SENATE—*Wednesday, February 29, 1984*

(Legislative day of Monday, February 27, 1984)

The Senate met at 11 a.m., 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.

Blessed is the nation whose God is the Lord.—Psalm 33: 12.

Almighty God, Sovereign of history, let us never forget that Thou art the source of our strength. We are grateful for strong Senate staffs. We are grateful for strong Senators. We are grateful for strong leadership. We are grateful for strong diversity. But help us, Lord, to remember that combined strengths are weakness when there is divisiveness.

Make us to see that our greatest strength is in our unity. Save the Senate, Lord, from fragmentation and impotence. Above all, gracious God, may we remember that our strength comes from Thee. Deliver us from the delusion that we can get along without Thee. We pray in the name of the most powerful man in history who found His strength in Thee. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SENATE SCHEDULE

Mr. BAKER. Mr. President, three Senators have special orders this morning for 15 minutes each and then an order has been provided to have time for the transaction of routine morning business until not later than 12 noon today, in which Senators may speak for not more than 5 minutes each. At noon we will resume consideration of S. 979, which is the export administration bill.

I do not know how many amendments there are to the export administration bill, Mr. President, but I am beginning to get the feeling that there may be a number. I should say that it is the intention of the leadership on this side to try to finish this bill this week. I have previously announced that this week we will also plan to consider the miscellaneous tariff bill and/or the FTC authorization bill. This is still my hope and desire.

May I say that our first requirement is to deal with the matter at hand. I hope Senators will be sparing in offering their amendments, and that we can pass this measure today and get on with the other two measures that I have mentioned.

In any event, Mr. President, I will say that it looks as if the export administration bill may require a little longer than I had originally planned for.

Mr. President, in view of that, I wonder if the minority leader is in a position to consider the possibility of addressing Calendar Order No. 683, H.R. 4956, which is a 30-day extension of the Export Administration Act of 1979, with an order that no amendments would be in order to that measure.

Mr. BYRD. Without amendment?

Mr. BAKER. Without amendment.

Mr. BYRD. I would have no objection.

EXTENSION OF EXPORT ADMINISTRATION ACT OF 1979

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of H.R. 4956, that no amendments be in order to that measure, and that the time for the consideration of that measure be limited to 1 minute.

The PRESIDING OFFICER (Mr. TRIBLE). Is there objection to the request of the Senator from Tennessee? Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4956) to extend the authorities under the Export Administration Act of 1979.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 4956) was ordered to a third reading, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I do not expect today to be a late day. We will stay as late as reasonably necessary to accommodate the requirements of Senators, but there are a number of functions this evening that I am aware of that will probably affect Members on both sides.

I do warn Senators, however, that Thursday, which is the usual and regular late evening, may be a late evening this week.

Mr. President, I am prepared to yield so that the minority leader may claim his time under the standing order.

I yield back my remaining time or yield it to the control of the minority leader.

Mr. BYRD. I thank the majority leader.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. BYRD. The majority leader is welcome.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

THE ROADBLOCK TO DEFICIT REDUCTION

Mr. BYRD. Mr. President, the cover of the latest issue of Time magazine visually dramatizes what many people believe to be the most serious domestic problem facing this country; namely, our soaring budget deficit, or, as the Time cover puts it, "Our Economic Black Hole."

The seriousness of these deficits was, I thought, not lost on the President. Just hours, however, before he delivered his State of the Union address in January, he called me to say he was calling on the Speaker of the House, the majority leader of the Senate, the minority leader of the House, and me, to designate someone among our respective memberships who would attend meetings downtown with administration representatives to discuss the budget deficits. I indicated that I would appoint someone.

At that time, I said to the President, "Mr. President, there is only one man in this country who can convince the American people that deficits are dangerous, and that man is the President of the United States."

I said, "There is only one man in the country who can persuade the American people that it may be necessary to take some bitter medicine, and that

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one person is the President of the United States."

I said, "Mr. President, you will have to provide the leadership if we are to be successful in this effort."

He said, "OK, if you will designate someone, I shall 'do the other part'," as I recall.

I responded by naming Senator DANIEL INOUYE, who is an elected member of the Democratic leadership, and the Speaker responded to the President by naming House majority leader JIM WRIGHT. The distinguished majority leader of the Senate, Mr. BAKER, responded by designating a Senator or Senators, and the distinguished minority leader of the House, Mr. MICHEL, made his appointment.

The first meeting of that group was held just 1 week after the President's budget was unveiled. While I, along with many of my colleagues, was disappointed with the huge deficit in the President's budget and his failure to recommend meaningful and substantial and real reductions, we were anxious to do what we could, and still are, to reduce the deficits in a fair and equitable manner. Clearly, reaching a substantial reduction of the deficits will not be easy, but we Democrats approached the White House meeting with the belief that successful deficit reduction efforts will have to address those areas of the budget which most caused the astronomical deficit growth to begin with. The CBO told us that the recession was largely responsible for turning a fairly bright budget picture in January 1981 into a morass of deepening deficits in January 1984. That recession is now a bitter fact of life. During those 3 years, the administration also made a number of policy changes contributing further to deepening the deficits.

During the administration's first 3 years, its military spending binge added some $79 billion to the deficits over the fiscal year 1982–85 period, and the tax program added $323 billion more in red ink. When combined with the added interest costs of this larger debt, the total deficit increases completely overwhelmed the $192 billion in nondefense savings that had been made by the Congress. So, contrary to many people's impressions, this administration's policies have directly added $240 billion to the cumulative deficits during those years.

This is hardly a State secret. Even some Republican leaders acknowledge that significant deficit reductions must include reductions in the planned increase in Pentagon spending and recovering some of the revenues lost to the wealthy in the 1981 tax bill.

During, I believe it was the first meeting of the White House group, I am advised that Congressman WRIGHT proposed a plan to reduce military spending first advanced by former President Gerald Ford, stretching out the planned 5-year military buildup over 6 years. At the second meeting, Mr. WRIGHT again put forward this plan as a means of reducing the deficit. He was joined by Mr. INOUYE, who also suggested that the White House provide the participants with a priority list of various systems so that Congress would know where to cut fat and where to cut muscle.

Incidentally, Senator INOUYE and I joined in writing a letter to Mr. Jim Baker at the White House urging that the administration provide the participants with a priority list of various defense items. I added a postscript referring also to foreign aid. Thus far, no response has been received from the White House to even acknowledge the receipt of those two letters.

At the third meeting, I am advised that Senator DOMENICI advanced a plan to reduce real Pentagon growth to 5 percent of fiscal year 1985, 4.5 percent in fiscal year 1986, and 4 percent in fiscal year 1987. According to all reports, Mr. DOMENICI's proposal was shot down quickly, with the White House participants indicating, when it came to Pentagon spending, that they, the administration people, were only "observers" and not "participants"—even though the President had earlier said on national television that everything would be on the table.

Even the bipartisan National Governors Association, at their annual meeting here, recommended a limit on defense growth of 2 to 4 percent for the next 25 years.

After all these proposals, what was the reaction of the people at the White House? They rejected them all. While continuing to profess that all subjects were on the table, they were rejecting any and all proposals for serious deficit reductions at the Pentagon. It matters not whether those proposals were advanced by Democrats or by Republicans or by bipartisan groups. The result was and is the same: A solid "No."

The President is stonewalling the American people on deficit reduction. He rejects serious alternatives, and yet presents none of his own. He focuses on further domestic spending cuts and ignores the true cause of the deficit problem as described by his own economic adviser, Martin Feldstein, as "defense spending, interest on the national debt, and the tax reduction." So, the President has become the roadblock to deficit reduction.

In his economic report to Congress this year, the President states clearly that he will wait until next year to propose deficit reductions. On page 9 of the Economic Report of the President, he states, "In 1985, I will submit a budget that can achieve this goal"—making reference to a balanced budget.

So while paying lip service to deficit reduction this year, the President is apparently preparing a behind-the-scenes plan for next year, keeping this plan out of sight until the election is safely behind him.

Mr. President, a President is elected to provide leadership on the issues important to our people and our country. Certainly, the burgeoning deficits are an issue which the people want resolved and which the country needs resolved. But, as I have asked before, where is the President? He gives Congress a budget that, in actuality, proposes rising deficits at a time when we have already experienced 3 years of the largest deficits in our history.

He proposes a budget that provides for a $50-billion increase over last year in Pentagon spending authority while there is increasing evidence of $450 hammers, $1,100 plastic stool caps, and $44 light bulbs purchased by the Pentagon.

The Democrats—and, I am sure, Republicans—from the Hill are making good faith efforts at the table downtown to try to reduce the Federal deficits, but we must not wait on this group. The real work of reducing the deficit must be done through the legislative process. That work has begun. Mr. DOLE is moving forward as chairman of the Finance Committee. Mr. HATFIELD is moving forward as chairman of the Appropriations Committee. Mr. DOMENICI is moving ahead as chairman of the Budget Committee. Their counterparts for the most part, as I can understand it, on the House side are likewise moving ahead, so that the legislative process is getting underway. The distinguished majority leader of the Senate has been quoted as saying we must get on with the legislative process. And he also, according to news reports, has been working with the chairmen of the committees in the Senate, those committees which have major responsibilities in this field. I personally feel that that is the way it should be done; it is the way it always has been done, and I trust that this legislative process will continue.

Unlike the President, most people do not believe that deficit reductions can wait until next year. I think that we must do whatever we can that is fair and equitable, reasonable, and meaningful. I think that is what we have to do now. As I said before, the way to do it is through the legislative process, and that process is not standing still. It is moving. But only the President can provide the kind of leadership we and the country need in reducing the budget deficits—deficits brought about largely by his own policies.

I congratulate the chairmen and the ranking members and members of the Senate committees to which I have referred, and I commend the majority

leader of the Senate for his efforts to get the legislative process moving.

That process will allow hearings to be held, witnesses to appear and answer questions on the record, and each Member of the Senate may then vote up or down on the issues presented. It is not possible for any number of persons to sit behind closed doors downtown and commit 535 Members of both Houses to support or oppose any particular question or position involved.

JAPAN BEEF

Mr. BYRD. Mr. President, prior to the President's trip to Asia last November, I wrote to him to express my deep concern about our trade deficit with Japan. That deficit was in excess of $19 billion last year and stands as the largest trade deficit between any two countries in the world. Ambassador William Brock reports that as much as $5 billion of this amount is the result of discriminatory application of nontariff barriers to U.S. goods. Prior to the President's departure, I introduced, and the Senate passed, a resolution calling for the reduction of such barriers to free trade.

Senator BAUCUS reminded us last week that Japanese import quotas also represent a formidable barrier to U.S. products. Senator BAUCUS has done a superb job of highlighting this problem as it pertains to U.S. beef products. The people of Montana are rightly proud of MAX BAUCUS' leadership on this issue of importance. We in the Senate have benefited from Senator BAUCUS' hard work in this regard. He has met with the Japanese Ambassador to the United States, and taken many constructive steps toward changing the quota and establishing fair trade in beef products between the United States and Japan. I commend my colleague from Montana for his diligence and commitment to a regime of fair trade.

Mr. President, if I have any time left, I will be glad to yield it to the first Senator who has an order.

Do I have any time left?

The PRESIDING OFFICER. The Senator's time under the standing order has expired.

Mr. BYRD. Even that which the majority leader so kindly yielded to me?

The PRESIDING OFFICER. That time has also expired.

Mr. BYRD. I thank the Chair. I am longer winded that I realized.

I cannot yield any time to the Senator from Pennsylvania. Does he have an order?

Mr. SPECTER. I thank the distinguished leader for his suggestion. I do have an order following Senator PROXMIRE.

Mr. BYRD. Does the Senator need more than 15 minutes? I do have an order.

Mr. SPECTER. I may. I may, but I think——

Mr. BYRD. All right. Mr. President, I want to save some time for Mr. INOUYE, should he come to the floor. He indicated to me earlier today that he would like some time, so I yield 5 minutes to Mr. SPECTER, if he should need it.

I ask unanimous consent that I may reserve the final 10 minutes in my order for use by the distinguished Senator from Hawaii (Mr. INOUYE).

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

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

PROGRAM FOR PREVENTING NUCLEAR WAR

Mr. PROXMIRE. Mr. President, let us first summarize where we are in these speeches on the development of national policies that we should pursue to prevent nuclear war—the positive policies. On a later occasion I will set forth national policies we must avoid to prevent nuclear war the no-noes.

A nuclear war is likely to start—not from a superpower strike. Such a strike would be an act of suicide. It might come from a mistaken judgment by either superpower that it was under attack. But it is most likely—in fact given time and the continuation of nuclear proliferation—it will very likely come from the initiative of a third country, such as Libya or Iran. The superpowers now face each other in a nuclear standoff. Deterrence has worked for 30 years. It may work indefinitely. But a newly nuclear armed country confronting a traditional adversary which had not yet acquired a nuclear arsenal would not face deterrence. It would not fear the kind of retaliation that a nuclear aggressor against either superpower would face. In fact, consider the inviting options open to a third country lead by a Khomeni or a Qadhafi, or some other dictator who might arise in the future and have the same disregard for human life. It could in the flash of a few minutes utterly demolish any nonnuclear adversary without fear of retaliation. Now, Mr. President, I come to a much more serious possibility. It could through the use of terrorists even decapitate a superpower—wipe out its entire leadership. Imagine what a single explosion when the President delivers his annual state of the Union message only a few feet away from here in the House Chamber could do to the leadership of our country. It would eliminate the President, Vice President and Cabinet, the Joint Chiefs of Staff, the Supreme Court and the Members of the Congress—the entire Senate and House. A single, small nuclear weapon exploded within a mile of the Capitol any time in the future—5, 10, 20 years from now—could do all this. If proliferation continues at its present pace, a country perpetrating such an act might well be confident that it would not suffer retaliation.

Now, assume that decapitation should occur in January 1994. Assume that somehow we restored a government authority very promptly. Could such a government punish the perpetrators of the greatest political crime in the Nation's history? How? Where would we strike back? How could we determine responsibility for sure? With a score or more of countries possessing a nuclear arsenal at that time, with the obvious possibility that the nuclear weapons that destroyed the country's leadership had been seized by a terrorist group, we would face the possibility, perhaps the probability, that no country was responsible.

Mr. President, what I describe is not a remote hypothesis from never-never land. Sure, it sounds far out. But why is it not the logical consequences of an indefinite proliferation of nuclear weapons? Why is it not the consequence of our feeble, full-of-holes restraint against selling nuclear materials and equipment to nations that have refused to sign the nonproliferation treaty? After all, by refusing to sign that treaty, these nations that receive our heavy water and metallurgical presses especially designed for nuclear weapons have, in fact, rejected international inspection to determine whether or not they diverted the materials and equipment to military purposes. Why do they refuse to sign? You know why: Because they are building nuclear arsenals.

Mr. President, we not only need to recognize the terrible consequences of nuclear war, we not only need to maintain our deterrent, we not only need to push hard for a mutual, verifiable freeze agreement with the Soviet Union, we not only need to make our fight against nuclear proliferation our No. 1 national priority, but we need one other fundamental change. We need to find ways to cooperate and work with the Soviet Union at every level—in cultural relations, in business and trade, in agriculture, in science, even in sports. We can have a far more profound influence on that closed society than they can have on our open society. President Reagan has pointed out that our countries have never really been at war with each other in any major way. We both have everything to gain from cooperation and nothing to lose. Sure, the Soviet Union is a Communist, Marxist, atheist dicta-

torship. Yes, indeed, they have a long and bloody history of disregard for human freedom. They have preached world revolution by force and violence, but gradually and peacefully they can change. There is no way that cooperation with Russia can subvert our open institutions. We welcome and thrive on criticism and debate. Our genius is that we welcome change as long as it keeps the future open for freedom and democracy.

Mr. President, this is the positive agenda for peace in the nuclear world. There is a negative agenda, too: A series of actions we should identify and avoid if we are to maintain peace. This body should move forward with the positive agenda I have outlined. In a later speech I will set forth the negative side, how we must avoid the pitfalls in this treacherous nuclear armed world that could lead to the certain destruction of our blessed country and the possible extermination of the human race.

PERSECUTING THE INNOCENT

Mr. PROXMIRE. Mr. President, in February of last year, 22 Baha'is were condemned to death by the Islamic Revolutionary Court of Shiraz.

The sentences were approved by the Supreme Court of Iran. The trials were carried out in secret, no formal charges were preferred, and the names of the condemned were not disclosed.

During an interview with the president of this court, he said:

> It is absolutely certain that in the Islamic Republic of Iran there is no place for Baha'is or Bahaism. . . . Before it is too late, the Baha'is should recant Bahaism, which is condemned by reason and logic. Otherwise, the day will soon come when the Islamic nation will deal with them in accordance with its religious obligations.

Since the beginning of the 2d session of this 98th Congress, I have on several occasions denounced the systematic persecution of this religious minority. My repetition is not without purposes, for in remembering, one may act to prevent a recurrence.

The Baha'is are not political activists or subversives who look with selfish intentions to gain from their homeland. They neither clamor for leadership nor desire to accumulate wealth. They are peace-loving people who are dedicated to obeying the instructions of their government.

I ask you, why are hundreds of Baha'is cemeteries bulldozed and the graves desecrated? Why are their clinics dynamited and their holy shrines destroyed by Iranian officials? Why are hundreds of Baha'is cruelly beaten and driven from their villages? And most important, why are innocent lives being snuffed out by a hangman's noose?

The simple answer is religious faith—a faith that if not recanted at the feet of the Iranian justices, may lead to the elimination of this religious minority.

What has emerged is a systematic campaign of persecution with an aim of nothing less than the eradication of the Iranian Baha'i community.

Mr. President, the Baha'is have made a worldwide appeal for relief from this inhuman policy of persecution. The United States, as the global leader in human rights, has an obligation to respond.

If we are to denounce possible acts of genocide, we must ratify the treaty which stands for that very cause. Strengthening our position through international law is a necessity in this instance because a total commitment to human rights must include the Genocide Convention. I urge its ratification.

RECOGNITION OF SENATOR SPECTER

The PRESIDING OFFICER. Under the previous order, the Senator from Pennsylvania (Mr. SPECTER) is recognized for not to exceed 20 minutes.

Mr. SPECTER. Mr. President, I yield at this time to the distinguished Senator from Hawaii.

Mr. INOUYE. I thank my colleague from Pennsylvania very much.

NOTES ON THE REPORT OF THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERCIA

Mr. INOUYE. Mr. President, what I must now do is not pleasant.

I trust that does not astonish anyone, for today I am presenting my views on the report of the Kissinger Commission and on present conditions in Central America, and I think, if I speak directly and openly, there will be no surprises—I will state what Senators already know.

I came late to the Kissinger Commission. As Senators know, after the death of our colleague, Senator Henry M. Jackson, I was honored to be appointed to serve in his place as a senior counsellor to the Commission. Unfortunately, the commitments of a legislative schedule, established long before my appointment, precluded me from joining the Commission on its foreign travel. I have, however, had lengthy discussions and explored the work of the Commission with its chairman, Henry Kissinger, and with Robert Strauss and other members.

Furthermore, my work on the Appropriations Subcommittee on Foreign Operations, as well as on the Intelligence Committee, has kept me abreast of the situation. In addition, because I knew that I would be unable to travel, in September of last year, I sent a member of the professional staff of the Committee on Appropriations to Central America to gather information and to provide me a firsthand report on economic, military, and political conditions in the region. In January of this year, after the release of the Kissinger Commission report, I again sent him to Guatemala, El Salvador, Honduras, and Nicaragua. I have now completed my review of the information gathered in the past several weeks.

I would like to underscore that this is a personal report. I am not speaking on behalf of the Democrats on the Appropriations Subcommittee on Foreign Operations, nor do I speak for my colleague who was also a senior counsellor, Senator BENTSEN. I speak only for myself and only in the hope that we can act in unity to spare our country from what I perceive to be an imminent—but emphatically not an inevitable—tragedy.

Mr. President, I fear that America is stumbling blindly toward the abyss. Military assistance to a bloody regime in Guatemala, military maneuvers which trample on an infant democracy in Honduras, and the failure to effectively confront military complicity in death squads in El Salvador, all of these are signs which mark the way, yet those in power do not see them. The policies of the Reagan administration in Central America have heightened tensions and have served to encourage those who would seek to quell by force the urges for freedom and dignity they have long failed to resolve through peaceful social change. The United States is, today, contributing to the creation of an increasingly dangerous configuration of political and military forces in Central America, and I am gravely concerned that, if we follow the course charted by the Reagan administration, the United States will be caught up in the maelstrom of violence. And the tragedy which awaits us, unless we exercise the courage and wisdom to avert it, is that the forces of our democracy will be employed in the service of tyranny and repression.

Those of you who know me well know that these words do not come easily to me. I am still reluctant to give the full measure of my concerns, but I can no longer remain silent. I shall try to give you an objective analysis, devoid of excesses of rhetoric, but I will not limit myself to a mind-numbing recitation of statistics. If my analysis is not uniformly dispassionate, it is because I fervently believe that the strength of this Nation rests on its adherence—particularly in times of adversity—to fundamental moral principles. In this, I am in agreement with the Kissinger Commission, which declared, "To be perceived by others as a nation that does what is right because it is right is one of this country's principal assets." Therefore, let me be direct. The United States must be pre-

pared to terminate our military assistance program to El Salvador, if the leaders of that country do not curb corruption and dismantle death squad structures. Before our adherence to fundamental moral principles is further debased, before we lose sight of who we are, we must put an end to this sordid affair.

Mr. President, I ask unanimous consent that my report be printed in the RECORD.

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

NOTES ON THE REPORT OF THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA

(By Daniel K. Inouye)

In my view unquestionably the strongest element of the report of the National Bipartisan Commission on Central America is its command of historical perspective. The candor and compassion with which the Commission members addressed the historical framework for contemporary problems in Central America is testimony to the seriousness of purpose with which they approached their task. Their historical review is impressive, and it should give us pause. Fear of "economic imperialism," the report notes, "to some degree still persists among Central Americans." Moreover, one of the significant findings in the report is that past military interventions and other forms of pressure are part of the legacy of U.S. involvement. In the words of the Commission, "None of these policies worked very well, and they aroused considerable resentment." On the other hand, the Commission found that Franklin Roosevelt's Good Neighbor Policy of friendship and non-intervention "had the paradoxical effect of continuing to identify the United States with established dictatorships."

The historical review should give to us a humble appreciation of the limits of U.S. political or military intervention. So, too, should the review of the historical antecedents to the social, economic, and political crises of today give us an appreciation of the difficulty of achieving peaceful social change in Central America. Indeed, the stark reality of contemporary life for many in Central America—in economic terms alone—is so grim and the obstacles to change so formidable, that it appears at least some of the Commissioners drew back from their own conclusions on the dim prospects for peaceful social change and, instead, turned their attention to military threats to United States vital interests.

I will not review and comment on all of the findings of the Kissinger Commission. Nor will I challenge the goals expressed in its report; these are indeed laudatory. In point of fact, the expressed goals are those of the Alliance for Progress: economic growth, structural change in societies, and political democratization. The Commission rightly points out, however, that, despite the promise of the Alliance for Progress, "it was only in the first area that significant progress was made." In this regard, it quotes the findings of the Economic Commission for Latin America—"the fruits of the long period of economic expansion were distributed in a flagrantly inequitable manner." The example chosen by the Kissinger Commission underscores the ultimate failure of the Alliance for Progress: "in El Salvador in 1980 66 percent of the national income went to the richest 20 percent of the population, 2 percent went to the poorest 20 percent."

It has been said that the period of modernization and national geographic growth brought on by the Alliance for Progress was a revolution. It aroused expectations and held forth the promise that the quality of life would improve. For the majority, however, the burdensome struggle for human existence was not relieved. In Guatemala, for example, the real incomes of poor families were actually lower in 1980 than in 1970. For the majority, it was a revolution without change.

Why should we now expect that the outcome would be different? The Commission itself recognized the requirement for systemic change:

"Ultimately, the effectiveness of increased economic assistance will turn on the economic policies of the Central American countries themselves . . . unless these reforms are extended, economic performance will not significantly improve, regardless of the money foreign donors and creditors provide. In too many other countries, increased availability of financial resources has undermined reform by relieving the immediate pressure on policy makers. This must be avoided in Central America."

Having said this, the Commissioners appear to disregard the consequences of their finding and instead, in direct contradiction, propose to relieve the immediate pressure by providing $400 million in an immediate increase in U.S. bilateral assistance along with new trade guarantees and emergency credits.

I believe that economic recovery and economic development of benefit to all segments of society in Central America can best be achieved if we seize the Commission's finding and take the necessary measures to ensure that increased availability of financial resources does not relieve pressure on policy makers, does not undermine reform. I believe that the Congress is capable of establishing concepts of conditionality which set certain standards of performance to be met prior to the disbursement of funds.

This is not unreasonable. In our economy, in normal business relationships in the United States, contractual terms and conditions establish standards of performance which must be met before funds are disbursed. In the international economy, a key element in the financial support arrangements of the International Monetary Fund is the requirement that countries agree to a program of reform which meets IMF conditions prior to the provision of extraordinary balance of payments assistance. It is, I think, not unreasonable for the Congress to set conditions and to establish standards of performance which must be met before we transfer our resources to other countries. After all, we do not wish to finance things as they are, for this would continue a downward spiral into economic and political ruin. Rather, what we intend, through our assistance, is to finance programs which will bring Central America closer to the goals expressed by the Commission, and we, in the Congress, have the right and the duty to ensure that standards of performance for those programs are established.

One of the concepts of conditionality to be explored by the Congress should address the diversion of U.S. balance of payments assistance leading to capital flight. The Commission notes that, without a considerable reduction in the levels of violence in El Salvador, "capital flight would continue, draining the new financial resources which we propose to be made available." Undoubtedly, the Commission is correct and, therefore, logic would dictate that controls on capital be put in place prior to the provision of any additional resources. This requirement is of particular importance since balance of payments support is now to be the principal mode of U.S. economic assistance to El Salvador.

A recent Arthur Young and Company report, which has been classified "Confidential" by the Reagan Administration, examined foreign exchange policies and management issues within the Central Bank of El Salvador and made recommendations for improvement. Although the report remains classified, it has been reported publicly that Arthur Young and Company found that the Central Bank lacked an effective mechanism for preventing Salvadoran businessmen from drawing more dollars than they are entitled to through the use of inflated receipts. A subsequent study of the General Accounting Office confirmed that controls to prevent capital flight through overinvoicing of imports are weak. Thus, there is little doubt that, without better controls on capital flight, a substantial amount of U.S. "cash transfer" balance of payments assistance will continue to line the pockets and swell the bank accounts of the powerful and the corrupt who steal dollars from the government of El Salvador and rob legitimate private-sector activities of desperately needed foreign exchange. At a minimum, the Congress should insist that strengthened controls on Central Bank foreign exchange operations be made an integral part of any agreement to provide additional U.S. assistance to El Salvador and the other countries in Central America.

The Congress should also explore concepts of conditionality which would give greater assurance that United States assistance reaches the people it is intended to help. Over the past four years, United States assistance to Central America has increased five-fold. The Kissinger Commission proposes further increases on an accelerated basis. Still, we must recognize and contend with the fact that there are severe limitations on the absorptive capacity of the countries of Central America. At present, some $465 million in funds provided to Central American governments lie unspent in AID pipelines. The GAO study found that government institutions in all of the Central American countries are weak and often wholly ineffective. These are the institutions which we presently rely upon to implement projects funded by United States assistance. They are overextended now, and the Kissinger Commission would increase their workload. I doubt their ability to respond.

Furthermore, GAO found that U.S. Agency for International Development staff have reached or exceeded their capacity for project oversight. Moreover, audit coverage has not keep pace with the increase in funding. As a result, bureaucratic tangles delay project implementation, mismanagement abounds, and those audits which are performed reveal a broad pattern of corruption and inefficiency. Assistance which is intended to improve the quality of life of the poor and to encourage their support of democratic government is too often diverted to the personal aggrandizement of the rich and the powerful.

There are military consequences of this diversion whose significance cannot be ignored. In the fiscal years 1981-1983, U.S.

economic assistance to Central America totaled approximately $1.4 billion, with some $600 million provided to El Salvador alone. By rough comparison, the Soviet Union and the countries of Eastern Europe combined to provide a total of $465 million over the same period, all of it going to Nicaragua. The United States clearly is not lagging behind the communists in the provision of economic aid. Nonetheless, by all accounts, soldiers in El Salvador area not as highly motivated as their opponents. I would suggest that this is, in part, the consequence of corruption. I would suggest that the troops and junior officers in the field, those who face the dangers of combat and who feel the presence of death, must believe that they fight to defend a system which holds the promise of a better life. For, if they have no confidence that the health and welfare of their families are a matter of concern to their government, if they look to their leaders and see incompetence and corruption, what reason do they have to continue the struggle?

Thus, while there are many who, no doubt, would argue that it is inappropriate to discuss conditionality on economic assistance when faced with an immediate security crisis, I believe that we must attend immediately to the demoralizing and decaying effect which corruption and complacency have had on the military institutions and governments of Central America and, more particularly, El Salvador. To begin, it is of paramount importance that we recognize that an emergency economic stabilization program—even one of the magnitude proposed by the Commission—is insufficient to prevent the inner collapse of the Government of El Salvador. A first premise of government, one which states that corruption and legitimacy are antithetical, dictates the necessity for reform.

Furthermore, I believe that the erosion of the combat capabilities of the Salvadoran military will continue until the foot soldier in El Salvador has reason to believe that his government and his commanders are no longer indifferent to his concerns. Moreover, I believe that, as long as controls on dollar assistance are weak and can be easily evaded by the powerful, and as long as ineffective AID monitoring of U.S.-financed local currencies allows the diversion of public funds for private gain, those who profit from such abuse will remain oblivious to the military necessity for economic reform. Under these circumstances, the army of El Salvador will become increasingly characterized by soldiers who will not fight and commanders who cannot lead. And, in that case, to use a phrase the Commission uses in another context, "a collapse is not inconceivable."

Thus, for all these reasons, to confront corruption, to improve the effectiveness of U.S. assistance, to slow the flight of capital, and to support legitimate reform efforts of the Government and military of El Salvador, I believe it is imperative that the Congress impose conditions on economic assistance. Accordingly, I intend to call upon the appropriate committees to develop concepts of conditionality on United States assistance to Central America. Subsequently, I intend to seek support for legislation which will require that Congress review the proposals of the Central American countries to conform to those concepts prior to the appropriation of funds.

I propose these steps not because I seek to delay consideration of the Commission's recommendations, but because I agree with the Commission that "the crisis will not wait." There is, indeed, no time to lose. We can no longer countenance nor contribute to delay in the processes of economic and social change. In saying this, I am mindful of the Commission's admonitions on the subject of reform.

The Commission is correct, I believe, in its analysis that insurgencies develop a momentum which reforms alone cannot stop. It is also correct in its assertion that "unchecked, the insurgents can destroy faster than the reformers can build." However, taking the latter of these two points first, I would say that it is true only if we speak of building bridges, power stations, and other elements of infrastructure. In that case, the insurgents can destroy faster than the reformers can build. But, in a more profound sense, what the reformers must build is a foundation of hope for the future and the belief that all will participate equitably in it. Thus, while the Commission is correct that political, economic, and social programs cannot by themselves defeat insurgencies, it is equally true that such programs are necessary preconditions for success. Indeed, the Commission itself persuasively argues that success in counterinsurgency depends upon methods which gain the "confidence and support of the people and specifically exclude the use of violence against innocent civilians."

The use of arbitrary violence by the right in El Salvador is underscored by the Commission's finding that "the grim reality is that many of the excesses we have condemned would be present even if there were no guerrilla war supported by outside forces." This finding both defines the dimension of the tragedy in El Salvador, expressed in the report's graphic phrase "traditionalist death squads," and delineates the essential requirements for firmly established conditions on economic and security assistance.

In his courageous speech before the Chamber of Commerce in San Salvador, Ambassador Thomas Pickering clearly stated that "the essential stumbling block to democracy in El Salvador remains extremist terror." Ambassador Pickering noted that the selection of victims and other information proved that the Maximiliano Hernandez Martinez Death Brigade and the Secret anti-Communist Army are not guerrilla organizations. He asked, "Where are the condemnations? Why hasn't the private sector, which regularly issues statements on political matters, publicly condemned such outrages?"

We must condemn extremist terror. We must do so not only because we want ours to be a country which is perceived to do what is right because it is right, but also because the condemnation of the death squads and concrete action to dismantle their support structure are the absolute minimum requirements for gaining the confidence and support of the people of El Salvador and an essential prerequisite for an effective counterinsurgency effort.

To be fair, we must acknowledge that the Reagan Administration has spoken against death squads, but to be accurate, we must also say that mixed signals have brought mixed results. As I have noted, the United States Ambassador to El Salvador has publicly denounced rightist death squads; both the Vice President and the Secretary of State have traveled to El Salvador to speak against death squads. The Vice President is widely believed to have called for the arrest or exile of specified individuals.

And how have the authorities in El Salvador responded? So far as I know, only three military officers have been sent abroad. One of them, the former director of intelligence for the National Police in El Salvador, Lt. Col. Aristides Alfonso Marquez, is now reported to be "taking a course in civilian matters" in a university in San Jose, California. When asked in a Senate hearing, the Secretary of State could not confirm or deny this report.

If it is true, this report makes a mockery of the Commission's call for the imposition of sanctions "including denial of visas, deportation, and the investigation of financial dealings against foreign nationals in the United States who are connected with death squad activities in El Salvador or anywhere else." Therefore, I would think the Department of State would make the effort to contradict the report, if there is no substance to it.

In any case, the response of the authorities in El Salvador has been and continues to be wholly inadequate. While some claim is made that the number of human rights abuses is dropping, the tabulation very much depends on who is making the count and how information is collected. Officials of the U.S. Embassy in El Salvador have said that they do not question information provided by the Armed Forces. In fact, the U.S. Embassy relies solely on newspaper accounts and information provided by the military. The following table, found in the Christian Science Monitor, reveals the range of these statistics.

