle and starting the motor vehicle for the purpose of stealing the motor vehicle.

Section 103—Report regarding security devices and systems

Section 103(a) requires the Secretary of Transportation, 12 months after the date of enactment, to submit a report to the Congress, regarding security devices and/or systems designed to deter the unauthorized entering or starting of a locked motor vehicle for the purpose of stealing the motor vehicle.

Subsection (b) provides that in this report, the Security is to determine whether an objective standard for such systems can be devised so that the systems are not compromised by the demonstrations of them which may be necessary to show compliance with the standard, and whether it would be more beneficial if security devices and systems were left as options for auto manufacturers to offer in areas of high crime rates.

Subsection (c) states that the report may include any other matters relating to motor vehicle security which the Secretary considers appropriate. The report shall include recommendations for legislative or administrative action and is to be prepared after consulting with the Attorney General.

Section 104—Technical and conforming amendments

Section 104 amends sections of the National Traffic and Motor Vehicle Safety Act to reflect the substantive amendments set out in Sections 101 and 102 and makes technical and conforming changes.

Section 105—Termination of certain provisions and amendments

Section 105 provides that the provisions of Title I and the amendments made in Title I shall be repealed, according to Section 104(a)(1), at the end of June 30 of the fourth successive year following the first June 30 which occurs at least 15 months after the effective date of the Federal Motor Vehicle Security Standard to be promulgated, unless the Secretary of Transportation and the Attorney General of the United States submit a joint written statement to Congress which makes several findings.

Subsection 105(b) outlines the findings to be made: (1) a finding based on the most recent available statistics contained in the National Crime Information Center, the most recent available statistics compiled in connection with publication of the Uniform Crime Reports and upon other sources including the perceptions of the law enforcement community of the Nation which deals with motor vehicle theft and any increases in arrest or prosecution rates relating to motor vehicle theft, that there have been beneficial impact upon the rate of thefts or the rate of recovery of motor vehicles, or motor vehicle parts and/or components during the period the motor vehicle security standard is in effect: (2) a finding that such impact is significantly attributable to the operation and enforcement of such motor vehicle security standard: and (3) a judgment that the provision of Title I should remain in effect.

Subsection (c)(1) directs that the provisions of paragraphs (2) through (4) shall apply if the repeals and amendments specified in subsection (a) take effect. Paragraph (2) of subsection (c) provides that any Federal motor vehicle security standard shall cease to have any force or effect after the repeals specified in subsection (a) take effect. Paragraph (3) provides that any administrative proceeding relating to any provision of law repealed in accordance with subsection (a) which is pending on the effective date of such repeal shall be continued as if subsection (a) had not been enacted, and orders issued in any such administrative proceeding shall continue in effect until amended or revoked by the Secretary of Transportation in accordance with the National Traffic and Motor Vehicle Safety Act of 1966, or by operation of law.

The provisions of paragraph (4) specify that the repeals provided by subsection (a) shall not affect any suit, action, or other proceeding lawfully commenced before the effective date of such repeals and that all such suits, actions or proceedings shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if subsection (a) had not been enacted.

TITLE II—ANTIFENCING MEASURES

Section 201—Motor vehicle identification numbers: Forfeitures

Section 201 amends Chapter 25 of title 18, United States Code by adding a new section 510. "Altering or removing vehicle identification numbers." Subsection (a) of such section provides that, with exceptions, whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle shall be fined not more than $5,000, imprisoned for not more than 5 years or both.

Subsection (b) of new Section 510 provides that the provisions of subsection (a) shall not apply to any motor vehicle scrap processor or motor vehicle demolisher if such person is engaged in the processing of any motor vehicle, or part or component thereof into metallic scrap for purposes of recycling the metallic content and is in compliance with applicable State law regarding the disposition of such items. Such exemption also applies to persons acting under the authority of the Secretary of Transportation or State law to restore or replace such markings.

For purpose of new Section 510: (1) the term "identification number" means any identification number required by the Secretary of Transportation under any Federal motor vehicle security standard, Federal motor vehicle safety standard or other regulation.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) "Motor Vehicle Demolisher" is defined as any person, including motor vehicle dismantler or motor vehicle recycler, who is engaged in the business of processing motor vehicles, parts or components which renders the item unsuitable for further use as a

motor vehicle, or part or component thereof.

(4) The term "motor vehicle scrap processor" means any person who is engaged in the business of purchasing motor vehicles, parts or components for the purpose of processing such motor vehicles into metallic scrap for recycling. It does not include any activity of such a person relating to the recycling of a motor vehicle or a motor vehicle part or component as a used motor vehicle or used motor vehicle part or component.

(5) The term "processing" means loading, unloading, crushing, flattening, destroying, grinding up, handling, or otherwise reducing a motor vehicle part into metallic scrap.

Section 201 also adds a new section 511 to title 18 of the United States Code which creates a statutory right of seizure for Federal law enforcement officials of any motor vehicle, part or component whose identification number has been removed or altered. Exemptions from this provision apply in the case of such a motor vehicle part or component which has been attached to a motor vehicle without any knowledge by the owner that the identification number has been tampered with. Motor vehicles or parts whose identification numbers have been damaged by fire or accident are likewise exempt from forfeiture. The provision for seizure and forfeiture incorporates by reference the laws relating to seizures and forfeitures under the customs laws.

Effective in 1969, the Department of Transportation issued Federal Motor Vehicle Safety Standard No. 115 requiring a public VIN (Vehicle Identification Number). Under Title I of this Act, the Secretary of Transportation will be given regulatory authority to require identification numbers for components of the vehicle also. Consequently, after the enactment of Section 510 it would be a Federal crime to remove or alter the public VIN on any existing motor vehicle manufactured after January 1, 1969, or future motor vehicle because such identification number is already required by Department of Transportation regulations. On the other hand, the removal or alteration of the identification number for certain components would only become a Federal crime when such removal or alteration occurred after the establishment of a Department of Transportation regulation requiring an identification number for such component. Neither Section 510 or 511 are intended in any fashion or manner to restrict or preclude the States from passing and enforcing their own criminal laws relating to the removal or alteration of identification numbers affixed by the manufacturer to the motor vehicle and its components.

Section 202—Definition of securities

Section 202 amends 18 U.S.C. 2311 to include "motor vehicle title until it is cancelled by the State indicated thereon or blank motor vehicle title" in the definition of securities. At present a fully executed motor vehicle title would qualify as a "security" under the provision "document evidencing ownership of goods, wares, and merchandise" in the definition of "securities" in section 2311 of title 18, United States Code. However, a blank certificate would not be a "security".

Section 203—Sale or receipt of stolen motor vehicles

Section 203 amends 18 U.S.C. 2313 by ensuring that Federal jurisdiction will attach and remain with a stolen motor vehicle once it has crossed a State or United States boundary after being stolen. It thus becomes unnecessary to prove that such a vehicle has retained its interstate character in order to prosecute, as is presently necessary under the Dyer Act. Section 203 also amends 18 U.S.C. 2313 to make a Federal crime of possession of a motor vehicle or aircraft which has crossed a State or United States boundary after having been stolen. Presently, it is a crime to "receive" such a vehicle but possession is not specified.

Section 204—Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

Section 204 creates a new section 2319 of title 18, United States Code, which deals with traffickers in stolen motor vehicles or their parts with knowledge that their identification numbers were removed, obliterated, tampered with, or altered. It provides for criminal penalties of up to $25,000 in fines or 10 years imprisonment, or both. The bill retains the present Dyer Act Policy that the illegal possession of such a vehicle or part must include an intention on the part of the possessor to dispose of the vehicle or part. The section is aimed at the dealers and peddlers of such stolen items. It includes the exemptions provided in section 201. In addition, it is not designed to reach an individual who possesses such a vehicle or part for his own personal use even where the individual knows that the identification number has been removed, obliterated, tampered with, or altered. Such an offense would be subject to prosecution only under appropriate State and local laws; it would not add to the burdens of the Federal courts.

The terms "identification number", "motor vehicle" and "motor vehicle scrap processor" have the meanings given to them in Section 201.

Section 205—Definition of racketeering activity

Section 205 amends section 1961 of title 18, United States Code, commonly known as the RICO statute (Racketeer Influenced and Corrupt Organizations), to allow prosecution under this statute of those individuals and businesses which traffic in stolen vehicles and their parts. The existence of this prohibition and appropriate prosecutions under it should have a significant deterrent impact upon those businesses presently engaging in the knowing receipt and disposition of stolen vehicles and their parts and components.

Section 206—Nonmailable motor vehicle master keys

Section 206 amends the Master Key Act (39 U.S.C. 3002) to prohibit the mailing of devices which are designed or adapted primarily to open or to make inoperable any of the locks or the ignition switches of two or more motor vehicles. The provision also prohibits the mailing of any advertisement for such a device and authorizes the United States Postal Service to issue a mail stop-order in an appropriate case. Violations of this section would be within the investigative jurisdiction of the United States Postal Service.

TITLE III—IMPORTATION AND EXPORTATION MEASURES

Section 301—Amendments to title 18, United States Code

Section 301 adds a new section 553 to chapter 27 of title 18, United States Code, creating a federal offense within the investigative jurisdiction of the U.S. Customs Service to import or export or attempt to import or export, stolen self-propelled vehicles, vessels, or aircraft, or their parts, with knowledge that the vehicle or part was stolen. The section also prohibits the importation or exportation of vehicles or parts whose identification number the importer or exporter knows to have been removed, obliterated, tampered with, or altered. These offenses are punishable by a fine of up to $10,000, up to five years' imprisonment, or both. This section would obviously not be applicable to the importation or exportation of the conveyance by the lawful owner or his agent.

For purposes of this section, the term "self-propelled motor vehicle" includes any automobile; truck; tractor; bus; motorcycle; motor home; and any other self-propelled construction equipment, special use equipment and any other such vehicle designed for running on land but not on rail.

The term "vessel" has the meaning given it in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401).

The term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).

Section 302—Amendments to Tariff Act of 1930

Section 302 creates two new sections to the Tariff Act of 1930. Section 626 subjects any individual who imports, exports, or attempts to import or export any stolen self-propelled vehicle, vessel, aircraft or parts thereof, or any self-propelled vehicle or vehicle part whose identification number has been removed, obliterated, tampered with or altered, to a civil penalty of up to $10,000 per instance, to be determined by the Secretary of the Treasury. In addition, under this section, any of the above-described self-propelled vehicles, vessels, aircraft or parts are subject to seizure and forfeiture, if they are imported or exported. This section is likewise not applicable to the importation or exportation of the conveyance or part by the lawful owner or his agent. The section also provides for a fine of up to $500 for any person attempting to export a used vehicle who fails to present identifying documents to the appropriate customs officer prior to lading or export. Regulations governing this are to be prescribed by the Secretary of the Treasury.

The terms "self-propelled motor vehicle" and "aircraft" have the same meaning as in section 301.

For purposes of this section the term "used" refers to any self-propelled vehicle, the legal title of which has been transferred, by a manufacturer, distributor or dealer, to an ultimate purchaser.

"Ultimate purchaser" means the first person, other than a dealer, who purchases a self-propelled vehicle for purposes other than resale.

TITLE IV—REPORTING REQUIREMENTS

Section 401—Report regarding theft of off-highway mobile equipment

Section 401(a) povides that the Attorney General of the United States, as soon as practicable after the date of enactment of this Act shall establish a task force to study problems relating to the theft of off-highway mobile equipment and steps being taken to prevent the theft and subsequent disposition of such equipment. The task force shall prepare a report containing the results of such study, after consultation with the Secretary of Transportation, and shall submit such report to Congress not later than 2 years after the date of enactment of this legislation.

Section 401(b) lists those who will be members of the task force. Members of the task force shall serve without pay but are eligible for travel expenses. Subsection (c)(3) provides that the Attorney General, or his delegate shall serve as the chairman of the task force.

Subsection (d) requires that the report contain information relating to; (1) the development and effectiveness of identification numbering systems for off-highway mobile equipment and the major components and attachments of such equipment by manufacturers, user groups and others and the progress which has been made toward the development of a uniform national and international identification numbering system; (2) improvements in formats and procedures of the National Crime Information Center relating to reporting the theft of off-highway mobile equipment and the major components and attachments of such equipment, and the extent to which affected groups are furnishing information in accordance with such procedures shall be included in the report; (3) efforts made by the owners of off-highway mobile equipment voluntarily to affix identification numbers to such equipment and the major components and attachments of such equipment and to otherwise protect such equipment components and attachments, from theft shall be included in the report; (4) measures being taken by the manufacturers of off-highway mobile equipment relating to its physical security features; and (5) the effectiveness of any State laws relating to the titling of off-highway mobile equipment and/or making it unlawful to remove, obliterate, tamper with or alter any identification number affixed by a manufacturer to an off-highway equipment as a major component or attachment of such equipment and permitting seizure by law enforcement officers, for investigative purposes, of off-highway equipment and major components and attachments if identification numbers for such equipment, components, or attachments have been removed, obliterated, tampered with or altered.

The Report shall also cover the availability of certificates of origin which (A) contain adequate internal security features to deter forgery, alteration and counterfeiting; (B) list the identification number of the off-highway mobile equipment involved and major components and attachments of such equipment at original value; and (C) are suitable to serve as proof of ownership for off-highway mobile equipment through assignment to subsequent purchasers as stated in Paragraph (6).

The Report shall cover any action being taken by auction businesses, banks and other financial institutions (in connection with the making of loans) and insurance businesses to deter the reintroduction of stolen off-highway mobile equipment and major components of attachments of such equipment into the normal channels of commerce; as well as, the need for educational and training programs for State and local law enforcement officials designed to familiarize such officials with problems relating to the theft of off-highway mobile equipment will be part of the report.

In addition, the report shall include recommendations for legislative or administrative action if the task force considers any such action to be considered appropriate.

Subsection (e) defines for purposes of this section, the term "off highway mobile equipment" to mean a work machine which is (1) self-propelled or pushed or towed by self-propelled work machine; (2) the primary function of which is off-highway in application and (3) any on-highway operation of which is incidental to the primary function of the work machine. Such term includes self-propelled agricultural, forestry, industrial, construction and any other non-transportation special use equipment.

Section 402—Report regarding auto theft measures for state motor vehicle titling programs

Section 402(a) provides that the Secretary of Transportation, as soon as practicable after the date of enactment of this Act shall establish a task force to study problems which relate to motor vehicle salvage and which may affect the motor vehicle theft problem. The task force should propose a report containing the results of such study and submit such report to Congress and the chief executive officer of each state not later than 18 months after the enactment of this legislation.

Section 402(b) lists those who will be members of the task force. Members of the task force shall serve without pay but are eligible for travel expenses. Subsection (c)(3) provides the Secretary of Transportation, or his delegate, shall serve as chairman of the task force.

Subsection (d)(1) requires the task force report to be made only after a meaningful consultation process and review of existing laws, practices, studies, and recommendations regarding the affect that motor vehicle titling measures and controls over motor vehicle salvage may have upon the motor vehicle theft problem.

Subsection (d)(2) requires that the task force report specify the key aspects of motor vehicle antitheft measures necessary to prevent the deposition or use of stolen motor vehicle, or major components of motor vehicles, and to prevent insurance fraud or income tax fraud based upon false reports of stolen vehicles. The task force report is required to indicate any of the antitheft measures for which national uniformity to be adequately effective. The task force is also asked to recommend viable ways of obtaining any necessary national uniformity.

In addition, the task force report shall include other recommendations of legislative or administrative action at the state level or at the Federal level, and any recommendations for actions by private industry which may be appropriate.

Section 403—Report regarding implementation of the act

Section 403 states that the Attorney General of the United States in consultation with the Secretary of Transportation, Secretary of the Treasury, and the Postmaster General, shall submit to the Congress a report on the implementation and development of the provisions of title I, the provisions of title 18 and title 39, United States Code, which are added by the amendments made in title II, and the provisions of title 18, United States Code, and the Tariff Act of 1930 (19 U.S.C. 1202 et seq.) which are added by the amendments made in title III, and the effectiveness of such provisions in helping to prevent and reduce motor vehicle related theft. Such report shall be submitted on or before the first June 30 which occurs at least 15 months after the date of enactment of this act and on or before each June 30, thereafter for the following 9 successive years.

[From the Chicago Sun-Times, Apr. 19, 1983]

CURB CAR THEFTS

Auto theft insurance is expensive because almost 3,000 vehicles are stolen *daily* in this country. Thefts are so frequent because it's easy to sell unmarked auto parts to body shops. Currently, only engines and transmissions are marked with identification numbers.

A remedy proposed by Sen. Charles H. Percy (R-Ill.) and Rep. William Green (R-N.Y.) makes sense: Require serial numbers on major auto parts, making it easier to nab thieves and chop-shop operators.

That would raise car prices about $5 per car—but help curb rising insurance costs and the dangers often associated with car thefts. It's a good tradeoff.

TAKING THE PROFIT OUT OF VEHICLE THEFT

(By IACP President Leo F. Callahan)

In 1981, an estimated 1.07 million motor vehicles were reported stolen nationwide—one out of every 150 motor vehicles registered that year. The average value of these vehicles, $3,173, accounted for an estimated loss of $3.4 billion nationally. This figure represents the tangible property loss alone, not the $1 billion spent in theft investigation and prosecution, nor the cost of increased insurance premiums. Add the cost of these "intangibles," and the total national cost of vehicle theft crimes to the public increases to almost $5 billion.

Long thought of as an amateur crime and teenage prank often termed "joy-riding," motor vehicle theft today is a highly sophisticated, well-structured criminal enterprise. This is borne out in the statistics. Where a decade ago 80 percent of the vehicles stolen were recovered within a block or two of their original location and there was a 25 percent arrest rate; today, we have about a 14 percent arrest rate with 61 percent of those arrested under 21 years old. The recovery rate for stolen vehicles has declined to approximately 55 percent. The reason for the change is that the perpetrators for the vast majority of the vehicle thefts are hardened professionals.

Motor vehicle theft has become a successful and profitable enterprise because it is both time and cost efficient. A vehicle can be stolen in less than a minute with tools costing less than $50. The vehicle can then be sold "as is"; dismantled in a "chop shop" and the parts sold or in other cases, a new car may be created using the frame and legitimate title from a totally wrecked car, with the remainder of the needed parts chopped from stolen vehicles. Today, vehicle theft is a low-risk crime. Current criminal penalties are weak, stolen parts are often untraceable, and it is often viewed as a "victimless crime" by the criminal justice system because in most instances insurance companies reimburse individuals whose cars are stolen.

In an effort to combat professional vehicle theft by taking the profit out of the crime, a Motor Vehicle Theft Prevention and Law Enforcement Act has been introduced in each session of the U.S. Congress since 1979. And while minor revisions have been made during the bills history, the key provisions remain the same:

Vehicle identification numbers imprinted on all major components of a car, providing this does not cost more than $10 per vehicle.

Stiffer penalties for trafficking in stolen parts or vehicles, with a maximum fine of $25,000 and or 10 years in prison.

Stiff penalties for tampering with federally mandated VIN numbers, amounting to a fine of $5,000 and or five years in prison.

Stricter control on the exporting of vehicles and parts.

Expansion of anti-racketeering statutes to include motor vehicle theft, permitting the federal government to seize salvage yards suspected of dealing in stolen parts and vehicles.

Unfortunately, these bills, aimed at the professional theft operations and intended to enhance law enforcement efforts in the investigation and prosecution of vehicle thefts, have not been signed into law. They have had one major stumbling block: opposition to the component numbering requirement.

In the 97th Congress, there were more than 50 co-sponsors of the Motor Vehicle Theft Law Enforcement Act of 1981, H.R. 4325. A number of organizations testified in support of the bill, including the IACP, the American Association of Motor Vehicle Adminstrators, the National Automobile Theft Bureau, and the Association of Automotive Dismantlers and Recyclers. While there were individual concerns by each organization, one factor remained constant: the component numbering requirement is the key to the legislative package. In the 97th Congress, the legislation was opposed by some who viewed it as initially cost prohibitive, and the long-term cost/benefit ratio questionable. The impact of their position is obvious—the legislation failed to become law.

Supporters of the legislation will not let the failure of the bill go unanswered. A new Motor Vehicle Theft Law Enforcement Act is now being readied for introduction by Representative Bill Green (R-NY) in mid-February. The new bill will be ostensibly the same as its predecessors.

The IACP will take a significant position in support of this new legislation. In addition to acting on the advice of the IACP Vehicle Theft Committee in support of the bill and in accordance with two IACP resolutions endorsing passage of similar legislation, the Association has accepted chairmanship of the National Coalition since its inception in 1979, and we believe that a strong law enforcement stand is imperative to passage of this anti-crime legislation during the 98th Congress.

If the vehicle theft bill does not pass in this session, it will probably be a result of opposition, once again, by the manufacturers to the component numbering requirement. We, in law enforcement, realize the benefits of vehicle identification numbers and the handicap under which we investigate vehicle thefts because so few parts are numbered. The effectiveness of component marking is evidenced in the fact that automatic transmissions are thrown away by professional car thieves because they are numbered and, therefore, unusable. Transfer this fact to the major components of the vehicle and it is logical to conclude that they, too, would become unusable to the thief.

Law enforcement's stand on this issue can only be for passage of the legislation. In the absence of a uniform, national program, state component numbering programs may be the only alternative. The IACP has taken the position that a national program would be more economic and cost effective, and would enjoy a much higher success rate because of its uniformity. However, if the legislation does not pass in the current congressional session, and the trends in the motor vehicle theft and clearance rates continue to rise, it may be that our only solution will be state legislative initiatives to require component numbering.

With the number of supportive congressional representatives, we are encouraged that the Motor Vehicle Theft Law Enforcement Act will, in its fourth attempt, become law. We will certainly do our utmost to promote the legislation, and encourage your individual support as well.

[From the Baltimore Sun, Feb. 28, 1983]

POLICE WOULD FIGHT AUTO THEFT WITH MORE SERIAL NUMBERS

(By Vernon A. Guidry, Jr.)

WASHINGTON.—Some law enforcement officers think they've found a magic bullet to use against some of the most sophisticated, organized thieves around—automobile "chop shop" operators.

As magic bullets go, it isn't very dramatic. What they want is serial numbers affixed in more places on automobiles.

That seems simple, obvious and, superficially at least, easily defeated by a criminal industry known for its ability to brush past anti-theft roadblocks.

"It could stop 90 percent of the problem, and that's no exaggeration," says Lt. Vladimir Ivkovich, who heads auto enforcement for the Illinois secretary of state's office.

Lieutenant Ivkovich is unlikely to harbor any starry-eyed views about auto theft enforcement. He's had car windows shot out and had a pipe bomb thrown at his home for his efforts against Chicago-based thieves, by all accounts the most violent in the nation.

Other knowledgeable officers, although seemingly not as optimistic as Lieutenant Ivkovich about the potential benefits of the idea, endorse it to a man.

"We need the numbers," says Detective Sgt. Clarence O. Brickey, a Maryland State Police expert on auto theft. While Maryland does better than the national average on recovery, Sergeant Brickey estimates the value of unrecovered motor vehicles stolen in Maryland last year at about $11 million.

The insurance industry, too, is pushing hard for additional locations of vehicle identification numbers—or VINs, as they are known in the trade. About half the cost of comprehensive auto insurance coverage is allocated to theft. Insurance industry representatives say additional VINs would reduce theft and therefore premiums, to more than offset any added cost.

In Congress, Senator Charles H. Percy (R-Ill.) and Representative S. William Green (R-N.Y.) have been trying for years to win passage of legislation to require manufacturers to place VINs in a number of locations in addition to the dashboard, engine and transmission where they are located now. In addition, the measure would make it a crime to tamper with or remove such numbers.

The legislation has gone nowhere. The automobile manufacturers are against it, lately joined by the Reagan administration, although Justice Department and FBI officials freely admit they favor it.

The industry maintains it would be too large a financial burden, although Mr. Green's bill would limit the cost to no more than $10 a car. The industry says too, that the value of the additional VINs is dubious, unproven.

Ford, which has been conducting a test program, said as recently as last week that a mandate for additional VINs was premature and unjustified by the results of its program to date.

Speaking for the administration, the Office of Management and Budget said last year that the proposals "would impose additional, and substantial, burdens on the American automobile industry, without any assurances, based on the limited data available, that the bills would achieve their intended results."

Besides, the budget office wrote, the proposals were "inconsistent with the administration's objective of eliminating unnecessary federal regulations."

How can law enforcement officers and the insurance industry be so sure if the auto industry says the proof isn't there? Largely from their experience with the "chop shops"—where stolen cars are taken apart—and the way that illegal and legal business dovetail to make the market for stolen auto components.

The experience of law enforcement with the parts that are numbered, the engine and transmission, is that there is little market for these items from stripped cars, say authorities.

While some chop shops will attempt to change the VINs, most won't, preferring to traffic in the virtually untraceable, highly salable other parts of the car—the sheet metal "crash parts," or those most likely to be damaged in a crash.

The chop shops are chiefly interested in the "front clip" of an automobile. That includes what body shop men, legal and otherwise, call the "doghouse," which consists of hood, front fenders, grille, headlights, bumpers, radiator and inner fenders.

The rest of the clip consists of the cowl, which is the dash, firewall, all wiring and the steering section.

The chop shops usually simply cut the front clip across the floorboard at the door opening.

Doors are also usually bent up in collisions, so they are in heavy demand as well. The shops also traffic in the rear clip, and in pickup beds and cabs.

For those who say that the chop shops would simply change the numbers, there is this exchange between senators and a convicted auto thief named Wilfred Charles Bunnell, Jr., in hearings held in the Senate three years ago.

Mr. Bunnell first testified that he, unlike most chop shop operators, did change the VINs on engines and transmissions. But he said he would have balked at VINs on hoods, fenders and the like.

First, he said, it would be hard, if not impossible, to change the numbers without making the job detectable.

Then there was the matter of having hot, traceable material around until it could be altered. "If these parts had numbers," he told the senators, "you couldn't leave them sit around because if you did, any law enforcement agency could walk in to your shop or wherever it was, look at the part and check it right then because the number would be on it."

The haul from chop shops is destined largely for body shops and garages, legitimate and not. Some officials are wondering if the present state of crime and law enforcement is forcing the businesses into fundamental crookedness.

One federal law enforcement official suggests that numbering might have its chief impact in deterring borderline businessmen from buying stolen parts.

This official, who declines the use of his name, put it this way:

"There are three kinds of businessmen: the honest one, the outright thieves and

those who'll close their eyes for a good price or same-day delivery of a part. We've got to work on that swing group, otherwise, we'll only have those who'll go along with it left in business."

The anti-theft legislation will likely be reintroduced in this Congress, at least on the House side, in hopes of clearing committee action early enough this session to allow a floor vote. House backers also hope that early action will prompt a Senate response.

But there is more pessimism in the upper chamber, where the budget office opposition and the anti-regulatory view is likely to weigh more heavily.

The auto industry has been of two minds about regulation, depending on who is being regulated. The industry maintains that the placing of additional VIN locations on autos should be strictly voluntary. But, a manufacturers' group told Congress last year, one way to cut down auto theft might be to regulate used auto parts dealers more closely.

[From the Baltimore Sun, Feb. 28, 1983]

CAR THIEVERY NOW IN HANDS OF PROS

(By Vernon A. Guidry, Jr.)

WASHINGTON.—In car theft, the joy ride has been over for a decade.

Once chiefly the province of kids, auto theft has increasingly become the work of slick professionals engaged in a multi-billion dollar criminal industry.

And as it has grown, ominous trends have developed. "Auto theft is no longer nonviolent," says Sgt. Clarence O. Brickey, the Maryland State Police expert on the issue.

Thieves fighting for territory or haggling over protection have found murder a way to settle their disputes. Police officers, including a Washington detective living in Annapolis, have become targets.

But with $4 billion in cars stolen annually, there seems to be plenty to go around. The thieves have more than kept pace with law enforcement.

Anti-theft devices, some of them mandated by the U.S. government, are aimed at the juvenile joy riders who, less than a generation ago, accounted for nearly two-thirds of the persons arrested for car theft. Adult pros can crack most in a minute or two.

Some pros even keep an inventory of popular, late-model cars in their territory and can steal them on order.

Once a car is stolen, another set of skilled criminals often takes over, either "retagging" the car for resale or, more often, "chopping" it into untraceable, highly marketable "crash parts," the portions most often damaged in accidents.

Sergeant Brickey figures that "chop shops" account for 50 percent of the professional auto theft problem, retagging another 20 percent, with insurance fraud and other scams accounting for the rest.

"The problem's so bad you begin to wonder if we can turn it around," says one federal law enforcement official.

The causes of such pessimism are many. In 1965, fewer than 700,000 motor vehicle thefts were reported nationwide. By 1980, thefts were over 1 million a year, and that wasn't the most telling statistic.

According to federal statistics, the values of recoveries made in car theft cases is shrinking, indicating that commercial criminals are at work.

Value of the recovery is used as a yardstick of the severity of the crime. A stolen car "recovery" may be only a stripped hulk. In 1967, for instance, the value recovered was 86 percent nationally. By 1971, the figure had dipped to 74 percent, and in 1981, the last year for which figures are available, the recovery had dropped to 51.7 percent of the value of the stolen vehicles.

And there is the question of law enforcement. Critics of the late J. Edgar Hoover once sneeringly claimed he instructed his FBI agents to concentrate on interstate car theft cases while ignoring tougher problems like organized crime. Now, the bureau is intent on making "higher quality cases" against organized crime, white-collar crime and illegal drugs.

Also, U.S. attorneys are increasingly suggesting that local authorities prosecute the auto cases under a Reagan administration policy of closer coordination of federal and local law enforcement efforts. The results are declining prosecutions even of what the bureau calls "commercial car theft cases," those involving large-scale thieves.

In 1978, 730 persons were convicted in federal car theft cases. In 1979 the figure was 494, and in 1980, the last year for which the bureau has these figures, the number was 400.

Car theft operations, even the commercial-sized ones, aren't all that easy to detect without inside help.

Early last year, police in Prince Georges county picked up a car thief who decided to deal rather than face his second conviction as an uncooperative felon.

That tip led police to Calvert county and Raymond Fowler, body shop owner and used car dealer. Among Fowler's customers was District Court Judge Larry Lamson, who bought a popular 4x4 truck from him.

On a wooded piece of land outside Prince Frederick, police found 7 portions of automobiles, an entire 1980 Olds and 19 assorted odds and ends, mostly car doors, which after front ends, are the most sought-after crash parts. Checking also revealed that Judge Lamson had unwittingly bought a stolen truck.

Fowler entered guilty pleas to several felony and misdemeanor counts, including operating a recycling plant without a license. In early January he received a 10-year prison term and was fined $15,000. The prison term was suspended, but he was sent to the county jail for six months or until he pays at least $8,000 of the fine, whichever is longer.

Such operations tend to be small potatoes, however, compared to those in other areas of the country. Law enforcement officials agree the New York area probably has the most theft by volume, the Boston area probably has the most per capita and Chicago and the Midwest the deadliest.

In Chicago, where organized crime is called "the outfit," it is generally thought to content itself with demanding protection money from car theft rings. And police there are far from immune to attacks. One of Illinois' best-known auto theft experts is Lt. Vladimir Ivkovich, attached to the secretary of state's office.

Lieutenant Ivkovich has had the windows shot out of his car. One morning he awoke to find that a huge pipe bomb had been placed at his back door as he and his wife and daughter slept. The bomb did not go off.

That kind of violence came to Maryland in early January when Donald P. Bennett, an Annapolis resident and detective in the District of Columbia, was shot outside his home.

Police in Annapolis, working with Washington detectives, arrested a man who was a suspect in an auto theft case Detective Bennett was working on when he was shot.

There is a relatively simple tactic that virtually the entire law enforcement establishment and the insurance industry believe would be very effective against chop shops, considered the No. 1 problem.

That is the addition of a few more spots on an automobile where the manufacture stamps the "vehicle identification number" or VIN.

Police and the insurance industry want the numbers on the valuable "crash parts," along with a statute making it illegal to tamper with them.

Since 1978, attempts have been made to pass such legislation. Auto manufacturers, more recently aided by the Reagan administration, have succeeded in blocking it. The manufacturers say it is burdensome and won't work.

Sponsors of the legislation are going to make another try in this Congress, but they expect to have an extremely difficult time.

S. 1399

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part V of title VI of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 626. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES: INSPECTIONS

"(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

"(A) any stolen self-propelled vehicle, vessel, aircraft, or part of a self-propelled vehicle, vessel, or aircraft; or

"(B) any self-propelled vehicle or part of self-propelled vehicle from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

"(2) Any violation of this subsection shall make such self-propelled vehicle, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

"(b) A person attempting to export a used self-propelled vehicle shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle and a document describing such vehicle which includes the vehicle identification number, before lading if the vehicle is to be transported by vessel or aircraft, or before export if the vehicle is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

"(c) For purposes of this section—

"(1) the term 'self-propelled vehicle' includes any automobile, truck, tractor, bus, motorcycle, motor home, self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

"(2) the term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

"(3) the term 'used' refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

"(4) the term 'ultimate purchaser' means the first person, other than a dealer purchasing in his capacity as a dealer, who in

good faith purchases a self-propelled vehicle for purposes other than resale.".

S. 1400

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Motor Vehicle Theft Law Enforcement Act of 1983".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares the following:

(1) The annual number of reported motor vehicle thefts has exceeded one million one hundred thousand. Approximately 50 per centum of all larcenies reported to law enforcement authorities in the United States are directed against motor vehicles, motor vehicle accessories, or the contents of motor vehicles. The recovery rate of stolen motor vehicles has decreased significantly during the most recent decade.

(2) The theft of motor vehicles and the disposition of stolen motor vehicles, and motor vehicle parts and components, are becoming more professional in nature. Such theft and disposition activities also have attracted criminal elements which have used intimidation and violence as a means of obtaining increased control of such activities. Such activities are having a serious effect on interstate and foreign commerce. There is indication that criminal elements are using motor vehicle theft proceeds to purchase addictive and illegal drugs for resale and for other illicit activities which are extremely harmful to the Nation.

(3) The theft of motor vehicles has brought increased and unnecessary burdens to motor vehicle users and to American taxpayers, as the national financial cost of motor vehicle-related theft offenses currently approaches $4,000,000,000 annually. Such financial cost has had an impact on the overall rate of inflation through higher insurance rates.

(4) National and international uniformity relating to certain standards, such as motor vehicle identification and titling, would further facilitate commerce and prevent criminal abuse.

(5) A cooperative partnership between the States and the Federal Government is required to devise appropriate interrelated systems in the area of motor vehicle titling and registration in order to help curb motor vehicle theft.

(6) The theft of motor vehicles and their parts and components, and their unlawful disposition, can be curtailed significantly through the more effective use of the facilities of the National Crime Information Center by both law enforcement authorities and State motor vehicle registrars.

(7) Manufacturers should be encouraged to increase their efforts to develop better security systems to thwart the theft of motor vehicles and off-highway mobile equipment. Such measures should be creative, innovative, convenient, effective, and cost beneficial.

(8) The motor vehicle and off-highway mobile equipment insurance industries should be encouraged to continue and to improve their practices relating to premium discounts or surcharges based upon the theft potential (determined by experience) of such vehicles or mobile equipment and on the soundness of their theft prevention systems. Such efforts by the insurance industry will help create a marketplace incentive for the manufacturing of motor vehicles and off-highway mobile equipment which are more impervious to both amateur and professional theft.

(9) The cooperation and assistance of the motor vehicle insurance industry are needed to curb the growing problem of insurance fraud through improvements in procedures for claim processing, disposition of salvage vehicles, and issuance of policies.

(10) Motor vehicle antitheft campaigns at the local level which have increased citizen involvement and have been sponsored by the motor vehicle insurance industry have been effective in reducing motor vehicle theft.

(11) An increased vigilance by used motor vehicle dealers, motor vehicle dismantlers, recyclers, and salvage dealers, and by motor vehicle repair and body shops, is crucial to curtail the use of their important industries to facilitate crime through the disposition of stolen motor vehicles and their parts and components.

(12) The shipment of stolen motor vehicles and their parts and components, as well as stolen off-highway mobile equipment, outside the United States is a serious problem. The cooperation of shippers and operators of vessels, railroads, and aircraft is necessary to hinder such illicit exportation.

(13) The continued assistance and cooperation of Canada and Mexico are key ingredients necessary to aid the United States in efforts to protect the property of residents of the United States by limiting the opportunity for stolen motor vehicles and off-highway mobile equipment to enter Canada and Mexico from the United States.