HUMAN RIGHTS VIOLATIONS IN EL SALVADOR AS RECORDED BY THE FOLLOWING GROUPS

	U.S. Embassy	Salvadorean Human Rights Commission	Roman Catholic Archbishop's Office	Socorro Juridico Cristiano
1983	1,677	[2] 1,002	5,142	5,670
1982	2,722		5,399	5,967
1981	5,331		NA	NA
1980	[1] 2,173		NA	NA

[1] October, November, December alone.
[2] Only 1 year's statistics because organization is a year old.
NA Not available.
Figures tally numbers of abductions, disappearances, and murders.

Clearly, we should be very cautious before accepting any representations of a decline in death squad activity. Moreover, we have no evidence that the structure of the death squads has been dismantled. The network of informers and assassins is still intact, and the authorities in El Salvador have dragged their feet on the prosecution of those implicated in the crimes of the death squads. If we now appropriate additional amounts of military assistance without adequate safeguards, the pressure will be off and, predictably, the death squads will return.

The Kissinger Commission, in a ringing declaration, states, "The United States Government has a right to demand certain minimum standards of respect for human rights as a condition for providing military aid to any country." I believe that we in the Congress must accept responsibility and exercise that right. Accordingly, I propose that we call upon the appropriate committees to review the possibility of appropriating funds for six-month intervals. This suggestion, of course, requires further elaboration and study, but what I have in mind is one bill which appropriates funds for the entire year, but which allows for the disbursement of no more than one-half of the funds made available until, at the sixth month interval,

the Congress, in separate legislation, makes an independent finding of compliance with minimum standards of respect for human rights. Upon such a finding, the remaining funds would become available for disbursement.

This may strike some of you as a radical proposal. I would say that our previous experience with "certification" has not inspired confidence that the Executive Branch would enforce the right of the United States Government. Furthermore, I believe that such strong measures are the only way to seriously enforce conditions on assistance.

Not long ago, our revered colleague, John Stennis, spoke on the floor of the Senate on the subject of assistance to Lebanon. He clearly stated that it was not his intention to threaten to take money away from Lebanon. Rather, as he put it, "We can use some of those funds that we are letting them have in the form of economic aid and, more especially, military aid. There are certain handles that can go with it."

I propose to put "handles" on our assistance to El Salvador, not because I wish to threaten to take money away, but because I firmly believe that, without profound attitudinal change, on a broad scale of government and private life in El Salvador, it is the insurgents who will triumph.

We must have the courage to stand by our convictions, and we must do what the Executive Branch has failed to do—we must do what is necessary to win in El Salvador.

QUORUM CALL

The PRESIDING OFFICER. The Senator from Pennsylvania.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

THE CAMBRIDGE AND OXFORD DEBATES

Mr. SPECTER. Mr. President, I rise to make this floor statement today to share with my colleagues in the Senate and the readers of the RECORD my concerns about United States-British relations as reflected from my participation in a debate earlier this month on February 17 at the Cambridge Union Society in Cambridge, England, and on a somewhat similar debate participated in by Secretary of Defense Caspar Weinberger, on February 27, 1984.

The proposition at Cambridge was "This house believes that the United States is a bigger threat to peace than the Soviet Union," and the subject matter at Oxford on the debate participated in by Secretary Weinberger was "This house believes there is no moral difference between the foreign policies of the U.S.A. and the U.S.S.R."

I am pleased to report that in both of these debates the U.S. position emerged victorious. In our debate at Cambridge there were 231 nays to 79 yeas with 103 abstentions, and, according to this morning's press reports, the results of Secretary Weinberger's debate were 271 nays to 232 yeas.

The house at Cambridge agreed with the U.S. proposition that the United States was not a bigger threat to world peace than the Soviet Union, and at Oxford the house concluded that there was a moral difference between the foreign policies of the United States and the Soviet Union.

Notwithstanding the victories, the substance of these two debates shows some real areas of concern between United States and British policies.

The procedures of the debates are fascinating. They are formal affairs, black tie, in halls modeled after the British Parliament.

At Cambridge, the President of the Union presided with speakers and two lecterns facing one another, with audience on both sides and audience in a balcony similar to the audience of the House of Parliament. The students and members of the audience are free to heckle, hiss, and boo—rights were exercised with some frequency.

The students would rise and ask questions in somewhat less dignified fashions than Senators on this floor are asked to yield; the protocol being that when someone rose to ask a question the speaker was supposed to yield, not indispensibly so, but that was the protocol.

The debates in these hallowed institutions have been watched worldwide, and one famous debate on February 9, 1933, at Oxford was on the subject "This house would not fight for king and country," and by a vote of 275 to 153 that motion was carried. It was later viewed as a signal to Adolf Hitler that Britain's young men were unwilling to fight. In the memoirs of Winston Churchill there was blame on the students at that occasion for that vote and for encouraging Hitler's aggressive tactics.

In preparing for the debate at Cambridge, I had some concern that there had previously been a debate on an issue "This house has no confidence in her majesty's government," which was carried. As I understand it that debate centered significantly on the cruise missile issue which I had expected—and in fact was—to be a significant part of the debate in which I participated.

I had the unique opportunity to be joined in this debate by a distinguished student a Cambridge, a young man named Shanin Specter, my colleague and my son as well, who is finishing the third year of his law studies, having finished the first 2 years at the University of Pennsylvania and having obtained permission to conclude his law studies there. And it was a lively affair.

The principal British concern expressed in the course of the debate was that the U.S. strategy was to fight a nuclear war in Western Europe, sacrificing London instead of New York. Speaker after speaker quoted from President Reagan's anti-Soviet rhetoric as proof that the United States sought a confrontation, and our opponents condemned U.S. policy on moral grounds for military action in Grenada and our backing of El Salvador's Government, which has not eliminated the death squad.

By comparison to the Soviet Union, however, even the hecklers had to concede the relative merits of the United States because of the good reasons we had for moving in Grenada. Even those who disagreed with our reasons and justifications had to admit that there was an enormous difference between the United States and the Soviet Union where the United States had some 6,000 U.S. troops which had left Grenada within a few weeks while some 105,000 Soviet soldiers were making no sign of leaving Afghanistan after more than 4 years.

On the subject of President Reagan's rhetoric in attacking the Soviet Union, we responded that the President had cooled that rhetoric on the one occasion when it really mattered the most, and that was after the Korean airliner was shot down, and on that subject even those very much oppposed to us had to admire the President's restraint.

In my judgment we also had the better of the nuclear arms issue pointing out the Soviet walkout on the INF and their refusal to reschedule the START talks while we were prepared to proceed with the discusisons at both INF and START.

The British debates are famous for their humor, and perhaps one of the most telling points was made by the humorous device in an argument advanced by my son Shanin Specter. Shanin recounted the conversation, perhap apocryphal, with the Soviet student in which Shanin demonstrated the value of free speech in a Democratic society.

With a flourish, Shanin pointed out that he could stand in front of the White House and loudly criticize the President without anything happening to him. The Soviet student countered quickly that he, too, could stand in front of the Kremlin and loudly criticize President Reagan without anything happening to the Soviet student either.

The point was obviously well taken about the value of freedom of speech in our democratic society.

When the issue of the Korean airliner was raised and the point was made that the Soviets had contended

that it was a spy craft, my son Shanin brought down the house with a credibility comment that that Soviet Union spokesman was the same one who brought the word that Mr. Andropov had a cold.

The debate with the students at Cambridge was characterized, I thought, on a view which had substantial acceptance in the audience, not with justification, but substantial acceptance made by a young man named Jeremy Oppenheim. He said that there was an unjustified cold war conflict and that the United States and the U.S.S.R. were locked into a pernicious system of expansion at the expense of smaller nations and that both must be held responsible for conflicts around the world.

That is a very similar argument to the one advanced in the debate, in which Secretary Weinberger participated, by Prof. E. P. Thompson, who is quoted in the press today as arguing that, "The world is dominated by two superpowers locked in each other's nuclear arms, aggravating each other, inciting each other in their ideological postures."

"Am I saying"—again quoting from Professor Thompson—"a plague on both your houses?" And he answered his own question by saying "Yes."

And I do believe that we have to recognize that there is a significant concern as expressed in the two debates that both superpowers are acting more aggressively than they should and both superpowers are failing to advance the causes of peace and the causes of arms reduction as they should be.

On that subject, our response was telling that the United States has stood ready to eliminate all theater missiles in Europe with a zero option planned and stands ready to proceed with arms reduction talks in START at Geneva.

There was considerable comment in the debate at Cambridge on U.S. policy in El Salvador and Central America, and there was considerable comment in Secretary Weinberger's debate as well with this morning's press quoting a student who asked Secretary Weinberger to address himself to the differences "between your puppet regimes and the puppet regimes of the Soviet Union." A second student at Oxford challenged Secretary Weinberger, saying, "Do you think an immoral act becomes less immoral because we have a choice to do it or not? Do the people tortured and killed by those regimes think it is a more moral act because Congress approves of it and not some general?"

Secretary Weinberger responded, in my judgment, in a convincing way by pointing out that the critical difference between the United States and the Soviet Union is the democratic control in the United States where the people through elections, or Congress through action, can change the governmental policies.

I responded in Cambridge in a similar way to the challenge of U.S. policy in El Salvador pointing out that the Congress had made a limit on our aid with a 30-percent reduction in aid if the case involving the American nuns was not brought to trial and settled. That, in turn, brought a response from the opponent, Mr. Chris Smith, a Member of Parliament, who said, "Well, the United States may be concerned about justice for U.S. citizens, but how about justice for El Salvadoran citizens?" And I responded that by eliminating the aid by 30 percent there was an earmarking of some $3 million for the El Salvadoran judicial system so that justice will be done for El Salvadoran victims as well as U.S. victims. And that the United States was concerned about the improvement of human rights as evidenced by the requirement of certification of the improvement before specific U.S. aid could be extended.

In essence, the debate at Cambridge and, I think also, from the news accounts, the debate at Oxford, tilted in favor of the United States because of our democratic institutions and because of the similarities between British procedure in an elected democracy and U.S. procedure.

If we are to retain British support, we must be careful to back democratic and not repressive governments in Central America and around the world. We must also actively seek arms reduction with the Soviet Union, while retaining our strength, and dispel any notion that our grand strategy is to fight and win a limited nuclear war in Western Europe.

Without solid British support, our position at NATO would be significantly undermined. If the British were to reject the cruise missiles, the rest of Western Europe would not be far behind.

While the Cambridge and Oxford debating societies obviously do not speak for Parliament of the United Kingdom, their attitudes provide valuable insights into the thinking of our Western allies.

Mr. President, so that the record may be complete, I ask unanimous consent that there may be printed in the RECORD a one-page program of the Cambridge Union Society's—seventh debate on February 17, 1984, and I further ask unanimous consent that a very short article from the New York Times on that debate be printed in the RECORD.

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

CAMBRIDGE UNION SOCIETY—LENT TERM 1984

SEVENTH DEBATE: FRIDAY, 17TH FEBRUARY 1984

"This House believes that the United States is a bigger threat to world peace then the Soviet Union"

Mr. Dave, Singer, Pembroke College, will propose.

Mr. Mark Foster-Brown, Robinson College, will oppose.

Mr. Jeremy Oppenheim, Trinity College, will speak third.

Mr. Shanin Specter, Clare College, will speak fourth.

Floor debate

Mr. George Conyne, Corpus Christi College, will tell for the Ayes.

Mr. John Driscoll, Jesus College, will tell for the Noes.

Mr. Chris Smith, M.P., Ex-President, Pembroke College, will speak fifth.

Senator Arlen Specter will speak sixth.

[From the New York Times, Feb. 24, 1984]

THE NAYS HAVE IT

Senator Arlen Specter was in England last week, defending concurrently the honor of his family, the Senate and the United States, all with conspicuous success. The Pennsylvania Republican and his 26-year-old son, Shanin, formed a team at the Union Debating Society at Cambridge University, where the younger Mr. Specter is taking the third year of his legal education. They took the negative of the proposition that "the United States is a greater threat to world peace than the Soviet Union" and were opposed by a Labor Member of Parliament, Chris Smith, and another Cambridge student, Jeremy Oppenheim.

These are rather special contests, with the participants in dinner jackets and the winners decided by the audience choosing between exit doors designated "Yes" and "No" as to whether the proposition at issue had been established. After three hours of debate, 231 people chose the negative door as urged by the Specter team, as against 79 for the positive. Senator Specter was a debater in his undergraduate days at the University of Pennsylvania some 30 years ago and once took the affirmative against an Oxford team on the question "has the British Empire become decadent?"

Mr. SPECTER. I yield the floor.

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 extend beyond the hour of 12 noon with statements therein limited to 5 minutes each.

THE QUEST FOR FREEDOM BY SOVIET JEWS

Mr. THURMOND. Mr. President, last year, I spoke on the Senate floor concerning the appalling oppression and discrimination that Soviet Jews are subjected to by officials of the Soviet Government.

Unfortunately, this trend of anti-Semitism continues today, and, in fact, is at an alltime high. At one time, Jews had the opportunity to escape this unfair treatment, but now are forced

to endure harassment and unmerited punishment. One sobering illustration of this truth is a comparison of recent emigration figures. In 1979, 51,000 Soviet Jews were allowed to emigrate from the Soviet Union, yet in 1982, less than 3,000 Jews were given this privilege. The Soviet grip tightened in 1983, as only 1,315 Soviet Jews were allowed to leave that Communist nation.

Mr. President, I am deeply disturbed by this blatant violation of human rights. However, it comes as no surprise that Jews, Christians, and other religious groups are denied the fundamental liberty of religious expression. Such action is characteristic of the Soviet Government, for it has never understood or respected the important role that religion plays in the life of any nation. Worshiping God freely is a basic human right, and the rejection of this precept by the Soviet Union is a sad commentary on the true nature of communism.

In spite of such oppression, the unyielding faith of Soviet Jews continues to survive even in the most difficult trials. It is my hope and prayer that the quest for religious freedom will soon be realized by these "prisoners of conscience," and thanks to the efforts of such groups as the Student Coalition for Soviet Jewry, others are learning how they can help ease the desperate plight of Soviet Jews.

Mr. President, Members of the Senate and House can play a significant role in addressing this problem. In order to share with my colleagues how they can help Soviet Jews, I ask unanimous consent that the following information compiled by the Student Coalition for Soviet Jewry be included in the RECORD.

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

HOW MEMBERS OF CONGRESS CAN AID SOVIET JEWS

The Jews of the Soviet Union are very much in need of your assistance and support. Anti-Semitism in the U.S.S.R. is on the rise; emigration restrictions not only continue to be prohibitive but, for most Jews, effectively eliminate the possibility of leaving the Soviet Union. This is especially illustrated by the severe reduction in emigration figures to the lowest level in recent years: less than 3,000 Jews emigrated in 1982, as compared with approximately 51,000 just three years prior. In 1983 the total number of emigrants hovered at about 1,000 for the entire year, a two-thirds reduction from 1982. Just as important and ominous is the increased harassment to which refusenik leaders and Hebrew teachers are subject. Indeed, it has risen to a level of what has been termed "Jewish Cultural Genocide" as almost all attempts at Jewish self-education and holiday celebration have been prohibited.

It is particularly at a time like this that the voice of support of a Member of the United States Congress is called for.

There are several ways in which Senators and Representatives can concretely aid Soviet Jewry. We herein list some possibilities for your consideration:

1. Adoption of a Refusenik and/or Prisoner of Conscience.—Adopting an individual's case means agreeing to work on his or her behalf by directly communicating with the particular Soviet Jew, publicizing his case in various ways, and, in general, seeking to better his situation. All of the following suggested action could be undertaken on behalf of an adoptee. It is vital that this 'action' be a regular commitment—something should be done at least every three months.

A. Writing to the Refusenik.—Such correspondence has been called the "life-blood" of these people who are often ostracized by their communities. A letter from a U.S. Legislator can provide the spark which gives one the courage to continue. Of course, even if the letter does not go further than the Soviet censors, it serves as a clear statement to the Soviet authorities that a Senator or Representative cares about a certain refusenik and will monitor that refusenik's situation.

B. Phoning a Refusenick.—Phoning a refusenik may have more direct impact than a letter alone.

C. Writing to one or two Soviet Officials.—Such action indicates to the Soviets that U.S. Senators and Representatives will continue to press for liberalization of Soviet emigration policy, that the plight of the Jews in the U.S.S.R. is still a high priority concern.

D. Contacting the Department of State and Appropriate Federal Agencies.—Inquiries concerning Soviet Jews will stimulate further activity on their part. Write on behalf of specific individuals as well as upon the issue in general and do so particularly before all multi and bilateral conferences.

E. Contacting a Refusenik's Family.—These people are also in need of moral support. For obvious reasons, relatives are generally one of the best sources of updated information concerning the case. Quite possibly, such relatives may live in your constituency; the Soviet Jewry organizations can arrange such a match-up, should you so desire.

F. Constituent Newsletters.—Inform your constituents of your efforts. It will keep them involved and also supply them with information regarding the cases.

G. Put a picture of your refusenik and his family on your wall—make your involvement and concern obvious to others. Moreover, it will remind you to maintain your activities.

2. "Call to Conscience" Vigil.—The Union of Councils for Soviet Jewry sponsors this vigil in the House of Representatives. Three days a week for a series of months a Representative enters the case of a refusenik into the Congressional Record. This program enables Representatives to make statements of the Floor of the House, thereby expressing their concern for Soviet Jews and heightening Congressional and public awareness of the plight of specific refuseniks. The present coordinator is Representative Coughlin.

3. "98th Congressional Class on Soviet Jewry".—A similar program as the above Vigil, but specifically for Congressional freshmen. It is co-chaired by Representatives Bartlett and Levine.

4. "Dear Colleague" Letters.—Letters, sponsored by a particular Legislator on behalf of a particular refusenik, have the potential to involve many other Members in the effort to aid Soviet Jews. They make an important statement of concern to either American or Soviet officials.

A TRIBUTE TO REV. FELTHAM SYREEN JAMES

Mr. THURMOND. Mr. President, I rise today to pay tribute to my good friend, the Reverend Feltham Syreen James of Aiken, S.C., who passed away on January 19, 1984, at the age of 78. To his daughters, Mrs. Marilyn J. Elliott and Mrs. Frances J. Ackerman, five grandchildren and two great-grandchildren, and other family and friends, I offer my deepest sympathy.

One need only examine Reverend James' accomplishments to realize that he was an extraordinary man of God whose service to mankind reached far beyond the pulpit.

A retired minister of the South Carolina Conference of the United Methodist Church, Reverend James pastored Methodist churches in nine South Carolina cities, and served as chaplain at many hospitals and military installations. He was well known for his wise counsel and for his eloquent and substantive sermons.

As a leader in the community and State, Reverend James devoted much of his energies to service organizations such as the American Legion, the Shriners, the Lions Club, and many other worthwhile groups.

Reverend James was the recipient of several prestigious honors and awards. In 1958, he won the Freedom Foundation's "George Washington Medal" for his inspiring sermon, "The Safeguards of America." An articulate author as well as speaker, Reverend James wrote the books, "For God and Country," and "The History of The Memorial Chapel." Listed in "Who's Who in Methodism" and "Religious Leaders of America," Reverend James was held in high esteem by those in and out of the Christian community.

Mr. President, time does not permit me to elaborate on the outstanding life and achievements of this distinguished citizen, and in order to share more about Reverend James, I ask unanimous consent that the following statements be included in the RECORD.

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

REV. DR. FELTHAM SYREEN JAMES, MAY 22, 1905–JANUARY 19, 1984

Our father had much great love in his life. He loved his country, he loved his church, he loved his children, he loved his wife, and he loved all you people out there. He not only loved us but he cared for us * * * he cared deeply * * * about life and about people.

And he gave every ounce of his strength, literally, to that care for you and for me.

He honored and respected his country as a shrine of freedom for all mankind.

He served his church as the Temple of his God and his faith * * * his faith in God, life, and people.

He was a devoted husband, father, grandfather, and great-grandfather. There was nothing he wouldn't do for any of us, anytime. He gave his life for those things.

He gave his life for the love of us here * * * all of us.

No one took anything from him as he gave his life for those things he cared for. He gave of his own choosing, freely, without regret, selflessly, and without self-pity.

We tend to look, at this point in life, and say "it isn't fair." But he would never have said that * * * never did say that * * * he gave his life as he chose to do * * * with love and care and sincere devotion for all. He gave his all freely. And when his last strength was finally gone, we do not feel that he felt that God had forsaken him for surely God would say "Feltham, you have been a good and faithful servant all the days for your life."

We feel he said only "it has been good and it is finished", and into God's hands commended his spirit * * * as he had his life.

It is finished * * * and, daddy, it was truly well done! In the name of the Father, the Son and the Holy Ghost. Amen.—Tribute given by his daughter, Marilyn James Elliott, on behalf of the family at his funeral at St. John's UMC, Aiken, January 21, 1984.

[Editorial in the Aiken Standard, Jan. 24, 1984]

DR. FELTHAM S. JAMES

Anyone who has been a patient at Aiken Community Hospital most likely remembers the kindly and distinguished minister who served as hospital chaplain since the institution opened.

After an outstanding career as a minister, Dr. Feltham S. James retired in 1974 as pastor of St. John's United Methodist Church here. Hospital calls had been an important part of his ministry, and he had served during World War II as an Army chaplain assigned to Walter Reed Hospital. Newly retired, he became associated with the old Aiken County Hospital as chaplain.

When Aiken Community Hospital opened two years later, he became its chaplain and had been there ever since. He died Jan. 19 at age 78 after an illness of several months.

Dr. James had served churches throughout South Carolina and had also been assigned as superintendent of the Lake City District of the South Carolina Methodist Conference. Along the way, he had held responsible positions on church and institutional boards, having been a trustee of Spartanburg Methodist College and of the Methodist Home at Orangeburg.

He spearheaded a $2.5 million campaign for Wofford and Columbia Colleges. Wofford, his alma mater, conferred a doctor of divinity degree on him.

His scholarly and inspirational sermons won him wide recognition, and he was three times given a Freedom Foundations Award.

He was chaplain for the South Carolina Department of the American Legion and has served as national chaplain of the American Legion in the 1950s.

He had been a Mason, a grand prelate of the Knights Templars and chaplain of Omar Shrine Temple. He was a former Lions Club president and had also been active in Eastern Star and Boy Scout work.

In 1960 Dr. James was named Senior Man of the Year by the Senior Men's Club.

Dr. James is said to have visited every patient who entered Aiken Community Hospital, and he made an effort to see all surgical patients before they went to the operating room, even for operations as minor as a tonsillectomy.

"Anyone who's having any surgery at all considers it major," he once said.

Dr. James believed that healing involves spiritual instruments as well as surgical instruments. While dispensing both comfort and counsel, he also maintained that "if you can just get a patient to smile, it helps."

His bedside manner often consisted of simply listening but one of his most memorable experiences was when a child asked Dr. James to pray for her.

He was a warm human being with a love for all of God's creatures, and he faithfully fed the birds that visited his yard.

Aiken is indebted to the United Methodist Conference for sending Dr. James to Aiken. He will always be remembered here for the great man he was.

We extend our sincere sympathies to his family.

BIOGRAPHY OF REV. FELTHAM S. JAMES

A native of Greenville, S.C., he spent most of his early life in Sumter, S.C., attending the city schools there and graduating from Sumter High School.

He is a graduate of Wofford College and Duke Divinity School. Wofford College conferred the degree of Doctor of Divinity upon him in June 1960. While at Wofford he was Editor of the college newspaper, winner of three oratorical contests, member and assistant coach of the Debate team and Senior Commencement Speaker.

He is married to the former Dessie Saylor of Columbia and they have two children: Mrs. Richard F. Elliott, Jr., of Spartanburg and Mrs. Donald F. Ackerman of Columbia. They have five grandchildren.

A minister of the South Carolina Conference of the United Methodist Church since 1931. He has held pastorates in Bishopville, Bluffton, Myrtle Beach, North Charleston, Manning, Denmark, Charleston (Bethel), Columbia (Main Street), Aiken (St. John's), District Superintendent of the Lake City District and is now Chaplain of the Aiken Community Hospital. He has served on many Boards and committees of the Methodist Church, including President of the Board of Education, Chairman of the Committee on Accepted Supplies, Chairman of the Board of Temperance, Chairman of the Commission on Worship and delegate to the Jurisdictional Conference of The Methodist Church. He was Chairman of the Committee on Higher Education, which conducted a campaign for two and a half million dollars for Columbia and Wofford Colleges and Chairman of a Financial Campaign to raise one and a quarter million dollars for Spartanburg Methodist College. He is a former member of the Board of Trustees of the Orangeburg Methodist Home and of Spartanburg Methodist College.

He served as Chaplain in the U.S. Army during World War II, including duty as Post Chaplain at Fort Jackson and Fort Belvoir, and two and half years as Chaplain at Walter Reed General Hospital in Washington, where he preached the sermon at the first Church Service attended by President Harry S. Truman after he took the oath of office as President of the United States. He is a Retired Major, U.S. Army.

He is the Department Chaplain of The American Legion, an office he has held twenty years. He served as Department Commander in 1954-55, the only clergyman ever to hold this office in South Carolina. He has served on Department and National Committees, including the National Religious Emphasis Committee, Vice Chairman of the National Security Commission and Editor of the "Service to God and Country Manual" for Legion Chaplains. He was National Chaplain in 1957-58, speaking throughout the United States.

He is a Life Member of the Masonic Order, a member of the York Rite Bodies of the Order, the Omar Temple (Shrine) and the Eastern Star. He is Grand Prelate of the S.C. Commandery of Knights Templars and Chaplain of Omar Shrine Temple, offices he has held for some twenty years.

He is the recipient of six Freedoms Foundation Awards for sermons and addresses—the one in 1958 was $1,000.00 in cash and an encased George Washington Honor Medal for the most outstanding public address in 1958. He is the author of the book, "For God and Country", consisting of sermons and addresses, and author of "The History of The Memorial Chapel" at the Army Medical Center in Washington. Award of Merit by the DAR, Alumni Citation from Wofford College, a High School Football Official for 25 years and Moderator of a Teen Age Radio Program. Listed in "Who's Who in Methodism", "Religious Leaders of America", and "International Biographies."

HOUSE OF REPRESENTATIVES, STATE OF SOUTH CAROLINA

On motion of Representative Irene K. Rudnick, Members of the House of Representatives, express sympathy to the family of Reverend Feltham S. James, upon the passing of this outstanding civic and religious leader, whose life has influenced so many and who will be missed by all who knew and loved him.

Given this 31st day of January, 1984, State House, Columbia, South Carolina.

HOW THE NETWORKS HANDLE POLITICAL REPORTING

Mr. PRESSLER. Mr. President, this morning I wish to express my concerns about political reporting.

I am a member of the Commerce Committee Subcommittee on Communications. In the last few days, I have noticed that the networks have been boasting about the amount of money they have spent covering the New Hampshire primary. All of that money was spent on reporters giving their opinions of the candidates rather than candidates talking to the people. I wonder if it would not have been better to provide public service time to the candidates. This would give the candidates the opportunity to present their views on the issues.

The networks have become so powerful that they can literally make or break a candidate by stating that the candidate is gaining or losing ground in their polls. In the meantime the public may not hear the views of the actual candidates. This has happened repeatedly in Presidential and congressional races.

Everyone talks a great deal about the power of political action committees. Yet, I wonder if we have considered the power that the networks have. The major networks could provide a great public service by allowing

the legitimate candidates to present their views on the issues. Someone pointed out that when you exclude the time used reporting with voiceovers and commenting on what the candidates have said, the candidates actually get less than 4 percent of the network time.

This is a phenomenon of modern times. I hope that Congress does not have to deal with this issue legislatively. Many have suggested that we may have to address the issue of early projections. I believe we also may have to look at the concept of granting candidates public service time. Political reporting should include more than the analysis of the political candidates. It also should provide the candidates an opportunity to state their positions, and provide their answers to our country's problems.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to 22 United States Code 276d-g as amended, appoints the Senator from Florida (Mrs. HAWKINS) as a member of the Senate Delegation to the Canada-United States Interparliamentary Group during the 2d session of the 98th Congress, said group to meet in Puerto Rico, March 8-12, 1984.

CONGRESSMAN EDDY BOLAND'S TRIBUTE TO PRESIDENT KENNEDY

Mr. KENNEDY. Mr. President, last November, my friend Congressman EDDY BOLAND spoke at the annual communion breakfast of the St. Patrick's Day Parade Committee in Holyoke, Mass., and delivered an eloquent tribute to President Kennedy on the 20th anniversary of my brother's death.

Congressman BOLAND was also one of President Kennedy's closest friends. They visited Ireland together in 1963, and Congressman BOLAND's recollections of that celebrated and deeply moving trip are vividly related in his address last fall.

For many years, the Holyoke Parade Committee has presented an annual award to an American of Irish heritage and national recognition who has made a distinguished contribution to society. President Kennedy was the recipient of this prestigious award as a Senator in 1958, and after his death the award was named for him. This year, Congressman BOLAND himself is the winner of the John F. Kennedy National Award. This honor for Congressman BOLAND is a fitting tribute to one of Massachusetts greatest public servants. I congratulate him on this award, and I ask unanimous consent that his address to the parade committee last November may be printed in the RECORD.

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

ADDRESS BY CONGRESSMAN EDWARD P. BOLAND TO THE ANNUAL COMMUNION BREAKFAST OF THE HOLYOKE ST. PATRICK'S DAY PARADE COMMITTEE—NOVEMBER 27, 1983

Your honor, Mayor Proulx, Representative Bob Rohan, President Peter Brady, Committee and Breakfast Chairman, Bob Coughlin, and my dear friend, Maurice Donahue.

I am grateful for the invitation that brings me to the annual communion breakfast of the Holyoke St. Patrick's Day Parade Committee.

We meet on the 20th anniversary of the death of President John Fitzgerald Kennedy. The Holyoke St. Patrick's Day Parade Committee has always had a close relationship with President Kennedy and the Kennedy family.

My remarks this morning continue that theme.

"On a clear day, you can see all the way to Ireland."

Senator Kennedy recalled those words of Jack Kennedy when Ted was a young man, as they walked on the beach at home.

As I listened to those words, at the magnificent memorial mass marking the 20th anniversary of President Kennedy's death, I sensed that anyone who has had anything to do with the Holyoke St. Patrick's Day Committee had the same clarity of vision.

It was a vision that some day would take him to the land of his ancestors. It did! And I was there, June 26, 27, 28, 29, 1963—

June 26, Dublin.—The sky was blue, and the last of the day's sun was shining when the President's plane landed. President Eamon de Valera greeted him as the "local boy, three generations removed, who made good."

The 12 mile drive to the U.S. Embassy in Phoenix Park—down O'Connell Street—was jammed with what must have been the entire populace of Dublin.

The sheer joy and adulation of the crowd was a sight that had never been seen before and perhaps never will again.

June 27, New Ross.—From where Patrick Kennedy, his great grandfather, left to become a cooper in East Boston.

"I am glad to be here. It took 115 years to make this trip and 6,000 miles, and three generations.

"When my great grandfather left here, he carried nothing with him except two things—a strong religious faith and a strong desire for liberty. All of his great grandchildren have valued that inheritance."

June 27, Burrough of Wexford.—The presidential party landed on a soccer field. A boys and girls choir serenaded Kennedy with, "we're the boys from Wexford."

At Redmond place in Wexford, President Kennedy said, "In these dangerous days, when the struggle for freedom is worldwide against an armed doctrine, Ireland and its experience has one special significance (which John Boyle O'Reilly said outlived a thousand years) that it was possible for a people, with over hundreds of years of foreign domination and religious persecution, to maintain their national identity and their strong faith."

June 28, Cork City.—At city hall the President introduced to the mayor and council and crowd—Larry O'Brien and Dave Powers—he presented, "The pastor of the church I go to, who comes from Cork—Monsignor O'Mahoney. He is the pastor of a poor humble flock in Palm Beach, Florida!"

"Coming in, I met four rather angry Fitzgeralds. They said they were tired of hearing about the Kennedys in New Ross—and what about the Fitzgeralds."

"I said that was because my grandfather, who was mayor of Boston, John F. Fitzgerald, used to tell everybody he was from Limerick, Donegal, Donnybrook, anywhere."

June 28, Irish parliament in Dublin.—In one of his finest hours and words:

"In an age when history moves with the tramp of earthquake feet—in an age when a handful of men and nations have the power literally to devastate mankind—in such an age, it may be asked, how can a nation, as small as Ireland, play much of a role on the world stage?

"I would remind people who ask that question, including those in other small countries, of the words of one of the great orators of English language:

"'All the world owes much to the little "five feet high" nations. The greatest art of the world was the work of little nations. The most enduring literature of the world was the work of little nations. The heroic deeds that thrill humanity through generations were the deeds of little nations fighting for their freedom. And, oh yes, the salvation of mankind came through a little nation.'"

June 29, Galway-Eyre Square.—"If the day was clear enough, and if you went down to the bay and you looked west, and your sight was good enough, you would see Boston, Massachusetts.

"You send us home with the warmest memories of you and your country. So I must say that, though other days may not be so bright as we look toward the future, the brightest days, will continue to be those, in which we visited you in Ireland."

And so it was at Limerick and at Shannon as he prepared to leave for Italy and the United States—

At Shannon.—"Last night somebody sang a song, the words of which I am sure you know,

"Come back to Erin Mavourneen, Mavourneen, come back aroun' to the land of my birth. Come back with the shamrock in the springtime Mavourneen.

"This is not the land of my birth, but it is the land for which I have the greatest affection, and I certainly will come back in the springtime."

So ended one of President Kennedy's most joyous and happiest days in the land that all of you have the same feeling and spirit for.

The Holyoke St. Patrick's Day Committee—its founders and its successors—have perpetuated that spirit.

The John F. Kennedy award carries on his spirit and his love for the land of his forbears.

It carries, too, the recognition that others who receive this honor are aware of its meaning and its priceless value.

November 22, 1963 changed many things—among them the name of the committee's prized and proudest award.

Since 1964, your Committee has remembered John Fitzgerald Kennedy in a remarkable meaningful way—not in sadness but in joy.

For your day and award recalls his love for this land and the land across the sea—for its people, its culture, its hopes, its joys.

Let me say that no remembrance of President Kennedy would be complete without recalling his flashing wit. Whether turned to others or to himself, it enhanced his very human and joyous personality.

Let's catch a bit of it.

1960 campaign: "There is no city in the United States in which I get a warmer welcome and fewer votes than in Columbus, Ohio!"

On being President: "I have a nice home. The office is close by and the pay is good."

To a group of students: "Those of you who regard my profession of political life with disdain should remember that it made it possible for me to move from being an obscure lieutenant in the United States Navy to Commander-in-Chief in 14 years, with very little technical competence."

On leadership: "We don't want to be like the leader in the French Revolution who said, 'There go my people. I must find out where they are going so I can *lead* them'."

At a dinner honoring all living Nobel Prize winners in the Western Hemisphere: "I want to tell you how welcome you are at the White House. I think this is the most extraordinary collection of talent of human knowledge that has ever been gathered together at the White House, with the possible exception of when Thomas Jefferson dined alone."

Of the avalanche of words that have cascaded in press, film, books, radio, TV, none portrayed President Kennedy's life and effort better than Senator Edward Kennedy's remarkable moving tribute at the memorial mass—November 22, 1983—in Holy Trinity Church in Washington, D.C.

Listen to some of his remarks.

"All of us in this church may not gather all together again, but to those who share the commitments, the compassion and the high hopes of John Kennedy, there will never be a last assembly.

"How then shall we sum up this man, who had every gift but the length of years?

"He was an heir to wealth who felt the anguish of the poor.

"He was an orator of excellence who spoke for the voiceless.

"He was a son of Harvard who reached out to the sons and daughters of Appalachia.

"He was a man of special grace who had a special care for the retarded and handicapped.

"He was a hero of war who fought hardest for peace.

"He said and proved, in word and deed, that one man can make a difference, which is why his thousand days will be remembered for a thousand years and more.

"He made America young again and the world seemed new again.

"So it is that, on this anniversary, the span of time since November 22, 1963, does not seem like a matter of decades but of days.

"And over his memory and his meaning, death has no dominion.

"What he did and believed in will endure and, in the end, it will prevail.

"Inevitably, we cannot forget the pain of his loss. On bright summer afternoons at Cape Cod or in this waning season of the year, how often we still think of him in all his vigor and say to ourselves 'we miss you Jack and always will.'

"But in the darkness we see the stars and how clearly we see him now. We have known other great men and women in our time in other countries and our own. Yet there was a spark in him so special that even his brief years and his early passing could not put it out.

"He made us proud to be Americans and the glow of his life will always light the world.

"For him on this day 20 years ago, the journey came to an end. But for us here and others everywhere, there are promises to keep and miles to go before we sleep.

"Now his appeal summons us anew, not merely to remember him but to rededicate ourselves. The unfinished quality of his life symbolizes the unfinished agenda of America."

Thank you.

REPORT ENTITLED "DEVELOPMENTS IN AGING: 1983," VOLUMES 1 AND 2—(REPORT NO. 98-360)

Mr. HEINZ. Madam President, as chairman of the Special Committee on Aging, under authority of Senate Resolution 76, 98th Congress, I have sent to the desk for submission to the Senate a report of the committee entitled "Developments in Aging: 1983," volumes 1 and 2.

The PRESIDING OFFICER. The report has been received.

Mr. HEINZ. I thank the Senate.

CONCLUSION OF MORNING BUSINESS

Mr. BAKER. Mr. President, the time for morning business has expired under the order, I believe.

The PRESIDING OFFICER. Morning business is closed.

EXPORT ADMINISTRATION ACT AMENDMENTS

Mr. BAKER. Mr. President, I ask that the Chair now lay before the Senate the unfinished business.

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 979, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 979) to amend and reauthorize the Export Administration Act of 1979.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, the distinguished manager for the majority is here, the Senator from Pennsylvania. I understand Senator PROXMIRE is on his way to the floor now. The acting minority leader is here. I believe we should wait until Senator PROXMIRE arrives before we proceed. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. KASTEN). Without objection, it is so ordered.

Mr. HEINZ. Mr. President, as we come to the close of the debate on the Export Administration Act, I am advised that there still could be a few amendments to be offered today. But we are now on the bill, we have been on the bill for 2 days, and it is the manager's intention, and I am sure I speak for my colleague from Wisconsin, to wrap up this bill just as quickly as possible. If we do not have any amendments, we intend to go to final passage.

Now, there are some amendments that I would like to see debated. Some of my colleagues on both sides of the aisle have expressed an interest in offering amendments to this bill. It is certainly not going to be my intention to foreclose amendments, but if none are forthcoming we will assume that the authors have decided not to offer their amendments and we will proceed to final passage on the bill. I anticipate that we would get the bill off the floor today either early or late, as the case may be.

I do intend to offer one or two technical amendments, but I anticipate that when we have completed offering these technical amendments, Mr. President, which should not take us that much time, we might very well be in a position to proceed to third reading on this bill, which would mean no more amendments would be in order. I hope any Senators or their staffs who are listening to this debate will understand that.

AMENDMENT NO. 2753

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an amendment numbered 2753.

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

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

The amendment is as follows:

On page 44, line 10, strike "technology" and insert in lieu thereof "tangible items".

On page 44, line 14, insert "tangible" before "property".

On page 44, line 14, strike "to facilitate the commission" and insert in lieu thereof "in the export or attempt to export that was the subject".

Mr. HEINZ. Mr. President, this is an amendment to the forfeiture provisions of the bill. I do not believe it is at all controversial, and I believe that my comanager of the bill supports it, too. But let me just for the benefit of Senators explain what is involved.

The bill provides for a strong new sanction for violators of the national security controls imposed under section 5 of the act. Such violations, as we all know, can be extremely detrimental to our national defense, so much so that we have these very

strong sanctions and we believe they should be available in order to deter any potential violators.

Now, since it has been well established that there is a lot of money to be made in violating the Export Administration Act, an enormous amount of monetary gain, and that that is frequently, if not almost universally, the primary motivating force behind violations of the national security section of the act, the provision of the bill providing for forfeiture will serve, we believe, to deny that incentive. It will enable the courts to recoup the gain that violators might be seeking and otherwise might have been able to shelter even if convicted. This provision of the bill is one that was suggested by the Reagan administration.

It was an important part of the original Reagan administration bill, but one change, however, has been suggested that has been cleared with the administration, particularly the Justice Department. This amendment would make that change by making clear that technology itself would not be available for forfeiture. That is to say, the benefits from the sale, the monetary kinds of benefits, for example, as well as the goods involved in the sale, of course, would be subject to forfeiture. Any other kinds of advantage or consideration would be subject to forfeiture. But the technology itself would not, by which we mean that this would apply to patents, unembodied technology and like items that are not appropriate for forfeiture, since they are intangible property. Forfeiture deals with other than intangible property, and that is what this amendment makes clear.

May I say, Mr. President, the amendment would also make a minor semantic change to emphasize that items subject to forfeiture are related to export or attempts to export in violation of this act, and that change, too, has been cleared with the administration.

Mr. President, if my friend from Wisconsin has any remarks, I ask him to state them.

Mr. PROXMIRE. Mr. President, I thank my friend, the manager of the bill and chairman of the subcommittee.

I understand there is a new provision in the bill that is a good provision. It toughens and strengthens the act considerably and does permit the forfeiture of goods illegally exported. But I think the amendment by the Senator from Pennsylvania is correct, because it recognizes that that provision was too broadly drawn, and he has explained it very well, I think.

The amendment insures that only the goods illegally exported are subject to forfeiture, and I agree with that. So I am happy to support the amendment.

Mr. HEINZ. I thank my friend from Wisconsin.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2753) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I see no Senator at this point ready to offer an amendment. It will be the manager's intention to proceed to final passage of this bill shortly. However, in deference to those Members who may be just wrapping up their hearings, we will be prepared to wait a modest amount of time.

I am very pleased that we can get to the point where we can close down the amendments on this bill. At this point, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2754

(Purpose: To amend the Atomic Energy Act of 1954 to require that certain agreements of cooperation be authorized by law)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment numbered 2754.

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

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

The amendment is as follows:

On page 53, after line 9, add the following:

AUTHORIZATION OF CERTAIN AGREEMENTS FOR COOPERATION

SEC. 19. (a) Section 123 of the Atomic Energy Act of 1954 (42 U.S.C. 2153) is amended—

(1) in subsection b., by inserting ", except as provided in subsection d.," after "approved and"; and

(2) by amending subsection d. to read as follows:

"d. the proposed agreement for cooperation (if arranged pursuant to subsection 91c., 144b., or 144c., or if entailing implementation of section 53, 54a., 103, or 104 in relation to a reactor that may be capable of producing more than five thermal megawatts or special nuclear material for use in connection therewith) has been submitted to the Congress, together with the approval and determination of the President and together with a Nuclear Proliferation Assessment Statement prepared by the Director of the Arms Control and Disarmament Agency, when required by subsection 123a., and referred to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate, and in addition, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c., the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, but such proposed agreement for cooperation shall not become effective unless authorized by law.".

(b) Section 130a. of such Act (42 U.S.C. 2159(a)) is amended—

(1) in the first sentence—

(A) by striking out "123d."; and

(B) by striking out ", and in addition, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c., the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate,"; and

(2) in the proviso thereto, by striking out "and if, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c. of this Act, the other relevant committee of that House has reported such a resolution, such committee shall be deemed discharged from further consideration of that resolution".

(c) The amendment made by subsection (a) shall apply to any agreement of cooperation which is described by such amendment and which was entered into after the date of enactment of this Act.

Mr. PROXMIRE. Mr. President, the Senate, by acting favorably on the Humphrey-Roth-Boschwitz-Levin amendments, has greatly strengthened the role of the executive branch over the export of nuclear components and technology. These restraints are necessary and prudent.

These amendments require that transfers of nuclear components and technology must first be conditioned on an agreement of cooperation between the participating parties.

This is a very positive step forward. But while we have placed greater restraints on our export policies, we have neglected to provide for a role for the Congress over these same policies.

My amendment restores the right of the Congress to participate, as partners, in the approving of nuclear agreements of cooperation. In this way, it ties together what was accomplished yesterday and guarantees that the reforms already undertaken will be subject to thorough congressional review.

Mr. President, this amendment replaces the congressional veto section of the Atomic Energy Act procedures for nuclear cooperation agreements with a joint resolution or bill procedure.

We should keep in mind that the Atomic Energy Act was in effect for about 30 years, from 1954 to 1983, and it was settled policy to have a congressional voice on nuclear cooperation

agreements. That was upset by the Supreme Court decision in the Chadha case.

Section 123(d) of the Atomic Energy Act contains language providing for a congressional veto over any Presidentially approved nuclear cooperation agreement. Since the Chadha decision, this language is no longer operative. In its place my amendment inserts a joint resolution or bill requirement.

With the passage of this amendment, when the President sends a nuclear cooperation agreement to Congress, instead of that agreement going into effect after a 60-day period, both Houses of Congress would be required to pass either a joint resolution of approval or a bill in order for the agreement to go into effect.

This joint resolution of approval or bill procedure would meet the test of the Chadha case in that the President would receive a joint resolution or bill and it would be subject to veto by the President, unlike the old concurrent resolution process.

Congress today has been shut out of a role in the most fundamental foreign policy consideration of our time, the proliferation of nuclear capability. And this Senate will remain shut out until it restores the normal balance of consideration originally contained in the Atomic Energy Act. The pendulum has swung to the executive branch and it is time for the Senate to insist that its proper role and authority be restored.

What makes this issue so important today? Because today this Nation stands on the threshold of a nuclear cooperation agreement with the People's Republic of China, an agreement that carries with it stark consequences for the people of Taiwan as well as ominous questions about the proliferation of nuclear materials.

Will American nuclear know how and technology flow through the People's Republic of China to Pakistan, a country that China has assisted in the nuclear field for many years? Would technology flow to North Korea, China's long-time friend and ally? Should these not be the questions asked by the Senate during a debate on any agreement with the People's Republic of China? Or should we simply turn our backs on these issues and let the initiative lie exclusively with the executive department, with an agreement of cooperation which does not even need a vote of approval in Congress and which no longer can be disapproved by a legislative veto?

Sure the People's Republic of China has agreed to inspection by the International Atomic Energy Agency. That is true. But is that enough? Is it adequate? Is it a foolproof device to prevent proliferation? Many experts think it is not. They cite the shortcomings, the lack of personnel, the lack of budget, the lack of complete inspections traditionally allowed by the IAEA.

And we should remember that while apparently agreeing to IAEA inspection, the People's Republic of China still has not signed the Nuclear Nonproliferation Treaty.

Suppose the United States under this proposed agreement of cooperation with the People's Republic of China provides an initial load of fuel for a U.S. supplied nuclear reactor in China. Would our nuclear nonproliferation agreements with China also cover the reprocessing of Chinese fuel used in an American reactor? Could Chinese reprocessed fuel be shipped to Pakistan or North Korea?

Mr. President, we are not talking about a NATO ally; we are talking about the biggest country in the world and a Communist dictatorship and a Communist dictatorship that has been closely allied with the Soviet Union in the past. They are not closely allied now, but next year, next month, they could move together once again, and that possibility is a very, very serious one.

So certainly the Senate should have an opportunity to act on a resolution that will enable it to decide whether to approve an agreement to export our nuclear technology to the People's Republic of China.

We need to know the answers to these questions that I have asked with respect to Chinese proliferation. And are they not of a magnitude that they should be debated and approved instead of simply sent to Congress where they would lie for 60 days and then go into effect? The executive department, in seeking an agreement of cooperation with People's Republic of China must make a finding that the proposed export of nuclear technology is not inimical to the common defense and security of the United States. Should the Senate not have a say in this declaration about the common defense and security of our country?

Any proposed agreement will spell out the terms, nature, scope, duration, and conditions of the nuclear arrangement entered into by both nations. But a President may exempt this information if he thinks it would seriously prejudice U.S. nonproliferation objectives or if it would jeopardize the common defense and security of the United States.

Should the Senate not be able to make a similar finding of its own? What if there is a distinct threat in any proposed agreement to the survival of Taiwan as an independent nation. What if U.S. technology makes the People's Republic of China nuclear warmaking capabilities more discrete—more usable against the island of Formosa? Should this not be debated? Should this not be considered? Should these questions not be dispelled to the satisfaction of the Senate?

Last December, Senators HUMPHREY, ROTH, and myself, sent a letter to Secretary Shultz seeking to make sure that any agreement of cooperation with the People's Republic of China have three specific elements: First, that China pledge not to transfer any nuclear weapons hardware or information to any nation. Second, that countries which receive any new significant nuclear exports or cooperation from China place all of their peaceful nuclear activities under IAEA safeguards. Third, that China should enter into a voluntary agreement with IAEA along lines identical to those of the United States—IAEA safeguards agreement.

Each of these points demands a serious debate here in the Senate. Each raises questions of enormous impact on nonproliferation policies. How can we discuss these issues, have any direct say over these issues in the absence of a full fledged debate?

Mr. President, I have talked about the case of the People's Republic of China because the issues there are stark—they stand out in relief. But I also could have examined the pending agreements of cooperation with Sweden and Norway for many experts question the wisdom of these agreements as well.

Last, Mr. President, let us assume that all my fears about an agreement with Sweden or Norway or the People's Republic of China are misplaced. Let us assume I am dead wrong in my suspicions that any agreement with the People's Republic of China will be leaky—will contribute to the world's proliferation problems. Let us assume that the agreement is air tight and iron clad. That finding does not in any way abrogate our responsibility as elected leaders to conduct a thorough scrutiny of the facts, a challenging, probing inspection of the issues such that no door is left unopened. If the proliferation of nuclear technology is not sufficient enough in weight or seriousness in subject for congressional consideration, then there is no subject so qualified.

Mr. President, the President could tomorrow send Congress a proposed agreement of nuclear cooperation with the People's Republic of China or any other country—South Africa, or Brazil, or Argentina. The Chadha decision has taken away any role for Congress in reviewing and approving these agreements.

My amendment, similar to the amendment adopted by the Senate on the War Powers Act, will reinstate congressional procedures for debating and approving such controversial Executive agreements.

Let me say, Mr. President, that the President cannot make an agreement with another country to provide for arms control, for limiting the nuclear arms race, without that being submit-

ted as a treaty, and without two-thirds of the Members of the Senate agreeing with that limitation on arms.

What an irony we face. Here we say the President can proliferate nuclear weapons without congressional oversight. I am not talking about this President. Of course, any President, whether it is a Democratic or a Republican President, is free to do that without any action by the Senate.

But if the President wants to control nuclear arms, if he wants to limit nuclear arms, if he wants to slow down the arms race to any extent at all, the tradition has been that he submit that as a treaty to the Senate. And then the Senate must approve such agreement by a two-thirds vote.

That was true, of course, of every treaty we have adopted.

But we have a situation now where the President is entering into agreements with foreign countries on the export of nuclear technology, and that does not have a treaty status. Agreements, I understand, are planned with Norway, Sweden, and even China and presently they can go forward without congressional approval.

Frankly, I was prepared to offer an amendment providing for treaty status for this kind of nuclear cooperation agreement, but I have been dissuaded because constitutional experts I have talked to have all agreed that this is the proper course, the resolution that I am offering here. We have a precedent with respect to this procedure in the War Powers Act which was overwhelmingly adopted here in the Senate. My amendment would follow in that course and would mean that we would be taking a very important step in restraining the proliferation of nuclear weapons and giving Congress the kind of voice it should have in that matter.

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

Mr. PROXMIRE. I am happy to yield to my friend from Pennsylvania.

Mr. HEINZ. First of all, I wish to say to my friend from Wisconsin that I think his is a very significant amendment and we need to adopt it.

We are, in part, at the present time precluded, as I understand the situation, by the Chadha decision from really having a voice, as we originally intended, in the selective disapproval, if that be our will, of such agreements entered into by the executive branch with other countries.

What the Senator proposes is constitutional. It is in the form, as I understand, of a joint resolution.

Mr. PROXMIRE. The Senator is correct.

Mr. HEINZ. And that needs to be done.

The alternative to the Senator not offering the amendment is something that I could not frankly conceive of, which is Congress simply withdrawing from the whole field of looking into these agreements. Of course, from time to time, there will be disagreement over whether one or another of those agreements is a good idea. We had at Tarapur a reactor which was a very hotly debated issue, and I think the debate was very good, not just for the Senate itself, but for the administrations, both of them, that were involved with that, as well as for the Indians, and the Government of India itself.

Obviously to have absolutely no voice would be to undo an arrangement that we had worked out among ourselves. I cannot conceive of our wanting to do that.

So I think the Senator's amendment is important. It should be supported by Members.

Having said that, I wish to also put our colleagues on notice that the Senator's amendment is going to create a lot of work for the Senate. I hope it creates a lot of work for the Senate because that means we will be successful in negotiating agreements.

But under present law, as the Senator knows, we only on occasion review such government-to-government agreements when we want to disagree with them. In this case, as I understand the Senator's amendment—and he will correct me if I am wrong—we will need to act affirmatively on every single agreement—those we agree with and those we disagree with. Of course, in the case of a disagreement, our failing to do anything will be disapproval.

I ask the Senator is that not correct?

Mr. PROXMIRE. The Senator is correct.

I might point out that the Senator is absolutely right that we should work on this. I cannot think of any more solemn, more serious, or more significant action that we could take or more useful work by the U.S. Senate.

I think it is true that over the years we have had only about 30 agreements of this kind. I think there would be a limited number in the future. It would not absorb all the attention of all the Members of Congress, of course, but it would mean good, hard work for some—and the Senator is absolutely right, it should.

Mr. HEINZ. Mr. President, with that understanding, I just do not want any of our colleagues to think that this is just a technical amendment. It is an amendment that is necessary. It will involve the Senate more directly in some of these issues. It will require us to roll up our sleeves, indeed, as we should, more often on the question of nuclear nonproliferation.

I commend the Senator for his amendment.

I am advised that Senator MCCLURE wishes to speak on the Senator's amendment. I do not know his position on it.

I am advised by staff that the administration has no position on the Senator's amendment.

Mr. PROXMIRE. May I say to my friend from Pennsylvania that this is the same approach, the same joint resolution approach which Senators PERCY and BYRD enthusiastically supported on the War Powers Act and which passed the Senate by an overwhelming margin.

Mr. HEINZ. Mr. President, unless the Senator from Wisconsin has any additional remarks he wishes to make at this time, I would, for the moment, suggest the absence of a quorum while Senator MCCLURE comes over from the Energy Committee.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

The Senator from Idaho is recognized.

Mr. MCCLURE. Mr. President, I wish to state for the record that I have both policy and technical reservations with regards to this amendment that is pending. I am not convinced that a mandatory legal requirement for joint resolution of approval of new or amended agreements for cooperation under title IV of the Nuclear non-Proliferation Act of 1978 will facilitate the effective and successful negotiation of such agreements, which by law include full-scope safeguards and other important nonproliferation advances under the 1978 act. At the same time, I recognize that we in Congress intended in that act that Congress should have a strong role in insuring enforcement and implementation of the act. Consequently, I will not obstruct the Senate consideration of this amendment today.

But it is imperative, however, that any use of a joint resolution of approval, as a matter of law, predictably be workable under the expedited procedures in the 1978 act. For that reason, I wish to seek the assurances and commitments of the floor managers of this bill that if the amendment is adopted in conference it will be modified as necessary to include the technical and conforming amendments to the expedited procedures section of the 1978 act to insure that Congress will be fully capable to pass any joint resolution of approval for agreement of cooperation under the act.

I also ask the opportunity to work with the floor managers at that time to reach an agreement on such technical and conforming amendments that

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would be agreeable to the floor managers.

And I say that because I think there may be a technical mismatch in the language and the fitting of it into the 1978 act.

I wonder if the Senator from Wisconsin might respond.

Mr. PROXMIRE. Mr. President, I understand the Senator from Pennsylvania is the majority manager and I will defer to him, and then I will be happy to respond.

Mr. HEINZ. Yes.

Mr. President, as I understand the remarks of my colleague from Idaho, he wants to be sure that we have a very careful consideration of this in the conference.

Mr. McCLURE. To make certain that the language does not obstruct the expedited procedure portion of the 1978 act so that whatever conforming changes might be necessary are fully implemented so we can know that if it comes back here for approval, it would come under that provision of the act.

Mr. HEINZ. Mr. President, let me say to my good friend from Idaho that he makes an excellent point. We clearly would not want to accept and take to conference an amendment that impeded those kinds of expedited considerations.

I anticipate that there will be an opportunity in conference to revisit this issue rather than doing so here on the floor. We should have a fair amount of flexibility in conference, because my understanding is the House of Representatives has no comparable language in their bill.

Mr. McCLURE. I thank the Senator from Pennsylvania.

Mr. PROXMIRE. Mr. President, I say to my friend from Idaho that I agree wholeheartedly with his point.

The one reluctant feeling I had about this was the possibility that a handful of Senators might get up and obstruct this. I think that would be wrong. I think expedited procedures would accomplish that. I will strongly favor and support expedited procedures for my joint resolution process and will do my very best not only as manager for the minority but also as the author of the amendment to get them in conference.

Mr. McCLURE. Mr. President, I thank the managers of the bill for agreeing with the points that I have made and agreeing that the expedited procedures under the 1978 act can be perfected in the conference, and Congress thereby will be assured of the capacity to act when it chooses to do so in a predictably legal and procedurally acceptable manner. I think that result will aid in advancing our nonproliferation objectives in new agreements for cooperation.

I cannot avoid saying, however, that I am very much concerned with the course that we are taking yesterday and today as to whether or not it is going to make the job of advancing nonproliferation objectives easier or harder, and I recognize the difficulty the Chadha case has given us and many of these cases, but this is a very difficult area, one in which the countries that we are trying to move toward full-scope safeguards find very difficult politically in their own countries as well as we find in here.

Sometimes the more formal we make the procedures, the more difficult it is to get people to use them.

So I have great reservations about what we may have done in this area, but again, I will not obstruct the opportunity of the Senate today to consider this matter.

I appreciate the assurances the managers have given with respect to the technical integration of this matter into the bill.

Mr. HEINZ. Mr. President, I commend the Senator from Idaho for his thoughtful remarks. He makes a good point when he says we want to be sure that we have a workable method of entering into these agreements. I will not repeat his arguments. I think he makes a good point.

Mr. President, I think we are ready to put the question to the Senate.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Wisconsin.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER, the Senator from Kansas (Mrs. KASSEBAUM), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Texas (Mr. TOWER), are necessarily absent.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Massachusetts (Mr. TSONGAS are necessarily absent.

The PRESIDING OFFICER (Mr. ARMSTRONG). Are there any other Sentors in the Chamber wishing to vote?

The result was announced—yeas 74, nays 16, as follows:

[Rollcall Vote No. 21 Leg.]

YEAS—74

Andrews	Biden	Bradley
Armstrong	Bingaman	Bumpers
Baucus	Boren	Burdick
Bentsen	Boschwitz	Byrd
Chafee	Helms	Pell
Chiles	Huddleston	Percy
Cochran	Humphrey	Pressler
Cohen	Inouye	Proxmire
D'Amato	Jepsen	Pryor
Danforth	Kasten	Quayle
DeConcini	Kennedy	Randolph
Dixon	Lautenberg	Riegle
Dole	Leahy	Roth
Domenici	Levin	Sarbanes
Eagleton	Mathias	Sasser
Evans	Matsunaga	Simpson
Exon	Mattingly	Specter
Ford	Melcher	Stafford
Gorton	Metzenbaum	Stennis
Grassley	Mitchell	Stevens
Hatch	Moynihan	Trible
Hatfield	Murkowski	Warner
Hawkins	Nickles	Weicker
Heflin	Nunn	Zorinsky
Heinz	Packwood	

NAYS—16

Abdnor	Hecht	Symms
Baker	Johnston	Thurmond
Denton	Laxalt	Wallop
East	Long	Wilson
Garn	Lugar	
Goldwater	McClure	

NOT VOTING—10

Cranston	Hart	Tower
Dodd	Hollings	Tsongas
Durenberger	Kassebaum	
Glenn	Rudman	

So Mr. PROXMIRE's amendment (No. 2754) was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATCH. Mr. President, I rise today to bring an important matter to the attention of the Senate and to the Senators who will be meeting in conference with the other body on this legislation.

The House bill (H.R. 3231) which has been sent over to the Senate contains a title (title III) articulating a U.S. policy toward South Africa. Indeed, the title is designated "The U.S. Policy Toward South Africa Act of 1983." The pending Senate bill contains no comparable title.

This new act would restrict in a number of respects the manner in which U.S. companies would conduct business in South Africa. Specifically, it would ban prospectively certain U.S. bank loans to the South African Government. Second, it would ban the importation to the United States of krugerrands or other gold coins offered for sale by the South African Government.

Third, and more significantly, it would impose a set of legally enforceable fair employment standards for U.S. firms with more than 20 employees operating in South Africa. These standards, I am told, are derived from the 6 point, Sullivan principles. These principles were developed several years ago by the Reverend Leon Sullivan as voluntary standards by which American-owned companies should conduct their business operations in South Africa.

The thrust of the Sullivan principles is to repudiate the institutionized racism that pervades labor-management relations in South Africa.

As chairman of the Labor and Human Resources Committee, I am of course especially interested in these labor standards proposals. I have had an opportunity to review both the provisions in the bill and the explanatory material in the House committee report.

I am frank to say that I am troubled over the reach of proposed employment standards. Moreover, I am troubled over the assertions in the House committee report that with one exception, the principles incorporated in the bill, and I quote here, "Do not require a different or higher standard of behavior for U.S. employers in South Africa than required for U.S. employers in the United States." I have carefully reviewed the proposed labor standards. And I have compared them with current Federal labor law. Based on that review, I can say unequivocally that the House committee report is wrong. The bill's labor provisions go significantly beyond what current labor law requires. They represent, in some instances, a complete reversal in deliberate policy choices made earlier by Congress. Beyond this, I believe that the bill proposes an enforcement scheme that is flawed and irreconcilable with current law.

I would now like to set forth, in some detail, an analysis demonstrating the inconsistencies and problems with the labor proposals. I hope that the Senate conferees would find this analysis useful in persuading the House conferees to drop this title from the bill.

Before getting into specifics, let me say at the outset that I stand second to none in my opposition to apartheid. I abhor racism. It is morally wrong. It is a cancer on society. As our own country's history dramatically proves, a nation which condones and legally sanctions racism will sooner or later be torn assunder. Therefore let it be clearly understood that I do not quarrel with the goals of the bill or the Sullivan principles which inspired it.

SECTION-BY-SECTION ANALYSIS

The seven labor standards set out in title II are derived from and substantially similar to principles established by Rev. Leon H. Sullivan (the Sullivan principles) in 1977. Under present practice, companies operating in South Africa are encouraged to implement these principles voluntarily. Periodically, the U.S. companies doing business in South Africa are audited for compliance and the results thereof released to the public.

Section 321(a) of the H.R. 3231, however, mandates that U.S. companies operating in South Africa must: First, desegregate the races in employment facilities; second, provide equal employment for all employees; third, establish equal pay for all employees doing equal or comparable work; fourth, establish a minimum wage and salary structure based on a cost-of-living index which takes into account the needs of employees and their families; fifth, increase, by appropriate means, the number of blacks and other nonwhites in managerial, supervisory, administrative, clerical, and technical jobs; sixth, take reasonable steps to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation, and health; and seventh, recognize labor unions and implement fair labor practices.

The first six standards are drawn from the Sullivan principles. The seventh standard—recognition of labor unions—is new. It is not part of the Sullivan principles.

Section 312(b) provides authority to the Secretary of State to issue guidelines and advisory opinions regarding compliance with these labor standards.

Section 313 directs the Secretary of State to appoint two advisory councils to advise the Secretary with respect to subtitle I. The first council is composed of 10 members in South Africa representing trade unions, the U.S. Chamber of Commerce in South Africa, the academic community, and church, and community leaders. The second council is composed of 11 members including officers and employees of the Departments of State, Commerce, and Labor, and the Equal Employment Opportunity Commission, and representatives of labor, business, civil rights and religious organizations in the United States.

Section 314 establishes a comprehensive enforcement scheme providing authority for enforcement of and penalties for noncompliance with the labor standards. Subsection (a) requires U.S. companies subject to the labor standards to submit a detailed, documented annual report to the Secretary of State on compliance with the fair employment principles and provide such other information as the Secretary may determine is necessary.

Section 314(b) directs the Secretary of State to: First, conduct on-site compliance reviews in South Africa at least once every 2 years; second, secure compliance within a reasonable period of time by mediation and other voluntary means; third, refer cases to the Attorney General for criminal proceedings where there is reason to believe that false information has been supplied to the Secretary; and fourth, conduct investigations and hold hearings. Section 314(c) directs the Secretary to make determinations of compliance within 90 days after giving notice and opportunity for a hearing.

Section 314(d) sets forth the penalties for U.S. companies found not to be in compliance with title III's labor standards or information requirements, or who have provided false information. Companies found to have violated these requirements may not: First, export any goods or technology directly or indirectly to South Africa; or second, use the services of the Export-Import Bank of the United States. Companies who violate the first penalty may be fined for each violations up to five times the value of the exports or $50,000, whichever is greater. In addition, the Secretary of State may impose fines of up to $1 million on U.S. companies or up to $50,000 for individuals. Officers, directors, or employees who knowingly and willfully order, authorize, acquiesce in, or carry out the act or practice may be subject to fines of up to $10,000.

COMPARISON OF "CODIFIED SULLIVAN PRINCIPLES" AND CURRENT FEDERAL LABOR LAW

In the section-by-section analysis of the House bill's title III, the House Committee on Foreign Relations asserts that "with the exception of principle 6, the principles do not require a different or higher standard of behavior for U.S. employers in South Africa than required for U.S. employers in the United States" (H. Rept. 98-257, pt. I, at 30).

The House's assertion is flatly incorrect. In fact, as the following analysis will demonstrate, five, not one, of the codified Sullivan principles are inconsistent with Federal labor law.

Desegregation in employment facilities. There is no inconsistency between the requirement section 312(a)(1) to desegregate the races in each employment facility and U.S. law.

Equal Employment. In general, there is no inconsistency between the requirements in section 312(a)(2) to provide equal employment opportunity for all employees and U.S. law. Section 312(a)(2)(A), however, differs from U.S. law because it requires that any health, accident, or death benefits plans be open to all employees, both salaried and hourly. There is no requirement in U.S. law that such benefit plans be uniform in these categories of employees. Distinctions may be made on various bases, including salaried or hourly status.

Equal Pay for Equal or Comparable Work. Section 312(a)(3) would require equal pay for all employees doing equal or comparable work. This principle is in direct conflict with U.S. law. When Congress considered the Equal Pay Act of 1963, 29 U.S.C. 206(d), it specifically rejected a comparable work proposal and instead, adopted the current equal pay for equal work standard for compensation discrimination based on sex. See 108 Cong. Rec. 14767. Moreover, the Supreme Court in *County of Washington* v. *Gunther*, 452 U.S. 161 (1981), declined to find that comparable worth suits are cogni-

zable under title VII. Indeed, no court since the Gunther decision, including the Federal District Court in *AFSCME* v. *State of Washington.* C82-465T (Dec. 14, 1983), has adopted a plaintiff's invitation to adopt a comparable worth theory to establish employer liability under title VII. Thus, enactment of title III would impose comparable worth compensation systems on U.S. companies operating in South Africa causing disruption of employer job evaluation classification systems because there is no similar legal standard in the United States.

Section 312(a)(3)(B) also requires that employers review the distinction between hourly and salaried job classifications, and establish and implement an equitable and unified system of job classification. This would result in Government intervention in the evaluation and classification of employees by employers which is directly contrary to the Equal Pay Act. As found by the Gunther court:

> Under the Equal Pay Act, the courts and administrative agencies are not permitted "to substitute their judgment of the employer * * * who has established and employed a bona fide job rating system," so long as it does not discriminate on the basis of sex. 452 U.S. at 170-71.

Moreover, under U.S. law and practice there is no requirement that employers use a unified system of job classification between hourly and salaried positions. Many companies use different job evaluation systems for hourly and salaried employees because of the differences in jobs involved and because systems used for hourly employees may be subject to collective bargaining. Consequently, section 312(a)(3)(B) would result in Government intrusion in the job evaluation and compensation practices of facilities of U.S. companies located in South Africa even though such intrusions are not permitted in the United States.