(14) Federal, State, and local prosecutors should give increased emphasis to the prosecution of persons committing motor vehicle thefts, with particular emphasis given to professional motor vehicle theft operations and to persons engaged in the dismantling of stolen motor vehicles for the purpose of trafficking in stolen motor vehicle parts and components.

(15) The commendable and constructive efforts of the Attorney General of the United States, the Secretary of Transportation, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce in the formation of the Interagency Committee on Auto Theft Prevention, with cooperation from the private sector, should be continued and expanded.

(16) The commendable efforts of the National Committee on Uniform Traffic Laws and Ordinances in amending various sections of the Uniform Vehicle Code by incorporating in such Code desirable antitheft measures relating to vehicle titling and controls over motor vehicle salvage can be beneficial in controlling the motor vehicle theft problem if the insurance industry, motor vehicle manufacturers, and other business entities affected by the motor vehicle theft problem adequately support the National Committee in implementing such measures.

(b) It is the purpose of this Act—

(1) to improve the identification numbering systems for motor vehicles and their major parts and components;

(2) to increase the Federal criminal penalties imposed upon persons trafficking in stolen motor vehicles and their parts and components;

(3) to establish procedures to reduce opportunities for exporting stolen motor vehicles and off-highway mobile equipment; and

(4) to establish a task force to study antitheft measures for State motor vehicle titling programs.

TITLE I—IMPROVED IDENTIFICATION FOR MOTOR VEHICLE PARTS AND COMPONENTS

MOTOR VEHICLE PARTS AND COMPONENTS SECURITY STANDARD

SEC. 101. (a) Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391) is amended by redesignating paragraph (3) through paragraph (15) as paragraph (4) through paragraph (16), respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) 'Motor vehicle security standard' means a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components). For purposes of this paragraph, 'motorcycle' means a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground.".

(b) Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392) is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary, not later than twelve months after the date of the enactment of the Motor Vehicle Theft Law Enforcement Act of 1983, shall publish a proposed Federal motor vehicle security standard.

"(2) Subject to the requirements of paragraph (3), the Secretary, as soon as practicable after such twelve-month period but not later than twenty-four months after such date of enactment, shall promulgate a Federal motor vehicle security standard. Such standard shall take effect not earlier than one hundred and eighty days, and not later than one year, after the date on which such standard is promulgated, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding. Such standard shall apply only to motor vehicle parts and components which are (A) included in the assembly of motor vehicles manufactured after the effective date of such standard; or (B) manufactured as new replacement parts or components after such effective date.

"(3)(A) The Secretary, before promulgating any Federal motor vehicle security standard under this subsection, shall conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of the implementation of such standard. Such study shall include an evaluation of the effect which such standard may have upon production and sales by the domestic motor vehicle manufacturing industry.

"(B) The Secretary shall include the results of such study in the publication of the proposed Federal motor vehicle security standard specified in paragraph (1).

"(C) The Secretary shall not have any authority to promulgate any such Federal motor vehicle security standard unless the Secretary determines, as a result of such study, that the benefits of such standard are likely to exceed the costs of such standard.

"(4)(A) No motor vehicle security standard promulgated by the Secretary under this subsection may impose additional costs upon manufacturers of motor vehicles in excess of $10 per motor vehicle. The level of costs per motor vehicle imposed by any such standard shall be determined by the Secre-

tary as part of the study which is required in paragraph (3)(A).

"(B) Any manufacturer, subsequent to the promulgation of any such Federal motor vehicle security standard, may petition the Secretary to amend such standard for the purpose of complying with the requirements of subparagraph (A). Upon a showing by such manufacturer that compliance with such standard will cause costs which exceed $10 per motor vehicle, the Secretary shall amend such standard in such manner as may be necessary to eliminate costs which exceed $10 per motor vehicle.

"(C)(i) At the beginning of each calendar year (commencing in 1984), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Secretary and publish in the Federal Register the percentage difference between the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. The amount specified in subparagraph (A) and subparagraph (B) shall be adjusted by such percentage difference. Such amount so adjusted shall be the amount in effect for such calendar year.

"(ii) For purposes of this subparagraph:

"(I) The term 'base period' means calendar year 1980.

"(II) The term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"(5) No motor vehicle security standard promulgated by the Secretary under this section may require the numbering or other identification of more than a total of four parts and components for any trailer, nine parts and components for any truck, and fourteen parts and components for any other motor vehicle.

"(6) In promulgating motor vehicle security standards under this section, the Secretary shall take into account—

"(A) relevant available motor vehicle security data, including the results of research, development, testing, and evaluation activities conducted pursuant to this Act;

"(B) available studies carried out by motor vehicle manufacturers which evaluate (i) methods and procedures for the identification of motor vehicle parts and components; and (ii) the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership;

"(C) the effect of the implementation of such standard upon the cost of motor vehicle insurance;

"(D) savings which may be realized from the implementation of such standard through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components; and

"(E) considerations of safety.".

(c) Section 103(d) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(d)) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) Whenever a Federal motor vehicle security standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle part or component, any security standard which is not identical to such Federal motor vehicle security standard.".

AUTHORITY OF SECRETARY TO STUDY SECURITY DEVICES AND SYSTEMS

SEC. 102. (a) Section 106 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395) is amended by redesignating subsection (b) and subsection (c) as subsection (c) and subsection (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) The Secretary is authorized to conduct studies from time to time regarding the development of security devices or systems, or both, which are designed to deter individuals from entering a locked motor vehicle and starting the motor vehicle for the purpose of stealing the motor vehicle.".

(b) Section 106(c) of the National Traffic and Motor Vehicle Safety Act of 1966, as so redesignated in subsection (a), is amended by inserting after "this section" the following: ", and to conduct studies as authorized to be carried out by subsection (b) of this section,".

REPORT REGARDING SECURITY DEVICES AND SYSTEMS

SEC. 103. (a) The Secretary of Transportation, not later than one year after the date of the enactment of this Act, shall submit a report to the Congress regarding security devices or systems, or both, which are designed to deter individuals from entering a locked motor vehicle and starting the motor vehicle for the purpose of stealing the motor vehicle.

(b) The report required in subsection (a) shall seek to determine—

(1) whether a Federal motor vehicle security standard can be devised which is objective in its evaluative capacity, but which does not result in the compromising of motor vehicle security systems in the process of demonstrating compliance with such standard; and

(2) whether it would be more beneficial for motor vehicle manufacturers to offer special security devices or systems as options for motor vehicles which will be used primarily in areas having high crime rates.

(c) The report required in subsection (a) also may include an examination and review of any matters relating to motor vehicle security which the Secretary of Transportation considers appropriate to examine and review. The Secretary shall prepare such report after consulting with the Attorney General of the United States. Such report shall include recommendations for such legislative or administrative action as the Secretary considers necessary or appropriate.

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 104. (a)(1) The first section of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381) is amended—

(A) by inserting ", and to improve the identification numbering systems for motor vehicle parts and components" after "traffic accidents" the last place it appears therein;

(B) by striking out "and" after "development;"; and

(C) by inserting "; and to establish security standards for motor vehicle parts and components" after "register".

(2) The heading for title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE I—MOTOR VEHICLE SAFETY AND SECURITY STANDARDS".

(3) Section 101 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 note) is amended by striking out "Safety Act of 1966" and inserting in lieu thereof "Safety and Security Act".

(4)(A) Section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(a)) is amended—

(i) in the first sentence thereof, by inserting ", and shall establish by order Federal motor vehicle security standards in accordance with subsection (j)" before the period at the end thereof; and

(ii) by striking out the last sentence thereof and inserting in lieu thereof the following new sentences: "Each such standard shall be practicable and shall be stated in objective terms. Each such Federal motor vehicle safety standard shall meet the need for motor vehicle safety, and each such Federal motor vehicle security standard shall meet the need for motor vehicle security.".

(B) Section 103(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(b)) is amended by inserting "or a Federal motor vehicle security standard" after "standard".

(C) Section 103(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(c)) is amended by inserting ", or a Federal motor vehicle security standard (subject to the provisions of subsection (j))," after "standard" the first place it appears therein.

(D) Section 103(e) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(e)) is amended by inserting "or any Federal motor vehicle security standard" after "standard".

(E) Section 103(f) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(f)) is amended by inserting "Federal motor vehicle safety" after "prescribing".

(5)(A) Section 106(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(a)(1)) is amended—

(i) by striking out "and" after "vehicles,"; and

(ii) by inserting before the semicolon the following: ", and (C) the theft of motor vehicles and motor vehicle parts and components".

(B) Section 106(d) of the National Traffic and Motor Vehicle Safety Act of 1966, as so redesignated in section 102(a), is amended by inserting "or motor vehicle security" after "safety".

(6) Section 107 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1396) is amended by inserting "and motor vehicle security standards" after "standards" each place it appears therein.

(7)(A) Section 108(a)(1)(A) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(a)(1)(A)) is amended by inserting "or Federal motor vehicle security standard" after "standard" the first place it appears therein.

(B) Section 108(a)(1)(C) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(a)(1)(C)) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(C) Section 108(b)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(b)(2)) is amended by inserting "and Federal motor vehicle security standards" after "standards" each place it appears therein.

(D) Section 108(b)(3) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(b)(3)) is amended by inserting "or Federal motor vehicle security standard" after "standard".

(E) Section 108(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(c)) is amended by inserting "or

Federal motor vehicle security standard" after "standard".

(8) Section 110(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1399(a)) is amended—

(A) by inserting "or Federal motor vehicle security standards" after "standards"; and

(B) by inserting "or security" after "safety" the last place it appears therein.

(9) Section 111(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1400(a)) is amended—

(A) by inserting "or Federal motor vehicle security standards" after "standards"; and

(B) by inserting "or security" after "safety" the last place it appears therein.

(10) Section 114 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1403) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(11)(A) Section 120(a)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1408(a)(2)) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(B) Section 120(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1408(b)) is amended by inserting "and motor vehicle security" after "safety" each place it appears therein.

(12)(A) Section 123(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1410(a)) is amended—

(i) by inserting "or motor vehicle security standard" after "standard" the first place it appears therein;

(ii) in paragraph (1)(B) thereof, by inserting "or security" after "safety" each place it appears therein; and

(iii) in paragraph (1)(D) thereof, by inserting "or security" after "safety" each place it appears therein.

(B) Section 123(e) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1410(e)) is amended by inserting "or security" after "safety" the first, second, third, fourth, sixth, and last places it appears therein.

(13) The heading for part B of title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1411 et seq.) is amended to read as follows:

"PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS OR FAILURES TO COMPLY".

(14) Section 151 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1411) is amended—

(A) in paragraph (1) thereof, by inserting "or security" after "safety"; and

(B) in paragraph (2) thereof, by inserting "or Federal motor vehicle security standard" after "standard".

(15)(A) Section 152(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1412(a)) is amended—

(i) in paragraph (1) thereof, by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) in paragraph (2) thereof, by inserting "or security" after "safety".

(B) Section 152(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1412(b)) is amended—

(i) by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) by inserting "or security" after "safety" the last place it appears therein.

(16) Section 153(a)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1413(a)(2)) is amended by inserting "or security" after "safety".

(17)(A) Section 154(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1414(a)(1)) is amended—

(i) by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) by inserting "or security" after "safety" the last place it appears therein.

(B) Section 154(b)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1414(b)(1)) is amended by inserting "or a motor vehicle security standard" after "standard".

(18) Section 155(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1415(b)) is amended—

(A) in paragraph (A) thereof, by inserting "or security" after "safety" the first place it appears therein, and by inserting "or a Federal motor vehicle security standard" after "standard"; and

(B) in paragraph (C) thereof, by inserting "or security" after "safety".

(19) Section 157 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1417) is amended by inserting "or security" after "safety".

(20) Section 158(a)(2)(A) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1418(a)(2)(A)) is amended—

(A) by inserting "or security" after "safety" the first place it appears therein; and

(B) by inserting "or Federal motor vehicle security standard" after "standard".

(b) Reference in any other provision of Federal law to the National Traffic and Motor Vehicle Safety Act of 1966 hereby is deemed to be a reference to the National Traffic and Motor Vehicle Safety and Security Act.

TERMINATION OF CERTAIN PROVISIONS AND AMENDMENTS

SEC. 105. (a)(1) The foregoing provisions of this title and the amendments made in this title shall be repealed, and the amendments specified in paragraph (2) shall be made, at the end of June 30 of the fourth successive year following the first June 30 which occurs at least fifteen months after the effective date of the motor vehicle security standard which the Secretary of Transportation is required to promulgate under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, unless the Secretary of Transportation and the Attorney General of the United States, during the one-year period preceding June 30 of such fourth successive year, submit a joint written statement to the Congress which makes the findings specified in subsection (b).

(2)(A) The amendments contained in this paragraph shall be made in accordance with the provisions of paragraph (1).

(B) Section 510(b)(2) of title 18, United States Code, as added in section 201(a), is amended by striking out "of the Secretary of Transportation or under authority".

(C) Section 510(c) of title 18, United States Code, as added in section 201(a), is amended by striking out paragraph (1) and redesignating paragraph (2) through paragraph (4) thereof as paragraph (1) through paragraph (3), respectively.

(D) Section 511(a)(2) of title 18, United States Code, as added in section 201(a), is amended by striking out "which is authorized by the Secretary of Transportation or".

(E) Section 511(c) of title 18, United States Code, as added in section 201(a), is amended by striking out paragraph (1) and redesignating paragraph (2) and paragraph (3) thereof as paragraph (1) and paragraph (2), respectively.

(F) Section 511(c)(2) of title 18, United States Code, as added in section 201(a) and as so redesignated in subparagraph (E), is amended by striking out "510(c)(4)" and inserting in lieu thereof "510(c)(3)".

(G) Section 2320(b)(1) of title 18, United States Code, as added in section 204(a), is amended by striking out "is authorized by the Secretary of Transportation or".

(H) Section 2320(c) of title 18, United States Code, as added in section 204(a), is amended by striking out paragraph (1) and redesignating paragraph (2) and paragraph (3) thereof as paragraph (1) and paragraph (2), respectively.

(I) Section 2320(c)(2) of title 18, United States Code, as added in section 204(a) and as so redesignated in subparagraph (H), is amended by striking out "510(c)(4)" and inserting in lieu thereof "510(c)(3)".

(b) The statement specified in subsection (a) shall include—

(1) a finding, based upon the most recent available statistics contained in the National Crime Information Center, the most recent available statistics compiled in connection with publication of the Uniform Crime Reports, and upon other sources (including the perceptions of that portion of the law enforcement community of the Nation which deals with motor vehicle theft, as well as any increase in arrest or prosecution rates relating to motor vehicle theft), that there has been a beneficial impact upon the rate of thefts or the rate of recovery of motor vehicles, or motor vehicle parts and components, or both, during the period in which the motor vehicle security standard which the Secretary of Transportation is required to promulgate under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, as amended in section 101(b), is in effect;

(2) a finding that such impact upon the rate of thefts or the rate of recovery of motor vehicles is significantly attributable to the operation and enforcement of such motor vehicle security standard; and

(3) a judgment that the provisions specified in subsection (a)(1) should remain in effect and the amendments specified in subsection (a)(2) should not be made.

(c)(1) The provisions of paragraph (2) through paragraph (4) shall apply if the repeals and amendments specified in subsection (a) take effect in accordance with subsection (a).

(2) Any Federal motor vehicle security standard established by the Secretary of Transportation under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, as amended in section 101, shall cease to have any force or effect after the repeals specified in subsection (a) take effect.

(3) Any administrative proceeding relating to any provision of law repealed in accordance with subsection (a) which is pending on the effective date of such repeal shall be continued as if subsection (a) had not been enacted, and orders issued in any such administrative proceeding shall continue in effect until amended or revoked by the Secretary of Transportation in accordance with the National Traffic and Motor Vehicle Safety Act of 1966, or by operation of law.

(4) The repeals specified in subsection (a) shall not affect any suit, action, or other proceeding lawfully commenced before the effective date of such repeals, and all such suits, actions, and proceedings shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the

same effect as if subsection (a) had not been enacted.

TITLE II—ANTIFENCING MEASURES

MOTOR VEHICLE IDENTIFICATION NUMBERS; FORFEITURES

SEC. 201. (a) Chapter 25 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 510. Altering or removing motor vehicle identification numbers

"(a) Except as provided in subsection (b), whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle, or any part or component of a motor vehicle, shall be fined not more than $5,000, imprisoned for not more than five years, or both.

"(b) The provisions of subsection (a) shall not apply to—

"(1) any motor vehicle scrap processor or motor vehicle demolisher, when—

"(A) such person is engaged in the processing of any motor vehicle, or any motor vehicle part or component, into metallic scrap for purposes of recycling the metallic content of such motor vehicle, part, or component; and

"(B) such person, in carrying out such processing, complies with any applicable State law relating to the disposition of such motor vehicle, part, or component; or

"(2) any person, acting under authority of the Secretary of Transportation or under authority of State law, who is engaged in restoring or replacing any identification number specified in subsection (a).

"(c) For purposes of this section:

"(1) The term 'identification number' means any identification number which is required by any Federal motor vehicle safety standard or any Federal motor vehicle security standard established by the Secretary of Transportation under the National Traffic and Motor Vehicle Safety and Security Act or by any other regulation issued by the Secretary of Transportation.

"(2) The term 'motor vehicle' has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

"(3) The term 'motor vehicle demolisher' means any person, including any motor vehicle dismantler or motor vehicle recycler, who is engaged in the business of processing motor vehicles, or motor vehicle parts or components, or both, in a manner which renders the subject of such processing unsuitable for any further use as a motor vehicle or a motor vehicle part or component.

"(4) The term 'motor vehicle scrap processor' means any person—

"(A) who is engaged in the business of purchasing motor vehicles, or motor vehicle parts or components, or both, for the purpose of processing such motor vehicles, parts, or components into metallic scrap for recycling;

"(B) who, from a fixed location, utilizes machinery and equipment for processing and manufacturing ferrous or nonferrous metallic scrap into prepared grades; and

"(C) whose business produces metallic scrap for recycling as its principal product.

Such term does not include any activity of any such person relating to the recycling of a motor vehicle or a motor vehicle part or component as a used motor vehicle or a used motor vehicle part or component.

"(5) The term 'processing' means loading, unloading, crushing, flattening, destroying, grinding up, handling, or otherwise reducing a motor vehicle or a motor vehicle part into metallic scrap.