Minimum Pay Related to Cost-of-Living. Section 312(a)(4) would require that minimum wage and salary structure be based on a cost-of-living index. Minimum wages in the United States are not tied to cost-of-living, however. Indeed, in 1977, Congress specifically rejected an amendment to the Fair Labor Standards Act that would have required the minimum wage to be revised based on the cost-of-living index. Thus, section 312(a)(4) is contrary to U.S. law and the considered policy choice of Congress.

I might add that, as a matter of policy, the use of indexing is likely to be counterproductive in South Africa. First, such increases would be mandatory regardless of the economic and social consequences including increased unemployment and inflation. Second, automatic increases in minimum wage would reduce the employability of marginal workers regardless of race. Finally, it would be disruptive of salary levels established by collective bargaining and would be opposed by some black trade unions.

Increase in Representation of Blacks in White Collar Positions. Section 312(a)(5) mandates increasing, by appropriate means, the number of blacks and other nonwhites in managerial, supervisory, administrative, clerical, and technical jobs. Under title VII of the 1964 Civil Rights Act, however, while an employer may voluntarily increase the representation of protected class members, such actions are not mandatory absent a finding of discrimination. *United Steelworkers* v. *Weber,* 443 U.S. 193 (1979). Moreover, although Executive Order 11246 requires Federal Government contractors to engage in affirmative action if particular job groups are underutilized, this requirement occurs as a result of a contractual relationship between the U.S. Government and the company providing services to the Government. Thus, title III exceeds U.S. law by requiring affirmative action in all circumstances.

Improve the Quality of Life Outside the Work Environment. The House Foreign Relations Committee recognized that the sixth principle—to take reasonable steps to improve the quality of employees' lives outside the work environment—establishes a higher obligation on the part of employers than exists in the United States. I would simply note here that this requirement seems very subjective. Its very breadth and generality gives employers little notice of what conduct on their part would satisfy compliance. Moreover, an argument could be made that it mandates U.S. employer involvement in South African domestic issues which have no direct bearing on the labor-management relationship.

Recognition of Labor Unions and Implementation of Labor Practices. Section 312(a)(7)(A), which establishes that employees have the right of self-organization, to form, join, or assist labor organizations, regardless of race, and the right to refrain from such activities, is virtually identical to the rights provided in section 7 of the National Labor Relations Act (NLRA). Similarly, section 312(a)(7)(B)(i)-(v) is nearly identical to the employer unfair labor practices provisions found in section 8(a) of the NLRA.

Section 312(a)(7)(C), however, represents a substantial departure from U.S. law because it would permit reasonable access to labor organization representatives to communicate with employees on employer premises at reasonable times. Under the NLRA, a distinction is made between employees and nonemployee union organizers. That is, nonemployee union organizers may be prohibited from entering the employer's premises provided there are other available channels of communication which will enable it to reach the employees through reasonable efforts. *NLRB* v. *Babcock & Wilcox,* 351 U.S. 105 (1956). Such other available channels include contact by mail, telephone, home visits, and public walkways adjacent to plant entrances.

In 1977 as part of labor law reform, Congress rejected a proposal that would have given nonemployee union organizers the right to campaign on company property whenever the employer addresses its employees on its premises or during working time on issues relating to union representation. S. 2467, section 4, 95th Cong., 2d Sess. (1977). Adoption of title III would therefore impose on U.S. employers in South Africa union access standards which are directly contrary to the NLRA and which Congress specifically rejected in 1977.

Section 312 (a)(7)(D) also exceeds the requirements of the NLRA. It directs that employee representatives be permitted to meet with employer representatives during working hours without loss of pay for purposes of collective bargaining, negotiation of agreements, and representation of employee grievances. Under the NLRA, granting official time for union representation is not mandatory, but is subject to collective bargaining. Although some agreements provide time off with pay for such functions, pay for such activity may be flatly prohibited in others. See Collective Bargaining: Negotiations and Contracts (BNA), No. 876 at 51:201 (Dec. 28, 1978).

Section 312(a)(7)(E) also requires U.S. companies to regularly inform employees that it is company policy to consult and bargain collectively with employee organizations. There is no similar notification requirement under the NLRA absent a finding of an unfair labor practice. Moreover, the notification requirement can be read as requiring continuous bargaining or consultation notwithstanding the terms of a collective-bargaining agreement. This clearly exceeds U.S. law and creates the basis for unstable labor relations. Finally, the obligation to consult and bargain under section 312(a)(7)(E) is with all organizations which are freely elected by employees to represent them. This is contrary to the standard under section 9(a) of the NLRA that such negotiations or consultations are limited to the employees' exclusive bargaining representative.

Section 312(a)(7)(F) requires that employer and employee representatives select impartial persons to resolve election, grievance, negotiation or other disputes. The effect of the provision is to provide a substitute for the statutory functions performed by the National Labor Relations Board

and the Federal Mediation and Conciliation Service in the United States. Neither of these bodies, however, has authority to resolve grievances. Instead, the method of resolving them is left to the parties, and nothing under the NLRA mandates that an arbitrator of other neutral resolve grievances. To the extent that such appeal rights are provided under collective bargaining agreements, they are typically part and parcel of grievance and arbitration procedures which the employer agrees to in return for a no-strike commitment by the union. This quid pro quo of binding arbitration in exchange for freedom from strikes goes to the very heart of U.S. labor policy. See *United Steelworkers*, v. *American Mfg. Co.*, 363 U.S. 564 (1960); *United Steelworkers* v. *Warrior & Gulf Navigation Co.*, 363 U.S. 574 (1960); and *United Steelworkers* v. *Enterprise Wheel & Car Corp.*, 363 U.S. 593 (1960). But if arbitration were made available as a matter of law, as title III contemplates, the need for contractual arbitration procedures could be seen as less compelling. That is, unions might be unwilling to give up the right to strike in exchange for arbitration, if they knew that all discharge disputes would have to be submitted to an impartial person in any event. By thus diluting the incentive for unions to enter into no-strike agreements, title III would erode "the chief advantage which an employer can reasonably expect from a collective labor agreement." S. Rep. No. 105, 80th Cong., 1st Sess. 16 (1947). Thus, title III would undermine the mutuality of obligations upon which the U.S. policy of labor peace through collective bargaining is based.

Finally, it should be noted that while the bill establishes rules by which employers must recognize and bargain with unions, it is totally silent as to the concomitant rules by which unions should abide. The National Labor Relations Act, as amended by the Taft-Hartley Act in 1947, reflects a balance of rights and obligations between employers and unions. Section 8(a) sets forth the improper conduct from which employers must refrain, while section 8(b) delineates prohibition for unions. Both sets of rules are required for a balanced and viable relationship between labor and management. By ignoring the requirements of section 8(b) of the NLRA, the bill will promote labor-management relations which are at best skewed and disruptive, if not violent, at worst. History will confirm this, as evidenced by the problems which American businesses experienced between the passage of the Wagner Act in 1935 and the enactment of Taft-Hartley in 1947.

In summary, the claim of the House Foreign Relations Committee that, with the exception of principle 6, the labor standards in title III do not require a different or higher standard for U.S. employers in South Africa than that required in the United States is completely erroneous. Clearly the third, fourth, fifth, and seventh principles also exceed the requirements of U.S. law and practice.

OTHER FLAWS WITH TITLE III

Not only is title III at odds with substantive Federal labor law, it establishes an enforcement mechanism which is unworkable.

The House Foreign Relations Committee report states that:

> The labor standards in section 312(a) are designed to take into account * * * the principle of comity of the laws of another country, and that none of the principles would require that a covered U.S. employer break South African law. H. Rep. No. 98-257, Part I, 98th Cong., 1st sess. 30-31 (1983).

In the context of title III, comity requires that South Africa recognize within its territory the legislative, executive or judicial acts of the United States, Black's law dictionary 334 (1968).

Under existing statutes in South Africa, however, such comity may not occur. Section I of the Protection to Business Act No. 99 of 1978, as amended by act 14 of 1979, states in relevant part that:

> First, notwithstanding anything to the contrary contained in any law or other legal rule, and except with the permission of the Minister of Economic Affairs; (a) no judgment, order, direction, arbitration award or letters of request delivered, given or issued or emanating from outside the Republic and arising from any act or transaction contemplated in subsection (3), shall be enforced in the Republic; (b) no person shall in compliance with any order, direction or letters of request issued or emanating from outside the Republic, furnish any information as to any business whether carried on in our outside the Republic.
>
> In the application of subsection (i)(a) an act or transaction shall be any act or transaction which took place at any time, whether before or after the commencement of this Act, and is connected with the production, importation, exportation, refinement, possession use or sale of or ownership to any matter or material, or whatever nature, whether within, outside, into or from the Republic.
>
> Second, any person who contravenes the provisions of section 1(1)(b) shall be guilty of an offence and on conviction liable to a fine not exceeding two thousand rand or to imprisonment for a period not exceeding 2 years or to both such fine and such imprisonment.

Thus, absent permission of the Minister of Economic Affairs, implementation of title III's enforcement scheme set forth in section 314 including information disclosure, on-site monitoring and compliance would be in direct conflict with South Africa's Protection of Business Act. Accordingly, orders of the Secretary of State or those of U.S. courts could be unenforceable in South Africa, and persons in South Africa complying with information requests under title III could be subject to fines or imprisonment under South African law.

Another disturbing feature of the enforcement mechanism is the role which H.R. 3231 gives to the Secretary of State in defining labor policy. Section 312(b) authorizes the Secretary of State to issue guidelines and criteria in implementing the compliance requirements. In addition, the Secretary may issue advisory opinions. With all due respect to the State Department, this to me is like entrusting an accountant to give advice on neurosurgery. The State Department has no institutional expertise to identify and resolve the manifold issues arising out of the employment relationship. Indeed, Congress has entrusted this task to a number of specialized agencies, including the National Labor Relations Board, Equal Employment Opportunity Commission, the National Mediation Board, and a host of agencies within the Department of Labor, such as the Office of Federal Contract Compliance programs, the Occupational Safety and Health Administration, the Mine Safety and Health Administration, the Employment Standards Administration, and the Employment and Training Administration, just to name the principal agencies. I seriously doubt whether the State Department could begin to develop the expertise which these agencies possess. Moreover, it is a role which is totally unsuited for the State Department.

Finally, I think it should be noted that the extraterritorial application of our Federal labor laws is fairly unprecedented. And this is the case for sound policy reasons. Many labor statutes contain express territorial restrictions. See, for example, that is, 29 U.S.C. 213(f) (Fair Labor Standards Act); 29 U.S.C. 653(a) (Occupational Safety and Health Act); 40 U.S.C. 276a (Davis Bacon Act); 41 U.S.C. 351(a) (Service Contract Act). Even where there is no express statutory provision forbidding application in other countries, U.S. labor laws have generally been held to be limited in application to the territorial jurisdiction of the United States, based on the assumption that Congress is primarily concerned with domestic conditions. See, for example, that is, *McCulloch* v. *Sociedad Nacional de Marineros de Honduras*, 372 U.S. 10 (1963) (National Labor Relations Act); *Benz* v. *Compania Naviera Hidalgo*, 353 U.S. 138 (1957) (Labor Management Relations Act); *Foley Bros., Inc.* v. *Filardo*, 336 U.S. 281 (1949) (Eight Hour Law); *Air Line Dispatchers Ass'n* v. *National Mediation Board*, 189 F. 2d 685 (D.C. Cir.), cert. denied, 342 U.S. 849 (1951) (Railway Labor Act). Congress and the courts have been justifiably reluctant to extend the scope of labor relations statutes involving the personnel poli-

cies and practices of multinational corporations outside the United States for several reasons including: First the labor conditions in another country are beyond the control of the United States; second, the extraterritorial application of U.S. employment practices invades the sovereignty of the host country to establish employment standards for workers within its territories and its own citizens; and third, companies attempting to comply with U.S. law and the host country's law may be subject to conflicting standards. See *Foley Bros., Inc.*, 336 U.S. at 286.

At this point, Mr. President, I would like to look beyond the substance of the labor provisions of H.R. 323 and share with the Members my concerns over their ramifications on U.S. foreign policy and on their impact on United States-South African relations.

Mr. President, it is important to note that up until the present time, without codifying the Sullivan principles or even more stringent measures in U.S. law, dramatic changes have taken place in South African labor relations. U.S. companies have played a major role in encouraging these changes.

In 1977 the South African Government appointed a Commission of Inquiry into Labor Legislation, known as the Weihahn Commission. The purpose of the commission was to study existing labor legislation and to make recommendations for reforms. It is important to note that the commission was the first multiracial Government body in South Africa with representatives from all four officially recognized population groups. The 12 person commission included one black, one coloured (or mixed race individual) and one Indian commissioner.

Mr. President, in May 1979 the Wiehahn Commission released its first report, while its second, third and fourth reports were published in 1980. The major recommendations of the commission included: Full freedom of association to all workers irrespective of race; provisional registration for new trade unions; enlarging the definitions of political activities of trade unions; financial inspection for unions, employers' associations, industrial councils, works committees and works councils; admission of registered trade unions to industrial councils; abolishing job reservation; establishing a system of minority protection and fair employment legislation; and opening apprenticeships to all races in all areas.

Today the South African Embassy proudly reports that:

All reference to race, color and sex has been removed from each and every piece of legislation administered by the Department of Manpower.

This means that black workers have been legally granted the right to protection against unfair labor practices.

Black trade unions now enjoy the same rights as their white, Indian, and mixed race counterparts to organize, to register, to bargain, and to strike. For a trade union in South Africa to be granted the right to register is no small matter. Until recently only registered trade unions were allowed to participate in industrial councils, which are the organizations for collective bargaining. Although some black trade unions have refused to register as a means of protest, unregistered unions are now recognized by employers and Government as legitimate bargaining agents. The fact that black unions feel confident enough to challenge the labor relations system of South Africa is in itself encouraging.

Even more encouraging, there has been a recent upsurge in membership of black workers into multiracial and nonracial unions.

South African employers are no longer required to obtain a permit to hire a black worker. Ben Roberts, a professor of industrial relations at the London School of Economics, notes that this has had "a tremendous impact" on the South African labor force because for the first time blacks are moving into skilled work.

Admittedly, South Africa has a very long way to go to reach the desired objective of equal rights for all—not just on paper but in practice as well. However, let us not overlook what progress has been made: Just 4 years ago black trade unions were illegal, unrecognized, and had no bargaining status whatsoever. Now they are viable, growing strong, and becoming increasingly sophisticated. I believe these bread-and-butter changes in the workplace are providing the foundation for fundamental political and social changes in the future.

Mr. President, it seems to me that there are two relevant questions here today: First, examining the record to date, without codifying the Sullivan principles in U.S. law, what efforts have U.S. businesses made to abolish the totally reprehensible and unacceptable system of apartheid?

Second, what effect would title III of H.R. 3231 have on the process of bringing about further improvements in South African labor relations and peaceful change in South African race relations in general?

In answer to the first question I have raised concerning U.S. business contributions to improving working and living conditions of South African blacks, I must say that U.S. businesses have an extremely impressive record. It is my understanding that since 1977 U.S. firms have spent over $75 million in South Africa in the field of housing, education, training, supervisory/management development, black entrepreneurship, health and fair labor employment practices.

Specific initiatives by U.S. businesses include the establishment of PACE Commercial College by the American Chamber of Commerce in South Africa. PACE educates blacks in Soweto, the black township outside Johannesburg, for careers in business.

The $6 million school includes 28 classrooms, an assembly hall, a library, a kitchen, a canteen, a gymnasium, and a wide variety of sports facilities. According to the American Chamber of Commerce in South Africa, PACE is the first school in Soweto to have a fully equipped theater, the first to introduce physical education into the curriculum, the first to have a computer-based teaching system, and the first to serve a balanced midday meal to all pupils and staff from its own kitchens. Tuition for students to attend PACE comes from donations from some 200 companies, trusts, and individuals. About half of these are South African and about half are American, according to the chamber of commerce.

Mr. President, another innovative project funded by U.S. business is to build a better society program known as BABS funded in part by Mobil Corp. The objective of BABS is to promote grassroots resident action among the people of South Africa in order to improve the quality of life, to develop leadership for community problem solving, and to further the concept of equality by bringing about structural change. In June 1982 BABS completed a $1.3 million housing project outside of Capetown consisting of 50 housing units and a community center. This $1.3 million project was entirely funded by Mobil.

Mr. President, it is my understanding that another U.S. company, General Motors, spends roughly $4 million a year on training and social programs for blacks, including the adopt-a-school program which provides facilities, support for teachers, libraries, and audiovisual aids to schools. According to the seventh annual Sullivan report American companies have adopted over 200 schools, providing a wide range of support including cash assistance for renovations and expansions as well as other programs. Reverend Sullivan has stated that during the last reporting year signatory companies spent over $7 million to help educate nonemployees and these companies have deposited more than $2.5 million in black-owned banks.

I believe the key to the success of these efforts to improve blacks' living and working conditions is the spirit of voluntarism at work.

Reverend Sullivan himself has stated that during the last reporting year signatory companies have done more than ever before to reach the objectives set, even though the requirements become more demanding each year.

When the Sullivan principles were first promulgated in 1977 there were 12 corporate signatories. Today there are 120 signatories, according to the seventh annual Sullivan report. Most of the companies that have not signed the Sullivan Code are small, employing from 1 to 50 employees. H.R. 3231 would exempt from compliance firms with less than 20 employees because it is recognized that it is impractical and too expensive for many small companies to comply. For example, they cannot afford to subsidize education and housing programs. It is important to note that the 25 small business units have voluntarily signed the code, according to the Department of State. As Frank Wisner, Senior Deputy Assistant Secretary for African Affairs, has stated:

An unintended result of this legislation is that firms which have adhered voluntarily would be exempt from doing so under the proposed legislation. This is a prime example of why a voluntary approach is prefereable to mandatory legislation.

U.S. companies that have signed the Sullivan principles have worked to bring about fundamental change in South African labor relations and in the political process as well. Sullivan signatories have lobbied for changes in discriminatory legislation, increased the proportion of black workers in supervisory positions, provided common medical, pension, and insurance plans to all employees, instituted large-scale training programs for black workers, increased average black employee wages faster than for white employees, and supported public interest law firms which defend legal rights for black South Africans. U.S. businesses have also made an impact in the political arena. For example, in 1982 the South African Government put forth an onerous piece of legislation entitled the "Orderly Movement and Settlement of Black Persons" law. The purpose of this measure was to control the movement of blacks to and from urban areas. The U.S. Chamber of Commerce strongly and directly criticized this reprehensible piece of legislation and it has been shelved.

Mr. President, I share the administration's strong endorsement of the Sullivan principles as a useful tool to encourage reform in South Africa—provided that the Sullivan Code or any similar measures remain voluntary. It is clear that the present arrangement of a set of voluntary principles is working. U.S. businesses are having an impact. As President Reagan likes to say, "If it isn't broken, don't fix it."

I believe that title III of H.R. 3231 is an attempt to politicize and bureaucratize a voluntary program that has been extremely successful. If the U.S. Congress steps in and mandates stringent requirements it would have a devastating effect. Indeed, it may well backfire and harm the very ones we are trying to help—South African blacks. American companies and affiliates only have so much money, manpower, and resources to devote to their South African enterprises. The question is do we want them to devote their resources to building schools and housing projects and initiating training programs for blacks or shall we mandate that they devote their resources to additional layers of bureaucratic procedure? It is my understanding that under the proposed legislation the State Department would be charged with oversight responsibilities. Mr. President, the State Department is not a regulatory agency. I can just imagine the avalanche of paper that would be generated by this useless, counterproductive exercise.

If more restrictions were placed on U.S. companies in South Africa, they might very well close up their shops in Johannesburg and Pretoria and move elsewhere. Of course, again, this would be extremely detrimental to blacks who are counting on the continued, voluntary efforts of U.S. business people to improve their working and living conditions. Mr. President, I am sure that my colleagues would be interested in the perspective of a black South African leader on this matter. The Honorable Gatsha Buthelezi, the leader of the Zulu people, has said:

Some . . . in America have got the whole issue upside down. They seem to think it is immoral for American companies to invest here but irresistably profitable. The truth is the opposite. It is morally imperative that American firms remain active here. . . My people want you and need you here, just as we need the Whites and the Whites need us . . . foreign investment creates jobs.

Mr. President, if title III of H.R. 3231 became law, it could very well backfire and drive U.S. businesses out of South Africa. I believe this would be a travesty. American companies doing business in South Africa provide jobs for 120,000 blacks in that country. What will happen to these 120,000 blacks and to the rest of the black population who benefit from the "spillover effect" of U.S. business presence in South Africa if a number of these businesses leave that country?

Another negative result of this measure might well be to strengthen the hand of South African conservatives who do not favor changing the status quo. As I wrote in the Christian Science Monitor last November.

When debating those who favor change, (South African) hardliners can point to a lack of encouragement from the U.S. as a reason not to move forward in the area of human rights.

Carl Gershman, Counselor to the U.S. Permanent Representative to the United Nations, shares my point of views. In his testimony before the U.N. Committee on Racism and Racial Discrimination, Mr. Gershman stated that:

The important question is how we can encourage the process of peaceful, democratic change in South Africa. The view that the only effective approach is increased international pressure and support for sanctions overlooks the internal factors that compel change and could, like a self-fulfilling prophesy, help bring about an Armageddon.

Samuel P. Huntington of Harvard's Center for International Relations has pointed out that "Reforms which appear to be granted under pressure" will strengthen the ultraconservative parties against the government, "lead to more extreme demands from more groups, and provoke a counterrevolutionary backlash."

I might add that there is also the question of applying U.S. law extraterritorially. I doubt very sincerely that South African Government leaders would embrace the idea of the U.S. Congress legislating labor relations in their country. As my colleagues are well aware, South Africa is of extreme importance to the United States because of its vast mineral wealth and its geographic location.

U.S. companies have made a tremendous positive impact on South Africa. Through their voluntary efforts they have been an effective catalyst for bringing about peaceful social change. Ultimately, however, it is the South African Government that must legislate within its own borders. The Government of South Africa has a very long, long, long way to go to abolish the reprehensible practices of apartheid. As I stated earlier, the question is how can the United States best help South African blacks? I do not believe the answer is for the U.S. Congress to intervene in the internal labor relations of a sovereign state.

The Sullivan principles are a useful set of guidelines for U.S. businessmen to follow on a voluntary basis. We should not bureaucratize and politicize this process, thereby unintentionally hurting South African blacks—the very ones we want to help in the first place. I believe that it would be a tragedy for us to abdicate our moral responsibility in South Africa by unwittingly driving U.S. businesses out of that strategically important country.

Incidentally, both the Washington Post and the New York Times agree with me. I would like to end my remarks by quoting from a Washington Post editorial of October 29, 1983. The Post writes:

Some of the American companies operating (in South Africa) try to follow the Sullivan Code voluntarily. South Africa would be a better place if they all did. But to enact it into a law that applies in one not very friendly foreign country raises questions to which nobody in the House has any very plausible answers. Who's going to monitor compliance? What happens when the Sullivan code conflicts with South African law?

. . . The trouble with unenforceable political gestures is that they divert effort from

the kinds of slow and unspectacular work that might actually make a difference.

Mr. President, I could not agree more. I ask unanimous consent that this editorial be printed in the RECORD in its entirety.

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

[From the Washington Post, Dec. 29, 1983]

SANCTIONS AGAINST SOUTH AFRICA

Moral indignation is a noble passion, and there is no country whose racial practices attract it so powerfully as South Africa's. But translating it into foreign policy legislation is full of pitfalls, and never more than when it's being done on the floor of the House of Representatives.

The House voted Thursday to prohibit any new American investment in South Africa. The author of that amendment, Rep. William H. Gray, says it means no investment by any company not already there—but that companies now there can expand. Does Mr. Gray really mean to protect the companies now there from any further American competition? Did the House realize it was creating, at least among American companies, a kind of franchise for those now in South Africa? Evidently not.

This language was pasted into the bill to extend the Export Administration Act, which now contains several other similarly well-intentioned provisions. One would apply the Sullivan code to American companies in South Africa, and give the U.S. government the legal authority to enforce it. Legal authority is one thing; practical means are another. The Sullivan principles apply a simple and clear rule of justice to labor relations in a society that has turned racial discrimination into an obsession. Some of the American companies operating there try to follow the Sullivan code voluntarily. South Africa would be a better place if they all did.

But to enact it into a law that applies only in one not very friendly foreign country raises questions to which nobody in the House has any very plausible answers. Who's going to monitor compliance? What happens when the Sullivan code conflicts with South African law?

Congress has repeatedly tried in recent years to impose American legal standards abroad. The South Africa amendments are hardly the most important example of the extraterritorial impulse in the Export Administration Act extension. It has been bogged down all year in the aftermath of the Reagan administration's failed attempts to force the Western Europeans to back out of their gas pipeline projects with the Soviet Union. Since this kind of sanction has been notably unsuccessful in the past as a means of changing other countries' policies, there is an unreal quality to the debate. But it goes on with undiminished vehemence.

As for the South Africa amendments, it's possible to argue that even if unenforceable they won't do any harm. So why not pass them.

The trouble with unenforceable political gestures is that they divert effort from the kinds of slow and unspectacular work that mixing actually make a difference.

Mr. HATCH. Mr. President, in conclusion, these are important considerations. The House bill goes way beyond present U.S. law and I think does not solve the problems but creates more problems.

I just call the attention of my colleagues to one of the articles that I wrote explaining how we are making headway in South Africa, how with the help of some of the AFL-CIO people who have been working and giving time down there we are making headway and making headway faster than ever before.

I believe the House provisions not only will be in derogation of present U.S. law but I believe those House provisions will deter, not help, the resolution of racial problems and the resolution of the abhorrent apartheid policy in South Africa.

Mr. HELMS. Mr. President, I commend the distinguished Senators from Pennsylvania (Mr. HEINZ) and from Utah (Mr. GARN) for their many hours of hard work on S. 979 which renews and amends the Export Administration Act. There are several provisions in this legislation which this Senator particularly favors, especially those which strengthen the role of the Department of Defense in the export control process.

But, Mr. President, in the face of the ruthless expansion of the Soviet Empire around the world, I believe that the highest priority should be given to the job of strengthening the export control process. It is a fact that the vast Soviet military and industrial structure that we now confront has been primarily developed by those in the West who have engaged in trade and technology transfer with the Soviet Union.

It is also a fact that, over the years, loans and credits to the Soviet Union by Western bankers, as well as by Western governments, have served to build the Soviet war machine and to keep the peoples and nations contained within the Soviet borders and in Soviet satellites in slavery.

Controlling the exports of goods and technology to the Soviet Union can halt the development of the Soviet war machine which threatens civilization around the globe. Export control is a type of arms control and it is high time that this fundamental fact be remembered and acted upon.

Mr. President, Secretary of Defense Weinberger in his report entitled "Soviet Military Power" issued in March of this year states plainly that, to quote the report:

> The flow of Western technology, equipment and materials to the Soviet Union has made a considerable contribution to Soviet military-industrial capabilities.

Mr. President, I ask unanimous consent that the section of Secretary Weinberger's report entitled, "Technology Transfer" be printed in the RECORD at the end of my remarks as exhibit 1.

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

(See exhibit 1.)

WHY IS THERE WESTERN TRADE WITH THE SOVIETS?

Mr. HELMS. Mr. President, as I have just noted, it is a fact that trade with the Soviet regime has been going on for some seven decades by various Western financiers and businessmen. As Secretary Weinberger and others have pointed out, this trade has built up the Soviet war machine. It is therefore important that we ask ourselves just why is there such a transfer of goods and technology as well as credits and finance to the masters of the Kremlin? In the opinion of this Senator and a number of experts on this matter, this trade must be controlled.

A number of academic specialists have investigated the matter of trade and technology transfer to the Soviet Union. Among the best known is Prof. Anthony Sutton who was associated with the Hoover Institution at Stanford University for a number of years. Among his many important works on this subject, his massive three-volume set entitled "Western Technology and Soviet Economic Development," published by the Hoover Institution between 1968 and 1973, ably demonstrates the fact that the Soviet industrial structure rests upon a foundation supplied in great part by the West. Professor Sutton carefully documents the transfer of goods and technology from not only the United States but also from such countries as England and Germany.

Mr. President, European scholars and specialists have also investigated this matter and have arrived at similar conclusions. Mr. Z.A.B. Zeman in 1958 wrote a book entitled "Germany and the Revolution in Russia 1915-1918" which was published by the Oxford University Press. In this book, Mr. Zeman presents selected documents from the Archives of the German Foreign Ministry which demonstrate the financing of the Bolshevik revolutionary movement by the German Government.

The German Government spent many millions of marks in order to assist the Bolsheviks to come to power in Russia in order to further German war aims as well as to secure lucrative markets in Russia in the postwar years. Mr. Zeman documents the fact that the German Government arranged for the train which transported Lenin and his fellow revolutionaries from Switzerland where they had been in exile to the Russian border. Mr. Zeman notes that this policy had the backing of certain German financial and industrial circles. Mr. Zeman also documents the activities of Alexander Helphand who also used the name "Parvus" and who was a Russian revolutionary in the service of the German Government with close ties to Lenin.

Mr. President, I ask unanimous consent that the appropriate documents from the German Foreign Ministry Archives as printed in Professor Zeman's book be inserted in the RECORD at the conclusion of my remarks as exhibit 2.

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

(See exhibit 2.)

Mr. HELMS. After many years of research and writing on the matter of Western trade with the Soviet Empire, Professor Sutton arrived at an explanation for this massive trade and technolgy transfer. In his book, "Wall Street and the Bolshevik Revolution," which makes use of meticulous citations from U.S. State Department files, Professor Sutton painstakingly documents the activities of the New York financial establishment and allied industrial circles in support of the Bolshevik seizure of power in Russia and the opening of trade and financial relations with the Soviet state.

Professor Sutton points to a book written in 1906 by Frederick C. Howe entitled, "Confessions of a Monopolist" to give insight into the mentality which attempts to rationalize and to justify trade with such an evil and dangerous empire:

> These are the rules of big business. They have supplanted the teachings of our parents and are reducible to a simple maxim: Get a monopoly; let Society work for you; and remember the best of all business is politics, for a legislative grant, franchise, subsidy, or tax exemption is worth more than a Kimberly or Comstock lode, since it does not require any labor, either mental or physical, for its exploitation.

Professor Sutton then goes on to give his explanation for trade and technology transfer by Western financial and business interests to the Communist world:

> What motive explains this coalition of capitalists and Bolsheviks?
>
> Russia was then—and is today—the largest untapped market in the world * * * the simplest explanation of our evidence is that a syndicate of Wall Street financiers enlarged their monopoly ambitions and broadened horizons on a global scale. The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control.

Mr. President, it is a historical fact that the transfer of Western goods and technology has created a Frankenstein monster which threatens peace and civilization throughout the world. The free peoples and nations of the West must face up to this fact and concert our efforts to control this trade in order to preserve our way of life and our cherished values. As Secretary Weinberger and others point out, such trade has built up the Soviet war machine. It is high time that all of us in the West realize that export control is a form of arms control and act accordingly.

HOW UNITED STATES-SOVIET TRADE STARTED

Mr. President, as I have mentioned, trade relations with the Soviet regime on the part of the United States as well as on the part of European financial and business interests go back to the beginning of the Bolshevik dictatorship in Russia. The American-Russian Chamber of Commerce was founded in 1916 and was composed of business and financial interests urging the recognition of and trade with the Soviet regime the minute it took power in 1917 in a coup d'etat. In 1919, the American Commercial Association to Promote Trade With Russia was founded by a group of businessmen in the financial and industrial fields as an additional lobby to promote such trade with the Soviet slave state.

For their part, the Soviets established the Products Exchange Commission in the United States in 1919. This was followed by the establishment of the Arcos American Co. in 1924. Both of these organizations merged to form the Amtorg Trading Agency on March 24, 1924. It is a well known fact that Amtorg also served as a cover operation for Soviet espionage activities.

The basic background of early United States-Soviet trade is documented in two interesting books. One is by Mr. Saul Bron who served as head of the Amtorg agency and is entitled, "Soviet Economic Development and American Business." It was published in New York by Horace Liveright in 1930. The other book was published by the American-Russian Chamber of Commerce in New York in 1936 and is entitled, "Handbook of the Soviet Union."

Mr. President, I ask unanimous consent that the appropriate passages from these two books be printed in the RECORD at the end of my remarks as exhibits 3 and 4.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibits 2 and 3.)

LEND-LEASE AND THE SOVIET ATOM BOMB

Mr. HELMS. Mr. President, it is well know that the United States provided the Soviet Union with massive economic and industrial aid during World War II under the Lend-Lease Act. It is less well known that some of this aid consisted of materials which were associated with the production of the atomic bomb. This aspect of U.S. aid was well documented by Maj. George Racey Jordan, a Long Island businessman who served as a Lend-Lease expediter and liaison officer with the Soviets from May 1942 to June 1944 both at Newark Airport and at the U.S. air base at Great Falls, Mont.

In Major Jordan's book which was published in New York in 1952 entitled, "From Major Jordan's Diary" we find a partial listing of materials obtained by the Soviet Union through the Lend-Lease program which were valued at about $9.6 billion. Major Jordan's listing, obtained from the Soviet's own inventory lists, is startling and particularly troubling in terms of the atomic materials which were given to the Soviets.

When contemplating this listing, this Senator would remind his distinguished colleagues that the Soviet Lend-Lease debts were written off at a pittance back in the early 1970's when the Kissinger détente ushered in a new current of United States-Soviet trade.

Mr. President, I ask unanimous consent that the appropriate text from Major Jordan's book be inserted in the RECORD at the conclusion of my remarks as exhibit 5.

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

(See exhibit 5.)

THE EXPORT CONTROL ACT OF 1949

Mr. HELMS. Mr. President, Senators should reflect carefully on the original purpose and intent of the Export Control Act of 1949. Owing to the postwar experience with the ruthless expansion of the Soviet Union in a new state of the Cold War which opened with the Bolshevik usurpation of power in Russia in 1917, this act was passed in order to control, and I emphasize the word control, trade with the Soviet Union. It was recognized at the time that such trade could build the economic and military power of the Soviet Union and its allies and that this would pose a threat to the national security of the United States and our allies.

The Export Control Act of 1949 was based in part on principles derived from the Trading With the Enemy Act of 1917. It is important to pause here and discuss this important act. The German Empire which unleashed the war on Europe in 1914 was obtaining vital goods not only from the neutral European powers such as Sweden, Denmark, and Holland but also from the United States and even England herself. It was this trade which allowed the German Empire to prosecute that devastating war for several years more than it would have been able to had it been cut off from such trade. England finally recognized this problem and passed in Parliament a Trading With the Enemy Act. The United States, after entry into the war, passed a similar act.

In the confrontation that we face today with the Soviet Union and its ruthless global expansionism, the situation which obtained during the First World War is instructive. Even at that time, there was extensive trading with the enemy. Rear Adm. M.W.W.P. Consett of the British Navy who served as naval attaché in Scandinavia in 1912–19 published a scarce and valuable

book on this subject in 1928 entitled, "The Triumph of Unarmed Forces." In this remarkable work Admiral Consett traces the patterns of trade from neutral countries as well as from the United States, England, and Japan which allowed the German Empire to prosecute the war. Admiral Consett concluded:

> The war, however, was prolonged far beyond the limits of necessity.

Admiral Consett described in detail what he called the unseen economic struggle which through trade from neutrals and supposed allies allowed the German military machine to wreak havoc on Europe. In his preface to the book, Admiral Consett succinctly states:

> * * * the problem with which Germany was faced from the very beginning was an economic one: She was not self-supporting, and the supplies upon which she depended for feeding, clothing, and munitioning her armies, and for supporting her civil population, had come from overseas.
>
> The four years' Great War was a struggle for the mastery of these supplies. * * * The real struggle itself was unaccompanied by any single act of violence; yet it was more deadly in its passive relentlessness than the military forces and engines of war, on which the whole attention of the world was exclusively riveted.

Mr. President, this example from the World War I era, upon which our own Trading With the Enemy Act was based, should provide an important and instructive parallel to the situation that we confront today with the Soviet Union. Indeed, as I noted earlier, the principles embodied in the Trading With the Enemy Act of 1917 were among those that came to be embodied in the Export Control Act of 1949. The fundamental principle is that by controlling exports to one's adversary his military power can be diminished and the threat reduced. In short, export control is a form of arms control.

Mr. President, I ask unanimous consent that the preface of Admiral Consett's book be printed in the RECORD at the end of my remarks as exhibit 6.

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

(See exhibit 6).

FROM EXPORT CONTROL TO EXPORT PROMOTION

Mr. HELMS. Mr. President, Congress recognized that efforts must be made on a bilateral and multilateral basis with our allies to control trade with the Soviet Union after World War II. The Mutual Defense Assistance Control Act of 1951, the Battle Act, was passed with this intent. Within the NATO alliance the Coordinating Committee for Multilateral Export Controls (Cocom) was established in 1950. The basic principle here is that foreign availability of goods and technology should be reduced by close cooperation with our allies through a process of bilateral and multilateral negotiation.

Export controls were strengthened in the early 1960's but a major change occurred in 1969. Reflecting the détente concepts of Henry Kissinger, the Export Control Act was altered and the central thrust of the act changed dramatically. The changes in 1969 and subsequent changes in 1972, 1974, 1977, and 1979 all had the effect of turning the act into an export promotion act with regard to the Soviets. A process of systematic watering down of the original act and its intent has been in motion for some 15 years.

Mr. President, it is high time that this process be reversed and that we get back to the original intent of the legislation which was to control, and not to promote, trade with the Soviet Union and other Communist countries.

ECONOMIC DÉTENTE AGAIN?

Mr. President, following World War II, we in the West had a basic strategy. Imperfect as it may have been, the containment doctrine recognized the Soviet drive for global hegemony as the central menace to a peaceful world and resolved to contain it. There was a basic concensus in the West on the policy although voices were raised counseling that "It is better to be Red than dead." While the world had just passed through the horrors of the Hitler regime, it did not take long for the voices of appeasement to enter the media as well as into the realm of politics and diplomacy.

The decade of the 1970's opened with the concept of détente. According to the Kissinger grand design, one could replace the containment doctrine of the West with a new approach. This idea was that legitimate international order simply meant the acceptance of a set of rules of conduct that were respected by all powers. But, it is the legitimacy of the international order, conceived as a consensus on rules of conduct, synonymous with stability and ultimately with peace? Détente was Kissinger's instrument to achieve a so-called legitimate internal order.

The Kissinger model, however, was fundamentally flawed. What was missing was an ethic of a peaceful order that involves more than just an agreement on a set of rules. His system was empty of moral content and therefore was irrelevant to the great issues of our times. Those great issues center upon values and principles fundamental to the preservation of a way of life basic to our civilization.

Détente involved, we were told, interdependency, deterrence, and arms control. The atmosphere of détente, however, has swayed Western psychology toward a downgrading of the perception of the Soviet threat, the cutting of defense budgets, and the disruption of alliances. The world power balance, or as the Soviets call it, the correlation of forces, was further tipped in the Soviet's favor.

The dynamics of the détente process have led to an increasing demoralization of the West during the last decade. The Soviets have acted with relative impunity in subjugating the Afghan people; in further repressing the Polish nation and the captive nations of Eastern Europe; in attempting to assassinate the Pope in Rome; in bringing violence and devastation to the New World; in spreading war and misery on the African Continent; and in murdering an innocent planeload of men, women, and children crossing the Pacific on a commercial jetliner. In recent months we have had the tragic assassination of leading South Korean Government officials in Rangoon and the savage murder of American marines in Beirut, both events which may ultimately be found to lay at the door of the Kremlin.

The Kissinger détente rested on the thesis that the dominating effect of greater economic interdependency would restrain Soviet behavior. Have the Soviets been restrained over the last decade? Have the Soviets been restrained over the last seven decades? In spite of billions of dollars of credits and loans; in spite of billions of dollars of Western goods and technology; in spite of innumerable exchanges across a broad range of fields, the Soviet Empire has not been restrained in the least.

Literally hundreds of American corporations engaged in trade with the Soviet Union on the heels of the Kissinger détente policy. One listing prepared in 1974 by the Washington Forum, a corporate affiliate of Alliance One Institutional Services of New York City contained many but not all companies doing business with the Soviets at that time. Did this trade stop Soviet expansionism?

Mr. President, I ask unanimous consent that the 1974 listing prepared by the Washington Forum be inserted in the RECORD at the conclusion of my remarks as exhibit 7.

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

(See exhibit 7.)

WHO REALLY BENEFITS FROM DÉTENTE AND TRADE?

Mr. HELMS. Mr. President, the question that we should all be asking ourselves at this moment is, "Who really benefits from trade and détente with the Soviet Union?" Considering the experience of the last seven decades it is certainly apparent that the masters of the Kremlin are the first to benefit. They have been able to take advantage of trade with the West, in a process not only foreseen by Lenin but actually implemented by him at the Genoa Conference of 1922 which formally opened increasing trading relations with the West. Lenin's plan was

to construct an industrial-military structure threatening the freedom of mankind across the globe.

It is also true that any number of banking establishments and business corporations in the West have earned profits on this Soviet trade—profits which, it should be noted, are in many ways guaranteed by the taxpayers in the West. We have only to consider the vast amount of Soviet bloc debt which has accumulated over the last decade and a half. Some estimates place it upward of $80 billion. Western taxpayers are somehow supposed to bear the brunt of nonpayment of these debts by means of Government mechanisms in the West which use taxpayers dollars to guarantee the banks and other organizations holding these debts. The case of the Polish default issue over the last several years is immediately to the point.

Mr. President, I am deeply concerned about other consequences of trade with the Communist world which have not received a great deal of attention heretofore. I am concerned about the unemployment in the West and in the developing world which will be caused by the sale of turn-key plants and manufacturing facilities to the Soviet Union and to the Communist world at large. I have similar concerns about the proposed massive trading relationship with Red China which appears to be near at hand.

An important book has recently been written by Mr. Charles Levinson, the secretary-general of the International Federation of Chemical, Energy, and General Worker's Union (ICEF) headquartered at Geneva, Switzerland. Mr. Levinson contends with much documentation that such turn-key projects have and will result in unemployment in the West and in the developing world. In an interview about his new book, entitled "Vodka-Cola," in a Canadian publication, Mr. Levinson states his thesis in the following words:

Although the production of capital equipment clearly gives a certain amount of employment in the short term, this is really a Frankenstein monster situation. Already, the amount of employment generated in the engineering industry to produce turn-key installations in Eastern Europe (and now China) is outweighed by the job losses from the more labour-intensive factories downstream which are being shut down increasingly in such industries as rubber, textiles, glass, electronics, fiber production, fertilizer, clothing, and so on. The installation of a factory is a one-shot operation; but the output from that plant will continue to flood out for a decade or more.

And we are now only in the early stages of this trend—this is the point at which the new plants are being installed. The buy-back goods are only just starting to come back—yet already they are creating big problems in some markets, restricting drastically the potential for competitive production in the West based on more realistic wage rates.

This is because many of the plants now being built and installed in the East are in large measure simply replacements for plants which would otherwise have been built in Western Europe or the U.S.A., for example, by the multinational companies—in that sense they are not "extra" boosts to employment in the capital sector, but they are a direct threat to employment in downstream industries.

Mr. President, this is a chilling analysis and the consequences for the working man and woman in these United States may well be much more severe than anyone has imagined should goods and technology keep being transferred to the Communist world.

Mr. President, I ask unanimous consent that the interview with Mr. Levinson appearing in Our Generation, be printed at the end of my remarks as exhibit 8.

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

(See exhibit 8.)

ARE WE HEADED TOWARD A NEW ECONOMIC DÉTENTE WITH THE COMMUNIST WORLD?

Mr. HELMS. Mr. President, I am deeply concerned that plans are afoot to launch a new economic détente with the Communist world. In recent weeks we have noted the new administration policy which would open trade with Red China on a massive basis. In recent weeks, we have also seen many reports about a desire to again promote trade with the Soviet Union.

Mr. President, I ask unanimous consent that five newspaper articles illustrating problems of trading with the Soviets in the energy field and the disarray in administration policy in export control policy as well as import policy be printed in the RECORD at the end of my remarks as exhibit 9. The articles are: "Curb Asked on Soviet Trade" (New York Times, September 22, 1983); "Soviet Line Status Report" (New York Times, September 24, 1983); "Pipeline Extension Not Expected" (Journal of Commerce, September 26, 1983); "Turf Squabbles and Inexperience Hamper Technology Guardians" (Washington Post, October 27, 1983); "Administration Blocks Attempt To Ban Soviet Imports" (Washington Times, October 27, 1983).

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

(See exhibit 9.)

EXHIBIT 1

[From, Soviet Military Power, Department of Defense, 1983]

For the Soviet Union, the goal of world leadership in science and technology includes a high level of resource commitment that essentially involves the integration of two approaches:

The establishment and expansion of a large indigenous technology and production base to support their industrial and military development programs.

The acquisition and assimilation of Western technologies to reduce the time, cost and risk involved in supporting their industrial and military programs. The Soviet political and military intelligence organizations, the KGB and the GRU, have for years been training scientists and engineers to target and acquire advanced, militarily useful technology from the United States, Western Europe, Japan, and elsewhere. In this way, they have acquired technology worth many billions of dollars, some of it by purchase, legal or illegal, or by theft, espionage, bribery, scientific exchanges and exploitation of US open literature. The USSR is thus able to design and produce new Soviet weapons, saving a great deal of time, effort and resources in the development stages. For example, the Soviet have achieved new capabilities through exploitation of Western guidance and radar systems and Western production methods.

The result has been a sharp narrowing of the technological gap between the US and USSR.

Although the US continues to lead the Soviets in most basic technologies, such as the militarily critical area of electronics, this lead is now not nearly so apparent in the modern, highly capable weapon systems fielded by the Soviet Union in recent years. The number and quality of new ground, naval and aerospace weapon systems developed by the Soviets are impressive by any standard.

To support their extensive military build-up, the Soviets have a well-established, centrally controlled system that includes a core of nine industrial ministries heavily involved in military programs—the Soviet "Defense Industrial Sector." Subject to Soviet defense direction, these ministries design the weapons, develop the prototypes, and, as they pass the Ministry of Defense evaluation trials, produce the weapons.

Manpower and production resources

The Soviets have the world's largest R & D manpower base—estimated at over 900,000 scientists and engineers in 1982, compared to less than 700,000 in the United States. The percentage of Soviet R&D manpower engaged in defense-related work is high—estimates range from 50-to-75 percent of the USSR's scientific and technical force. In 1982, the Soviets graduated over 300,000 engineers from their five-year, first degree engineering schools—nearly five times the number graduated by the United States. Approximately 80 percent of Soviet advanced degrees last year were in scientific an technical fields as compared with about 40 percent of the US advanced degrees. The US, however, graduates significantly more with advanced managerial degrees than the Soviets, highlighting US managerial strength and comparative Soviet weakness in this field.

Soviet capital investments in those ministries responsible for ground, naval and aerospace weapon systems have continued at a rate unmatched by any other country for at least two decades. In the strategically important aerospace sector, Soviet research institutes, design bureaus and test facilities have expanded significantly over the past decade alone. The ground and naval research, development and technology (RD&T) bases have also expanded at an impressive rate.

In order to support their growth in military power, the Soviets have built the world's largest military industrial base. This base has grown steadily and consistently over the past 20 to 25 years. The cyclical production of new and upgraded weapons, continuing facility growth, and high rate of production keep the arms industry in a state

of constant operation. The industry now includes over 150 major plants throughout the USSR, producing ships, aircraft, missiles, armored vehicles, artillery, ammunition and explosives. These plants are supported by a network of thousands of feeder plants. In addition, the Soviet Union has a large industrial base providing the electronics and telecommunication gear required to support its military operational requirements as well as a large and still expanding truck industry largely built with Western technology; the Kama River Truck Plant is the most recent example.

The industrial floorspace committed to production of the Army's weapons has continued to expand since the mid-1970s. In 1982, the Nizhniy Tagil Railroad Car and Tank Plant manufactured 2,000 main battle tanks—the T-72, and the latest Soviet tank, the T-80.

Construction at the Severodvinsk Naval Shipyard, the world's largest shipyard geared for submarine production, illustrates the growth of naval sector facilities. Since 1967, floorspace has increased by several hundred thousand square meters, or approximately three-quarters again the yard's size in 1965. Moreover, Severodvinsk is only one of several Soviet yards producing submarines. Twenty-three other major shipyards have been expanded during the same period; four new yards have been built.

In the aerospace industry, new, large final-assembly buildings have been built at nearly every established plant. A wholly new, large aircraft plant is under construction. This plant, when completed, will probably be used to fabricate and assemble large aircraft—transports and bombers. Qualitative improvements in production technology, which typically accompany new and more sophisticated aircraft, have paralleled the physical growth of the industry.

In recent years, the military has absorbed 15 percent of the Gross National Product as compared to less than seven percent for the United States—and if current trends continue, the Soviet military's share of the GNP will approach 20 percent of the late 1980s.

The cumulative dollar costs of Soviet investment for the decade were 80 percent higher than U.S. investment outlays. The estimated dollar costs for the Soviets were more than twice the U.S. outlays in the mid-1970s, but, because of the slower growth of Soviet programs and growth in U.S. costs, this margin had decreased somewhat by 1981. The slower growth of Soviet programs during the period was due to the cyclical nature of Soviet military production. The large Soviet research and development effort, coupled with observed expansion in military production facilities, suggests that the dollar costs of Soviet military procurement activities may soon resume their historical growth. The estimated dollar costs for Soviet RDT&E were 70 percent greater than U.S. RDT&E outlays for the period as a whole, and were more than twice as great in 1981. The dollar operating costs for Soviet activities were about 25 percent higher both for the period and in 1981. The defense sector is unquestionably the first priority of Soviet industrial production, whatever the cost to other sectors of the Soviet economy.

The Soviet Union and the countries of the Warsaw Pact have, over the past decade, faced deteriorating economic performance while at the same time sustaining high levels of military equipment production for an across-the-board force modernization. The Soviet economy is besieged by growing resource scarcities, higher production costs and by competing priorities between sectors. Food shortages, low labor productivity and transportation disruptions have combined to bring industrial growth to a post-1945 low. Externally, the high cost of supporting other Communist regimes, also in difficulty, such as Cuba, Vietnam, Afghanistan, and Poland, create an additional burden.

TECHNOLOGY

The large, sustained Soviet investments in manpower, fiscal and material resources have narrowed and in some cases closed the technological gap between the West and the USSR over the past decade. Technology transfer has played a central role. In many key technologies used in deployed weapons systems there is no gap at all. The difference between the general and the military technological levels of the West and the USSR results from the top priority the Soviets place on technologies and production critical to weapons performance. One cannot judge relative military technological capability by looking at an overall comparison alone.

In electronics, the Soviets are behind the West in overall capability, but are about equal in terms of electronics used in deployed weapons. Deployed Soviet military computers are no less capable than those used in the West even though Western computer capabilities in general exceed those of the USSR. This is because Soviet miitary computers are on the leading edge of their technology while those in the West tend to lag the state-of-the-art by a wide margin. The same circumstances apply to communications equipment. Soviet propulsion capabilities reflect Moscow's emphasis on ballistic and cruise missiles and on a variety of naval combatants. In these areas the Soviets rival the West and in some—liquid missile propulsion, for example—Soviet capabilities are superior.

Directed energy

For well over a decade now, the Soviets have devoted subtantial resources to those technologies applicable to directed energy weapons. Indications of Soviet interest in radio frequency technologies, particularly the capability to develop very high peak-power microwave generators, indicate that the Soviets intend to develop such a weapon. There is also a considerable research effort within the Soviet Union into technologies relevant to the development of particle-beam weapons.

For many years, the Soviets have devoted significant resources to the development of laser-beam weapons. Their high energy laser program is three-to-five times the U.S. effort. They have built numerous classified facilities dedicated to the development of these weapons.

The Soviet program began in the mid-1960s. They are pursuing chemical laser development and have continued to work on the earlier high energy laser candidates, the gas dynamic laser and the electric discharge laser. They are also pursuing related technologies such as the development of efficient electrical power sources and the capability to produce high-quality optical components in quantity. They have developed a rocket-driven magnetohydrodynamic (MHD) generator which produces 15 megawatts of short term electric power—a device that has no counterpart in the West. The Soviets are committed to the development of specific laser weapon systems. Soviet development of moderate-power weapons capable of short-range ground-based applications such as tactical air defense and anti-personnel weapons, may well be far enough along for such systems to be fielded in the mid-1980s. In the latter half of this decade, it is possible that the Soviets could produce laser weapons for several other ground, ship and aerospace applications.

TECHNOLOGY TRANSFER

Soviet foreign technology acquisition policy, for both legal and illegal acquisitions, is directed first and foremost at enhancing military industrial capabilities. Western technology transfer contributes to Soviet military industrial capabilities: (1) by yielding a direct near-term military advantage through transfers leading to a Soviet technological breakthrough, filling a gap or overcoming a bottleneck in a mature Soviet technology; (2) by providing an indirect, long-term military advantage in helping to overcome technological lags in the Soviet industrial infrastructure; (3) by contributing to the overall growth of the Soviet economy by enhancing productivity; and (4) by releasing funds for military production.

The flow of Western technology, equipment and materials to the Soviet Union has made a considerable contribution to Soviet military-industrial capabilities. Industrial machinery and products imported for the civilian industry often directly support the defense industries. Since a significant amount of defense production occurs in the machinery sector, it is likely that at least half of the machinery acquired from the West contributes to defense production. Western, government-backed, low interest credits and loans provided to the Soviets have underwritten this trade and greatly facilitated the development and serial production of modern weapons. For example, since the mid-1970s, the US, its Western Allies and Japan together have been the source of one-fourth of total Soviet machinery imports. This one-fourth represents the most advanced machinery that the Soviets have been able to acquire. More than 40 percent of these Western machinery imports have been for the metalworking and chemical industries—major contributors to Soviet defense production. Much of the remainder of Soviet machinery imports were acquired from East European sources, the technology of which generally falls well below that of Western and Japanese machinery.

The Soviet Union has undertaken a large-scale program to acquire Western technology by covert means in addition to its legal acquisition efforts. The Soviet intelligence services (KBG and GRU) along with the Eastern European intelligence services now have several thousand technology collection officers under a variety of covers ranging from diplomats to journalists and from trade officials to scientists and engineers. Acquisitions through illegal trade channels can have both military and industrial applications.

A former Soviet intelligence officer revealed an estimate that Western military-related technology acquired by Soviet intelligence has saved the Soviet defense industry hundreds of millions of dollars: for example, classified reports on advanced US weapon systems still under development. The classified reports included information on the F-15 look-down/shoot-down radar system, the B-1 bomber radar system, the PHOENIX air-to-air missiles, PATRIOT surface-to-air missiles, the improved HAWK surface-to-air missiles, and a NATO air-defense system. The Soviets stand to save hundreds of mil-

lions, if not billions, of dollars by now being able to utilize proven US designs to field counterpart systems—as well as effective defense and countermeasure systems—in a much shorter time and with less risk.

In other cases, Soviets have acquired image intensifier and processing devices, infrared detector materials, frequency analyzers, radar technology and remote sensing processing equipment—all with significant military applications. Soviet acquisitions have included finished semiconductors, integrated circuits, and the related manufacturing equipment and complete production plants, wire memory and magnetic bubble memory technology, computer software and computer-aided design and manufacturing technology. The Soviets have acquired hundreds—perhaps thousands—of computers and microprocessors, and in a number of instances have reverse-engineered these items for their own manufacture and use.

Propulsion

Such technologies as turbine blade-coating technology have been acquired as well as information on ceramic core and mold technologies for casting aircraft turbine blades. The Soviets may have acquired not only technical information on high-bypass-ratio, high-thrust turbofan engines, but an actual Western high-bypass turbofan engine as well.

Materials

In the field of composite materials and associated equipment, the Soviets have obtained technology, materials and equipment involving graphite fiber production, powder metallurgy, glass technology, protective and radar absorptive coatings and materials testing equipment.

Chemical

Entire Western chemical plants and related chemical processing equipment have been purchased by the Soviets. Their acquisition of Western technologies, such as chemical catalyst processes, has had a major impact on the capabilities of the Soviet chemical industry. The industry benefited from an eight-fold increase in Western purchases between 1970 and 1978. Western purchases represented more than two-thirds of total Soviet chemical machinery investments between 1975 and 1980.

Production/manufacturing

Soviet acquisition of Western precision machining, drilling, milling, grinding, gear cutting and reaming equipment has had significant impact on improvements in their manufacturing capabilities. Acquisition of precision ball bearing grinding machines, printed circuit board equipment, precision measuring and nondestructive testing equipment has also improved Soviet capabilities significantly.

Military equipment

Weapons have been acquired legally in some cases, clandestinely in others, and through losses of US and other forces such as in Vietnam. Important technical information was gained on Western fuel-air explosives. A number of Soviet weapon systems, including their ATOLL air-to-air missile and several surfact-to-air missiles reflect near mirror-imaging of deployed Western systems and their technologies. Many Soviet antipersonnel mines, antitank weapons and grenade launchers are close copies of Western equipment. A number of Soviet aircraft closely resemble deployed Western aircraft. The similarities are far greater than would be expected as the result of independent development efforts. A number of naval support systems have also been acquired, including large floating drydocks built by Japan and Sweden, which are being used to service some of the largest Soviet naval combatants. An illustration of a KIEV-Class carrier in one of these drydocks introduces the next chapter of this report. In ground transport, the Kama River Truck plant, built almost exclusively with Western technology, produces the Kamaz truck, now widely used in military transport roles.

DEFENSE PRODUCTION RESPONSIBILITIES OF CIVILIAN INDUSTRY

CIVILIAN MINISTRY

Automotive Industry.
Chemical and Petroleum.
Construction, Road and Municipal Machine Building.
Electrical Equipment Industry.
Heavy and Transport Machine Building.
Instrument Building, Automation Equipment and Control Systems.
Machine Tool and Tool Building Industry.
Machine Building for Light and Food Industry and Household Appliances.
Power Machine Building.
Tractor and Agricultural Machine Building.

EXAMPLES OF MILITARY PRODUCT LINES

Armored personnel carriers, military trucks.
Missile fuels and components, military and civil explosives.
Military support equipment (trailers and missile launchers).
Aerospace, naval electrical systems; hydraulic mechanisms for gun-systems.
Tanks, tank destroyers, military support equipment (launchers, trailers, garages); turbines and pumps for submarines.
Military computer-related equipment.
Machine tools for defense industry.
Military logistical equipment.
Military generators.
Tracked personnel carriers, artillery, reconnaissance vehicles, off-road vehicles.

U.S.S.R.: IMPORTS FROM NATO COUNTRIES AND JAPAN BY MAJOR MACHINERY IMPORT CATEGORIES, 1976–80 AND 1981

[In percent]

	1976–80 (annual average)	1981
Major machinery import categories:		
Chemicals	[1] 32.1	15.7
Metalworking	9.7	12.1
Heavy vehicles	3.7	11.5
Oil drilling and exploration	3.5	3.9
Other machinery [2]	51.0	56.8
Total	100	100

[1] These imports of Western chemical equipment represent 67 percent of the total Soviet investment in chemical equipment over the 5-yr. period—1976–80.
[2] Includes over 20 subbranches of machinery production, ranging from power machinery and precision instrumentation to machinery for the light and food industries.

EXHIBIT 2

[From Z. Zeman, "Germany and the Russian Revolution," Oxford University Press, 1958]

THE MINISTER IN COPENHAGEN TO THE CHANCELLOR

(Report No. 489)

(AS 6213—21 December 1915)

Dr. Helphand, who returned from Berlin yesterday, visited me today and gave me his report on the results of his journey. He emphasized that he had been extremely civilly received in all the most important government offices, and that he had been given the definite impression that his suggestions had found approval with authoritative circles, both in the Foreign Ministry and in the Treasury. With reference to his financial plan,[1] he had been given to understand that the State Secretary of the Treasury would have to decide whether there were any objections to his project from the point of view of the Imperial economy. In the course of a detailed discussion with State Secretary Helfferich he had been convinced that the State Secretary regarded his project very favourably, and that he not only agreed with it out of political considerations, but also recognized its utility from the less specific point of view of the Imperial economy.

The State Secretary of the Treasury had only expressed doubts as to the immediate technical practicability of the project, saying that a delay of eight to ten months would be required. At the same time, State Secretary Helfferich had pointed out that certain difficulties might be encountered in maintaining the absolute security which was essential for the technical preparations.

Dr. Helphand stressed that, in these circumstances, there was even more reason to take the preparations in hand at once, since we shall in any case have to reckon with a third winter campaign and the course of action which he advocates may therefore become imperative.

Dr. Helphand continued by saying that about 20 million roubles would be required to get the Russian revolution completely organized. This total could not possibly be distributed at once, as there would then be a danger of its source being discovered. However, in view of the fact that the beginning of the action was imminent, he had suggested at the Foreign Ministry that the sum of one million roubles should at once be put at the disposal of his confidential agent. This confidential agent entirely shared his view that the revolution would be set in motion about 9–22 January and that, even if it did not immediately take hold of the whole country, it would certainly prevent any return to stable conditions from taking place. In 1905 the bourgeois parties had supported the revolution and had voluntarily paid the wages of the striking workers. Now, however, the bourgeois was unfavourable to the movement and the revolutionary committee was therefore forced to bear the entire cost. On his return in about a week, his confidential agent would immediately start on the organization of connections between the various revolutionary centres, but this could not be done without considerable financial means.

In the circumstances, Dr. Helphand asked me to reiterate the request, which he had made personally in Berlin, for the sum he had named to be put at the disposal of his confidential agent. He expressly stated that speed was essential, as his confidential agent could not delay his return to Petrograd any longer but would definitely travel to Russia in a week at the most, even if he had not received the requested sum within that time.

I should like to request Your Excellency to send me instructions by telegram so that I can inform Dr. Helphand. May I also say that his suggestion is not, in my humble

[1] Helphand maintained that confidence in the rouble could be shattered in Russia and abroad by certain measures of the German Treasury. See report No. 463, the Minister in Copenhagen to the Chancellor, 30 November 1915; in WK 110 secr, volume 10.

opinion, any attempt to press his own interests, but springs from practical considerations with no secondary personal aims.

BROCKDORFF-RANTZAU.

[Memorandum]

HERR STEINWACHS TO MINISTER BERGEN

(AS 1631—Berlin, 8 May 1916)

According to a statement of account dated 28 April, the credit of 130,000 marks, paid to me by the Foreign Ministry at the end of September 1915 for Russian propaganda, is not only totally exhausted, but closed with a deficit of 1,011.93 marks. This deficit was paid to me today by the Mission Cashier.

Your Excellency later, i.e. in December 1915, agreed to the payment of a further 60,000 marks, which Herr Keskūla was to spend in three monthly installments on Russian propaganda. Of this sum I succeeded in retaining 50,000 marks, through savings on the credit of 130,000 marks. I have since supplied most of the remaining 10,000 marks out of my own means. Furthermore, the original credit has been used to support several more or less successful new undertakings and preparations about which I have received verbal reports from time to time.

Finally, as agreed with your Excellency, 2,000 roubles and 1,500 Swiss francs were put at the disposal of the Political Section of the General Staff of the Army for Prince Matchabelli's undertaking.[1]

Considerable sums will be needed at once, or in the next few weeks or months, for the following undertakings:

1. In the last few months, Keskūla has opened up numerous new connections with Russia, and he has on several occasions sent Scandinavian Socialists to Russia with introductions to leading personalities who so effectively enlightened them on the subject of the situation in Russia that the reports published later aroused admiration amongst the various Socialist circles in the North. He has also maintained his extremely useful contact with Lenin, and has transmitted to us the contents of the situation reports sent to Lenin by Lenin's confidential agents in Russia. Keskūla must therefore continue to be provided with the necessary means in the future. Taking into account the exceptionally unfavourable exchange conditions, 20,000 marks per month should be just sufficient.

2. Litchev has now begun all his preparations (i.e. the offices in Stockholm and Haparanda) and has started to gather together all the Russian revolutionaries living in the various cities of Scandinavia in order to exploit their particular capabilities. He has had several very effective pamphlets printed in Stockholm, and has got them into Russia by a safe route. I therefore humbly request your permission to pay him 6,000 marks per month for the next three months.

3. Klein has also successfully introduced a number of important information sheets and small pamphlets into Russia. He has also set up an information service on the station at Stockholm, which explains to Russians returning from America and Canada the possibilities of avoiding mobilization in the Russian army, or, if their mobilization is unavoidable, convinces them, with pictures and by word of mouth, of the good treatment enjoyed by Russian prisoners of war in Germany. A simple picture-book, containing pictures of prisoner-of-war camps in Germany and of the life led by the prisoners in them, together with notes detailing the conditions there, is to be produced for this information service and also for distribution in the Russian trenches. Klein receives a salary of 300 marks per month, and the expenses incurred by his other activities will now amount to 700 marks per month. I would also ask you to put 3,000 to 4,000 marks at my disposal for the printing costs of the proposed picture-book.

4. I estimate the cost of our private printing establishment, which is to start work this month, at 800 to 1,000 marks per month, for the moment. This printing works will then do all the necessary printing for Klein, Litchev and Keskūla.

5. The various costs for translation and printing of a book describing conditions in Russia by means of reports by Russian members of the Duma, which is to be printed in several languages, will probably amount to 10,000 marks.

I therefore request Your Excellency to agree and provide the following sums:[2]

	Marks
1. Keshūla. Remainder of March, April, May, June	70,000
2. Litchev. May, June, July	18,000
3. Klein. April, May, June (salary, organization, book)	7,000
4. Printing works in Stockholm	2,000
5. Duma reports	10,000
6. Smaller undertakings, travel, small printing jobs, & c.	23,000
Total	130,000

May I ask Your Excellency to transfer this sum to Deposit Account A in the Deutsche Bank?

STEINWACHS.

[Telegram No. 461]

THE STATE SECRETARY TO THE FOREIGN MINISTRY LIAISON OFFICER AT GENERAL HEADQUARTERS

(AS 1125—Berlin, 23 March 1917)

The Imperial Minister in Bern has sent the following telegram: 'Federal Counsellor [Bundesrat] Hoffmann has been told that leading Russian revolutionaries here wish to return to Russia via Germany as they are afraid to travel via France because of the danger from submarines. Please send instructions in case applications to this effect should be made to me. Romberg.'

Since it is in our interests that the influence of the radical wing of the Russian revolutionaries should prevail, it would seem to me advisable to allow transit to the revolutionaries there. I would therefore support the granting of permission. Would Your Excellency please inform the High Command of the Army and ask for their opinion in this matter?

ZIMMERMANN.

[Telegram No. 371]

THE LIAISON OFFICER AT GENERAL HEADQUARTERS TO THE FOREIGN MINISTRY

(AS 1148—25 March 1917, 12.15 a.m.)

Received: 25 March, 1.15 a.m.

In reply to telegram No. 461.

High Command of the Army instructs me to telegraph as follows: 'No objections to transit of Russian revolutionaries if effected in special train with reliable escort. Organization can be worked out between representatives of IIIb [1] Berlin and Foreign Ministry.'

LERSNER.

[Telegram No. 348]

THE UNDER STATE SECRETARY TO THE MINISTER IN BERN

(AS 1148 Berlin, 26 March 1917)

Special train will be under military escort. Hand-over at frontier-station, either Gottmadingen or Lindau, by responsible official of the consulate. Send information immediately concerning date of journey and list of names. Information must reach here four days before frontier-crossing. General Staff unlikely to object to individual personalities. In any case, return transport to Switzerland is guaranteed.

BUSSCHE.