"§ 511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components

"(a) If any identification number for any motor vehicle, or any part or component of a motor vehicle, is removed, obliterated, tampered with, or altered, then such motor vehicle, part, or component shall be subject to seizure and forfeiture to the United States unless—

"(1) in the case of a motor vehicle part or component, such part or component has been attached to a motor vehicle without any knowledge of the owner of such motor vehicle that such identification number has been removed, obliterated, tampered with, or altered;

"(2) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or which is in conformity with any applicable laws of the State in which such motor vehicle, part, or component is located;

"(3) such removal, obliteration, tampering, or alteration—

"(A) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or

"(B) is carried out in accordance with the provisions of section 510(b)(1) of this title; or

"(4) such motor vehicle, part, or component is in the possession or control of a motor vehicle scrap processor, unless such motor vehicle scrap processor has knowledge of the fact that such identification number was removed, obliterated, tampered with, or altered in any manner other than by collision, five, or the processing of such motor vehicle, part, or component in accordance with the provisions of section 510(b)(1) of this title.

"(b) All provisions of law relating to—

"(1) the seizure and condemnation of vessels, vehicles, merchandise, and baggage for violation of customs laws, and summary and judicial forfeiture procedures applicable in the case of such violations;

"(2) the disposition of such vessels, vehicles, merchandise, and baggage or the proceeds from such sale;

"(3) the remission or mitigation of such forfeitures; and

"(4) the compromise of claims and the award of compensation to informers with respect to such forfeitures;

shall apply to seizures and forfeitures incurred or alleged to have incurred under the provisions of this section, insofar as applicable and not inconsistent with such provisions. Such duties as are imposed upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels, vehicles, merchandise, and baggage under the customs laws shall be performed with respect to seizures and forfeitures of property under this section by such officers, agents, or other persons as may be designated for such purpose by the Attorney General.

"(c) For purposes of this section:

"(1) The term 'identification number' has the meaning given it in section 510(c)(1) of this title.

"(2) The term 'motor vehicle' has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

"(3) The term 'motor vehicle scrap processor' has the meaning given it in section 510(c)(4) of this title.".

(b) The table of sections for chapter 25 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"510. Altering or removing motor vehicle identification numbers.

"511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components.".

DEFINITION OF SECURITIES

SEC. 202. Section 2311 of title 18, United States Code, is amended by inserting after "voting trust certificate;" the following: "motor vehicle title until it is canceled by the State indicated thereon or blank motor vehicle title;".

SALE OR RECEIPT OF STOLEN MOTOR VEHICLES

SEC. 203. Section 2313 of title 18, United States Code, is amended—

(1) by striking out "moving as, or which is a part of, or which constitutes interstate or foreign commerce," and inserting in lieu thereof "which has crossed a State or United States boundary after being stolen,"; and

(2) by inserting "possesses," after "receives,".

TRAFFICKING IN CERTAIN MOTOR VEHICLES, MOTOR VEHICLE PARTS, OR MOTOR VEHICLE COMPONENTS

SEC. 204. (a) Chapter 113 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 2320. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

"(a) Except as provided in subsection (b), whoever buys, receives, possesses, or obtains control of, with intent to sell, transfer, distribute, dispense with, or otherwise dispose of, any motor vehicle, or any motor vehicle part or component, with knowledge that any identification number for such motor vehicle, part, or component has been removed, obliterated, tampered with, or altered, shall be fined not more than $25,000, or imprisoned for not more than ten years, or both.

"(b) The provisions of subsection (a) shall not apply in the case of any motor vehicle, or any motor vehicle part or component, if—

"(1) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or is in conformity with the applicable laws of the State in which such motor vehicle, part, or component is located; or

"(2) the removal, obliteration, tampering with, or alteration of the identification number for such motor vehicle, part, or component (A) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or (B) is carried out in accordance with the provisions of section 510(b)(1) of this title.

"(c) For purposes of this section:

"(1) The term 'identification number' has the meaning given it in section 510(c)(1) of this title.

"(2) The term 'motor vehicle' has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.".

(b) The table of sections for chapter 113 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"2320. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components.".

DEFINITION OF RACKETEERING ACTIVITY

SEC. 205. Section 1961(1) of title 18, United States Code, is amended—

(1) by inserting "sections 2312 and 2313 (relating to interstate transportation of stolen motor vehicles)," after "section 1955 (relating to the prohibition of illegal gambling businesses),"; and

(2) by inserting "section 2320 (relating to trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components)," after "sections 2314 and 2315 (relating to interstate transportation of stolen property),".

NONMAILABLE MOTOR VEHICLE MASTER KEYS

SEC. 206. (a)(1) Section 3002 of title 39, United States Code, is amended by redesignating subsection (b) and subsection (c) as subsection (c) and subsection (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) Except as provided in subsection (c) of this section, any device which is designed or adapted primarily for the purpose of operating, circumventing, removing, or rendering inoperable the ignition switch, ignition lock, door lock, or trunk lock of two or more motor vehicles, or any advertisement for the sale of any such device, is nonmailable matter and shall not be carried or delivered by mail.".

(2) The heading for section 3002 of title 39, United States Code, is amended to read as follows:

"§ 3002. Nonmailable motor vehicle master keys and other devices".

(3) Section 3002(a) of title 39, United States Code, is amended by striking out "subsection (b)" and inserting in lieu thereof "subsection (c)".

(4) Section 3002(c) of title 39, United States Code, as so redesignated in paragraph (1), is amended by inserting "and subsection (b)" after "subsection (a)".

(5) Section 3002 of title 39, United States Code, as amended in paragraph (1), is further amended by adding at the end thereof the following new subsection:

"(e) Upon evidence satisfactory to the Postal Service that any person is engaged in a scheme or device for obtaining money or property through the mail by advertising or offering for sale any motor vehicle master key or device made nonmailable by this section, the Postal Service may issue an order of the same kind and with the same incidents as that authorized by section 3005 of this title.".

(6) The table of sections for chapter 30 of title 39, United States Code, is amended by striking out the item relating to section 3002 and inserting in lieu thereof the following new item:

"3002. Nonmailable motor vehicle master keys and other devices.".

(b)(1) The heading for section 1716A of title 18, United States Code, is amended to read as follows:

"§ 1716A. Nonmailable motor vehicle master keys and other devices".

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the item relating to section 1716A and inserting in lieu thereof the following new item:

"1716A. Nonmailable motor vehicle master keys and other devices.".

TITLE III—IMPORTATION AND EXPORTATION MEASURES

AMENDMENTS TO TITLE 18, UNITED STATES CODE

SEC. 301. (a) Chapter 27 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 553. Unlawful importation or exportation of stolen motor vehicles, off-highway mobile equipment, vessels, or aircraft

"(a) Whoever imports, exports, or attempts to import or export—

"(1) any motor vehicle, off-highway mobile equipment, vessel, aircraft, or part of any motor vehicle, off-highway mobile equipment, vessel, or aircraft, knowing the same to have been stolen; or

"(2) any motor vehicle or off-highway mobile equipment or part of any motor vehicle or off-highway mobile equipment, knowing that its identification number has been removed, obliterated, tampered with, or altered;

shall be fined not more than $10,000, imprisoned not more than 5 years, or both.

"(b) For purposes of this section—

"(1) the term 'motor vehicle' means any automobile, truck, tractor, bus, motorcycle, or motor home, but such term does not include any off-highway mobile equipment;

"(2) the term 'off-highway mobile equipment' includes any self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled machine used or designed for running on land but not on rail or highway;

"(3) the term 'vessel' has the meaning given it in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401); and

"(4) the term 'aircraft' has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).".

(b) The table of sections for chapter 27 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"553. Unlawful importation or exportation of stolen motor vehicles, off-highway mobile equipment, vessels, or aircraft.".

AMENDMENT TO TARIFF ACT OF 1930

SEC. 302. Part V of title VI of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 626. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES AND EQUIPMENT; INSPECTIONS.

"(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

"(A) any stolen motor vehicle, off-highway mobile equipment, vessel, aircraft, or part of any motor vehicle, off-highway mobile equipment, vessel, or aircraft; or

"(B) any motor vehicle or off-highway mobile equipment, or part of any motor vehicle or off-highway mobile equipment, from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

"(2) Any violation of this subsection shall make such motor vehicle, off-highway mobile equipment, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

"(b) A person attempting to export any used motor vehicle or off-highway mobile equipment shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle or equipment, as the case may be, and a document describing such vehicle or equipment, as the case may be, which includes the vehicle or equipment identification number, as the case may be, before lading if the vehicle or equipment, as the case may be, is to be transported by vessel or aircraft, or before export if the vehicle or equipment, as the case may be, is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

"(c) For purposes of this section—

"(1) the term 'motor vehicle' includes any automobile, truck, tractor, bus, motorcycle, or motor home, but such term does not include any off-highway mobile equipment;

"(2) the term 'off-highway mobile equipment' includes self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled machine used or designed for running on land but not on rail or highway;

"(3) the term 'aircraft' has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

"(4) the term 'used' refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

"(5) the term 'ultimate purchaser' means the first person, other than a dealer purchasing in his capacity as a dealer, who in good faith purchases a self-propelled vehicle for purposes other than resale.".

TITLE IV—REPORTING REQUIREMENTS

REPORT REGARDING ANTITHEFT MEASURES FOR STATE MOTOR VEHICLE TITLING PROGRAMS

SEC. 401. (a) The Secretary of Transportation, as soon as practicable after the date of the enactment of this Act, shall establish a task force to study problems which relate to motor vehicle titling and controls over motor vehicle salvage and which may affect the motor vehicle theft problem. The task force shall prepare a report containing the results of such study and shall submit such report to the Congress and to the chief executive officer of each State not later than eighteen months after such date of enactment.

(b) The task force shall consist of—

(1) the Secretary of Transportation, or his delegate;

(2) the Attorney General of the United States, or his delegate;

(3) the Secretary of Commerce, or his delegate;

(4) the Secretary of the Treasury, or his delegate;

(5) at least five representatives of State motor vehicle departments, to be designated by the Secretary of Transportation; and

(6) at least one representative, to be designated by the Secretary of Transportation, from each of the following groups: (A) motor vehicle manufacturers; (B) motor vehicle dealers and distributors; (C) motor vehicle dismantlers, recyclers, and salvage dealers; (D) motor vehicle repair and body shop operators; (E) motor vehicle scrap processors; (F) insurers of motor vehicles; (G) State law enforcement officials; (H) local law enforcement officials; (I) the American Association of Motor Vehicle Administrators; (J) the National Automobile

Theft Bureau; and (K) the National Committee on Traffic Laws and Ordinances.

(c)(1) The members of the task force shall serve without pay.

(2) While away from their residences or regular places of business in performance of services for the Federal Government, members of the task force shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.

(3) The Secretary of Transportation, or his delegate, shall serve as chairman of the task force.

(d)(1) The report required in subsection (a) shall be made after a meaningful consultative process and review of existing laws, practices, studies, and recommendations regarding the problems specified in subsection (a).

(2) The report shall specify the key aspects of motor vehicle antitheft measures necessary to prevent the disposition or use of stolen motor vehicles, or the major components of motor vehicles, and to prevent insurance fraud or income tax fraud based upon false reports of stolen vehicles. The report shall indicate any of the antitheft measures for which national uniformity would be crucial in order for the measure to be adequately effective. The report shall recommend viable ways of obtaining any national uniformity which is necessary.

(3) The report also shall include other recommendations for legislative or administrative action at the State level or at the Federal level, and recommendations for industry actions, if the task force considers any such actions to be necessary or appropriate.

REPORT REGARDING IMPLEMENTATION OF ACT

SEC. 402. On or before the first June 30 which occurs at least fifteen months after the date of the enactment of this Act, and on or before each June 30 thereafter for the following nine successive years, the Attorney General of the United States, in consultation with the Secretary of Transportation, the Secretary of the Treasury, and the Postmaster General, shall submit to the Congress a report on the implementation and development of the provisions of title I, the provisions of title 18 and title 39, United States Code, which are added by the amendments made in title II, and the provisions of title 18, United States Code, and the Tariff Act of 1930 (19 U.S.C. 1202 et seq.) which are added by the amendments made in title III, and the effectiveness of such provisions in helping to prevent and reduce motor vehicle-related theft.

By Mr. SIMPSON (by request):

S. 1401. A bill to amend title 38, United States Code, to clarify the authority of the Administrator to permit a Federal fiduciary, administratively appointed by the Veterans' Administration, to deduct from the beneficiary's estate a modest commission for fiduciary services; to the Committee on Veterans' Affairs.

S. 1402. A bill to amend title 38, United States Code, to permit substitution of a veteran's housing loan entitlement when the veteran-transferee is not an immediate transferee; to the Committee on Veterans' Affairs.

S. 1403. A bill to amend title 38, United States Code, to provide for a 5-year extension to permit States to apply for Federal aid in establishing, expanding, or improving State veterans' cemeteries; to the Committee on Veterans' Affairs.

S. 1404. A bill to amend title 38, United States Code, to authorize the Administrator to make contributions for construction projects on land adjacent to national cemeteries in order to facilitate safe ingress or egress; to the Committee on Veterans' Affairs.

VETERANS' AFFAIRS

Mr. SIMPSON. Mr. President, I have several bills to introduce at this time at the request of the administration.

The first would provide authority for the Veterans' Administration to pay reasonable commissions to federally appointed fiduciaries who are providing services to the estates of incompetent veterans or their minor or incompetent dependents. It is not always appropriate for a family member or relative to provide the fiduciary services needed by the estate of certain veterans and their dependents. However, since the VA has no current authority to make reasonable payments for the services of a federally appointed fiduciary, it has to rely on services provided gratis. This bill would allow the Veterans' Administration an alternative where the interests of the veteran or dependent would be better served by remunerating a Federal fiduciary.

The second bill proposes to correct a problem which arises infrequently but which can create a great burden for a veteran. In a case, for instance, where a veteran has a VA mortgage that he transfers to his wife in a divorce settlement, the VA loan remains in the veteran's name. Should his divorced wife later sell the house to another veteran who wishes to apply for a VA loan, present law will not allow the new veteran loan-applicant to obtain a VA loan because the law requires that entitlement to a VA loan be transferred from one veteran to another veteran with no intermediate substitution of another owner such as the wife. This bill would remove the overly restrictive language which precludes a substitution of someone other than a veteran as an owner of a VA mortgage.

The third bill proposes to extend for another 5 years the Veterans' Administration's grants-to-States program, which provides funding to help States build or improve State veteran cemeteries. This is a program which augments the capacity of our National cemeteries to provide suitable burial sites for veterans. In view of the large number of World War II veterans reaching the average age of 65, the Administration proposes to provide funds to States for another 5 years to increase the capacity of State cemeteries for veterans.

The final bill for introduction today would authorize the Veterans' Administration's Administrator to make contributions of funds to States to help defray the cost of constructing projects, such as roads and traffic lights, on State land adjacent to national cemeteries in order to facilitate safe ingress and egress to a national cemetery.

By Mr. STEVENS:

S.J. Res. 110. Joint resolution proposing an amendment to the Constitution of the United States with respect to limiting campaign contributions and expenditures; to the Committee on the Judiciary.

CONSTITUTIONAL AMENDMENT LIMITING CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

Mr. STEVENS. Mr. President, I send to the desk for proper referral a proposed constitutional amendment which would be very simple. It states: "Congress shall enact laws limiting the amounts of contributions and expenditures made in election to Federal office."

We have seen extreme pressure on our campaigns for election to Federal office brought about because of the Supreme Court decision in *Buckley* v. *Valeo* (424 U.S. 1, 96 S. Ct. 612, 46 L. Ed. 2d 659 (1976)), which indicated we did not have the authority to limit the overall expenditure of campaign funds, except in the case of Presidential candidates who accept public campaign funds.

As a result of that, Congress repealed the limitations that applied to all others. We now have a situation where there are no limitations on the expenditure for campaigns for Federal office, except as I have noted. There are limitations on campaign contributions, and this amendment, of course, would continue that authority to limit the amounts that may be contributed to candidates for Federal office.

I think it is highly important that Congress face up to this question. The amendment would not, obviously, become effective for some period of time, but it is a subject that requires, in my opinion, the full attention of the Congress.

I am hopeful that the Judiciary Committee and the Subcommittee on the Constitution will give this matter the attention that it deserves. It will not be without controversy, but we are not strangers to controversy, Mr. President, I, for one, would like to see the time come when there would be a limitation on the expenditures and the upward pressure on candidates, so that those who are seeking reelection, those who are seeking to challenge incumbents, or those who are seeking to fill a vacancy would not have this pressure that is brought about by the necessity to raise ever-increasing amounts to campaign for Federal office. This amendment does not set the limits. It would authorize Congress to set the limits. It would be a matter

that would be, I think, most appropriate as far as the Congress is concerned.

I have had the intention to propose this amendment for some time, but I had the occasion last Sunday to watch our distinguished colleague from this side of the aisle, the Senator from Arizona (Mr. GOLDWATER), who remarked about the subject of the increasing pressure on candidates to raise funds because there is no limit on expenditures.

We all talk about the question of limitations on contributions, but the court held that is all we can do under the Constitution, unless a Presidential candidate agrees to spending limits as a condition of accepting public campaign moneys. The real problem is the amount of expenditures. If we could establish reasonable limits on expenditures, I think the pressures to raise funds would be much less.

Mr. President, I do ask that this bill be properly referred, and I will be sending a letter to all Members of the Senate urging them to join with me in sponsoring this amendment so that the power of Congress to set limitations on both contributions and expenditures will be affirmed.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Mr. STEVENS. I ask unanimous consent that the joint resolution be printed in the RECORD.

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

S.J. RES. 110

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:

"ARTICLE—

"SEC. 1. The Congress shall enact laws limiting the amounts of contributions and expenditures made in elections to Federal offices.".

ADDITIONAL COSPONSORS

S. 391

At the request of Mr. STENNIS, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 391, a bill to repeal the denial of the use of the accelerated cost-recovery system with respect to tax-exempt obligations, and the expiration of the authority to issue such obligations.

S. 602

At the request of Mrs. HAWKINS, the names of the Senator from Alabama (Mr. HEFLIN), and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 602, a bill to provide for the broadcasting of accurate information to the people of Cuba, and for other purposes.

S. 1144

At the request of Mr. BYRD, his name was added as a cosponsor of S. 1144, a bill to suspend periodic reviews of disability beneficiaries having mental impairments pending regulatory reform of the disability determination process.