CAPTAIN HÜLSEN [POLITICAL SECTION OF THE GENERAL STAFF IN BERLIN] TO THE FOREIGN MINISTRY

(AS 1234—Berlin, 30 March 1917)

A confidential agent working for us, who spent a few days in Switzerland on our behalf and returned here on 29 March 1917, reports the following:

"A large number of the Russians living in Switzerland wish to return to Russia. In principal, the Entente agrees with this plan, but those members of Russian revolutionary parties who favour an immediate peace are to be kept out of Russia by English pressure. Three such Russian revolutionaries were refused entry into France in the last few days, although they had been issued with passports by the Russian consulate in Bern. These Russian revolutionaries asked me, in confidence, to suggest to the German government that it should help them to reach Russia in spite of all this, and they made the following suggestion:

"The German government should approve an application which the Russians living in Switzerland would arrange to have made by the Swiss government, for these Russians (about 300 to 400) to be transported to Sweden in a special train, travelling through Germany because of the shortness of this route. Among these 300 to 400 Russians (of all parties) there would also be those unacceptable to the Entente. As soon as the German government agrees to the proposal, he (the confidential agent) should unobtrusively inform the relevant people in Switzerland, so that they could begin to take the necessary steps with the Swiss government. (See the enclosed newspaper cutting.[1]) The basic conditions demanded for the success of the operation seemed to be speed of execution and the arousing of as little attention as possible in Switzerland. It would not be advisable to make any conditions as to those travelling on the train, such as excepting those liable for military service. It was considered advantageous to Germany to bring out the members of the Lenin's party, the Bolsheviks, who were about forty in number. Among them were Lenin and Rjasanov in Bern, and Semjonov, Grigoriev, Abranov, Dora Dolin, and Marie Gutstein in Zürich. The fact that twenty to thirty so-called 'revolutionary patriots' and Menshe-

[1] The Georgian separatist movement.

[2] Marginal note by Bergen for Mathieu, in the Personnel Department of the Foreign Ministry: "Presented with the request to transfer the sum of 130,000 marks. Will you please see to it that this sum is transferred from the Russian account?"

[1] The military Passport Office.

[1] An undated cutting from *Volksrecht* headed "Party News. Return of political refugees to Russia." The last sentence reads: "Steps are being taken to organize a return to Russia. Address: S. Bagocky, Klusstrasse 30, Zürich."

viks who were in favour of continuing the war would travel through at the same time seemed unimportant, as they would get back to Russia in any case, with the aid of the Entente.' "

A decision on this proposal is humbly requested here.[2] Our confidential agent is available for co-operation.

HÜLSEN.

[Telegram No. 551]

THE FOREIGN MINISTRY LIAISON OFFICER AT THE IMPERIAL COURT TO THE FOREIGN MINISTRY

(A 12976—General Headquarters, 21 April 1917, 5.35 p.m.)

Received: 21 April, 6.35 p.m.

High Command of the Army has following message for Political Section of General Staff in Berlin:

'Steinwachs sent following telelgram from Stockholm on 17 April 1917:

' "Lenin's entry into Russia successful. He is working exactly as we would wish. Hence cries of fury of Entente Social Democrats in Stockholm. Platten was turned back by the English at frontier, a fact which has aroused considerable attention here."

'Platten is distinguished Swiss Socialist leader who accompanied Russian revolutionaries from Switzerland through Germany to Stockholm, and who wanted to travel on to Petrograd.'

GRÜNAU.

[Telegram No. 1044]

THE MINISTER IN COPENHAGEN TO THE FOREIGN MINISTRY

(A 26509—10 August 1917

Dispatched: 11 August, 12.40 a.m.
Received: 11 August, 5.45 a.m.

The Russian newspaper *Riech* for 20 July announced that two Germal General Staff officers called Schidicki and Luebers had told a Russian lieutenant, by the name of Jermolenko, that Lenin was a German agent. It also said that Jacob Fürstenberg and Dr. Helphand (Parvus) were German agents acting as intermediaries between the Bolsheviks and the Imperial govenment.

I consider it essential, first of all to discover whether these German General Staff officers, Schidicki and Luebers, in fact exist, and then, if at all possible, categorically to deny the report in *Riech*.

Riech also states that, according to a report telegraphed from Cophenhagen, Haase, the German Social Democratic member of the Reichstag, said, in conversation with a Russian journalist, that Helphand was an intermediary between the Imperial government and the Russian Bolsheviks, and that he had transferred money to the latter.

I request information by telelgram.

BROCKDORFF-RANTZAU.

[Telegram No. 608]

THE UNDER STATE SECRETARY TO THE MINISTER IN COPENHAGEN

(A 26509—Berlin, 18 August 1917)

In answer to telegram No. 1044.

The suspicion that Lenin is a German agent has been energetically countered in Switzerland and Sweden at our instigation. Thus the impact of the reports on this subject supposedly made by German officers has also been destroyed.

The statement claimed to have been made by Haase has been denied.

BUSSCHE.

[Telegram No. 1925]

THE STATE SECRETARY TO THE FOREIGN MINISTRY LIAISON OFFICER AT GENERAL HEADQUARTERS

(AS 4486—Berlin, 3 December 1917)

The disruption of the Entente and the subsequent creation of political combinations agreeable to us constitute the most important war aim of our diplomacy. Russia appeared to be the weakest link in the enemy chain. The task therefore was gradually to loosen it, and, when possible, to remove it. This was the purpose of the subversive activity we caused to be carried out in Russia behind the front—in the first place promotion of separatist tendencies and support of the Bolsheviks. It was not until the Bolsheviks had received from us a steady flow of funds through various channels and under different labels that they were in a position to be able to build up their main organ, *Pravda*, to conduct energetic propaganda and appreciably to extend the originally narrow basis of their party. The Bolsheviks have now come to power; how long they will retain power cannot be yet foreseen. They need peace in order to strengthen their own position; on the other hand it is entirely in our interest that we should exploit the period while they are in power, which may be a short one, in order to attain firstly an armistice and then, if possible, peace.[1] The conclusion of a separate peace would mean the achievement of the desired war aim, namely a breach between Russia and her Allies. The amount of tension necessarily caused by such a breach would determine the degree of Russia's dependence on Germany and her future relations with us. Once cast out and cast off by her former Allies, abandoned financially, Russia will be forced to seek our support. We shall be able to provide help for Russia in various ways; firstly in the rehabilitation of the railways; (I have in mind a German Russian Commission, under our control, which would undertake the rational and coordinated exploitation of the railway lines so as to ensure speedy resumption of freight movement), then the provision of a substantial loan, which Russia requires to maintain her state machine. This could take the form of an advance on the security of grain, raw materials, &c., &c., to be provided by Russia and shipped under the control of the abovementioned commission. Aid on such a basis—the scope to be increased as and when necessary—would in my opinion bring about a growing *rapprochement* between the two countries.

Austria-Hungary will regard the *rapprochement* with distrust and not without apprehension. I would interpret the excessive eagerness of Count Czernin to come to terms with the Russians as a desire to forestall us and to prevent Germany and Russia arriving at an intimate relationship inconvenient to the Danube Monarchy. There is no need for us to compete for Russia's good will. We are strong enough to wait with equanimity; we are in a far better position than Austria-Hungary to offer Russia what she needs for the reconstruction of her state. I view future developments in the East with confidence but I think it expedient for the time being to maintain a certain reserve in our attitude to the Austro-Hungarian government in all matters including the Polish question which concern both monarchies so as to preserve a free hand for all eventualities.

The above-mentioned considerations lie, I venture to believe, within the framework of the directives given me by His Majesty. I request you to report to His Majesty accordingly and to transmit to me by telegram the All-highest instructions.

KÜHLMANN.

[Telegram No. 1819]

THE LIAISON OFFICER AT THE IMPERIAL COURT TO THE FOREIGN MINISTRY

(AS 4607 4 December 1917, 7.30 p.m.)

Received: 4 December 8.25 p.m.
In reply to telegram No. 1925.

His Majesty the Kaiser has expressed his agreement with Your Excellency's *exposè* about a possible *reapproachment* with Russia.

GRÜNAU.

[Telegram No. 122]

THE MINISTER IN MOSCOW TO THE FOREIGN MINISTRY

(A 20991—16 May 1918)

Dispatched: 17 May, 10.30 p.m.
Received: 18 May, 1.25 a.m.

According to a reliable source, situation in Petrograd once again precarious. The Entente is supposed to be spending enormous sums in order to put right-wing Social Revoluntionaries into power and reopen war. The sailors on board the ships *Res Publica* and *Zayra Rosii*, and on the crusier *Oleg*, which has sailed to Ino, are said to have been bribed with large sums; likewise the former Preobrazhenski Regiment. Stores of arms in Sestroretck armament works in the hands of Social Revolutionaries. Bolsheviks cannot find central office of this apparently well-conducted organization. The movement is supposed to have opened relations with Dutov and the Siberian movement. Here, too, agitation has increased. I am still trying to counter efforts of the Entente and support the Bolsheviks. However, I would be grateful for instructions as to whether overall situation justifies use of larger sums in our interests if necessary, and as to what trend to support in event of Bolsheviks being incapable of holding out. If Bolsheviks fall, successors [*one word garbled*] to Entente have best prospects at the moment.

MIRBACH.

[Telegram No. 121]

THE STATE SECRETARY TO THE MINISTER IN MOSCOW

(A 20991-Berlin, 18 May 1918)

In reply to telegram No. 122.

Please use larger sums, as it is greatly in our interests that Bolsheviks should survive. Riezler's funds at your disposal. If further money required, please telegraph how much. It is very difficult to say from here which trend to support if Bolsheviks fall. If really hard-pressed, left-wing Social Revolu-

[2] Marginal note by Bergen: "To be passed on to Pourtalcs. (Hülsen would be glad of early information.)"

[1] The words "there can be no question of further support of the Bolsheviks" in Bergen's draft of this telegram were not dispatched. A copy of this telegram, as it was received and decoded at the General Headquarters, is in WK Gr. Haupquartier Nr. 31b, volume 1. The editor is indebted to Mr. George Katkov, who gave his kind permission to reproduce here his translation of this and the subsequent document. See Mr. Katkov's article in *International Affairs*, volume 32, No. 2.

tionaries would fall with Bolsheviks. These parties seem to be the only ones who base their position on peace treaty of Brest-Litovsk. As a party, Kadets are anti-German; Monarchists would also work for revision of Brest peace treaty. We have no interest in supporting Monarchists' ideas, which would reunite Russia. On the contrary, we must try to prevent Russian consolidation as far as possible and, from this point of view, we must therefore support the parties furthest to the left.

KÜHLMANN.

EXHIBIT 3

[From the American-Russian Chamber of Commerce, *Handbook of the Soviet Union*, 1936]

XII.—AMERICAN-SOVIET TRADE RELATIONS

Organizations carrying on trade

Trade between the United States and the Soviet Union is conducted mainly by the Amtorg Trading Corporation, 261 Fifth Avenue, New York City. The Amtorg was organized on May 27, 1924, under the laws of the State of New York, as the result of the consolidation of two previously existing corporations, the Products Exchange Corporation and Arcos America, Inc. Its paid up capital was originally $1,000,000, but was later increased to $3,000,000. The Amtorg purchases the bulk of the products exported from this country to the U.S.S.R., sells the greater part of the goods imported into the United States from the Soviet Union, and arranges for technical assistance by American firms or individual technicians in Soviet industries. It is the sole representative in this country of most of the industrial and trading organizations of the U.S.S.R. Its main office in the U.S.S.R. is in Moscow (Sovietskaya Ploschchad I).

Purchases of cotton and textile machinery for the Soviet Union were formerly handled by the All-Russian Textile Syndicate, 39 Broadway, New York City, which was organized in December 1923. Other concerns, all in New York City, representing Soviet organizations in this country in specialized fields are: Am-Derutra Transport Corporation, 261 Fifth Avenue, which represents Soviet shipping organizations in the United States; Amkino Corporation, 723 Seventh Avenue, which distributes Soviet films in this country and purchases American films for the U.S.S.R.; Soviet Photo Agency, 723 Seventh Avenue, distributors of Soviet news photographs, and Intourist, Inc., 545 Fifth Avenue, representative of the Soviet state travel bureau. There are also a number of special technical bureaus connnected with the Amtorg Trading Corporation whose function it is to supply Soviet industries with engineering information and to arrange for technical assistance.

From 1924 to 1930 about 53 per cent of the total trade between the two countries was handled by the Amtorg, 35 per cent by the All-Russian Textile Syndicate, 5 per cent by Centrosoyuz and Selskosojuz (representatives in this country of consumers' and agricultural cooperative organizations of the Soviet Union, now inactive), and the remainder by other representatives of Soviet organizations and by a few American firms under special concession agreements. Since 1931 the Amtorg has conducted the great bulk of the trade.

Russian-American trade up to 1924

Before the war the trade between the United States and the Russian empire was relatively small. From 1910 to 1914 annual exports averaged $24,604,000 [1], the principal products shipped to Russia being cotton, copper and other non-ferrous metals, rosin, mining and other equipment, and agricultural machinery. Imports from Russia averaged $20,865,000 a year. In 1913 furs, hides and leather made up 68 per cent of the total imports and wool 12 per cent, the remaining items of importance being flax, manganese ore, licorice root, lumber and fish. Both exports to and imports from Russia made up a little over one per cent of the total American trade.

During the war heavy shipments of war materials were made to Russia, mainly through the Far East, inasmuch as the western border of the country was practically closed to foreign trade. Likewise, imports from Russia, which were greatly reduced, came largely by way of the Pacific. During this period a series of loans, totaling about $86,000,000, was extended to the Czarist government through leading American banks.

After the advent of the Provisional Government, in March 1917, the United States Government opened up credits (June-November, 1917) amounting to about $187,000,000. These sums were in part expended after the collapse of the Kerensky Government by its still recognized representatives in the United States. In the period from 1917 to 1920 the trade between the two countries was confined almost exclusively to those sections occupied by the White armies. There was a virtual embargo on trade with Soviet Russia, although the United States did not officially participate in the blockade against that country.

In 1921 and 1922 the shipments to Soviet Russia consisted almost entirely of foodstuffs and other materials sent to the regions stricken by the drought and famine of 1921 and handled largely by the American Relief Administration and the Nansen Committee. A part of these goods was paid for in gold. During this period imports from Soviet Russia were almost negligible.

American-Soviet trade turnover from 1924 to 1934

Trade between the United States and the U.S.S.R. on a regular basis began to develop at the end of 1923 and the beginning of 1924, with the organization of the All-Russian Textile Syndicate and the Amtorg Trading Corporation. For about seven years after the resumption of regular trade relations the turnover increased fairly steadily and rapidly. Exports to the U.S.S.R. increased from $42,100,000 in 1924 to a peak of $114,400,000 in 1930; imports rose from $8,200,000 to $24,400,000 in the same period. For the five year 1927–1931 shipments to the Soviet Union averaged over 3½ times the pre-war (1910–1914); imports were about 16 percent less than before the war. In the three years 1929–1931, 47 percent of the total exports and 38 percent of the imports for the eleven year period 1924–1934 were recorded. Beginning with 1931 both exports and imports began to decline sharply, and by 1933 the turnover was less than a sixth of that recorded three years before. The year 1934 marked a reversal of this process, the trade showing a rise of 30 percent.

In the eleven years from 1924 to 1934 exports totaled $639,700,000 and imports $156,800,000, the favorable balance of trade thus recorded by the United States amounting to $482,900,000. In 1930 and 1931 the favorable balance exceeded $90,000,000 each year, making up more than a quarter of the total American favorable balance in the latter year. The relationship between exports and imports has been more favorable for the United States than in the case of its trade with any other large country. Only in 1933 did imports exceed exports, in that year by about $3,100,000. The following table shows exports to and imports from the U.S.S.R. for the years 1924–1934:

	Imports from U.S.S.R.	Exports to U.S.S.R.	Total trade	Balance in favor of United States
1910–14 (average)	$20,865,000	$24,604,000	$45,469,000	$37,739,000
1924	8,168,801	42,103,713	50,272,514	33,934,912
1925	13,236,673	68,906,060	82,142,733	55,669,387
1926	14,121,992	49,905,642	64,027,634	35,783,650
1927	12,876,791	64,921,693	77,798,484	52,044,902
1928	14,024,525	74,091,235	88,115,760	60,066,710
1929	22,551,434	85,011,847	107,563,281	62,460,413
1930	24,385,786	114,398,537	138,784,323	90,012,751
1931	13,206,392	103,716,832	116,923,224	90,510,440
1932	9,735,411	12,640,891	22,376,302	2,905,480
1933	12,120,148	8,971,465	21,091,613	[1] 3,148,683
1934	12,337,647	14,997,308	27,334,955	2,659,661
Total [2]	156,765,600	639,665,223	796,430,823	482,899,623

[1] Unfavorable balance.
[2] Totals are for years 1924–34 only.

Machinery and equipment of various kinds made up about half of the total exports to the U.S.S.R. during the decade starting with 1924, cotton somewhat less than 40 per cent and other raw and semi-manufactured products (iron and steel, non-ferrous metals, chemicals, etc.) the remainder. In the past few years, however, with shipments of cotton reduced to a small fraction of the former totals, exports of machinery and equipment have made up the great bulk (over 90 per cent) of the shipments. The imports from the Soviet Union consist mainly of raw materials and foodstuffs, the principal items being manganese ore, furs, lumber and pulpwood, sausage casings, caviar, crabmeat, fresh or frozen fish, flax and hemp, platinum, iron ore, and anthracite coal.

SHARE OF SOVIET UNION IN U.S. FOREIGN TRADE

[In percent of total]

	Exports to U.S.S.R.	Imports from U.S.S.R.
1910–14	1.1	1.2
1928	1.4	.3
1929	1.6	.5
1930	3.0	.8
1931	4.3	.6
1932	.8	.7
1933	.5	.8
1934	.7	.7

As shown by the table above, up to 1932 the Soviet Union played a much more important role in the American export trade than did Russia before the war. Although total American exports declined by more than 50 percent from 1929 to 1931, those to the U.S.S.R. showed an increase of 22 percent. The Soviet Union in 1931 took 4.3 percent of total American exports, almost four times the proportion recorded before the war. It became the seventh largest foreign market of this country in 1931 as compared with eighth in 1930 and 17th in 1929. In 1934 it was 24th in rank. The United States was for a number of years second (in 1930 first) among the countries exporting to the Soviet Union. In 1932 and 1933 it dropped to sixth place and in 1934 it was fourth. In the

[1] In this chapter United States customs statistics are used throughout.

period from 1927 to 1931 the United States supplied 20-25 percent of Soviet imports; in 1932-1934, the proportion was reduced to from five to eight percent.

Imports from the U.S.S.R. have made up a smaller share of the total American imports than before the war. In the years from 1929 to 1934 they fluctuated between 0.5 and 0.8 percent as against 1.2 percent in 1910-1914. In 1930, when imports were at their highest level, the Soviet Union ranked 26th among the countries exporting to the United States; in 1931 it was 23rd, and in 1934—26th. From 1925 to 1930 the United States took about four percent of total Soviet exports. From 1931 to 1934 the proportion was reduced to about three percent. In 1932 the United States was ninth and in 1933 and 1934 eighth among the markets of the Soviet Union.

Reasons for growth in trade and later decline

The two outstanding features of the trade between the United States and the Soviet Union have been: 1) the steady growth of trade, particularly of purchases for the U.S.S.R., up to 1930, and the sharp decline in the past few years, and 2) the wide disparity between exports to and imports from the Soviet Union. The substantial growth in exports to the U.S.S.R. reflected the high regard among Soviet engineers and executives for American technical methods and the distinct preference for American machinery for many branches of industry. It was considered that in many fields the character and scope of the developments in the U.S.S.R. were such as to make the type of mass-production machinery developed in this country better adapted for Soviet requirements than European products. The program of intensive industrialization and of the reorganization of agriculture opened up, particularly in the period of the first Five-Year-Plan, a large new market for industrial and electrical equipment, agricultural machinery, transportation equipment, etc.

Many Soviet engineering commissions were sent to this country to study American industries, technical assistance contracts were concluded with a large number of leading American firms and individual engineers, and purchases rose steadily. The Soviet Union became the most important market for American industrial and agricultural equipment, in 1930 and 1931 taking 18.3 and 27.5 per cent, respectively, of total industrial equipment exports and 36.3 and 66 per cent of all agricultural machinery shipments. A substantial, though irregular, expansion of imports from the Soviet Union was also recorded—from an annual average of $12,500,000 in 1924-1928 to an average of $23,500,000 in 1929-1930. The growth of exports to the U.S.S.R. in the face of a large general decline in American foreign trade and the generally unfavorable conditions existing for carrying on trade with the Soviet Union, owing to the absence of normal diplomatic relations, was a strong indication of the basic economic factors underlying the trade between the two countries.

The drastic decline in exports beginning with 1932, by about 90 per cent, was due primarily to the cumulative effect of difficulties which had begun to make themselves felt in earlier years. They were mainly of two kinds: the lack of satisfactory facilities for financing American exports to the U.S.S.R. and the various restrictions imposed on the importation of Soviet products into this country. Commercial bills and acceptances of the Amtorg Trading Corporation could not be discounted and rediscounted in banks of the Federal Reserve system. This led to the purchase of such bills at usurious rates of discount. Long-term credits (with maturities of two or more years), such as had become the common practice in certain European countries (Germany, Italy, England, etc.), under the extension of government guarantees established in those countries, were virtually non-existent here. Only a few of the largest companies were able or willing to extend such credits without assistance from the banks. As a result, American manufacturers were unable to compete on an equal basis for Soviet business with European firms.

The other principal factor in the trade decline were the campaigns launched against the admission of Soviet goods into this country. Beginning with 1930, charges were frequently made to the effect that Soviet goods were the product of convict or forced labor or that they were being sold on the American market at dumping prices. Although whenever such charges were subjected to investigation they were eventually dismissed as unfounded, they resulted in delays, litigation, temporary embargoes, and an atmosphere of uncertainty and risk which made it impossible to develop trade in a normal manner.

In the case of lumber and pulpwood, for instance, some cargoes were held up before being finally admitted. Hearings on "unfair practice" charges with regard to Soviet asbestos resulted in a temporary embargo, lasting from April, 1931 to April, 1933, before the charges were eventually dismissed by the Tariff Commission. Similar difficulties were encountered with respect to manganese ore and anthracite coal imported from the U.S.S.R. Charges of dumping of manganese were disposed of in February, 1931 by the Treasury Department, which announced that "the issuance of a finding of dumping covering manganese imported from the U.S.S.R. is not justified." An anti-dumping finding on Soviet safety matches issued in May, 1930, was vacated by the Secretary of the Treasury in January, 1934, on the ground that it was "not supported by evidence at all sufficient to warrant it." At the same time, a finding of the Treasury Department as of February, 1931, stating that convict labor was used in the production of lumber and pulpwood in the northern regions of the U.S.S.R., was also vacated on similar grounds.

A ruling of the Department of Agriculture in November, 1930, required that casings imported from the Soviet Union undergo a special process of disinfection in this country since, in the absence of consular authorities, the certificates of sanitation issued by the Soviet authorities were not considered acceptable. A similar ruling required that feed materials of Soviet origin be quarantined for 90 days at the port of entry before being admitted. These restrictions, which put the U.S.S.R. at a considerable disadvantage in competing with other exporting countries, are still in effect.

The importation of apatite (phosphate fertilizer) from the Soviet Union was stopped for a period of about two years until a charge of alleged unfair competition was dismissed by the Court of Customs and Patent Appeals (in February, 1935).

The Soviet authorities took the position that these and other restrictions, which greatly hampered the sale of their products on the American market, were all the more unwarranted in view of the fact that in the past eleven years imports from the U.S.S.R. amounted to less than a quarter of the purchases of American goods for the Soviet Union. They pointed out that these products are largely non-competitive with domestic industry, consisting mainly of items which the United States imports in large quantities from abroad. The recent tendency of most countries to balance as closely as possible their trade with other countries, the many restrictions on the transfer of foreign exchange, the systems of quotas set up in some countries—all made the problem of restrictions more acute, as it became increasingly unfeasible to redress an unfavorable balance by means of favorable balances in other countries.

The obstacles put in the way of the importation of Soviet products to the United States and the absence of satisfactory facilities for financing exports to the Soviet Union were accompanied by many other restrictions and difficulties brought about by the status of non-recognition. The Soviet Government had little or no protection in American courts. Gold of Soviet origin could not be shipped to this country for deposit, according to Treasury Department rulings of November and December, 1920, which were eventually rescinded in January, 1934, after the resumption of diplomatic relations. Discriminatory taxes were imposed by both countries on the vessels of the other country. Such excess charges were also suspended early in 1934. The flotation on the American market of bonds issued by the Soviet Government was prohibited and long-term private loans or credits were not encouraged. Visitors on business missions from the Soviet Union frequently encountered difficulty in obtaining visas.

The lack of authoritative information, because of the absence of consular representatives, made it possible for interest parties to spread unfounded rumors and reports regarding alleged conditions in the Soviet Union, which had a detrimental effect on trade. Attacks were made on the Amtorg and other organizations carrying on trade for the Soviet Union, culminating in the hearings of the Congressional investigating committee in 1931, which declared unfounded the charges that these companies were carrying on political activity.

The cumulative effect of these difficulties, coupled with the more favorable credits and other conditions of trade prevailing in Europe, finally led to the diversion of considerable business formerly placed in this country to European countries. The share of the United States in total Soviet imports dropped from 25 per cent in 1930 to 5 per cent in 1932 and 1933. While the total imports of the Soviet Union declined by 67 per cent from 1930 to 1933, those from the United States showed a drop of 93 per cent. To some extent the decline in purchases here was also due to the fact that the Soviet Union had reached a stage in its economic development where it was able to produce a part of the equipment and raw materials formerly purchased abroad.

The development of imports of Soviet products into the United States has been rather irregular. From slightly more than $8,000,000 in 1924 they fluctuated between $12,000,000 and $14,000,000 during the following four years and averaged $23,500,000 in 1929-1930. From 1931 to 1934 they averaged slightly under $12,000,000 a year. This uneven development has been due in part to the many restrictions and obstacles mentioned above. The fact that in the face of these difficulties the imports nearly trebled

between 1924 and 1930 indicates that under normal conditions the possibilities in this direction are considerable.

With the establishment of diplomatic relations between the two countries in November, 1933, the way was paved for the solution of the problems which had brought about the sharp decline of trade. A number of the restrictions imposed by former administrations on the importation of Soviet products were removed. On February 8, 1934, the Export-Import Bank was organized by the government, primarily for the purpose of expanding trade between the United States and the U.S.S.R. The primary function of the bank was to extend credits to American manufacturers exporting their products to the U.S.S.R. Subsequently, however, a resolution of the Export-Import Bank passed in connection with the Johnson Act and an interpretation of this law by the Attorney General, made the extension of credits dependent on the adjustment of the debt question. Negotiations on this matter had not led to an agreement by the middle of 1935. Principally as a result of the absence of credit facilities, the trade remained on a low level, although in 1934 exports to the U.S.S.R., amounting to $14,997,000, recorded an increase of 67 percent.

U.S.-U.S.S.R. Trade Agreement

An agreement to facilitate and increase trade between the United States and the Union of Soviet Socialist Republics was concluded at Moscow July 13, 1935, in an exchange of identical notes between Ambassador William C. Bullitt and the Commissar for Foreign Affairs, Maxim Litvinoff.

The identical notes read as follows:

I have the honor to refer to recent conversations in regard to commerce between the Union of Soviet Socialist Republics and the United States of America and to the trade agreements program of the United States and to confirm and to make of record by this note the following agreement which has been reached between the governments of our respective countries:

(1) The duties proclaimed by the President of the United States of America pursuant to trade agreements entered into with foreign governments or instrumentalities thereof under the authority of the act entitled "An Act to Amend the Tariff Act of 1930," approved June 12, 1934, shall be applied to articles the growth, produce or manufacture of the Union of Soviet Socialist Republics, as long as this agreement remains in force. It is understood that nothing in this agreement shall be construed to require the application to articles the growth, produce or manufacture of the Union of Soviet Socialist Republics of duties or exemptions from duties proclaimed pursuant to any trade agreement between the United States of America and the Republic of Cuba which has been or may hereafter be concluded.

(2) On its part, the Government of the Union of Soviet Socialist Republics will take steps to increase substantially the amount of purchase in the United States for export to the Union of Soviet Socialist Republics of articles the growth, produce or manufacture of the United States of America.

(3) This agreement shall come into force on the date of signature thereof. It shall continue in effect for twelve months. Both parties agree that not less than thirty days prior to the expiration of the aforesaid period of twelve months they shall start negotiations regarding the extension of the period during which the present agreement shall continue in force.

An elucidation by Mr. Litvinoff stated that it was the intention of the Soviet Union to place orders in the United States to the value of $30,000,000 during the twelve months following the signing of the agreement. This represents an increase of 100 per cent over American exports to the U.S.S.R. in 1934.

Statements issued by both American and Soviet authorities in connection with the accord pointed out that the signing of this agreement provides a sound basis for a mutually beneficial expansion of trade between the two countries.

EXPORTS TO THE U.S.S.R.

Industrial and electrical equipment

In 1930 the U.S.S.R. was the second and in 1931 the leading foreign market for industrial machinery and equipment of American manufacture. It rose from 14th place in 1925, tenth in 1926 and fifth in 1928. Its share in total United States exports increased from 5 per cent in 1929 to 27.5 per cent in 1931. Even with the drastic decline in 1932 it still accounted for 10 per cent of total shipments. In 1930-1931 exports of industrial equipment to the Soviet Union averaged more than $40,000,000 a year and made up 22 per cent of the total. In the following three years the exports were reduced to an annual average of $3,724,000.

The principal class of machinery in this group has been metal-working machinery, largely for tractor, automobile and ball-bearing plants in the U.S.S.R. In 1930-1931 the U.S.S.R. took equipment of this type to the value of $35,731,000, more than 52 percent of the total American shipments. The percentage of total exports shipped to the Soviet Union in 1930 and 1931, respectively, of some of the principal types of equipment was as follows: foundry and molding equipment—58 and 74; forging machinery—52 and 68; lathes—51 and 65; milling machines—42 and 70; drilling machines—52 and 78; grinding machines—30 and 58; sheet and plate metal-working machines—31 and 54. In 1932-1934 the exports were reduced to about one-seventh of the average for the preceding two years.

Among the other types of American industrial equipment for which the U.S.S.R. has been one of the leading markets are oil drilling equipment, of which it took 27.5 per cent in 1930 and 22 per cent in 1931, and oil refining equipment—40 and 16 per cent; purchases of these two groups totaled $8,401,000 in 1930. Mining and quarrying equipment exported to the U.S.S.R. exceeded $2,000,000 a year in 1930 and 1931, making up 15 and 26 per cent of total shipments. The U.S.S.R. took 62 per cent of exports of stationary engines in 1930-1931, 92 per cent of the water wheels and turbines, 16 per cent of the excavators and road-making machinery, 36 per cent of the cranes and hoists and conveying equipment, and 11 per cent of the pumps exported.

In the four years from 1928 to 1931 exports of construction and conveying machinery averaged $2,808,000 annually. Other varieties of industrial and miscellaneous equipment exported in considerable quantities to the Soviet Union include textile and sewing machinery ($606,000 average annually in 1928-1930); paper and pulp machinery ($449,000 average in 1929-1930); woodworking machinery ($267,000 average in 1928-1930); refrigerating equipment ($247,000 average in 1928-1930); ball and roller bearings ($869,000 average in 1929-1931); air compressors ($496,000 average in 1928-1932); office machines and typewriters ($385,000 average in 1928-1931); typesetting machines ($72,000 in 1933); and scientific instruments and apparatus ($458,000 average in 1928-1934). Large purchases of food and canning machinery, marine equipment, and watch and clock factory equipment also were made.

The U.S.S.R. has also been a substantial purchaser of electrical apparatus, particularly power plant equipment. Such purchases averaged almost $6,000,000 a year in 1930-1931, making up 5.8 per cent of the total U.S. exports.

The following tables show the exports of industrial and electrical equipment to the U.S.S.R. in 1929-1934 and the proportion of total exports:

[Dollar amounts in thousands]

Year	Total U.S. exports	Exports to U.S.S.R.	Share of U.S.S.R. in total exports (percent)
Industrial equipment:			
1929	$277,765	$14,785	5.3
1930	228,291	41,890	18.3
1931	141,835	38,995	27.5
1932	58,679	5,925	10.1
1933	55,283	1,392	2.5
1934	98,348	3,878	3.9
Power-driven metal working machinery:			
1929	40,804	2,594	6.3
1930	33,145	13,239	40.0
1931	34,789	22,492	64.7
1932	13,867	3,468	25.0
1933	9,369	952	10.2
1934	19,435	2,799	14.4
Electrical equipment:			
1929	121,357	2,606	2.2
1930	118,260	5,062	4.3
1931	85,080	6,693	7.8
1932	43,382	2,100	4.8
1933	43,580	186	.4
1934	66,525	365	.5

Transportation equipment

Large exports of transportation equipment, such as automobiles, locomotives, and aviation engines and accessories, have been made to the U.S.S.R. in recent years. During the three years 1929-1931 shipments of automobiles, parts and accessories averaged $6,919,000 annually. In 1931, the Soviet Union was third among the markets for automobiles, taking eight percent of the total. In the same year it imported a half of the locomotives and freight cars sold by this country. For a number of years it has been one of the leading markets for aviation engines, parts, and accessories, purchasing 22 percent of this group of products in 1931 and 35 percent in 1934. In the latter year shipments amounted to $3,276,000.

[Dollar amounts in thousands]

Year	Total U.S. exports	Exports to U.S.S.R.	Share of U.S.S.R. in total exports (percent)
Automobiles and parts:			
1929	$539,298	$3,280	0.6
1930	277,425	5,880	2.1
1931	146,693	11,597	7.9
1932	76,274	2,702	3.5
1933	90,631	1,117	1.2
1934	190,208	758	.4

Agricultural machinery

In the three years 1929-1931 exports of farm equipment to the Soviet Union totaled $101,000,000, and made up 32 per cent of the entire shipments of this country. Tractors

accounted for $77,536,000, 49 per cent of all American exports. Combines accounted for $8,222,000, 27 per cent of total shipments. Other agricultural implement shipments of importance include plows ($655,000 average annual exports from 1928 to 1931); harrows ($147,000 average in 1928–1930); and grain harvesters and binders ($335,000 average in 1928–1930).

In 1932–1934 exports of agricultural equipment practically ceased. Nevertheless, for the five years 1929–1933, the share of such exports going to the U.S.S.R. was 30 per cent and of tractors alone 46 per cent.

[Dollar amounts in thousands]

Year	Total U.S. exports	Exports to U.S.S.R.	Share of U.S.S.R. in total exports (percent)
Agricultural equipment:			
1929	$140,800	$20,715	14.7
1930	116,036	42,131	36.3
1931	57,402	37,885	66.0
1932	10,548	120	1.1
1933	12,215	109	.9

In the six-year period from 1929 to 1934 the exports of industrial, electrical, and agricultural equipment and automobiles and parts to the Soviet Union amounted to $250,000,000, more than eight per cent of total United States shipments. During 1930–1931, however, the U.S.S.R. took 16 per cent of the total imports of these four groups, 76 per cent of the purchases for the six years having been made in this period.

Raw and semi-manufactured materials

Cotton: Up to 1930 the U.S.S.R. was one of the principal markets for American cotton; in the five years 1925–1929 shipments averaged $37,600,000 a year. In 1930 they dropped to $7,300,000, in 1931–1932 ceased entirely, and in 1933 totaled $3,500,000. The latter shipments were financed in part through credits extended by the Reconstruction Finance Corporation, the first transaction of its kind recorded in the trade between the two countries. The decline in exports was due primarily to increased domestic production in the U.S.S.R. In 1933 and 1934 negotiations were carried on for large purchases of American cotton for the Soviet Union on a long-term credit basis but did not materialize. Purchases in the latter year were a little $2,000,000. In the spring of 1935 cotton purchases were made here for the U.S.S.R. to the value of about $8,500,000.

Non-ferrous Metals: Exports of non-ferrous metals averaged $3,400,000 annually from 1927 to 1930 and amounted to $941,000 in 1931. Copper made up the bulk of the shipments. Shipments of aluminum totaled $163,000 in 1932.

Iron and Steel: Shipments of iron and steel and manufactures (structural shapes, bars, pipes, sheets, etc.) averaged $2,230,000 a year from 1929 to 1931 and totaled $931,000 in 1934. Shipments of tin plate averaged $309,000 from 1927 to 1930. Exports of ferro-alloys (principally ferrotungsten) averaged $430,000 a year in 1933 and 1934.

Non-Metallic Minerals: In this group the principal items have been abrasives (average of $124,000 a year from 1930 to 1933 and $1,422,000 in 1934) and electrodes for electric furnaces ($346,000 in 1933 and $931,000 in 1934).

MAJOR EXPORTS OF UNITED STATES TO SOVIET UNION

[In thousands of dollars]

Commodity	1924	1926	1928	1929	1930	1931	1932	1933	1934
Cotton	36,738	32,783	44,537	30,506	7,341			3,534	1,832
Abrasives	65	32	141		59	204	77	156	178
Electrodes	16	34	39	70	37	59		346	729
Iron and steel and manufacturers	271	787	1,073	2,735	2,965	990	183	210	1,132
Ferro-tungsten and other ferro-alloys (total)	14			30	46	458	50	438	422
Ferro-tungsten, tungsten, metal and wire	14			28	44	404	42	251	220
Other ferro-alloys, ores and metals				2	2	54	8	187	202
Aluminum and manufacturers			57	1	16	243	163	7	
Machinery and vehicles (total)	2,570	12,699	19,685	42,537	97,089	97,891	11,352	3,414	9,095
Electrical machinery and apparatus	60	615	1,399	2,406	5,062	6,693	2,100	186	365
Electric generators and parts	3	1	128	71	546	297	536	1	4
Power and other transformers		6	172	61	709	533	353		13
Electric railway locomotives			25	17	14		787		
Ind'l motors and parts and controlling equipment for ind'l motors		61	355	438	993	864	115	52	38
Industrial machinery (total)	1,065	4,913	9,034	14,785	41,890	38,995	5,903	1,392	3,881
Steam turbines and parts		4	119	83	645	1,535	404	15	6
Internal combustion engines and parts	411	1,352	389	827	1,759	1,754	99	21	21
Water wheels, water turbines and parts					605	1,406	370	1	
Construction and conveying machinery	7	150	1,902	1,869	3,792	3,668	154	9	78
Mining and quarrying machinery	6	745	1,287	1,266	2,334	2,306	202	54	15
Petroleum, gas and other well and refining machinery	194	316	1,114	2,571	8,401	1,867	489	31	434
Metal-working machinery (total)	228	433	2,109	2,594	13,239	22,492	3,468	952	2,799
Lathes	42	119	287	365	2,460	2,644	476	45	546
Sheet and plate metal-working machinery			35	118	1,430	2,995	14		132
Milling machines	69	140	119	481	1,682	2,833	416	36	255
Gear-cutting machines		10	44	47	384	1,189	64	224	305
Drilling machines	9	13	125	227	1,055	2,014	323	34	199
Metal-grinding machines	67	43	225	306	1,403	2,775	452	160	757
Forging machinery		4	44	412	959	2,691	336	21	34
Rolling mill machinery			20		90	149	182		
Foundry and molding equipment		5	12	202	2,066	1,692	74	197	46
Other power-driven metal-working machinery	5	60	189	240	1,399	1,434	671	321	246
Other metal-working machinery		42	176	67	411	1,763	270	69	85
Stationary air compressors	45	111	388	572	810	189	469	122	
Office appliances	152	237	526	682	292	193	55	40	69
Agricultural machinery and equipment	991	6,599	7,387	20,715	42,131	37,885	120	109	13
Tractors and parts	259	5,125	6,082	17,869	35,920	29,340	94	102	3
Combines	167	5	6	705	1,929	5,588			
Other agricultural equipment	565	1,469	1,299	2,141	4,282	2,957	26	7	10
Automobile and other vehicles	454	572	1,865	4,431	7,466	14,318	3,173	1,614	4,760
Automobiles, parts and accessories	186	183	924	3,280	5,879	11,597	2,698	1,117	1,208
Aircraft engines, parts and accessories, except tires	9	271	155	245	542	507	407	380	3,276
Freight cars		207	62	62	552	46	92		
Scientific, laboratory and professional instruments and apparatus	49	79	358	434	988	692	201	153	377
Refined copper	32	1,382	2,740	3,316	1,641	821			

Miscellaneous: Others products shipped in substantial amounts include gum rosin, shipments of which averaged $650,000 a year from 1925 to 1929 but which has not been exported since that time; binder twine ($730,000 in 1928 and $274,000 in 1931); chemicals and related products (average of $235,000 from 1925 to 1929); and crude rubber, of which large amounts were formerly purchased (over $2,000,000 in 1928) but which does not appear in the customs statistics since the shipments were made from the Orient.

Purchases by states

Purchases for the Soviet Union in the United States have embraced virtually all parts of the country. However, since in recent years machinery and equipment have made up the bulk of the exports, the machinery producing states of the Middle West have contributed the largest share of the total. In 1930 and 1931, two of the years in which purchases of the Amtorg were at their peak, Illinois, Michigan, Ohio, Iowa and Wisconsin supplied products to the value of $100,763,000, 60 percent of the total purchases in those years.

The following table shows the distribution of Amtorg purchases by states in 1930 and

1931 (not including purchases of cotton for the U.S.S.R.):

AMTORG PURCHASES BY STATES

[In thousands of dollars]

State	1930	1931
California	2,066	651
Colorado	237	54
Connecticut	1,383	1,495
Delaware	160	10
Illinois	35,844	2,965
Indiana	792	678
Iowa	12,999	326
Kansas	1,669	4
Kentucky	427	59
Maryland	206	158
Massachusetts	1,488	1,923
Michigan	8,313	12,487
Minnesota	155	65
Missouri	276	174
New Jersey	3,526	1,757
New York	9,181	9,917
Ohio	7,155	7,905
Oregon	178	88
Pennsylvania	5,845	4,496
Rhode Island	170	172
Texas	320	114
Utah	98	41
Vermont	614	650
Virginia	1,286	328
Washington	812	9
West Virginia	208	4
Wisconsin	11,047	1,722
Nonclassified	7,580	2,980
Total, United States	114,035	51,232
Canada	217	270

IMPORTS FROM THE U.S.S.R.

Foodstuffs

Fish: (fresh, frozen, or salted); Imports of fish, principally sturgeon, totaled $618,000 in 1931 and $338,000 in 1934. In 1930-1933 they made up four per cent of total American imports.

Caviar: Imports of caviar totaled $674,000 in 1929, $451,000 in 1932 and $253,000 in 1934. In value they make up more than 90 per cent of total American imports.

Crabmeat: The U.S.S.R. accounted for 27 per cent of total United States canned crabmeat imports in 1933 as compared with 23 per cent in 1931 and only 0.3 per cent in 1929. Imports totaled $923,000 in 1931, declining to $481,000 in 1934.

Imports of other canned fish (sardines, sturgeon, sprats, etc.) amounted to $44,000 in 1932 and $14,000 in 1933.

Sausage Casings: Imports of casings from the U.S.S.R. dropped from $2,823,000 in 1929 to $498,000 in 1934. In the earlier year they made up 18 per cent and in 1934, six per cent of total American imports.

Lentils: Imports of lentils totaled $76,000 in 1932 but dropped to one-tenth that total in 1933. In 1931-1932 they accounted for 24 per cent of total American imports.

Sunflower Seed Oil: Imports of this item were started only a few years ago. They amounted to $360,000 in 1932 and $444,000 in 1933, making up 59 per cent of total receipts in the latter year. In 1934, largely as a result of the imposition of a new excise tax on edible oils, imports were virtually eliminated.

Mushrooms: Imports of mushrooms totaled $161,000 in 1929 and $246,000 in 1931, 46 per cent of total imports of the United States. None was imported in 1932-1934.

Other items in this group are confectionery ($45,000 in 1929 and $40,000 in 1934), jams, nuts, coriander seed, canned vegetables, mustard seed, mineral water, and wines and vodka, the importation of which was started in 1934 (imports in 1934 totaled $49,000).

Animal products

Furs: Imports of furs, which exceeded $5,000,000 in 1929, averaged $2,323,000 in 1933-1934. Aside from direct shipments, large quantities of Soviet furs are re-exported to the United States from other countries, principally Germany and England. Direct imports of Soviet undressed furs made up four per cent of total receipts in 1933; of dressed furs—29 per cent. Of the furs received from the U.S.S.R. in 1933, dressed furs and manufacturers made up $850,000 but in 1934 this figure was greatly reduced.

Bristles: Sales of Soviet bristles fell from $618,000 in 1929 to $184,000 in 1932, in each case making up between seven and eight per cent of total American imports. Direct imports were practically eliminated in 1933-1934. A part of the Soviet bristles shipped to England is re-exported to the United States.

Leather and Hides and Skins: Imports of these products, which were begun only in 1930, have shown rapid development. From $53,000 in 1930 they rose to $318,000 in 1933, of which leather made up $224,000. The U.S.S.R. accounted for two per cent of the total leather imports of this country in 1933-1934.

Animal Hair: Sales of horsehair and other animal hair rose from $72,000 in 1929 to $273,000 in 1931, dropping to $50,000 in 1934. In 1931-1934 the Soviet Union supplied 13 per cent of total American imports of this item.

Other products in this group include stearic acid ($53,000 in 1931 and $19,000 in 1933), of which the U.S.S.R. furnished 12 per cent in 1931-1932; bones ($418,000 average in 1929-1930); and glue ($27,000 in 1933).

Mineral products

Manganese Ore: For about half a century the Chiatury mines in Transcaucasia have supplied a considerable part of the manganese ore consumed by the American steel industry, which ordinarily imports about 90 per cent of its requirement. Imports of manganese from the U.S.S.R. have been drastically reduced in the past few years—from $5,452,000 in 1929 to $1,897,000 in 1931 and $903,000 in 1934—owing mainly to the greatly curtailed operations of the steel industry. The Soviet Union furnished 64 per cent in value of total American imports in 1929 and 37 per cent in 1932-1934.

Iron Ore: Imports of iron ore from the Soviet Union were started only in 1930. They amounted to $571,000 in 1931, dropping to $177,000 in 1934. The U.S.S.R. accounted for 16 percent of total imports in 1931-1933. The ore is consumed on the eastern seaboard.

Chrome Ore: This is another new item among imports from the U.S.S.R., dating also from 1930. Receipts totaled $292,000 in 1931 and $256,000 in 1934, the Soviet Union supplying 11 percent of the total imports in 1933 and 1934.

Precious Metals: Imports of platinum and allied metals totaled $944,000 in 1929 and $453,000 in 1934. They made up 12 percent of the total direct imports in the earlier year and 11 percent in 1934.

Gold Ore: In 1934 shipments were started to the United States of low-content gold-bearing ore. During the latter part of the year several shipments were made, mainly to the port of Tacoma, Washington. In addition, early in 1935, importation was started of considerable quantities of various gold concentrates (precipitates, chlorides, electrolytic slimes). The first sales ($300,000) of Soviet silver were also made by the Amtorg, for delivery in London.

Anthracite Coal: In the past six years (1929-1934), the U.S.S.R. has supplied, exclusively to the New England States, about 44 percent of the high-grade anthracite imported by the United States. Receipts of Soviet anthracite, which commands a high price because of its high heating value and low ash content, rose from $737,000 in 1929 to an average of $1,757,000 in 1932-1934. The shipments, averaging 229,000 tons a year in 1931-1934, make up less than ½ of one percent of total American anthracite production and about four percent of total New England consumption.

Asbestos: Direct imports of asbestos from the U.S.S.R. were started only a few years ago, amounting to $661,000 in 1930, $104,000 in 1931 and $89,000 in 1934. They made up about nine and three percent of total imports in 1930 and 1934, respectively. The development of imports was hampered by a temporary embargo, lasting from April 1931 to April 1933, imposed while charges of unfair practice, eventually dismissed as unfounded, were pending before the Tariff Commission.

Magnesite: Shipments of magnesite, a new item on the import list, totaled $90,000 in 1931, 27 percent of total American imports; in 1933 and 1934 they fell to an average of $31,000.

Among the products of potential importance in this group are potash, of which the first shipments, totaling $323,000, were received from the U.S.S.R. in 1934; apatite (phosphate fertilizer), imports of which were temporarily halted while a case was pending before the Tariff Commission but were resumed again in 1935; mica, diatomaceous earth, paraffin, kaolin, pyrites, marble, glaziers' and engravers' diamonds ($48,000 in 1932), etc.

Crude drugs and chemicals

Licorice Root is the largest item in this category, imports totaling $889,000 in 1929, $443,000 in 1931, and $241,000 in 1934. In 1929, the U.S.S.R. supplied 38 percent and in 1933-1934, 27 percent of the total.

Gum Tragacanth: Imports of this item totaled $87,000 in 1932 (26.5 percent of American imports) and $48,000 in 1933.

The other main products in this group include ergot, imports of which in 1933 totaled $33,000; miscellaneous drugs ($34,000 in 1933 and $26,000 in 1934); poppy seed ($19,000 in 1933); inedible sunflower seed oil ($41,000 in 1933); essential or distilled oils ($67,000); peat moss ($17,000); alkaloids, chiefly nicotine ($10,000); santonin ($62,000); crude glycerine ($34,000); barytes ($84,000 in 1931, 27 percent of total American imports).

Textiles

Flax (unmanufactured): Imports of flax increased from $179,000 in 1929 (five percent of total imports) to an average of $501,000 in 1933-1934 (33 percent).

Linens: Imports of linen cloth and manufactures (towels, table cloths, embroidered articles, etc.) amounted to $114,000 in 1932 and $572,000 in 1934. In the latter year they made up about 2.5 percent of total United States imports of these products.

Raw Silk: This item has appeared on the import list only in the past few years. Imports totaled $453,000 in 1931 and $178,000 in 1934. In 1931-1934 these shipments made up only 0.2-0.3 percent of total imports.

Oriental Rugs: The importation of handmade oriental rugs (mainly Caucasian and Turkestan) was resumed a few years ago.

Receipts amounted to $219,000 in 1932 and $109,000 in 1934. They made up four percent of total American imports in 1932-1934.

Wood and Paper Products

Lumber: Imports of soft woods from the Soviet Union (almost entirely spruce) were started in 1927. In 1929 imports totaled $819,000, in 1932—$296,000 and 1933—$559,000. Spruce imports totaled $316,000 in 1934. The development of imports of lumber and pulpwood was hindered by adverse regulations of the Treasury Department, later rescinded. In 1931-1932 the U.S.S.R. supplied only two percent of total United States lumber imports.

Pulpwood: Importation of spruce pulpwood from U.S.S.R. was started in 1929. Shipments totaled $1,580,000 in 1930, $481,000 in 1932 and only $71,000 in 1934. The Soviet Union, which has been virtually the only source of supply aside from Canada, accounted for seven percent of pulpwood imports into this country in 1930-1933.

Rags (for paper stock): Imports of rags totaled $865,000 in 1930 and $394,000 in 1934. They made up 23 percent of total imports in 1933-1934.

Safety Matches: Imports of safety matches from the Soviet Union, one of the few countries offering competition to the Swedish match trust, were started in 1928. In 1929 imports totaled $353,000, slightly more than 10 percent of total receipts by the United States. An anti-dumping duty imposed by the Treasury Department in May, 1930, virtually put an end of imports. This ruling was rescinded in January, 1934, and imports that year totaled $94,000, 18 percent of the total.

Other lumber items include oak staves and headings, the importation of which has been considerable since the lifting of the prohibition against the sale of beer ($223,000 in 1933 and $110,000 in 1934); veneers and plywoods ($43,000 in 1931 and $6,000 in 1933); and miscellaneous woods and manufactures ($26,000 in 1933 and $31,000 in 1934).

Miscellaneous: Among the other products imported from the U.S.S.R. not included in the above categories are books and other printed matter ($42,000 in 1933 and $46,000 in 1934), works of art ($34,000), gold and silver articles and jewelry ($21,000), motion picture films, handicraft articles, etc.

UNITED STATES IMPORTS OF MAJOR PRODUCTS FROM RUSSIA AND THE SOVIET UNION

[In thousands of dollars]

Commodity	1926	1927	1928	1929	1930	1931	1932	1933	1934
Furs (undressed and dressed)	4,459	2,450	3,199	5,238	4,252	1,096	1,690	2,272	2,315
Anthracite coal				737	1,232	1,611	1,498	1,332	2,442
Manganese ore	5,046	5,000	3,067	5,452	2,446	1,897	522	499	903
Chrome ore					238	292	52	153	256
Iron ore					136	571	357	298	177
Asbestos				111	661	140		57	89
Sausage casings	837	1,696	2,307	2,823	3,574	600	706	956	498
Pulpwood				101	1,580	744	481	236	71
Lumber and wood manufactures	31	357	535	872	1,605	344	324	814	482
Rags (for paper stock)	88	46	132	413	865	80	86	217	394
Flax	665	364	216	179	438		43	551	451
Caviar	50	349	795	674	655	327	451	213	258
Fish (fresh, frozen or salted)	173	335	382	454	655	618	389	239	282
Crabmeat				15	854	524	601	759	481
Licorice root	978	604	344	889	427	443	266	256	214
Bristles	692	918	988	618	1,129	468	184	23	7
Matches			141	353	233				94
Mushrooms	122	93	284	161	313	246			
Candy and confec'y		3	21	45	165	171	13	18	40
Wool carpets and rugs			107	153	31	204	219	163	109
Leather, hides and skins	331	7		2	53	44	143	318	139
Animal hair	80	86	40	72	101	273	102	149	50
Raw silk			7	8	13	453	354	214	178
Sunflower seed oil							360	444	38
Manufacturers of flax and hemp	1	6	66	43	131	333	114	381	572

Technical Assistance Contracts

Beginning with 1928, more than two-score contracts were concluded with American engineering concerns providing for the cooperation of the latter in the design, construction and operation of mines, electrical plants and installations, and industrial enterprises in the U.S.S.R. About a third of the total number of contracts for technical assistance entered into by Soviet organizations were made with American firms. In addition, hundreds of individual engineers and technicians were engaged for various Soviet industries. Most of the contracts were concluded in 1928-1930 and the majority of them have now expired. In the past few years, corresponding to the drastic decline in trade, relatively few American engineers have been engaged for work in the U.S.S.R.

Among the more important technical assistance contracts with American firms were the following: Hugh L. Cooper & Co. (Dnieper River hydroelectric station); International General Electric Co. and Radio Corporation of America (electrical industry); the Austin Co. and Ford Motor Co. (Nizhni Novgorod—now Gorky—automobile plant); electric Auto-Lite Co. (electrical equipment for automobiles and tractors); Oglebay, Norton & Co. (iron ore); Freyn Engineering Co. and Arthur G. McKee & Co. (steel industry); Stuart, James & Cooke and Allen & Garcia (coal industry); Nitrogen Engineering Corp., Du Pont de Nemours & Co. and Westvaco Chlorine Products Co., Inc. (chemical industry); Koppers Construction Co. (coke); Newport News Shipbuilding and Dry Dock Co. (turbines); Goodman Mfg. Co. (manufacture of coal cutters); Albert Kahn, Inc. (industrial construction); Curtiss-Wright Corporation (aviation industry); Sperry Gyroscope Co. (marine instruments); Archer Wheeler and Southwestern Engineering Co. (non-ferrous metals).

Shipping

In accordance with contracts concluded several years ago with the Am-Derutra Transport Corporation, regular sailings were started by vessels of the American Export Line to Black Sea ports and of the Scantic Line to Leningrad and Murmansk. In the peak year for exports (1930) the Am-Derutra chartered 95 vessels to carry American goods to the Soviet Union, of which 70 were American-owned. In the beginning of 1934 a freight service was started by Sovtorgflot (Soviet Mercantile Fleet) between the Black Sea ports and Leningrad and the eastern seaboard of the United States. The KIM, the first vessel to enter an American port flying a Soviet flag, arrived in New York harbor on April 2, 1934, having sailed from Odessa on March 10. In the subsequent months, arrivals of Soviet steamers averaged almost two a month.

Soviet bonds

For a number of years a small number of bonds of the Soviet Government were bought by Americans through direct correspondence with the foreign department of the State Bank of the U.S.S.R. in Moscow. In the latter part of 1932 and the beginning of 1933 a small issue of Soviet bonds were marketed by the Soviet American Securities Corporation of New York City. In 1933 this company offered for sale in the United States an issue of seven percent bonds in the amount of 10,000,000 gold rubles, the first important public offering of Soviet securities in the United States. These bonds, in common with all Soviet bonds sold abroad, are written in terms of a definite quantity of gold (.774234 grams of pure gold per ruble). Both principal and interest are payable in American currency in the dollar equivalent of this fixed quantity of gold. The Chase National Bank in New York City is the paying agent. An unusual feature of the bonds is a guarantee of the State Bank of the U.S.S.R. to repurchase them at any time upon request of the holder at par and accrued interest. The bulk of this issue has already been sold.

Torgsin orders

Orders on stores operated by Torgsin (State Company for Trade with Foreigners) in the U.S.S.R. may be transmitted through banks or other companies permitted to accept currency for transfer abroad. Among some of the banks or agencies handling these orders are: Manufacturers Trust Company, Amalgamated Bank, Am-Derutra Transport Corporation, American Express Company, Gdynia-America Line, R.C.A. Communications, Inc., etc.

The office of the general representative of Torgsin in the United States is located at 261 Fifth Avenue, New York.

Perspectives of Soviet-American trade

Many leaders of industry, finance, and statecraft, both in the United States and in the Soviet Union, have on recent occasions expressed the opinion that the possibilities exist for a large expansion of commerce between the two countries, given favorable conditions of trade. The interest of the Soviet Union in the United States as a source of supply for imports, especially equipment and raw and semi-manufactured materials, has been indicated in a number of official pronouncements by prominent officials. Maxim M. Litvinoff, Commissar for Foreign Affairs, in a speech in New York City on November 24, 1933, at a banquet given in his honor under the auspices of the American-Russian Chamber of Commerce, said:

"Enjoying the lowest foreign indebtedness in the world, the Soviet Union has the greatest capacity for absorbing the raw materials and products of other countries. On this question I presented data at the London Economic Conference, a study of which will show the United States could make use of this capacity to the extent of 60 or 70 per cent."

This referred to the following statement made on June 14, 1933:

"The Soviet government as a rule draws up its import plans in strict accordance with its export possibilities and credit facilities. But the Soviet delegation could conceive of conditions, such as lengthened credits, normal conditions for Soviet exports and other favorable factors, which might induce its government to extend these plans to a degree which would have no small influence in the alleviation of the crisis. According to the calculations of the Soviet delegation, the Soviet government, given such conditions, might agree to place orders abroad in the near future to the sum of about one billion dollars. To be still more definite, the Soviet Union could in the near future absorb about 200 million dollars' worth of ferrous metals, 100 million dollars' worth of raw materials for the textile, leather and rubber industries, 400 million dollars' worth of machinery, including railway equipment to the value of 100 million, 35 million dollars' worth of agricultural goods, including breed stock, 50 million dollars' worth of consumers' goods, such as tea, cocoa, coffee, herring, 50 million dollars' worth of new ships, chiefly for industrial purposes such as fishing, seal hunting, dredging, and so on.

"The significance of these figures will be more evident if it is realized that they amount to from 25 to 66 per cent of existing world stocks in respect to such metals as aluminum, nickel, copper and lead, to 100 per cent in the case of some of the consumers' goods mentioned, to one-third of the annual world export of machinery and 100 per cent of last year's total ship-building output.

"It should be clearly understood that the figures I have quoted would be in excess of any plan already drawn up by the Soviet Government and do not apply to goods urgently required by it, and to be ordered under present conditions."

A. P. Rosengoltz, Commissar for Foreign Trade, in a speech on April 23, 1933, stated:

"One could hardly find any other country which has such great possibilities of developing its exports to the U.S.S.R. as the United States; and on its part, the United States could become a large market for the sale of Soviet products. For this, of course, the necessary prerequisites must be created."

Ambassador A. A. Troyanovsky, in a statement to the press on January, 1934, said:

"Like the United States, the U.S.S.R. is a country of great distances, of rich and multiform natural resources. Our physical problems are in many respects similar to yours. We approach our problems of developing our resources later than you, and we have availed ourselves and will continue to avail ourselves of American technical skill and of American machinery. We have found that generally speaking, of all foreign technical men, Americans are best equipped to give advice on our development projects and American type machinery is in most cases best adapted to our needs. In this respect we have the basis for a steady and profitable commercial development."

In an address before the American-Russian Chamber of Commerce in April, 1935, I. V. Boyeff, Chairman of the Board of the Amtorg Trading Corporation, stated that Soviet imports from the United States would continue to increase in 1935 but that a large development of trade, commensurate with the possibilities, could be realized only in the event of the establishment of financial credits for exports to the U.S.S.R.

In a recent memorandum prepared for its members, the American-Russian Chamber of Commerce pointed out that there are also ample possibilities for increasing imports from the U.S.S.R. Of the principal commodities imported from the Soviet Union, the United States bought from all countries over $1,200,000,000 worth in 1929 and $334,000,000 in 1932. The U.S.S.R. supplied only 1.7 per cent of this total in 1929 and 2.5 per cent in 1932. Virtually all of the items are non-competitive with American industry. In addition, the memorandum points out the potential importance of a number of items not yet brought in from the U.S.S.R. (such as wood-pulp and oilseeds) and imported by the United States in large quantities, and of increasing gold shipments to this country.

Doing business with the U.S.S.R.

The following statement, from the Economic Review of the Soviet Union (published by the Information Department of the Amtorg Trading Corporation) of March, 1934, gives some information regarding methods of promoting trade with the U.S.S.R.:

"Experience has shown that as regards those products which the Soviet Union is primarily interested in purchasing at the present time, that is, capital goods, there is no reason why all legitimate means should not be employed to call them to the attention of executives and technicians in the U.S.S.R. Technical publications, catalogs, etc. are read avidly by the people engaged in designing and operating industries in the Soviet Union.

"Purchases abroad are and will continue to be carried on by centralized organizations such as the Amtorg Trading Corporation. All commercial matters (prices, credit terms, etc.) in connection with business in this country are negotiated by the Amtorg. While its executives are the final authority in the placing of orders, the initial impetus arises in the factory or the importing organization in the U.S.S.R., and advertising material, technical literature, exhibits of machinery, etc., undoubtedly have an educational value in this connection. For the convenience of American firms who wish to advertise in periodicals or newspapers published in the Soviet Union, a central office (Inreklama) has been established here for the handling of such advertising. The Amtorg also publishes in the Russian language a monthly technical periodical, American Engineering and Industry, as well as a biennial catalog of American products, which are widely distributed among Soviet executives and engineers. Of the last edition of the catalog, a volume of about 1,000 pages, 25,000 copies were circulated in the Soviet Union.

"Participation in machinery and equipment exhibits is another method by which American firms can familiarize industrial circles in the U.S.S.R. with their products. There are several permanent exhibits in Moscow which are visited by many thousands of technicians and managers.

"When representatives are sent to the Soviet Union it is advisable that they have sufficient technical knowledge to be able to discuss the particular equipment involved in detail. The best results are obtained by those representatives who can be helpful in furnishing technical information. For this reason the advisability of sending one man to handle the products of a number of different companies in diversified fields is highly questionable.

"Recently a number of companies have been organized which represent themselves to be in a specially advantageous position to obtain Soviet business. Such organizations serve no useful purpose, and far from helping are more likely to be a hindrance. The Amtorg is averse to doing business with any firms except those directly concerned with the manufacture of the product. This policy of working without unnecessary intermediaries is of benefit to both sides."

EXHIBIT 4

[From Saul G. Bron, "Soviet Economic Development and American Business," New York: Horace Liveright, 1930]

APPENDIX 4—CONCESSIONS AND TECHNICAL ASSISTANCE

A—TERMS OF FOREIGN CONCESSIONS

The general terms under which concessions are offered to foreign firms are as follows:

Concessions may be granted for the construction and operation of factories, mills and mines, for the building of houses and roads, and for the development of forest, mineral and other of the natural resources of the Union. The concessionaire may supply the entire capital necessary for the project or may enter into a "mixed" company in conjunction with a Soviet state organization or, in the case of technical advisers, may not be required to invest any capital at all.

Concessionaires engaged in production are usually permitted to dispose freely of their product on the Soviet market and also to export a certain specified proportion. In cases where the concession enterprise produces commodities for which there is a large demand in the U.S.S.R., the concession agreement usually contains a provision giving an option to Soviet organizations for a part or the whole of the output on conditions specified in the agreement.

The concessionaire is permitted to export from the country the entire net profit of the enterprise, the transfer of money to be effected through the State Bank of the U.S.S.R. or any other bank in the country. In certain instances where the concessionaire's investment is comparatively small the Goverment may require a provision limiting the export of profits during the first few years of the concession's operation.

The policy and the practice of the Soviet Government have been to especially favor concession enterprises which can obtain the needed raw materials and semi-manufactured products within the country. In the event, however, that the required materials are not available in the U.S.S.R., the concessionaire is granted the right to import such materials, the quantity and procedure of importing being specified in the concession agreement. In these cases imports are allowed until such time as the production of the required materials is begun in the country. Imports of equipment are usually exempt from customs duties for a specified length of time after the granting of the concession.

In regard to the payment of taxes and duties the concessionaire is placed in the same category as similar Soviet enterprises. Excess profits are usually taxed according to a scale specified in the agreement.

One of the principal provisions of concession agreements is that the enterprise employ the most modern production methods.

The life of the concession, depending upon the nature of the industry and the amount of capital invested, is sufficiently long to allow the concessionaire to utilize fully the imported equipment and to receive an adequate return on the invested capital. Upon the expiration of the term of the concession, all the concession properties are turned over to the Government without compensation.

Concession agreements, upon ratification by the U.S.S.R., have the power of a special law. The provisions of such agreements cannot be changed by any decrees or rulings of central or local government organs.

In accordance with the existing laws the Government of the U.S.S.R. guarantees that the properties of the concessionaire invested in the enterprise are not subject to nationalization, requisition or confiscation. The concessionaire is allowed to hire the necessary working staff on the basis of the provisions of the Soviet Labor Code and of the collective agreements made with trade unions. The experience of a number of years shows that concessionaires have had no difficulties in hiring and employing labor in the U.S.S.R. The concessionaires are permitted, with certain limitations, to bring in foreign skilled workers and higher administrative and technical personnel. The proportion of foreign workers to the total number of workers is set forth in the agreement.

B—CONCESSION OPENINGS AVAILABLE IN THE SOVIET UNION

The following is a partial list of concession openings in the Soviet Union available for construction or operation or both. Construction of a number of these has already been begun by the government, in some cases with foreign technical assistance.

A. Metallurgical Industry: New enterprises available for concessions in the metallurgical industry include the following:

1. Steel mill in the Krivoy Rog district in the Ukraine, and working of iron ore deposits.

2. Steel mill in the Magnitogorsk district of the Urals, and working of iron ore deposits.

3. Steel mill in the Kuznetz district of Siberia; also construction of railways and exploitation of ore deposits.

4. Metallurgical plant near the Dnieprostroy hydro-electric station in the Ukraine, to produce ferro-alloys.

Among concessions for re-equipping and expanding existing plants are included the following steel mills:

1. The Kadiev mill in the Urals.

2. The Providence mill in the Ukraine.

3. The Taganrog mill in the Ukraine.

B. Machine-Building Industry: Among concession openings in this industry are the following:

1. A factory for the manufacture of machine tools, to be built either in the central or southern part of the Soviet Union.

2. A factory at Moscow to produce precision instruments and special steels.

3. A railway freight car works, at Nizhni Tagil in the Urals.

4. A factory for the building of aeroplane motors in the Urals.

5. An agricultural machinery factory to produce seeders and threshers, at Votkinsk in the Urals.

6. A yard for the construction of river boats, at Sarepta on the Volga River.

7. Factories to produce steam boilers and iron for boilers, etc., at Stalingrad.

8. A factory to manufacture typewriters and adding machines, at Moscow or Leningrad.

9. Factories in the Ukraine, the Moscow region, the Urals, etc., to produce printing presses, precision instruments, equipment for power stations, surgical and dental instruments, abrasives, sugar and distilling equipment, construction materials, bicycles, woodworking machinery, conveyors, canning and candlemaking equipment.