SENATE JOINT RESOLUTION 55

At the request of Mr. MATHIAS, the names of the Senator from Arkansas (Mr. BUMPERS), and the Senator from Kentucky (Mr. FORD) were added as cosponsors of Senate Joint Resolution 55, a joint resolution to recognize the pause for the Pledge of Allegiance as part of National Flag Day activities.

SENATE JOINT RESOLUTION 75

At the request of Mr. SYMMS, the names of the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Joint Resolution 75, a joint resolution to provide for the designation of June 12 through 18, 1983, as "National Scleroderma Week."

SENATE JOINT RESOLUTION 86

At the request of Mr. HOLLINGS, his name was added as a cosponsor of Senate Joint Resolution 86, a joint resolution to designate the week of June 12, 1983, through June 16, 1983, as "National Brick Week."

SENATE JOINT RESOLUTION 108

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 108, a joint resolution authorizing and requesting the President to designate October 15, 1983, as "National Poetry Day."

SENATE RESOLUTION 130

At the request of Mr. GORTON, the names of the Senator from Maine (Mr. COHEN), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Resolution 130, a resolution expressing the sense of the Senate that the President should award the Presidential Medal of Freedom to Barney Clark, to be presented to his family in his memory.

SENATE RESOLUTION 156—RELATING TO THE STATUS OF EL SALVADORANS IN THE UNITED STATES

Mr. DECONCINI (for himself and Mr. DURENBERGER) submitted the following resolution, which was referred to the Committee on the Judiciary:

S. RES. 156

Whereas ongoing fighting between the military forces of the Government of El Salvador and opposition forces is creating potentially life-threatening situations for innocent nationals of El Salvador;

Whereas the Immigration and Naturalization Service has apprehended 41,780 nationals of El Salvador who have fled from El Salvador and entered the United States since 1980;

Whereas such Service since 1980 has expelled and sent back to El Salvador an average of over six hundred of such nationals each month;

Whereas at the end of fiscal year 1982 there were 22,314 El Salvadorans with asylum claims pending before the Immigration and Naturalization Service;

Whereas deportation of such nationals could be temporarily suspended, until it became safe to return to El Salvador, if the Attorney General, upon the recommendation of the Secretary of State, provides such nationals with extended departure status; and

Whereas such extended voluntary departure status has been granted in recent history in cases of nationals who fled from Vietnam, Laos, Iran, and Nicaragua: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of State should recommend to the Attorney General that extended voluntary departure status be granted to aliens who are nationals of El Salvador and that the Attorney General should exercise his discretion and grant such status to such aliens until the situation in El Salvador has changed sufficiently to permit their safety residing in that country.

Mr. DECONCINI. Mr. President, it has frequently been my concern as a U.S. Senator and as a student of American history that all too often the relationship between American foreign and domestic policy is obscured, that policymaking in these two spheres is kept apart artificially and to the detriment of overall U.S. interests. I believe that the latest instance of this disregard of the importance of viewing these issues together was the recent passage of the Immigration Reform and Control Act of 1983.

However, the purpose of the resolution I am introducing today is to help deal with a problem originating not in the artificial separation of domestic and international policy, but, in this instance, in the artificial linking of these policies. The problem that I refer to is the status of refugees coming from El Salvador to the United States.

We are all well aware of our Nation's relationship with the Government of El Salvador. The administration has made very clear its decision to help that government fight off leftist forces backed by Soviet/Cuban aid and institute economic reforms to help rectify years of oligarchial rule. I have supported the President in this decision.

But we are considerably less aware of the extent to which refugees from El Salvador are coming into this country, the hardships that they have experienced prior to and in order to get here, and—what is worst of all—we do not realize the hardships that they are forced to endure here in the United States.

Now, the State Department had advised the Immigration and Naturaliza-

tion Service that at this time it does not recommend the blanket granting of voluntary departure for illegal Salvadorans presently in the United States. A recommendation to grant voluntary departure for Salvadorans would include providing them a safe haven in the United States until the political situation in that nation stabilizes, as well as providing other special immigration measures such as permission to work in the United States. According to the State Department, the high levels of violence in El Salvador do not warrant the granting of voluntary departure to Salvadorans in the United States. The State Department justifies this determination by indicating that basic public services are still being maintained in El Salvador, particularly in the major cities. I believe that the State Department's case ignores the crucial testimony of Americans who have been to El Salvador and, more importantly, the Salvadorans who have entered this Nation.

Who in the Chamber has not heard accounts of atrocities, random violence, and deliberate sabotage committed by both sides in the conflict in El Salvador and committed against innocent civilians? The U.S. High Commissioner for Refugees determined in its September 1981 study that the large number of Salvadorans who enter the United States illegally is causally related to the internal strife in El Salvador, and comparison of INS yearly totals of Salvadorans in this country helps to confirm this determination. Yet, the State Department ignores this evidence in favor of a carefully tailored, impersonal overview of the situation in El Salvador.

At the end of the fiscal year 1982, there were 22,314 Salvadorans waiting in the United States for their claims of asylum to be decided. Since 1980, of the only 1,300 asylum requests decided, INS has granted approximately 6 percent. Through deportation, voluntary departure, or voluntary withdrawal, INS has sent over 24,000 Salvadorans back to their war torn country. This means that every month we send more than 600 people back to a situation where their lives are in imminent danger, either from random or intentional violence.

The granting of blanket periods of voluntary departure is not a particularly unusual means for the State Department to deal with immigrants from nations under the throes of civil war. For varying lengths of time aliens from Ethiopia, Uganda, Iran, and Nicaragua have been granted blanket periods of voluntary departure during the last few years. In 1976, the State Department advised that requests by Lebanese nationals for extensions of voluntary departure should be viewed sympathetically on a case-by-case basis.

I suggest, Mr. President, the main difference between these nations and El Salvador is our own Government's relations with those other governments. I believe that the true source of the State Department's reluctance to recommend granting Salvadorans temporary voluntary departure status is the view that this would reflect adversely on our Nation's policy of assisting the government in El Salvador.

To me such a judgment does the opposite of what it intends to do. To refuse to recognize the sufferings of these people implies a guilty conscience. I believe it conveys to other nations of the world the view that the Salvadoran Government, by design or impotence, is totally responsible for this suffering and that the U.S. Government, realizing the responsibility of the Salvadoran Government, is burying its head under the sand.

The lives that would be saved and the suffering that would be alleviated are reasons enough in my mind to warrant the granting of voluntary departure for Salvadorans, but the opportunity to show to the world that we are cognizant of the suffering caused by the civil war in El Salvador—which I believe has as its root cause the intervention of outside Communist sources—should be appealing enough for even the State Department.

Therefore, I urge my fellow Senators to join with me in support of the resolution I am introducing today urging the State and Justice Departments to great voluntary departure status for Salvadorans.

AMENDMENTS SUBMITTED

DEPENDENCY AND INDEMNITY COMPENSATION

CRANSTON (AND OTHERS) AMENDMENTS NO. 1302 and 1303

(Referred to the Committee on Veterans Affairs.)

Mr. BYRD (for Mr. CRANSTON, for himself, Mr. RANDOLPH, and Mr. MATSUNAGA) submitted two amendments intended to be proposed by them to the bill (S. 1388) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation for surviving spouses and children of veterans, as follows:

Insert after title II, the following new title III:

TITLE III—INCREASES IN COMPENSATION ON ACCOUNT OF HOSPITALIZATION

SEC. 301. (a) Section 3011(c) of title 38, United States Code, is amended—

(1) by inserting "(1)" after "(c)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) This section shall not apply to the payment of a temporary increase in compensation for hospitalization, treatment, or convalescence.".

(b) Clause (8) of section 3012(b) is amended to read as follows:

"(8) by reason of termination of a temporary increase in compensation for hospitalization, treatment, or convalescence, shall be the day on which the hospital discharge or termination of treatment or convalescence occurred, whichever is earlier.".

Redesignate title III as title IV and section 301 as section 401 and amend section 401 as so redesignated to read as follows:

SEC. 401. (a) The amendment made by titles I and II of this Act shall take effect on April 1, 1984.

(b) The amendments Made by title III of this Act shall take effect on October 1, 1983.

Add at the end of the following new title:

TITLE —EFFECTIVE DATE OF FUTURE INCREASES

SEC. . It is the sense of the Congress that any increases enacted to take effect in fiscal year 1985 and subsequent fiscal years in the rates of disability compensation and dependency and indemnity compensation payable under chapters 11 and 13, respectively, of title 38, United States Code, shall take effect on December 1 of the fiscal year involved, and that the President should include in the budgets submitted for fiscal year 1985 and for each subsequent year, pursuant to section 1105(a) of title 31, United States Code, requests for appropriations to achieve such purpose in each such year.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Small Business Committee will hold a hearing on S. 628, legislation dealing with farmers eligibility in the SBA disaster program, on June 8, 1983, at 9:30 a.m. in room 428A Russell Senate Office Building. For further information, please contact Mike Haynes of the committee staff at 224-5175.

Mr. President, I would like to announce that the Senate Small Business Committee will hold a full committee markup on pending legislation on June 16, 1983, at 9:30 a.m. in room 428A Russell Senate Office Building. For further information, please contact Mike Haynes of the committee staff at 224-5175.

Mr. President, I would like to announce that the Senate Small Business Committee will hold an oversight hearing on the small business development center program, on June 21, 1983, at 8:30 a.m. in room 428A Russell Senate Office Building. For further information, please contact Mary Meyers of the committee staff at 224-5175.

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GARN. Mr. President, at 9:30 a.m. on Monday, June 6, the Committee on Banking, Housing, and Urban

Affairs will hold a hearing on the gold holdings of the International Monetary Fund and of central banks throughout the world. This will be followed by a second hearing on the same topic on Tuesday, June 28, at 9:30 a.m.

During the April 28 markup of S. 695, the legislation that would authorize the U.S. contribution to an increase in IMF resources, Senator HAWKINS, Senator MATTINGLY, and I agreed that a hearing on these gold holdings is needed.

Our original intention was to complete these hearings prior to next month's planned Senate floor action on S. 695. Accordingly, the hearings were originally scheduled for May 17, with Under Secretary of the Treasury Beryl Sprinkel slated to be the leadoff witness.

Senator HAWKINS has taken the lead in working to schedule other witnesses for these hearings. Some of the witnesses she most wants to have testify were unable to appear on May 17.

For this reason, the May 17 hearings were postponed, and Secretary Sprinkel's appearance was rescheduled for June 6. Unfortunately, some of the witnesses Mrs. HAWKINS has contacted were not able to schedule an appearance before the end of June. Rather than forgo those witnesses, Senator HAWKINS requested that the second hearing be held on June 28, even though this could be after Senate floor action on S. 695. Senator MATTINGLY and I have agreed to her request.

ADDITIONAL STATEMENTS

A LOSS FOR THE NATION

● Mr. SYMMS. Mr. President, I was pained to learn of the assassination of Lt. Comdr. Albert Schaufelberger in San Salvador yesterday.

Of course, all Americans are outraged when a citizen, representing our Nation in a troubled area abroad, is struck down. I am particularly upset because I knew Albert.

We spent a day together touring the Salvadoran Navy facilities at La Union on May 14. Albert's assignment was to direct the U.S. training of that tiny country's navy to enable them to prevent the flow of arms and munitions to the rebels from the Communist bloc countries through Nicaragua. He was a dedicated believer in fighting the insidious actions of the Soviet Union in Latin America. He opposed the expansion of an extracontinental power into the Americas. He believed that a bloc of new Soviet satellites should not be closer to the Senate floor than his hometown of San Diego. For this he was willing to give his life.

An exceptional Naval officer, Albert fulfilled the finest traditions of the U.S. Armed Forces. His record, from his Annapolis days to his assignment as a military adviser in El Salvador, is worthy of the highest praise.

We do not yet know the exact circumstances of his death or those who brought it about.

However, we must not allow this outrage to blind us to the very principles for which Albert lost his life.

At this time, we must resist the impulse from some quarters to panic. We must resist the impulse to withdraw to an island America in the face of those who fight against freedom and self-determination. We have a stake in the fighting in El Salvador.

We have an obligation to protect our people with every possible precaution. As we have seen in Beirut, with responsibility comes a measure of risk. We cannot shrink from the obligations to help others help themselves. Ultimately, the defense of our allies is a defense of ourselves.

No one was more actively dedicated to this belief than Lt. Comdr. Albert Schaufelberger.●

FOR THE RELIEF OF STEPHEN RUKS

● Mr. MURKOWSKI. Mr. President, a bill has passed the House and will come under consideration in the Senate in a short time. H.R. 745 would provide for payment of $9,700 by the Department of Transportation to Mr. Stephen Ruks of Cordova, Alaska, in compensation for damages to his plane sustained during a rescue mission in 1976.

Stephen Ruks had responded to a request from the Coast Guard to help in locating a downed plane on the beach near his home in Cordova. In the course of his mission he crash-landed the plane. Mr. President, Mr. Ruks made two mistakes prior to his crash. First, he did not obtain a Civil Air Patrol mission number from the Coast Guard. And second, he deemed the rescue of people in trouble to be of higher priority than his own safety or that of his aircraft. Despite warnings of soft sand, Mr. Ruks decided to try to land. He crashed, damaging the plane heavily. We may thank God that Mr. Ruks himself was not injured.

But when Mr. Ruks applied to the Coast Guard for compensation of the damages, they told him that, while they acknowledged his bravery and were grateful for his help, they had no statutory authority to pay damages.

Mr. President, there is more to this than just a failure to procure the requisite mission number. The Coast Guard specifically asked Mr. Ruks to help them on the rescue mission. Mr. Ruks complied and did all in his power to succeed. It was his very unselfishness that led to this accident. How can the Congress, let alone the people of this country, deny just compensation to Mr. Ruks?

Mr. Ruks was acting in his capacity as a member of the Civil Air Patrol. The CAP is an independent, federally chartered, nonprofit corporation, whose primary purpose is to interest young people in aviation. It was established in 1941, and today boasts about 5,000 aircraft and has an office in every State of the Union, and the District of Columbia. The CAP is not attached to any military body, but is available to respond to any requests for help. Needless to say, the CAP is a vital arm in rescue operations in my State of Alaska, where 83 missions flown in 1982 resulted in 14 finds and 16 lives saved, the highest number of rescues in the country. The State itself recognizes the value of the CAP—it contributes more to the CAP than does any other State.

The Civil Air Patrol is a vital adjunct to Coast Guard rescue operations in Alaska. But we must remember that it is essentially a voluntary organization. Such voluntary groups used to abound in this country. It is tragedy that due in part to the overgrowth of the Federal Government's involvement in social affairs the value of neighbor helping neighbor has been lost. President Reagan has taken a positive stand toward encouraging the revitalization of community voluntarism in this country. If in the face of these efforts we deny someone just compensation for damages incurred when voluntarily helping to save lives, we are undermining not only our President's efforts, but perhaps our chance to revive a sense of community in this country.

Mr. President, I urge passage of H.R. 745 for the relief of Mr. Stephen Ruks.●

PROGRESS ON INFANT FORMULA CODE

● Mr. KENNEDY. Mr. President, 2 years ago the World Health Organization adopted an International Code of Marketing of Breast Milk Substitutes in an effort to halt the misuse of infant formula, which contributes to infant mortality and malnutrition throughout the Third World.

For those of us who have long supported the implementation of such an international code, the vote 2 years ago in Geneva was just the beginning—the real task, of course, was to see that it was implemented. Since then, progress has been steady, if somewhat spotty.

We have seen the largest international manufacturer of infant formulas, the Nestlé Corp., announce its intentions to abide by the code. And we have seen a number of governments move to implement the goals of the code, if not all of its provisions.

Recently, Mr. President, Edward Baer, codirector of the infant formula program of the Interfaith Center on Corporate Responsibility in New York wrote a thoughtful article assessing the progress made in implementing the code. As he concludes:

Two years are a very short time for countries to adopt sweeping legislation to control marketing practices of powerful national and multinational corporations. It will be five or ten years before we can truly evaluate the successes of the Code. What is important, however, is the establishment of a set of international norms of conduct for the infant food industry, which health workers and health systems can strive to enforce.

Mr. President, I commend to the attention of Senators who were involved in the long effort to adopt the Infant Formula Code the excellent article by Mr. Baer and I ask that it be printed in the RECORD.

The article follows:

[From Studies in Family Planning, April 1983]

AN UPDATE ON THE INFANT FORMULA CONTROVERSY

(By Edward Baer)

In the pages of this journal two years ago, there appeared an analysis of the landmark meeting, Infant and Young Child Feeding, sponsored in Geneva by the World Health Organization and UNICEF in October 1979.[1] That unusual gathering produced agreements in five broad areas relating to improving infant feeding practices; the most controversial one centered on the need for governmental control over commercial marketing and promotion of infant formula and other breastmilk substitutes.

The purpose of this article is to review the progress that has been made since the October 1979 meeting and to outline some future directions that the debate is likely to take. Particular attention will be paid to the role of nongovernmental organizations (NGOs) or citizens' groups—in helping to transform the question of "commerciogenic malnutrition"[2] malnutrition caused by commerical forces) into a major international public health policy issue.

EMERGENCE OF THE ISSUE

Improper infant feeding practices constitute a problem of absolutely staggering proportions. Some health experts, including UNICEF Executive Director James Grant,[3] have estimated that as many as one million infant lives a year could be saved by the promotion of breastfeeding. Others have estimated that ten million cases a year of malnutrition and infectious disease are directly attributable to faulty bottlefeeding. It is among low-income families that the tragedies of bottle-induced infant malnutrition, dehydration, and death are most commonly encountered. There is probably no other public health intervention that offers greater protential for a dramatic saving of human life and human suffering at such low cost as the promotion and protection of breastfeeding.

In response to a ground swell of public interest in the problem of faulty bottlefeeding and the infant food industry's fear that a public campaign against bottlefeeding would grow unchecked, WHO and UNICEF convened the meeting on infant and young child feeding practices. One agreement arising from that meeting was that WHO and UNICEF should organize a process for developing an international code of marketing. That process led swiftly to the development of a draft code that was debated vigorously and rigorously in a series of meetings beginning in early 1980.

THE WHO/UNICEF INTERNATIONAL CODE OF MARKETING

Not surprisingly, there were bitter disagreements among governments, the industry, health experts, legal experts and citizens' groups over key issues of the code, including its aim, the scope of the products to be included, the differences between educational advertising and promotional advertising, distinctions between free samples and free supplies, and distinguishing between legitimate support for health services and inappropriate inducements to win brand loyalty.

The draft code that emerged in the spring of 1981 was inevitably the imperfect result of hard bargaining and compromise in a highly charged political environment. The fact that WHO and UNICEF stuck to the process of debating regulation of multinational corporations—hardly the usual substance of these agencies' mandates—is testimony to the need for meaningful controls over marketing and promotion of products that directly compete with breastfeeding.

The code thus reflects a compromise between the weak, voluntary general principles favored by industry and industrialized countries, and the strong, specific, and binding restrictions favored by many health professionals with front-line experience and by most government officials in developing countries. The infant food industry was involved at every step of the drafting. Indeed, had they not participated, the code would have been far stronger, and could have addressed issues of "demarketing" infant formulas rather than focusing only on questions of marketing tactics. Demarketing involves downward changes in corporate sales and profit goals because of the predictable dangers of normal product use.[4] Industry's intimate involvement in the process imposes grave responsibilities on it to follow the provisions of the code voluntarily, as required by Article 11.3.[5] Regrettably, this has not yet been translated into practice by any of the major infant food manufacturers.

The WHO/UNICEF International Code of Marketing of Breastmilk Substitutes covers all breastmilk substitutes, bottlefed complementary foods, and bottles and teats. Its main provisions include:

No advertising or other forms of promotion to the consumer;

Detailed explanations in all information for the family of the advantages of breastfeeding, the dangers and costs of bottlefeeding, and the difficulty of reversing the decision to commence bottlefeeding;

No free samples directly or indirectly to mothers, nor any gifts of articles or utensils that promote the use of bottlefeeding;

No promotion in the health care system;

No direct contact between mothers and company personnel;

No gifts or other inducements to health workers;

Disclosure of financial relationship between health workers and companies;

No sales commissions;

Clear labels with warnings and instructions, but without baby pictures; and

Voluntary compliance to the code by companies, independent of measures taken by national governments or others.

The debate over the code at the May 1981 World Health Assembly was one of the most dramatic moments in the history of international health policy. The infant food industry lobbied long and hard to disrupt the approval process and prevent adoption of the code. Industry representatives lavishly entertained the delegates and offered them trips out of Geneva if they agreed to be absent for the crucial vote on the code. Nestlé seated its own attorney on the Guatemalan delegation until his credentials were challenged by the WHO Secretariat. The Reagan administration bitterly opposed the international consensus on the need for strong measures to control harmful industry marketing practices. Arrayed against the industry's lobbyists was the International Baby Food Action Network (IBFAN), a coalition of 100 groups from 65 countries. IBFAN distributed data on recent promotional practices of the industry and their health consequences.

When the code was finally adopted, 118 countries voted to approve it "as a minimum requirement" and "in its entirety." Only the United States voted no, arousing worldwide condemnation of the Reagan administration's decision to "put profits before people."

The overwhelming vote of support for the code was unprecedented in three ways. First, it marked the first time in UN history that member nations voted to adopt a specific code of marketing to control the activities of a transnational industry. It was particularly significant that the two lead agencies, WHO and UNICEF, did so as part of their mandate to protect and promote public health. Second, it marked a new form of international organizing and cooperation among nongovernmental organizations. The successes of IBFAN in mobilizing people, resources, and public attention across national boundaries of both the developing and developed world have already been replicated in the formation of Health Action International—to work on problems engendered by the pharmaceutical industry—and the Pesticide Action Network—to engage in advocacy efforts concerning the global pesticide industry. A similar precedent was established in cooperation among NGOs, national governments, and officals of UN agencies in pursuit of the common goal of reasonable regulation of the infant food industry in order to protect infant health. Third, there was an unusual degree of agreement between developing and developed countries over the need for regulation of multinational corporations and a specific instrument for effecting the regulation.

SINCE THE ADOPTION OF THE CODE

Following the adoption of the code in May 1981, many national governments have undertaken activities in the general area of promoting healthy infant feeding practices. Unfortunately, very few governments have moved decisively to implement the code as a "minimum requirement," as stipulated by the World Health Assembly. Rather, many governments are opting for a much softer "probreastfeeding" approach that threatens fewer entrenched economic interests. Barriers to effective implementation of the code include:

Organized opposition by the infant food and pharmaceutical industries;

Lack of political and technical support from WHO and UNICEF (in part because

Footnotes are at end of the article.

the U.S. government has threatened to cut off funds);

Absence of an organized, powerful constituency (with some notable exceptions, poor mothers are not influential lobbyists); and

Absence of a regulatory infrastructure (people, money, expertise, organizational reach) capable of tracking and enforcing norms of industry behavior.

In fact, practical implementation of the code was so spotty that the World Health Assembly in May 1982 passed a resolution reaffirming the code and calling on the WHO Secretariat to take special measures to set up a comprehensive action program to assist member states in their implementation work. The WHO director general's report to the January 1983 meeting of the WHO Executive Board contains additional information about governmental activity, but again it appears that few nations have taken up the code as a "minimum requirement."[6] This does not mean that the code has been a failure. It merely indicates that progress through established legislative channels will be sporadic and piecemeal.

There must be sustained direct pressure on manufacturers to follow the provisions of the WHO/UNICEF code strictly, universally, and promptly. One key element in this struggle is the international Nestlé boycott now being conducted in eight countries around the world. Direct economic pressure on Nestlé has forced management to make rhetorical promises to follow the code. But Nestlé practices do not yet live up to promises, as recent data on Nestlé violations of the code clearly reveal.[7] Furthermore, Nestlé has refused to make even rhetorical pledges to follow the code in Western Europe. What is at stake is the clear intent of the World Health Assembly for one universal health care standard. The outcome of the Nestlé boycott is all the more crucial since other companies are watching to see how far Nestlé is pushed into meaningful compliance with the code. Clearly, no company will voluntarily adopt stricter standards than the industry leader.

The most hopeful sign is the continued vigorous growth of citizens' groups and networks in both developed and developing countries. IBFAN has developed a comprehensive Education/Action Pack in English, French, and Spanish for training groups around the world. A cycle of regional IBFAN training conferences has already begun. Dynamic national coalitions have been established for the promotion and protection of breastfeeding in India, the Philippines, Malaysia, Kenya, Trinidad, Peru, Costa Rica, and many other developing countries. As these groups become better organized, pressure will grow on governments, infant food companies, and health professionals to implement the letter and spirit of the code within a broad context of promoting maternal/child health care and, in particular, policies to enhance the status of women. Organizing women to make demands on the health care system and on social services more generally must be a high priority of any group seeking to promote healthy infant feeding practices. Even in the United States, women's groups are organizing at the local level for protection against unscrupulous marketing practices. In Washington, DC, for example, the city council is considering a bill to implement the code in all municipal and private health facilities to bring down the city's infant mortality rate, which is nearly twice the national average.

Through the work of citizens' groups on the infant formula controversy, people learned to work together in international cooperation; to apply grass-roots economic pressure on international health and corporate policymakers; to marshal scientific facts and evidence in defense of people's basic economic and political rights to freedom from hunger and exploitation; and to recognize that our political and economic institutions, no matter how awesome they seem, are, in fact, vulnerable to popular pressure.

Two years are a very short time for countries to adopt sweeping legislation to control marketing practices of powerful national and multinational corporations. It will be five or ten years before we can truly evaluate the successes of the code. What is important, however, is the establishment of a set of international norms of conduct for the infant food industry, which health workers and health systems can strive to enforce. Over time, the significance of the code will also be in terms of education and organizing. Fundamentally, the code seeks to redefine the relationship between the health care professions working in the public interest and the private infant food industry. It may never be possible to exercise any real legislative control over the inducements that a company sales person offers a doctor in the privacy of his or her office. But we can strive to make health professions less naive about the sophisticated sales campaigns aimed at shaping their knowledge, attitudes, and behavior.

REFERENCES AND NOTES

[1] Edward Baer and Leah Margulies, "Infant and young child feeding: An analysis of the WHO/UNICEF meeting," *Studies in Family Planning* 11, no. 2 (February 1980): 72-75.

[2] Derrick Jelliffe, "Commerciogenic Malnutrition?" *Food Technology* 25 (1971): 55.

[3] James Grant, Executive Director, UNICEF, Statement before the Second Committee of the General Assembly of the United Nations, New York, 24 September 1981.

[4] James Post and Edward Baer, "Demarketing infant formula: Consumer products in the developing world," *Journal of Contemporary Business* 7, no. 4 (winter 1980).

[5] World Health Organization, "International Code of Marketing of Breastmilk Substitutes," (Geneva, 1981).

[6] World Health Organization, Report by the Director General, "Infant and young child nutrition including nutritional value and safety of products specifically intended for infant and young child feeding and the status of compliance with and implementation of the International Code of Marketing of Breastmilk Substitutes," WHO Executive Board Document EB1/21, Geneva, 11 November 1982.

[7] International Baby Food Action Network, *Breaking the Rules* (London, 1983).●

THE NEED FOR INCREASED PROMOTION OF TRAVEL AND TOURISM

● Mr. SASSER. Mr. President, I commend yesterday's passage of S. 212, which authorizes funds for the U.S. Travel and Tourism Administration. In a fiscal year that stands to produce perhaps the largest annual budget deficit ever realized by the Federal Government, this authorization bill represents a small but important investment that can and ought to produce both jobs and increased business activity for the American people, and more tax revenues for all levels of American government.

The broad, bipartisan support already forthcoming for S. 212 suggests that it should not be necessary to outline all of the arguments in its behalf.

So, I shall allude briefly to what I consider the two principal bases for a fully funded and active Travel and Tourism Adminstration at the national level.

First, it makes economic sense for all Americans because an improved travel and tourism industry means an instant influx of dollars into the economy, increased tax revenues for Federal, State and local levels of government, and jobs.

Second, the governments of every other developed and developing nations with the potential for attracting foreign visitors recognize the importance of the travel and tourism industry. As a consequence, nearly every one of them spends more on a per capita basis than the United States does in promoting travel and tourism. We are clearly behind in this index; passage of S. 212 will be a signal to all concerned that we intend to rectify our poor showing in this regard.

On the first point, consider just a sampling of the economic facts, as compiled recently by the Travel and Tourism Government Affairs Council and the U.S. Travel Data Center:

Travel receipts make up over 6.5 percent of the U.S. gross national product.

Domestic and international travel in 1981 represented $191 billion in expenditures in the United States, was responsible for a $40 billion payroll, 4.6 million in directly related and 2.2 million in indirectly related jobs, generated $9.3 billion in Federal tax revenues, $6.6 billion in State tax revenues and $2 billion in local tax revenues.

One new job is created by every 54 foreign visitors to the United States.

Foreign visitors spend $23,212 every minute in the United States.

The significance of the industry is felt at the State level, too, particularly in States like Tennessee, which has so many tourist attractions. There, in my home State, the industry employs 71,000 people; it is the third largest employer in the State—in fact, in nearly half our States, it is the largest employer—and represents a payroll of $476 million. It has a $2.5 billion impact on the State's economy and represented $211.8 million in tax revenues for Tennessee and its local governments in the most recent year for which data are available.

Obviously, the widespread benefit of a focused national tourism policy, aided by a National Tourism and Travel Administration, can mean real, tangible economic benefits throughout the Nation, especially when there is but the slightest upturn in economic conditions overall.

When one considers the importance of the industry and then takes note of the amount called for in this authorization, one may very well wonder why we have chosen to be so modest in our commitment—especially so when one compares the commitment of the United States to that of other countries with an interest in the travel and tourism industry.

Pick up the travel section of any Sunday newspaper and you will understand. Expensive ads paid for by Government-subsidized travel services and airlines fill the pages.

In fact, says the Travel and Tourism Government Affairs Council, in 1981, the United States ranked 56th out of 56 countries listed when it came to boosting spending for worldwide travel and tourism promotion on a per capita basis.

When it came to promotion spending among selected developed countries, the United States ranked last on a per capita basis.

And in 1981, Spain, Italy, Greece, Morocco, Malaysia, Germany, Yugoslavia, Kenya, Finland, Sri Lanka, Macao, Korea, Norway, Hong Kong, Thailand, and Singapore maintained more overseas government tourism offices than the United States.

We all know that the United States has much to offer—to its own people and to all those who want to share in the greatest democratic experience in the history of the world. This, in and of itself, ought to be enough to bring more people to visit the United States.

The evidence suggests, however, that we have to take some additional steps to bring more people to our country to visit. The economic and related benefits of a healthy travel and tourism industry are indisputable. We can begin to reap more of these benefits through the investment that S. 212 represents, and I commend its passage in the Senate.●

HISTORIC SIGNING

● Mr. D'AMATO. I rise this afternoon to applaud the recent signing of a withdrawal agreement by Israel and Lebanon. This historic document raises the hope that, at long last, all foreign forces will be withdrawn from Lebanon and clearly demonstrates Israel's commitment to peace. The time has come for the total restoration of Lebanese sovereignty over that war-torn nation. The Government of Lebanon, under the leadership of President Gemayel, must be afforded an opportunity to address the serious domestic, political, and economic problems which plague that nation.

It is important to remember, however, that the actions taken by the leaders of Israel and Lebanon represent only the first step in a process designed to achieve this important goal. While a number of Arab nations have indicated support for the accords, Syria remains adamant in its rejection of the agreement. Thus far, President Assad has voiced total opposition to the proposal and refused to participate in further negotiations on the issue of troop withdrawal from Lebanon.

Thousands of Syrian soldiers are pouring into Lebanon. Recent estimates indicate that the Syrian force in that country has swelled to more than 50,000. Meanwhile, PLO guerrillas, with active Syrian support, have been crossing into Lebanon from Syria by the hundreds. Today, less than 1 year after their evacuation, there are nearly 15,000 PLO terrorists in Lebanon. The presence of Syrian and PLO forces in Lebanon poses a direct threat to the security of Israel and to the future of Lebanon.

The current situation demands forthrightness on the part of all nations in the Middle East. Only through an earnest cooperative effort can peace be achieved in that volatile region. It is my firm desire that all countries, including Syria, will realize the benefits which would result from a reduction of hostilities.

Today, it is more imperative than ever that the United States continue to actively pursue peace in the Middle East. We should be grateful for the vital role which Secretary Shultz, Ambassador Habib, and Ambassador Draper have played in the negotiation process.

I am pleased to be a cosponsor of Senate Resolution 148 and wish to take this opportunity to commend the Israeli and Lebanese Governments for their tireless efforts to achieve peace and remain hopeful that all foreign forces will soon be withdrawn from Lebanon.●

AN ELOQUENT ADDRESS ON NATIONAL SERVICE

● Mr. PELL. Mr. President, our colleague and my friend and neighbor, Mr. DODD (the Senator from Connecticut) gave a remarkably eloquent and thoughtful commencement address to his alma mater, Providence College, on Monday, May 23, 1983.

He told a gathering of about 8,000 individuals in the Providence, R.I., Civic Center that the Nation should establish a national service program in which each young man and woman would owe a year or two to America.

I think his idea of a form of national service is an excellent idea and one which I have believed in and supported for many years. In my view, national service could be a powerful force in meeting the military and nonmilitary needs of the Nation, as well as strengthening the sense of service which, historically, has been so instrumental to our success as a society.

My colleague presented a persuasive case for national service in his address and I would like to share his remarks. I ask to have his remarks printed in the RECORD.

The commencement address follows:

REMARKS OF SENATOR CHRISTOPHER J. DODD—PROVIDENCE COLLEGE COMMENCEMENT ADDRESS

Not long before I entered Providence College in 1962, President John Kennedy issued his inaugural challenge for Americans to ask what they could do for their country.

Barely a month after I arrived on campus as a freshman, we were holding our breath through the Cuban missile crisis. It was in my sophomore year, that I was sitting in my room in Aquinas Hall on that Friday afternoon, November 22, 1963 when word came in that the President had been shot. When I was a senior, touched by the challenge of President Kennedy, encouraged by my parents and supported by Providence College, I decided to enter the Peace Corps. I was not alone. By then, 150,000 other Americans had also applied to join the Peace Corps. At the time of my graduation, of course, Lyndon Johnson was also asking young Americans to fight in Southeast Asia, as well as serve in urban ghettoes and rural hamlets as VISTA volunteers, or to join the National Teacher Corps.

Shortly after I left Providence the pace accelerated. People my age had faced the fire hoses and police dogs of Birmingham and Selma in the civil rights struggle. Now some marched in support of the Vietnam War; others organized moratoriums against it. Still others cut their hair and dressed respectably to work in the 1968 presidential primaries.

In short, it was a time when the prevailing culture not only tolerated but virtually dictated active roles by young people in the theatre of national politics.

Only a few short years thereafter a staple of commencement speeches charged that youth had gone too far. A little less obsession with air pollution and little more worry about basic accounting was in order. Some problems, it was said, were too complex to be solved by, say, chaining yourself to the fence at the local powerplant.

By the time you, the class of 1983, entered Providence College the context had changed considerably. Early in your sophomore year, candidate Ronald Reagan came up with what is now considered one of the masterstrokes of the 1980 campaign. Looking right through the camera into the eyes of one hundred million watching Americans, he did not issue us a challenge; rather he asked us a question—a simple question:

"Before you vote next Tuesday," he said, "Ask yourself a simple question: are you better off now than you were four years ago."

Are you better off. Not we. Not our families. Not our communities. Not our country. Nor is our world a safer or healthier place in which to live. Just you. It had taken just twenty short years for John Kennedy's challenge to be turned on its head. The challenge for the '80's had become: "What has your country done for you?"

As a political strategem, of course, the question was brilliantly conceived. After all, Mr. Reagan was talking to what has been described as the "me generation." You are what you read, we are told. And during your years at Providence College, you could go into any bookstore and pick up best selling

self-help paperbacks by pop psychologists telling you to be "Your Own Best Friend" or extolling the virtues of "Looking Out for Number One." We had become, said another best seller, "The Zero Sum Society" in which any group's gain was the occasion for another's equal and offsetting loss. Helping your neighbor was out. Career planning was in. The new cardinal sin was to miss a rung on the ladder of success or wander even momentarily off the "fast track."

This spring, I have noticed, some commencement addresses are beginning to dissent. This bloodless pragmatism has gone too far, they are saying. Youth today, we hear, is just plain selfish.

Let me say as clearly, as directly, and as emphatically as I know how; I disagree. Nothing in your class of 1983 makes you inherently either more selfish or more generous than your predecessors. The potential for either is certainly there. The real issue here is not whether we have the capacity to be selfish, but rather, what will the leaders of our nation inspire us to believe and to become.

It is for that reason that I object to President Reagan's challenge—"Are you better off today than you were four years ago"—not because of its tactical success but because it is a challenge unworthy of a great nation.

History will someday assess how well our generation managed its stewardship of the United States. And it will not measure us by superficial standards of personal achievement. The benchmark will not be the individual balances in our checking accounts or the strength of our personal résumés.

History, I am confident, will judge us collectively, as a people. It will ask what we did to make this country a more just, humane, and decent society. And it will want to know what we did to share the blessings this great nation enjoys with less fortunate peoples throughout the globe.

You and I cannot predict the answer to the question of how history will judge us.

But the outcome may well hang on which Presidential challenge becomes the moral imperative of the eighties. The appeal to personal gain? Or the summons to our better selves?

If it is the former, then I am not optimistic that the verdict will be favorable.

This is not a plea for a return to the policies and programs of the sixties. Some of my colleagues have a certain nostalgia for the era. But Thomas Wolfe was right "You can't go home again." The problems of the eighties are different and will require a different agenda of solutions.

Still a quality of consciousness of that time does deserve revival. Its sense of shared responsibility. Its understanding that the proper unit of your personal concern is not just yourself but also your family, your community, your nation, your fellow men and women.

That spirit is not unique to the period I have described. My parent's generation had it, and it enabled them to beat both Depression and World War. It infused Americans who built our cities and industries and pushed back the frontier.

But the sad truth is that that spirit is not much in evidence today. What is worse, neither side of the political spectrum seems to recognize how desperately it is needed.

Certainly that is the case with the philosophy that says government should get out of the business of trying to help people. Government is not the solution; it's the problem, we've been told. The media ought to publish more good news. No problem is so troublesome that it can't be answered by a good anecdote.

Unfortunately, the problems confronting this nation are genuine, significant, and stubborn. A plague of joblessness and homelessness. Competition from aggressive and technologically advanced foreign competitors. A shrinking natural resource base. A deteriorating school system. The looming possibility of a nuclear Armageddon.

Without an active government, and even more important without an involved citizenry, there is no hope they can be solved. But many critics of the classic conservative philosophy miss the mark too. The traditional liberal response to the recognition of a problem is so automatic as to be Pavlovian. First, a surfeit of guilt that we have let things get so bad. Then a collective mea culpa. And finally, for catharsis a new line item in the federal budget.

Strangely enough, both sides have ignored America's most valuable resource—the one to which we have always turned when challenged by crises in the past—the talent, the ingenuity, and the resolve of the people of this country.

That is the resource we have to reactivate. If our generation is to expect a favorable verdict from history, the emphasis will have to be a little less on "me" and a little more on "we."

It will take, in short, a rejuvenation of our national spirit.

That does not seem to me an impossible task. As I said earlier, I am unpersuaded by the notion that the classes of 1983 or 1984 or beyond are any less inclined toward public service than those in earlier generations. I still believe that such an inclination is one of the better constant and innate instincts of human nature.

What have changed, in my judgment, are the expectations society has of us and the opportunities society offers to nurture that instinct. Today, as one of the early administrators of the Peace Corps put it, "Little is asked of youth except that they be consumers of goods and services."

The Teacher Corps is gone. The Administration's current budget request envisions an end to VISTA. We fund barely a third as many Peace Corps volunteers today as we did the year I graduated from Providence College.

However, I happen to believe that given the challenge and the opportunity there would be just as great a response from your generation today as there was to John Kennedy's call in mine. There is nothing uniquely heroic about the young people of any generation. They were really no different from you.

In fact, one of the earliest Peace Corps volunteers explained things rather simply in 1962 when he said—and I quote him: "I'd never done anything political, patriotic, or unselfish because no one ever asked me to. Kennedy asked."

Well, my fellow alumni of Providence College, it's time to ask again.

One approach to asking that question would be the establishment of a system of national service.

Under such a system, all young Americans—male and female—would owe our nation one or two years of public service—in their choice of the armed services, an expanded Peace Corps, or in programs to address our most pressing domestic needs.

It is possible—even likely—that administrative and financial constraints would mean not everyone would actually serve. But everyone, without exception, would have to be available.

No one would be drafted into military service. The option of a non-military domestic or overseas alternative would be there. In fact, public opinion research suggests that many would opt for the armed services. And frankly, that strikes me as a great advantage over what we have now.

The present system, one observer has commented, is not so much a voluntary army as a mercenary one. We pay kids from the ghettoes and barrios and poor rural areas to protect our national security so that kids from the suburbs won't have to.

National service would help restore some balance. It would acknowledge that all of us have a stake in keeping this nation strong and safe—and that the responsibility of those who benefit most in society is just as great as those who are less fortunate.

For those who opt for some form of domestic service, there would be no shortage of opportunity to contribute. Right now we need people to manage day care centers. There is a nursing shortage. Not enough people are available to help the elderly. Much of our housing crisis could be solved with a concerted effort to rehabilitate existing stock. There are public lands in need of reforestation and inner-city kids who could use tutoring. In short, there is a challenge to help this society reach its full potential.

Lastly, national service would mean an expanded Peace Corps. I can tell you from personal experience that nothing you could do would give you a greater feeling of exhilaration or a greater sense of accomplishment. And nothing would serve your nation better.

The United States exports many things to our neighbors around the world. No export has been more valuable than the combination of American know-how and good will that is the Peace Corps' special hallmark. Our merchandise has won us markets and our military might wars. But in the developing countries, America's goal in the future must be to win the hearts and minds of the peoples who live there. And no program has been more cost-effective at helping teach both us and them to accept, understand, and respect each other.

I do not want to pretend that any single program—or set of them—holds the key to the future. The challenge is more spiritual than structural; the response will have to be a change in temperament, not in technique.

So the first step necessarily, I believe, has to be a shift in attitude and values.

Sometimes the angle of vision of a foreigner can help us see things about ourselves which we alone cannot quite get in focus. At the end of the last century, the British biologist, Sir Thomas Huxley, traveled through the United States.

At the conclusion of his visit, some American reporters tried to fish from him a compliment about the expanse, power and wealth of our country. Sir Thomas was uncooperative.

"I cannot say that I am in the slightest degree impressed by your bigness or your material resources," he replied. "Size is not grandeur and territory does not make a nation. The great issue . . . is what are you going to do with those things?"

That is the question to which each succeeding generation of Americans must give an answer. I hope that some of the things I have said today will help you with yours.

I cannot leave without expressing my gratitude and pride for the degree which Providence College is conferring on me.

To receive an honorary degree is a great privilege. To receive one from your alma mater and that of your father, from a college that you hold in high esteem and warm affection, and to be joined in receiving this honor by five distinguished Americans—Max Alperin, Archbishop James Hickey, Daniel Nugent, Kenneth Walker and Carl Yastrzemski—who have contributed vitally to their communities, is all the more so. But I am especially moved by something else.

In recent years you have awarded similar degrees to Lech Walesa, Tip O'Neill, and Father Bruce Ritter. At first glance there might seem to be little in common among those whom you are honoring today and the leader of Poland's working people, a powerful American politican, and a priest whose ministry is the streets of New York City. But there is something that unites them. It is the spirit of service to others and to a higher ideal that I admire so greatly and that I have tried to describe to you.

To join their company is a true honor.

In conclusion, let me just say that the things I have been talking about have a special relevance to New England. In the early days of settlement here, the economy was largely agricultural. Wresting a living from the hard soil of our region was never easy. It took hard work, discipline, and a determination to succeed. What has seen New Englanders through has been a tradition, handed down from one generation to the next, that each would do its best. Throughout three and a half centuries, each of those generations vowed to leave the land better than they found it.

It is one of our best traditions. Let us, too, in our time, in our generation, under our stewardship, leave this land we love better than we found it.

Thank you and Godspeed.●

MARYLAND STUDENT HONORED BY AAA FOR HEROISM

● Mr. MATHIAS. Mr. President, each year since 1949 the American Automobile Association has honored young Americans with its School Safety Patrol Lifesaving Medal. The award is presented to safety patrol members who, while on duty, have saved the lives of those in danger.

This year, one of the five national recipients of the award is from Maryland. She is 12-year-old Joelle Patton, a student and a member of the Safety Patrol at the Beltsville Adventist Church in Beltsville, Md.

Mr. President, I ask that an account of Joelle's act of heroism prepared by the AAA be included in the RECORD at this point.

The account follows:

MARYLAND STUDENT HONORED

On January 7, 1983, Joelle Patton, a school safety patrol at Beltsville Adventist School, was escorting three kindergarten children across the school parking lot. Suddenly a car turned into the parking lot from Ammendale Road at a high rate of speed. The accelerating vehicle with tires squealing, was headed straight toward Joelle and the three kindergarten children. Suddenly one little girl started running toward her teacher and into the path of the fast moving car. Joelle screamed at the girl to stop. She then reached out, grabbed and held the child by the shoulder with her right hand while stopping the other two children with her left arm.

The scared kindergarteners later said they could feel the wind created by the speeding car as it traveled within two to three feet of them, at an estimated speed of 35 MPH.

Mr. MATHIAS. Mr. President, it gives me great pleasure to join with Joelle's family, her school and her community in congratulating her for this unselfish act. We can all be proud of Joelle Patton's concern for her classmates.●

OUR CHALLENGE

● Mr. SYMMS. Mr. President, Memorial Day is a poignant time for us all. We must never forget the men and women who gave their lives for freedom in the world wars, the Korean war and Vietnam. And we must honor their sacrifice by avoiding the indecisiveness and dithering displays of weakness that lead to war. Only a strong and determined America can enjoy peace.

With this in mind, I would like to introduce into the RECORD a poem by H. Leonard Emry, of Pocatello, Idaho. Mr. Emry has composed many poems over the years with the encouragement and support of his wife, Esther. Now he has published a booklet of poems called Our State of Idaho, from which I draw this veteran's work, "Our Challenge," and introduce it into the RECORD.

The poem follows:

OUR CHALLENGE

We watched them as they left their homes
at Freedom's call for men,
Our gallant boys who fought so well our
Country to defend.
They did not hesitate to go, nor stop to
question why,
But cheerful still 'though well they knew
that some of them must die.

It's not an easy thing for those who go to
foreign lands
To fight for principles that they can hardly
understand.
It should be for a worthy cause when men
their lives must give.
It's hard for them to die before they've had
a chance to live.

How proud they were to do their part that
day they went away.
They felt so sure their deeds would build a
better world some day.
A world that would again be filled with
things we hold most dear.
A world secure, forever free from want and
dread and fear.

Most of those wars are over now.
Some victories were won.
The price of peace and liberty has been a
costly one.
Some of those boys who did so well have
now come home again.
While others who so bravely fell on foreign
soil remain.

They did their part; they gave their all to
keep our liberty.
Much of the work that still remains depends
on you and me.
If we would have that better world; their
dream for everyone,
There still is much for us to do before the
task is done.
The principles for which they fought are
dear to us today.
Let's do our best to keep them safe and
work and plan and pray.
To keep all evil from our shores and from
our towns and plains.
So that our loved ones never will be forced
to fight again.●

THE FUTURE OF AMERICAN PUBLIC EDUCATION

● Mr. GLENN. Mr. President, the intellectual advancement, economic prosperity, and national security of our Nation depend on the high-quality instruction expected from our public schools. Yet this administration, instead of promoting an agenda to achieve educational excellence, has chosen to criticize the performance of public schools. The American people want more. They want leadership in the highest ranks of the Government.

We are at a time of transition when, as a nation, we will chart the course that revitalizes this powerful engine of public education or we will watch it disintegrate. Given the immensity of the stakes involved, it is refreshing to know that others outside Government are giving the matter full reflection and their most carefully considered suggestions for change.

Indicative of the concern and commonsense of the American people on this vital question, the Norman, Okla., Transcript printed an editorial on May 22, 1983, that goes to the heart of the crisis in lucid, yet provocative language. I heartily recommend that my colleagues study the transcript's recommendations as we attempt to fashion a new direction for our public schools. Mr. President, I ask that the entire editorial be printed in the CONGRESSIONAL RECORD.

The editorial follows:

[From the Norman (Okla.) Transcript, Sunday, May 22, 1983]

WHO WILL LEAD?

Who will lead us out of the "rising tide of mediocrity" cited by the Reagan administration's blue-ribbon panel on education?

The nation is at risk. Our national security is threatened, the presidential commission reported. The next generation will pay dearly, unless we commit ourselves to quickly improving the quality of education in our public schools.

Yet, after several weeks of nonstop handwringing and finger-pointing, the question remains: Who will provide the leadership necessary to meet this national threat?

It would seem a golden opportunity for an administration that is widely perceived as being less than enthusiastic about education in general and public education in particular. A national consensus on improving the nation's public schools already exists. President Reagan merely has to pick up the reins and step into the spotlight. A call for excellence in our public schools, coupled with a demonstrated effort to achieve it, would amount to a much more attractive national challenge than the one issued recently by

this president on the development of more exotic weapons on earth and in space.

But this hasn't happened, and it is not likely to happen. Mr. Reagan's single initiative in the wake of the report's warning about the quality of public schools has been to call for some constitutionally questionable and costly help for private schools. Public education is a problem for the states in the administration's topsy-turvy view of the federal role.

"Education is a family matter, a local matter, a grass-roots matter," lectured Education Secretary T.H. Bell this month. "It's up to the states, and I think they've been doing a bum job." Mr. Bell said the Reagan administration will restrict itself to providing leadership and enforcing civil rights and equal opportunity laws, and will not provide new money or impose new controls. In truth, the Reagan administration is providing no leadership and little more than lipservice for civil rights concerns. Its commitment to date has been to reverse the federal government's established leadership role in public education and to relax civil rights and equal opportunity laws whenever possible.

Education will always be, as Mr. Bell states, "a grass-roots matter." But it is ridiculous to imply that grass-roots concerns are of no concern to a Washington government that spends "grass-roots" dollars. States will have to do their part, if any improvements are to be made in our schools. But so will the federal government.

The Reagan administration's non-response to the documented problems of American education is disturbing for a number of reasons. Most disturbing, however, is the historical ignorance displayed—the near total lack of appreciation this administration shows for the crucial role public schools have in keeping our large, pluralistic society on track.

Traditionally, public education has offered one-way tickets out of deprived circumstances. It's key to the promise of an even break for the poorest citizens and of a better life for all citizens. An administration that would allow that promise to fade for either philosophical or financial reasons is itself a threat to our continued security.●

DAIRY PRICE SUPPORT PROGRAMS

● Mr. BOSCHWITZ. Mr. President, the dairy industry is still plagued by the problems of overproduction and underconsumption. More than last year, this combination has created a still-growing dilemma: Huge surpluses of Government stocks, and costs in the billions.

The reason we are in that circumstance has been rehashed so often that it would serve no useful purpose to discuss it except to say that all three dimensions of the problem—overproduction, underconsumption and the huge surpluses—must be addressed if the dairy price support program is to survive.

On April 16, USDA began collecting the first of two 50-cent assessments on each hundredweight of milk sold. The second 50-cent assessment will not be collected before August 1. This was to allow Congress time to change the law.

By assessing each hundredweight of milk 50 cents, more than $650 million is collected and that goes directly to reduce the cost of the dairy program. As a result, the assessment makes the dairy program cost less and it becomes more affordable.

The assessments were a compromise last year between those who wanted to cut the price across-the-board and those who favored an incentive plan. The split was close, and the assessment plan the result—even though no one really liked it.

How will the assessments be replaced? A favorite plan among the most ardent of the budget-cutters here in Congress would be to cut the support price by $1.50 across-the-board. Proponents of the plan say that this would be effective, fair and easy to implement.

Critics of this plan allow that it would be easy to implement, but maintain that it would be neither effective nor equitable. Let us consider an example. If we applied a $1.50 price cut would the surpluses go away and the cost of the program go down? So far that has not proven to be the case. Farmers have actually expanded production to keep up a cash flow or maybe some want to keep their production up in case we come in with a base plan. That way they would have a higher base.

Using this price-cut philosophy, the price would have to come down $4 or more to bring the dairy market into balance. That equilibrium would be accomplished through a combination of farmers going out of business and increased consumption due to lower prices. To lower the prices so severely would so disrupt the industry that USDA will not consider it.

Across-the-board cuts are popular with some people, but they just will not solve the budget problems. This type of price cut would still make the program cost more than $1.6 billion in fiscal year 1984.

The other alternative is to adopt a plan that offers dairymen an incentive to cut back production. These are most often called base plans because they require comparing a farmer's current production with his past production.

I have historically endorsed, and offered, incentive plans for two reasons. First, we can keep more farmers in business by encouraging everyone to cut back a little. These plans are not unfairly rigged against the younger, highly leveraged dairyman or those who lack the size to absorb across-the-board cuts. Second, a base plan can save the Government a lot of money very quickly. This takes the wind out of the arguments of those who want to eliminate the dairy program.

Presently there are two base plans being considered: The Dairy Production Act of 1983, which I introduced along with Senators ANDREWS, BOREN, BURDICK, LEVIN, MELCHER, RIEGLE, and ZORINSKY, and the voluntary incentive program (VIP), a program introduced by Senators KASTEN and PROXMIRE.

Both the VIP plan and mine have a certain similarity—we give incentives for those who reduce production. Both plans allow new producers to get into business and this is important because dairying is one of the few ways for young farmers to enter into farming.

Critics of our base plans for dairy are cautious due to experience with other commodities. Right now, there are complex acreage allotment/marketing quota plans for tobacco and peanuts that have been unchanged since the 1930's. The plans require that the right to produce these crops must be bought by a beginning farmer. This not only adds to his costs but also to the consumer costs. The USDA understandably wants to prevent a similar situation from arising in dairy. And I agree. That is why the incentive plans have definite termination dates designed to prevent the base from acquiring a salable value.

THE NEW PROPOSAL

Out of the morass, a compromise has emerged. In concept it is similar to PIK—a short-term program to reduce supplies and bring the market into balance.

For the first time the administration has been willing to consider an incentive plan for dairy with a base and a simple plan that would not become institutionalized and has a definite termination date. That is a big step foward because it is clear that an incentive plan built on a base is the only way to quickly reduce the surplus and simultaneously lower CCC dairy expenditures. It can best be described as a paid diversion plan. But if the USDA is to make diversion payments they insist on a cut in the support level.

Right now the compromise that is being worked on looks like this:

First, on October 1, 1983, a paid diversion program ($10 per cwt) would be implemented. It would last for 15 months and be partially funded by a 50-cent self-help fee on all milk marketed. Farmers would contract to reduce their production by 5 to 30 percent from their base. The base period would be either the 1982 marketing year—October 1, 1981 to September 30, 1982—or an average of 1981 and 1982 if that is more favorable to the producer. The Secretary of Agriculture could proportionately adjust the amount of each farmer's contracted reduction if, due to too many farmers signing up, a milk shortage would result.

Second, on October 1, 1983, the price support level would be reduced from the present $13.10 to $12.60/cwt. The farmer's check would be reduced by the 50-cent fee and so be $12.10.

Third, on December 31, 1984, the paid diversion program would end. The 50-cent fee would also end.

Fourth, on January 1, 1984, if the Secretary of Agriculture projects CCC dairy removals to be in excess of 6 billion pounds in 1985, the price would go to $12.10. Since the fee would end, the farmer's check would remain the same. If production is down and removals are projected to be under 6 billion pounds, then the price stays at $12.60—with no fee—or higher if the Secretary chooses.

Fifth, on July 1, 1985, if production still is not down and CCC dairy removals are still projected to be more than 5 billion pounds in the next 12 months, the Secretary would have the discretion to lower the price to $11.60—with no fee. The Secretary could raise the price as well if conditions warranted it.

Sixth, there would be a mandatory 15-cent checkoff for promotion. If there is already a checkoff within a State, it would be credited against the 15 cents. But no matter how much the State promotion checkoff is, the Federal checkoff for promotion would be at least a nickel.

Seventh, the USDA would state by a separate letter—it would not be part of the law—that it is their intention to increase the make allowance if CCC purchases go down.

OMB JUMPS IN

The compromise was developed over several weeks in negotiations between USDA and interested Members of the House and Senate. It is estimated to cost only $757 million in fiscal year 1984. Agreement was reached on May 18. The problem in dealing with the administration is that no agreement is ever final until OMB has had a chance to approve it. The result in this case was that after both sides had agreed to this approach on dairy, OMB threw in a new element—the dairy compromise was not OK unless target prices were frozen, too.

Fun and games—Let us change the rules at the end of the process to try to obtain some leverage. This attempted linkage of dairy with target prices has wisely been rejected by the House Agriculture Committee. They are separate issues and should be treated as such. Each must be considered on its own merits.

When the dairy plan reaches the Senate I hope my colleagues will join me in keeping it unemcumbered by the target price debate. Although I have much respect for Mr. Stockman, this blatant attempt to dictate agricultural policy is reprehensible and must not be tolerated.●

THE WISE USE OF CONSUMER CREDIT

● Mr. DANFORTH. Mr. President, one of the most important lessons any consumer can learn is the wise use of credit. The Missouri Consumer Credit Association—Education Foundation has worked hard to bring this message to young people in high schools throughout Missouri. Since 1975, the association has sponsored a statewide program for high school seniors to enhance their understanding of consumer credit. As part of this program the foundation conducts an annual essay contest.

The first place winner of this year's contest is Monty Joseph, a student at Hillcrest High School in Springfield, Mo. I offer my congratulations to Mr. Joseph, to his family, and to his friends for a job well done.

Mr. President, Mr. Joseph's essay reflects hard work and serious research, and his observations on the wise use of consumer credit merit our attention. I ask that his essay be printed in the RECORD.

HOW TO USE CONSUMER CREDIT WISELY

(By Monty Joseph)

Because credit is beneficial to consumers, the buyer has a responsibility to protect the system.

Consumer credit is a formulated plan with many built-in advantages. For instance, the buyer (by using the credit system) can purchase items now for which he ordinarily would not have the money. The agreement that the purchase will be paid for out of future income is made with the creditor. Various essentials such as a home or an automobile can be bought on credit that, in reality, would take years or even a lifetime to otherwise buy. Newlyweds can begin to accumulate the possessions that make for a stable life. They need not wait month after month, year after year, until they have saved up the money to pay cash for a home and its furnishings, a car and other things to which young families aspire.

The immediate use of something can be obtained that would be impossible to do so without the credit system such as an unexpected medical need or other sudden emergency. Also, current and existing expenses do not have to be ignored with the intent of saving up for some future expense such as a college education. The credit plan allows the debtor to pay for those items when the need for them arises.

These are some advantages to consumer credit, but there are unfavorable factors, too. Here is where responsibility comes into the picture. Consumer credit is, for those who use it wisely, a very advantageous plan. People who do not understand the benefits of prudent utilization become aware of its pitfalls. For instance, to the foolish buyer, the credit system allows impulsive purchasing, causing one of two things: he will either buy items he really doesn't have use for, or it may be something that is much more expensive than he actually has money to acquire. It gives him a false sense of security and, as a result, causes him to rely too heavily on the system. This can happen when one does not understand how credit works. This can and does happen because people mistake the negative aspects of the credit plan for its benefits and, in so doing, allow credit to become detrimental to the consumer.

It doesn't have to be this way. Anyone can see that the problem does not lie in the system, but in the consumer. These disadvantages arise when the buyer uses consumer credit foolishly and on the "spur of the moment." Therefore, the positive factors will emerge when proper use of this system is carried out.

Look at all the positive factors. As mentioned before, immediate purchases can be made—purchases for various essentials, substantial or expensive items and services—that normally could not be made without the credit system. It is because of this that one would not have to "dip into family reserves" to pay for these common necessities.

This plan adds convenience and availability to buying. Credit cards, for example, take a lot of the "hassle" out of buying. There is a small fee to pay but it is justifiable when the advantages are taken into consideration, such as not having to carry much money around and easy replacement if the card is lost or stolen. Credit cards are only one form of consumer credit. There is also service credit, bank cards, installment credit, personal loans, as well as other plans.

This system is not only beneficial to the consumers; but merchants also gain from the credit plan. Consumer credit provides stability to consumer demand. It underwrites mass production, mass distribution, and mass consumption, causing lower prices. Commonsense tells us that more people will continue to buy with the credit system in effect. Without it, each household would literally have to "pinch every penny." Yet, with it, consumer credit encourages habits of thrift and forces families to set-up a budget which prevents overbuying.

The advantages of consumer credit far outweigh the disadvantages; but, as seen before, with wise usage of credit, these pitfalls can become virtually nonexistent. Credit properly used is seldom abused.

The following are six guidelines for wise use of consumer credit: (1) Establish a steady employment record. (2) Budget income to cover the necessities of life and savings before contracting for the purchase of luxuries. (3) Shop as carefully when buying on credit as when paying cash. (4) Know the exact amount of the finance charge and all other costs of credit making sure all terms and conditions of the agreement are understood before signing the contract. (5) Do not contract for larger payments than the budgeted income will permit. (6) Build a good credit record by paying as agreed.

Credit purchases provide a service to consumers, but with that service comes responsibility. Buying on credit is harmful to the foolish consumer, but for the foolish consumer only. Overwhelming advantages are in store for the buyer who uses credit wisely.●

THE EMERGENCY AGRICULTURE CREDIT ACT OF 1983

Mr. HUDDLESTON. Mr. President, recently all Senators received a letter from many prominent rural oriented interest groups, urging the Senate to immediately consider S. 24, the Emergency Agricultural Credit Act of 1983. I agree that this legislation is urgently needed by our Nation's farmers. I request that the letter be printed in the RECORD.

The letter follows:

MAY 23, 1983.

To: All Members of the United States Senate.

DEAR SENATOR: The listed organizations are contacting you regarding S. 24, the

Emergency Agricultural Credit Act of 1983. Speedy Senate consideration of this bill is of paramount importance to our organizations because of our concern for the thousands of farmers that we either do business with, or represent, that have been pushed to the brink of financial failure.

As you are aware, S. 24 was favorably reported out of the Senate Agriculture Committee on March 18. The House of Representatives overwhelmingly passed a very similar bill (H.R. 1190) by a vote of 378 to 35 on May 3. Expeditious consideration is warranted in light of the major expenses incurred by farmers during these spring months and the advent of 23 states having run out of farm operating loan funds in the current fiscal year.

While there are some signals that this nation's economy might be on an upswing, there is a general agreement that any improvement in the farm sector will lag considerably behind, caused principally by a continuing worldwide recession. According to April Economic Indicators, projected 1983 net farm income will be approximately $19.2 billion, slightly worse than last year's devastating income level. This marks the fourth bad year in succession for America's farmers.

We have recently witnessed an alarming rate of farm bankruptcies, liquidations and delinquencies. Even so, we must emphasize that the cumulative effect of this difficult period could well result in far greater problems lying ahead of us.

We believe S. 24 properly addresses the short-term agricultural credit crisis and serves as recognition of the futility of letting many of our productive farmers fail when they have been, and can continue to be, such a vital part of our entire economy.

We would greatly appreciate your urging Senate leadership to hastily provide for full Senate consideration of S. 24.

Thank you for your consideration.

Sincerely,

CENEX, Center for Rural Affairs, Walthill, Nebraska, Cooperative League of the USA, Emergency Land Fund, Atlanta, Georgia, Interreligious Taskforce of US Food Policy, National Catholic Rural Life Commission, Des Moines, Iowa, National Council of Churches Working Group on Domestic Hunger and Poverty, National Farmers Organization, National Farmers Union, National Rural Electric Cooperative Association, National Rural Housing Coalition, Rural Advancement Fund/National Sharecroppers Fund, Charlotte, North Carolina, Rural America, Rural Coalition.

NOTICES OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

● Mr. STEVENS. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Steve Harris, of the staff of Senator RIEGLE, and Mr. Barbour of the staff of Senator HATFIELD, to participate in a program sponsored by a foreign educational organization, Soochow University, in Taipei, Taiwan, from May 28 to June 5, 1983.

The committee has determined that participation by Mr. Harris and Mr. Barbour in the program in Taipei, at the expense of Soochow University, to discuss trade and economic matters, is in the interest of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Ms. Susan Hollywood, of the staff of Senator GRASSLEY, to particpate in a program sponsored by a foreign educational organization, Soochow University, in Taipei, Taiwan, from May 28 to June 5, 1983.

The committee has determined that participation by Ms. Hollywood in the program in Taipei, at the expense of Soochow University, to discuss trade and economic matters, is in the interest of the Senate and United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. John L. Mica, of the staff of Senator PAULA HAWKINS, to participate in programs sponsored by Seoul National University, Republic of Korea, and Sino American Cultural and Economical Association in the Republic of China, from March 26 to April 2, 1983.

The committee has determined that participation by Mr. Mica in the programs in the Republic of Korea and the Republic of China, at the expense of Seoul National University and the Sino American Cultural and Economical Association, respectively, to discuss with Government officials and business groups concerning foreign policy, defense, and agricultural issues, is in the interest of the Senate and the United States.

The select committee has received a request for a determination which permits Mr. Richard F. Kaufman of the Joint Economic Committee to participate in a conference on security and economic issues in Tokyo, Japan, on March 28, 1983, paid for by the International House of Japan and the Institute for Domestic and International Policy Studies.

The committee has also received a request for a determination which permits Dr. James K. Galbraith to participate in a program on economic issues in Berlin, Federal Republic of Germany, on April 28, 1983, paid for by the Wissenschaftszentrum Berlin (Berlin Science Center).

The committee has determined that participation by these individuals in these programs is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Sheldon J. Himelfarb, of the staff of Senator CHARLES MCC. MATHIAS, JR., to participate in a program sponsored by Soochow University, in Taipai, Taiwan, from May 27 to June 5, 1983.

The committee has determined that participation by Mr. Himelfarb in the program in Taiwan, at the expense of Soochow University, to participate in seminars and meetings, is in the interest of the Senate and the United States.

The Select Committee on Ethics has received requests for determination under rule 35 which would permit Mr. Robert Ludwiczak, of the staff of Senator GRASSLEY, Mr. Lindy Marinaccio, of the staff of Senator PROXMIRE, Ms. Annette Fribourg, of the staff of Senator CHAFEE, and Ms. Cynthia Jurciukonis, of the staff of Senator RIEGLE to participate in a program sponsored by a foreign educational organization, Seoul National University in Seoul, Korea, from May 29 through June 5, 1983.

The committee has determined that participation by Mr. Ludwiczak, Mr. Marinaccio, Ms. Fribourg, and Ms. Jurciukonis in the program in Korea, at the expense of Seoul National University, to discuss United States-Korean economic, political, and security relations, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Kevin Coyner, of the staff of Senator MURKOWSKI, to participate in a program sponsored by Seoul National University, Republic of Korea, from May 29 to June 5, 1983.

The committee has determined that participation by Mr. Coyner in the program in the Republic of Korea, at the expense of Seoul National University, to discuss with Government officials and business groups foreign policy, economic, and security issues, is in the interest of the Senate and the United States.●

THE FIGHT FOR DEMOCRACY AND HUMAN RIGHTS IN SOUTH KOREA

● Mr. KENNEDY. Mr. President, on May 22 the North American Coalition for Human Rights in Korea sponsored a memorial service to mark the third anniversary of the bloody Kwangju uprising. That event has become the foremost symbol of repression by the South Korean Government of President Chun Doo Hwan.

Now we learn that political opposition leader Kim Young Sam, who has been under protracted house arrest

and who had begun a hunger strike to protest the abuses of the government, has been taken from his home by plainclothesmen and placed under guard in Seoul University Hospital. Several of Mr. Kim's aides have also been detained.

Kim Young Sam is the former leader of the now outlawed New Democratic Party. After the assassination of President Park Chung Hee in 1979, both Kim Young Sam and Kim Dae Jung were regarded as major contenders for presidential elections projected for 1980 before they were thwarted by military coup.

We all recall the harassment and abuse endured by Kim Dae Jung and his family because of his political role. That abuse finally ended as he, his wide and two sons have at last been allowed to leave South Korea and come to the United States. Other prominent political prisoners have also been released. these moves have been welcomed around the world.

Nevertheless, these steps fall short of the true goal we all must have in South Korea: The climate of repression must be eased, and respect for human rights and democracy must be enhanced. The South Korean authorities should now carry out their professed intention to lift restrictions on a broad range of freedoms, including political activity by opposition leaders.

In apprehending Kim Young Sam, the South Korean Government claims that it is saving Mr. Kim from inflicting upon himself the fate of an unnecessary death. However, it appears to me that if the Government is truly concerned about the health of Mr. Kim, it should proceed to restore full respect for basic rights and to bolster the democratic institutions to which Mr. Kim himself is committed.

When beginning his hunger strike on May 19, Kim Young Sam stated:

I am entering this hunger strike to show that we must expand our fight for democracy, and only through a fight at the peril of one's life can we achieve democratization. If, through the sacrifice of my life it would help bring about a democratic government, then I will happily submit to this final act of service.

Let us devoutly hope that such a just goal does not require such a tragic path.●

EDUCATIONAL PROGRAMS FOR THE DISADVANTAGED

● Mr. JOHNSTON. Mr. President, I am very concerned about a situation which recently came to my attention and which I intend to review more closely between now and full Senate consideration of the fiscal year 1983 supplemental appropriations bill. The TRIO program is one of the most productive educational programs for the disadvantaged. Recently, I discovered that 37 of the programs currently in operation will not be continued. One of them is in my home State at Southeastern Louisiana University. Despite receiving very high marks for its operation and administration by the Department of Education, the program at Southeastern is being discontinued because its application for refunding received lower scores. In other words, the program at Southeastern is being terminated because it failed to practice the grantsmanship which many of the major universities can practice as a result of their great resources. The program at Southeastern is being discontinued even in the face of broad acknowledgements that its program is one of the best in the region. Similar terminations have occurred at many of the other 36 program sites—including 4 in the State of Mississippi, 4 in New York, 3 in Pennsylvania and 3 in Georgia—just to name a few. I want to put the Senate on notice that this matter may require further consideration during full Senate consideration of the supplemental appropriations bill.●

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, in accordance with Public Law 84-944, appoints the Senator from New York (Mr. MOYNIHAN) to the Senate Office Building Commission.

ORDER FOR STAR PRINT OF S. 1363

Mr. BAKER. Mr. President, it has been called to my attention that mistakes were made in a bill introduced yesterday, which is numbered S. 1363. I ask unanimous consent that a star print of the bill be made to correct those mistakes.

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

ADJOURNMENT TO JUNE 6, 1983

Mr. BAKER. Mr. President, I have conferred with the minority leader, who indicates that there is no further requirement for time in morning business on his side. There is no further request on this side.

The record will be open until 3 p.m. today for the insertion of statements and the introduction of bills and resolutions.

Mr. President, I therefore move, in accordance with the provisions of Senate Concurrent Resolution 41, that the Senate now stand in adjournment.

The motion was agreed to; and at 12:45 p.m. the Senate adjourned until Monday, June 6, 1983, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate May 26, 1983:

DEPARTMENT OF STATE

Hume Alexander Horan, of New Jersey, a career member of the Senior Foreign Service, class of minister-counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democractic Republic of the Sudan.

THE JUDICIARY

Gene Carter, of Maine, to be U.S. district judge for the district of Maine vice Edward T. Gignoux, retired.

Hector M. Laffitte, of Puerto Rico, to be U.S. district judge for the district of Puerto Rico, vice Hernan G. Pesquera, deceased.

COMMISSION ON CIVIL RIGHTS

Morris B. Abram, of New York, to be a member of the Commission on Civil Rights, vice Mary Frances Berry.

John H. Bunzel, of California, to be a member of the Commission on Civil Rights, vice Blandina Cárdenas Ramirez.

Robert A. Destro, of Wisconsin, to be a member of the Commission on Civil Rights, vice Murray Saltzman.

Linda Chavez Gersten, of the District of Columbia, to be staff director for the Commission on Civil Rights, vice Louis Nunez, resigned.

FARM CREDIT ADMINISTRATION

Joseph Alison Kyser, of Alabama, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1989, vice Lawrence Owen Cooper, Sr., term expired.

U.S. INTERNATIONAL TRADE COMMISSION

Lyn M. Schlitt, of Virginia, to be a member of the U.S. International Trade Commission for the remainder of the term expiring December 16, 1985, vice Willam Alberger, resigned.

Susan Wittenberg Liebeler, of Calfornia, to be a member of the U.S. International Trade Commission for the remainder of the term expiring December 16, 1988, vice Michael J. Calhoun, resigned.

Seeley Lodwick, of Iowa, to be a member of the U.S. International Trade Commission for the term expiring December 16, 1991, vice Eugene J. Frank, resigned.