C. Extraction of Ores and Fuels:

1. Concession for working iron ore deposits in the Krivoy Rog region of the Ukraine; at Dashkessan, in Transcaucasia; near the Gulf of Possiett, to the south of Vladivostok; in other parts of the Far Eastern Region; at Komarov and other sections in the Urals.

2. Copper ore deposits in the Caucasus; at Tanalyk-Baimak, in the Urals; at Minusinsk, in Siberia; at Bayan-Aoul, in Kazakstan, etc.

3. Lead and zinc ore deposits near Lake Balkash in Western Siberia; at Nerchinsk and Kadainsk, in Eastern Siberia; at Kar-Karalinsk, in Kazakstan; and in various localities near the Sea of Japan.

4. Gold deposits at Berezovsk and Sverdlovsk, in the Urals; along the Uda River, in the Far Eastern region; in the Okhotsk district; along the Vilui River, in the Yakutsk Republic; and in various other regions of Siberia.

5. Coal deposits near the Tom River in the Kuznetz Basin, in Siberia; at Tkvartcheli on the Galizga River, in the Abkhaz region of Transcaucasia.

6. Oil deposits in the Dossor and Macat fields, in the Ural-Emba section; on the island of Cheleken, in the Caspian Sea, including construction of a railroad from Alexandrov-Gai to Chardzhui; oil deposits of Temruk-Tanan and of Shirak-Chatma, in Georgia; deposits of the Kerch Peninsula, in the Crimea; and the Nefte-Dag and other oil fields, in Central Asia.

7. Graphite deposits near the Kureika River, in the Turukhansk section of Northern Siberia.

8. Nickel deposits in the Sergievo-Ufalei district.

9. Asbestos deposits at Karachai and at Ilchersk.

D. Central (Regional) Power Stations:

1. Hydro-electric station on the Svir River, 230 kilometers from Leningrad; may include high-tension transmission lines to Leningrad.

2. Central electric station at Cheliabinsk, to use coal deposits of the district.

3. Rion hydro-electric station, near Kutais, in Georgia; to supply current for the Transcaucasian Railway, Chiaturi manganese mines and other industries in the region will be important consumers.

4. Hydro-electric station on the White River, near Maikop in the Caucasus; principal consumers will be the coal industry, dairy industry, etc.

5. Hydro-electric station at Baksan, in the Kabard Autonomous Area in the Caucasus; may also include transmission line to Kislovodsk.

6. Central station in the Moscow region, to use coal; enterprise may include coal mines, gas works, etc.

7. Briansk electric station, to use peat; may include transmission lines and sub-stations.

8. Stalingrad central station, to use peat and coal.

9. Central station on the Kara-Sakhal River in Azerbaidzhan; principal consumer will be city of Gandja.

10. Electric stations, at Dniepropetrovsk, to use coal, and at Ossino, to use peat.

E. Various Industrial Enterprises:

1. Manufacture of electrical apparatus—eight factories to produce motors, storage batteries, electric heaters, insulators, lighting apparatus, electro-medical apparatus and high-tension equipment.

2. Chemical industry—exploitation of the Solikamsk potash deposits.

3. Tanning factories, etc.—factory in the Tartar Republic, to produce kid leather; seven factories to produce tanning extracts, in the Kama region, near Vologda; in Viatka province; in Nizhni Novgorod province; in White Russia; in the Chuvash Republic; in the Baikal region; and in the Altai; tannery to be constructed at Voronezh, also electric station for the plant.

4. Cement industry—five factories, of which three will be constructed in Central Asia, one in White Russia, and one in the Far East.

5. Paper industry—construction of cellulose plant at Archangel, to work in combination with saw mills now operating in the region; cellulose and wood pulp factory and saw mill in the Vytchegodsk region; a similar enterprise in the Mezen River region.

6. Glass industry—construction of glass factory at Kemerovo, Kuznetz Basin of Siberia, to produce bottles and window glass; construction of a similar plant at Verkhneudinsk in the Buriat-Mongol Republic; factory to produce window glass at Nizhni Novgorod; factory, in the Lisichansk region of the Donetz Basin, to manufacture window glass and glass for chemical and technical purposes; factory at Moscow, to produce glass for industrial and chemical purposes.

F. Transportation:

1. Construction of the Obi-White Sea Railroad, with branches to the Nadejdinsk steel plant in the Urals, and to Ust-Tsilma, length about 2,000 kilometers; concession may include exploitation of forests in the eastern Urals, the Obi and Irtish regions, and the Ukhta petroleum deposits.

2. Construction of a railway from Alexandrov-Gai to Chardzhui, length about 1,680 kilometers; may include exploitation of Emba oil fields and cotton cultivation in the region.

3. Construction of railway from Saratov to Millerovo or to Gratchi, length 500 kilometers; concession includes construction of bridge over the Volga River at Saratov.

4. Railroad to connect Orsk-Akmolinsk-Pavlograd-Kulunda-Kuznetz, in Central Siberia, length 2,000 kilometers.

5. Electric railway, 185 kilometers in length, over the Caucasus Mountains.

6. A number of waterway projects may also be given out on a concession basis, including construction of the Volga-Don Canal and construction of sluices on the Svir River.

G. Forest Concessions:

1. Exploitation of 550,000 hectares of forest area in the Mezen River basin in Archangel province; annual production of this region could be set at 583,000 cubic meters.

2. Exploitation of the Udar forests in the Komi territory; total area, 180,000 hectares; estimated annual production, 175,000 cubic meters.

3. Forest territory of the Pechora region; estimated annual production, 185,000 cubic meters.

4. Exploitation of the forests of the Iyevsk region, near the Komi River; estimated annual production, 97,000 cubic meters.

5. Exploitation of the forest regions in the White Sea district, with an aggregate area of 2,800,000 hectares.

6. Exploitation of ten large forest areas in the Far Eastern region, two areas in the Amur region and a number of areas in Transcaucasia.

H. Irrigation and Reclamation Projects:

1. Irrigation of the Chu and of the Chu-Issukol regions in Kazakstan and the Kirghiz Republic; area covered about 260,000 hectares; concessions would be granted for 30 to 40 years; may include cultivation of grain, cotton, sugar beet and fruit areas.

2. Other irrigation projects in Kazakstan, in the Ural-Emba region, in the North Caucasus, the Lower Volga and the Abakan Steppe in Siberia; these concessions may include construction of railways and power plants, and cultivation of various crops.

3. Draining of the swamps of Poti and Abkhaz in Transcaucasia; concession may include the construction of factories for working up of agricultural products; area covered, about 80,000 hectares; concession to be granted for 30 years.

C—MUNICIPAL CONCESSION OPENINGS

There are about ninety public utility concession projects available in the Soviet Union, in such fields as the construction and operation of trolley lines, electric railways, power plants, water and gas works, sewage systems and slaughter houses.

1. Concessions to construct and operate trolley systems are listed in sixteen cities of over 50,000 population each. Among these are Novosibirsk (Siberia) with a population of 121,000; Ivanovo-Voznesensk, with 111,000; Samarkand (Central Asia), population, 102,000; Ufa, 96,000; Orenburg, 122,000, and Perm, 84,000 (all in the Urals): Novorossisk (in the North Caucasus) 66,000, and others.

2. Concessions for the construction of municipal electric power stations are available in nine cities, ranging from a plant of 30,000 kilowatts for Kiev (Ukraine), with a population of 500,000, to one of 1,000 kilowatts for Yalta (Crimea).

3. In twenty-one cities throughout the country, which have either an insufficient water supply or none at all, concessions may be granted. Among these are Samarkand, Chita (Siberia) with a population of 58,000, Tifis (Georgia) 283,000, Tashkent (Central Asia) 313,000, Stalingrad (Lower Volga Region) 143,000, and Samara (Middle Volga Region) 72,000. These involve investments of from $300,000 (Batum) to $4,000,000 (Tashkent).

4. Moscow, which has a population of 2,500,000, is offering as a concession project the construction of a subway system from the heart of the city to a group of important railway depots. Two electric railways are offered for construction and operation on the Crimean and Caucasian shores of the Black Sea, 60 and 120 miles long, respectively.

5. Concessions for the construction of sewerage systems are available in twenty-one cities, and in fifteen cities openings for the construction of gas works. Concessions for both water supply and sewerage systems are available in half a dozen cities, including Vladivostok, Batum and Erivan. There are openings for the building of slaughter houses in Moscow, Leningrad, Ivanovo-Voznesensk, Baku and other cities.

NUMBER OF MUNICIPAL CONCESSION OPENINGS

	Number	Estimated cost of enterprises [1]
Municipal transport	19	119.5
Power stations	9	54.7
Water supply	21	51.8
Sewerage	21	66.2
Gas plants	15	91.1
Slaughter houses and auxiliaries	6	29.3
Total	91	412.6

[1] In million rubles.

D—TECHNICAL ASSISTANCE CONTRACTS CONCLUDED BY SOVIET ORGANIZATIONS WITH AMERICAN FIRMS AND ENGINEERS

(As of February 1930)

Akron Rubber Reclaiming Company—Technical assistance to the Soviet Rubber Trust in the construction of a reclamation plant.

Allen and Garcia Company—Technical assistance in the designing and opening of new coal mines for the Donugol Coal Trust.

Austin Company—Technical assistance on construction of the Nizhni Novgorod automobile plant.

Arthur J. Brandt—Reconstruction of the Amo (Moscow) automobile plant for the Avtotrest (Auto Trust).

Brown Lipe Gear Company—Technical assistance to Avtotrest.

Burrell-Mase Engineering Company—Rationalization and expansion of gas and gasoline industry for Grozneft (Grozny Oil Trust).

Hugh L. Cooper and Company—Consulting engineers on the construction of the Dnieper River hydro-electric power plant in the Ukraine.

Arthur P. Davis, Lyman Bishop and associates—Consulting engineers on the irrigation projects of the "Sredazvodkhoz" (Central Asiatic Water Economy).

Frank E. Dickie—Technical assistance for Aluminstroy (Bureau for Construction of Aluminium Plants).

Du Pont de Nemours and Company—Technical assistance in erecting fertilizer factories.

Hardy S. Ferguson and Company—Technical assistance on Severoless (Northern Lumber Trust) for reconstruction of paper mill near Archangel.

Ford Motor Company—Technical assistance in the construction and operation of the Nizhni Novgorod automobile factory.

Freyn Engineering Company—Consulting engineers for the Gipromez (State Institute for the Designing of Steel Mills) for plants to be reorganized or constructed in various parts of the country.

Harry D. Gibbs—Technical assistance in the Soviet aniline industry. Goodman Manufacturing Company—Technical assistance in the construction of a factory to produce coal cutters.

Hercules Motor Company—Assistance in the production of engines for trucks in the Amo automobile plant of the Avtotrest.

John J. Higgins—Technical assistance to G. E. T. (State Electro-technical Trust).

International General Electric Company—Technical assistance in the Soviet electrical industry and exchange of patents with the State Electro-technical Trust.

Irving Air Chute Co., Inc.—Technical assistance in aviation industry.

Albert Kahn, Inc.—Designing of buildings for the Stalingrad tractor factory; also contract to render general consultation services to Supreme Economic Council as architects on industrial construction.

Lockwood Greene and Company—Technical assistance in the reorganization and reconstruction of existing textile mills and in the design and construction of new plants.

McCormick Company—Designing of baking plants.

McDonald Engineering Company—Construction of industrial plants.

Mechanical Manufacturing Company—Technical assistance in the meat-packing industry.

Newport News Shipbuilding and Drydock Company—Technical assistance in the construction of turbines.

Nitrogen Engineering Company—Technical assistance in constructing and operating a large ammonia fertilizer factory.

Oglebay, Norton Company—Technical assistance to Yurt (Southern Ore Trust).

Radio Corporation of America—Exchange of patents and technical information with the Soviet Weak Current Trust.

Roberts and Schaefer Company—Technical assistance to the Donetz Coal Trust.

C. F. Seabrook Company—Technical advisors for road-building in the Moscow District.

Seiberling Rubber Company—Designing and assistance in construction of a rubber tire plant at Yaroslavl, for Resinotrest (Soviet Rubber Trust).

Sperry Gyroscope Company—Technical assistance in the manufacture of marine instruments.

Timken-Detroit Axle Company—Technical assistance to Avtotrest.

Westvaco Chlorine Products, Inc.—Aid in production of chlorine for United Chemical Industries of U.S.S.R.

J. G. White Engineering Company—Consulting services for Svir hydro-electric plant, near Leningrad.

Norman L. Wimmler—Technical assistance to Tsvetmetzoloto, in gold mining.

W. A. Wood—Technical assistance to Tzvetmetzoloto (Non-ferrous Metals and Gold Combine) in non-ferrous metals manufacturing plants.

Aside from the above-mentioned technical assistance contracts with various firms, several other Soviet organizations engaged American engineers and specialists, foremen and skilled workers for work in the Soviet Union. Among these are the following:

John Calder—General superintendent of construction for Traktorstroy (Stalingrad tractor plant), and six foremen.

Leon S. Moisseiff—Consulting engineer for Commissariat for Transportation.

The Precision Machinery Trust engaged a technical director and twenty foremen and assistant foremen to work in the newly es-

tablished watch and clock factories of the trust.

The Zernotrest (State Grain Trust) engaged twenty-three tractor instructors.

The Ako (Kamchatka Joint Stock Company) engaged three canning specialists for work in its canneries.

The Uralmet (Ural Metal Trust) engaged three iron mining engineers.

The Zakvodhoz (Transcaucasian Water Economy Service) engaged two irrigation engineers.

Among other organizations which have engaged American engineers and specialists are the Yugostal (Southern Steel Trust), the Tsvetmetzoloto (Non-ferrous Metals and Gold Combine), the Gipromez (State Institute for Designing Steel Mills), the Giprotsvetment (Institute for Designing Non-ferrus Metal Works), Polymetal Trust, Orgametal (Institute for the Organization of Metal Works), Giproschacht (State Institute for Designing Coal Mines), Avtotrest (State Electotechnical Trust), Dnieprostroy (Bureau for Construction of the Dnieper River Power Plant), Gosshveymashina (Sewing Machine Trust), Selmashstroy (Bureau for Construction of Agricultural Machinery Plants), Steklostroy (Bureau for Construction of Glass Factories), Mostrikotazh (Moscow Knitting Trust), Azneft (Azerbaidzhan Oil Trust), Grozneft (Grozny Oil Trust), Giproneft (State Planning Commission for Municipal Water Supply), Resinotrest (State Rubber Trust), Tsentroboomtrest (Central Paper Trust), Sevkavgostorg (North Caucasian State Trading Company), the R.K.I. (Commissariat for Workers' and Peasants' Inspection), and the State Geological Survey.

EXHIBIT 5

[From Major Jordan's Diary, New York: Bookmailer, 1952]

THE GREATEST MAIL-ORDER CATALOGUE IN HISTORY

A complete, itemized list of Lend-Lease shipments is unobtainable from any agency or group of agencies of our Government. However, the Russians kept their own lists which I, as liaison officer, was allowed to consult and copies of which I finally acquired. They list the dollar value of every item, though not always the exact quantity, with annual totals as follows: 1942—$1,422,853,332; 1943—$2,955,811,271; 1944—$3,459,274,155; 1945—$1,838,281,501. The grand total for four years is some $9.6 billions, which compares with the President's figure of $9.5 (for shipments only) in the Twenty-First Report. But the complete Russian record is much more revealing than any part 1 or "protocol requirement" list the public has been allowed to see.

I would have preferred to give the Russian figures for each of the four years, because there are many interesting comparisons, such as the thorium shipments which stopped after 1943. Space limitations prevented this. Faced with the choice of listing some items with all the breakdowns, or cumulative totals for all the items, I chose the latter. If any readers would like to have the yearly breakdowns on specific items, I will be glad to provide them from my worksheets.

At the start I have grouped all the materials—chemicals, metals, minerals—suitable for use in an atomic pile. I have not listed here the millions of dollars' worth of mining, ore-crushing, and construction equipment which we sent to Russia. Informed readers may also find materials suitable for use in the hydrogen bomb elsewhere in the lists.

Item	Quantity	Cost in dollars
ATOMIC MATERIALS		
Beryllium metals	9,681 lbs	10,874
Cadmium alloys	72,535 lbs	70,029
Cadmium metals	834,989 lbs	781,466
Cobalt ore and concentrate	33,600 lbs	49,782
Cobalt metal and cobalt-bearing scrap	806,941 lbs	1,190,774
Uranium metal	2.2 lbs	
Aluminum tubes	13,766,472 lbs	13,041,152
Graphite, natural, flake, lump or chip	7,384,282 lbs	812,437
Beryllium salts and compounds	228 lbs	775
Cadmium oxide	2,100 lbs	3,080
Cadmium salts and compounds, n.e.s.[1]	2 lbs	19
Cadmium sulfate	2,170 lbs	1,374
Cadmium sulfide	16,823 lbs	17,380
Cobalt nitrate	51 lbs	48
Cobalt oxide	17,800 lbs	34,832
Cobalt salts and compounds, n.e.s	11,475 lbs	7,112
Cobaltic and cobaltous sulfate	22 lbs	25
Deuterium oxide (heavy water)	1,100 grs	
Thorium salts and compounds	25,352 lbs	32,580
Uranium nitrate	500 lbs	
Uranium nitrate (U02)	220 lbs	
Uranium oxide	500 lbs	
Uranium urano-uranic oxide (U308)	200 lbs	
METALS AND METAL MANUFACTURES		
Aluminum and alloys, ingots, slabs, etc	366,738,204 lbs	53,884,473
Aluminum rods and bars	13,744,709 lbs	3,285,014
Aluminum plates, sheets, strips	124,052,618 lbs	45,408,111
Aluminum foil	409,556 lbs	205,231
Aluminum kitchen, hospital utensils	310 lbs	1,428
Aluminum powders and paste	219,736 lbs	19,915
Aluminum contr. valves	980 lbs	10,122
Aluminum manufactures, n.e.s		308,542
Brass and bronze ingots	10,214,064 lbs	1,,283,755
Brass and bronze bars, rods, etc	66,329,462 lbs	12,502,080
Brass and bronze pipe fittings	14,097 lbs	30,931
Brass and bronze valves, 4-in. and over	204,288 lbs	189,623
Brass goods, plumbers	8,598 lbs	5,828
Brass or bronze wire	16,139,702 lbs	3,734,169
Brass wood screws	1,218 gross	453
Brass or bronze hardware		13,465
Brass and bronze die stocks, etc	8,739 lbs	9,180
Brass and bronze munitions	21,824,376 lbs	4,253,987
Brass and bronze window strips	65,924 lbs	28,567
Brass and bronze castings, forgings	218 lbs	249
Brass and bronze circles	933,110 lbs	194,447
Brass and bronze manufactures, n.e.s		233,843
Brass and bronze blanks	32,760,542 lbs	6,270,740
Brass and bronze plates and sheets	536,632,390 lbs	99,376,514
Brass and bronze pipes and tubes	16,642,267 lbs	5,126,324
Copper alloys	660 lbs	396
Insulated copper wire, n.e.s	399,556,720 lbs	97,637,534
Copper manufactures, n.e.s		278,336
Copper rods	2,875,916 lbs	553,042
Copper wire, bare	28,235,738 lbs	5,261,483
Copper wire, rubber-covered	16,521,612 lbs	3,965,050
Copper wire, weather-proof	4,848,312 lbs	1,261,789
Copper munitions, excl. rotat. bands	1,598,723 lbs	2,102,024
Copper refined ingots, bars, etc	75,663,895 lbs	9,041,122
Copper pipes and tubes	38,913,403 lbs	22,728,592
Copper plates and sheets	26,432,417 lbs	5,642,774
Nickel-chrome electric resistance wire	1,603,104 lbs	2,121,121
Nickel ore, conc. and matts	155,604 lbs	116,571
Nickel alloys and scrap	1,944,796 lbs	812,311
Nickel ingots, bars, rods, etc	15,669,441 lbs	6,560,719
Nickel manufactures, n.e.s		2,216,294
Tin and tin mfrs., tin foil	82,583 lbs	44,353
Tin ingots, pigs, bars, etc	30,620 lbs	16,079
Tin manufactures, n.e.s		2
Lead foil and tin foil	26,880 lbs	15,546
Lead, pigs and bars	801,234 lbs	1,913,769
Lead, sheets and pipes	74,555 lbs	6,720
Lead, solder	378 lbs	76
Lead, cable	1,681,081 lbs	314,308
Lead, plate or battery plate	1,122 lbs	475
Lead, shot	181,506 lbs	17,646
Lead, castings, circles, etc	124,645 lbs	49,569
Lead manufactures, n.e.s		105,421
Carbonyl iron powder	27,050 lbs	42,436
Ferrochrome	7,820,313 lbs	1,285,175
Ferromolybdenum	5,357,500 lbs	3,210,590
Ferrovanadium	1,074,190 lbs	2,034,830
Ferrophosphorus	19,229 lbs	710
Ferrosilicon	16,187,318 lbs	941,985
Ferrotungsten	3,027,188 lbs	4,715,335
Ferro alloys, n.e.s	88,900 lbs	137,695
Babbit metal	604,569 lbs	265,179
Quicksilver or mercury	10,590 lbs	28,736
Tungsten metal, etc. and alloy	279,499 lbs	4,268,890
Cerite or cerium ore	2,651 lbs	8,978
Zirconium ore and concentrate	220 lbs	2,420
Cerium metals and alloys	30,299 lbs	78,611
Chromium metal alloy scrap	23,924 lbs	6,992
Manganese metal and alloys	359,006 lbs	79,259
Molybdenum ore and concentrates	20,145,302 lbs	10,841,501
Magnesium metal primary form	17,798,206 lbs	3,640,716
Molybdenum metal alloys, scrap	913,480 lbs	466,602
Tantalum metal and alloys	6,513 lbs	136,665
Zirconium metal and alloys	193,450 lbs	94,654
Magnesium powder	66 lbs	75
Magnesium metal, n.e.s	983,467 lbs	208,475
Molybdenum wire	396,527 lbs	1,030,833
Ferromanganese	6,600 lbs	1,272
Vanadium ore and concentrate	5,395 clb	33,835
Metal and metal manufacturers, n.e.s		2,727,754
Vises	4,398	68,521
Automotive wrenches and parts		25,736
Wrenches and parts, excl. automotive		163,179
Drills, etc., metal cutting, power-driven	7,822,216	8,863,820
Drills, etc., excl. power-driven		9,062,215
Hand-operated taps, etc., metal-working machines.	593,278	1,091,423
Hand-operated taps, etc., excl. metal-working machines.		4,224,305
Hand-operated dies, etc., metal-working machines.	35,538	32,346
Hand-operated dies, etc., excl. metal-working machines.		258,766
Hand-operated metal-cutting tools, n.e.s		786,914
Pliers, pincers, nippers, etc	3,463 doz	33,700
Drill pressed, bit braces, etc		217,288
Planes, chisels and other cutting tools		121,833
Gauges for precision measure	38,348	1,562,938
Mechanics' hand tools, n.e.s		5,272,573
Tools with industrial diamonds	15	111
Tool grinders, emery wheel dresses	15,650 lbs	85,106
Hand tools and parts, n.e.s		4,211,507
Padlocks of iron, steel, brass and bronze.	146	521
Door locks of iron, steel brass and bronze.	5 doz	55
Wire bale ties	2,196,796 lbs	103,900
Welding rods and wire, excl. electric	8,088,498 lbs	1,487,802
Wire on spools or coils, not cards	2,710,624 lbs	270,830
Wire, twisted	1,585 lbs	536
Wire and manufactures, n.e.s	23,236,266 lbs	5,226,916
Wire nails	32,789,448 lbs	1,214,356
Tacks	900,422 lbs	133,604
Nails and staples, n.e.s	8,105,218 lbs	369,640
Bolts, machine screws, nuts etc	13,370,637 lbs	1,373,695
Metal containers, filled, value 20 per-cent	68,650 lbs	87,928
Metal containers, unfilled	2,095,541 lbs	352,525
Metal containers, unfilled, n.e.s		616,795
Pipestocks, etc., hand-operated and parts.		233,275
Screw plates, etc., hand-operated and parts.		639,746
Machine knives, except metal cut	1,951	41,218
Safety razors	237 doz	2,383
Safety razor blades	857 c	1,290
Cutlery, butchers and kitchens	34 doz	500
Cutlery, knives, shears	3,648	39,343
Cutlery and parts, n.e.s		68,295
Power transmission chains	92,675 lbs	76,989
Chains, excl. power transmission	13,971,287 lbs	230,010
Enamelware, table, household, hospital, etc.	209,365 lbs	43,492
Boat propellers, blades	143,890 lbs	8,042
Metals and alloys, n.e.s	791,073 lbs	141,894
Bauxite and other aluminum ores	56 tons	12,197
Zinc photo engraving sheets	220 lbs	57
Zinc sheets, n.e.s. and strips	2,000 lbs	400
Zinc slabs, etc., special high grade	4,159,512 lbs	397,266
Zinc slabs, etc., high grade	26,757,974 lbs	2,461,815
Zinc slabs, etc., intermediate grade	4,253,496 lbs	368,244
Zinc slabs, plates, blocks, n.e.s	40,966,658 lbs	3,750,736
Zinc wire	155,177 lbs	38,767
Zinc manufactures, n.e.s	202,324 lbs	18,855
Bauxite concentrate, incl. alumina	11 tons	657
Plate, n.e.s. no alloy, excl. fabricated	17,951,792 lbs	475,944
Armor plate, no alloy, not fabricated	39,283,679 lbs	1,585,548
Tin cans, finished or unfinished	667,603 lbs	106,855
Metal file cases, not insulated	3,547	165,004
Metal file cases, insulated	13	2,860
Metal furniture and parts, n.e.s		49,360
Stoves, ranges, heaters, gas	84	9,296
Cooking, heating equipment, domestic, n.e.s.		732,893
Parts, gas, kerosene, etc., stoves		16,617
Radiators house heating	1,426	1,315
Oil burners and boilers industrial	126	59,605
Parts oil burners and boilers, domestic		406,107
Cooking stoves, kerosene, excl. electric	27	1,332
Room and water heaters, kerosene	1,088	13,059
Stoves, room water heaters, gasoline	1,611	17,366
Axes, broad and hand	12,608 doz	22,769
Hacksaw blades, power machines	16,063 gross	346,272
Hacksaw blades, excl. power machines	32,172 gross	406,067
Circular saws, excl. diamond	36,175	1,079,630
Circular saws, diamond	5,840	14,933
Saws, steel band, pit, drag and mill	7,133	35,910
Saws and parts, n.e.s		1,551,889
Augers, bits, gimlets, etc	1,723 doz	20,004
Files and rasps, under 7-in	98,514 doz	251,836
Files and rasps, 7-in. and over	95,811 doz	330,827
Hammers and hatchets	24,575, doz	92,890
Shovels, spades, scoops, etc	8,305 doz	85,799
Scales and balances, n.e.s	959	336,850
Scales, automatic, excl. bathroom	79,554	226,000
Scales, precision	6,079	89,124
Hardware, car and marine		249,162
Hardware, n.e.s		93,684
Railway car wheels, excl. locomotive	44,532,719 lbs	2,351,678
Railway car tires and locomotive wheels.	46,138,050 lbs	3,169,777
Railway car axles, without wheels	69,818,310 lbs	2,520,778
Railway car axles, with wheels	45,900,258 lbs	2,392,165

Item	Quantity	Cost in dollars
Railway locomotive car axles without wheels.	1,632,615 lbs.	90,453
Railway locomotive car axles with wheels.	2,190,959 lbs.	120,937
Rail joints, splice bars, etc.	314,535,452 lbs.	9,427,137
R.R. switches, frogs, crossings	168,566,652 lbs.	10,946,307
Railroad spikes	56,999,319 lbs.	1,888,997
Railroad bolts, nuts, nut locks, etc	9,159,460 lbs.	630,947
Tie stock unfabricated whether or not sheared to length.	63,375 lbs.	3,840
Rails, 60 lbs. and over per yd	170,025 tons	3,198,998
Rails, less than 60 lbs. per yd	2,144 tons	103,961
Rails, 60 lbs. and over per yd	232,499 lbs.	10,009,983
Rails under 60 lbs.	1,919 lbs.	81,965
Sewing-machine needles	57,133 (M)	318,530
Needles, excl. sewing-machine	14,447 (M)	183,503
IRON, STEEL AND ALLIED PRODUCTS		
Pig iron	7,644 tons	207,017
Iron and steel scrap, n.e.s.	55 tons	35,989
Tin plate circles, strips, etc.	668 tons	84,490
Iron and steel billets, no alloy	39,195 tons	8,522,389
Iron and steel blooms, no alloy	1,064 tons	195,517
Iron and steel alloy billets	58,807 tons	16,327,932
Iron and Steel alloy blooms	1,918 tons	356,652
Iron and steel alloy slabs	1 ton	200
Steel alloy and tin plated bars	290 tons	32,511
Steel bars, cold finished	425,331,742 tons	39,360,892
Iron bars	994,557 lbs.	242,316
Concrete reinforcement steel bars	8,456,863 lbs.	441,350
Iron and steel and tin plate bars, no alloy.	461 tons	27,136
Steel bars, no alloy, n.e.s.	209,312,002 lbs.	14,668,525
Stainless steel bars, n.e.s.	1,848,673 lbs.	632,121
Steel bars, alloy, n.e.s.	368,427,121 lbs.	56,374,249
Wire rods	3,648,579 lbs.	383,541
Roller plate, armor type	779,677 lbs.	17,894
Steel armor plate, alloy	5,801,465 lbs.	280,706
Steel plate, excl. armor alloy	20,820,647 lbs.	1,034,729
Sciler plate, excl. armor type	37,614,885 lbs.	1,084,043
Plate alloy not fab. excl. armor	117,391,826 lbs.	6,497,713
Stainless steel plate, not fab.	1,016,496 lbs.	339,468
Iron and steel structural shapes, not fabricated.	29,870 tons	1,871,436
Iron and steel plates, fabricated, punched, etc..	193,593,054 lbs.	12,623,581
Iron and steel strip, cold-rolled, stainless.	3,757,605 lbs.	803,546
Iron and steel strip, hot-rolled, stainless..	2,543,563 lbs.	476,262
Iron and steel strip, cold-rolled, no alloy..	192,816,458 lbs.	16,411,022
Iron and steel strip, hot-rolled, no alloy...	45,843,851 lbs.	1,903,017
Iron and steel and scroll, alloy, excl. stainless.	1,196 lbs.	347
Iron and steel band scroll, cold-rolled, no alloy.	2,281,415 lbs.	115,778
Iron and steel band scroll, hot-rolled, no alloy.	54,925 lbs.	2,054
Iron and steel skelp, excl. semi-fin.	22,400 lbs.	638
Iron sheets, galvanized	1,366,305 lbs.	50,761
Iron sheets, black	238,165 lbs.	6,665
Steel sheets, galvanized	86,045,044 lbs.	3,363,966
Steel sheets, black, ungalvanized	432,663,290 lbs.	15,083,824
Steel sheets, black, ungalvanized, stainless.	8,452,653 lbs.	3,621,230
Steel sheets, ungalvanized, alloy	20,614,468 lbs.	2,244,755
Steel hoop, cold-rolled, no alloy	1,727,369 lbs.	52,443
Steel strip, cold-rolled, alloy	28,487,139 lbs.	5,508,009
Steel strip, hot-rolled, alloy	49,836,331 lbs.	7,982,848
Steel hoop, hot-rolled, alloy	497,701 lbs.	59,956
Steel hoop, hot-rolled, no alloy	5,251,874 lbs.	162,656
Steel hoop, cold-rolled, alloy	107,504 lbs.	3,062
Tin plate and taggers' tin	339,131,813 lbs.	18,812,407
Terneplate, incl. long ternes	21,928,318 lbs.	950,325
Structural iron and steel shapes, fabricated.	5,488 tons	1,063,865
Water, oil, gas, etc., storage tanks	11,399,056 lbs.	832,539
Seamless black pipe, n.e.s.	38,530,836 lbs.	2,932,023
Iron or steel wood screws	5,496,440 gross	1,066,615
Iron or steel tool bit blanks	4,403 lbs.	58,077
Steel tank lines	2,386,981 lbs.	622,568
Iron and steel manufactures, n.e.s.		754,527
Iron or steel coated wire, n.e.s.	17,803,171 lbs.	4,365,942
Malleable iron castings	88,380 lbs.	40,828
Gray iron castings	272,822 lbs.	32,235
Steel castings, alloy, incl. stainless	63,289 lbs.	11,836
Iron and steel grinding balls, no alloy	3,948,946 lbs.	380,908
Iron and steel forgings, n.e.s, no alloy	9,597,970 lbs.	1,676,349
Iron and steel grinding balls, alloy	3,978,051 lbs.	212,943
Iron and steel forgings, n.e.s. alloy	3,246,658 lbs.	615,391
Iron and steel forgings, n.e.s., alloy incl., stainless.	13,429,686 lbs.	1,189,298
Iron and steel hoop band, etc., cold-rolled, stainless.	191,690 lbs.	5,544
Iron and steel hoop band, etc., cold-rolled, alloy.	1,169 lbs.	1,405
Iron and steel hoop band, etc., hot-rolled, no alloy.	1,460,590 lbs.	45,466
Iron and steel hoop band, etc., hot-rolled, stainless.	53,600 lbs.	1,402
Steel casting, no alloy	675,033 lbs.	84,835
Boiler tubes, seamless	157,231,260 lbs.	17,322,754
Boiler tubes, welded	5,573,133 lbs.	613,956
Pipe casing and oil-line, seamless	232,440,545 lbs.	11,164,969
Pipe casing and oil-line, welded	50,165,681 lbs.	2,608,178
Malleable iron screwed pipe-fittings	999,894 lbs.	180,756
Cast iron pressure pipe	7,439,539 lbs.	231,256
Cast iron pressure pipe-fittings	325,288 lbs.	31,891
Cast iron soil pipe	3,458,599 lbs.	114,717
Cast iron pipe-fittings	659,248 lbs.	40,791
Welded black pipe, steel	13,618,029 lbs.	887,868
Welded black pipe, wrought iron	80,646,845 lbs.	3,644,605
Welded galvanized pipe, steel	1,835,969 lbs.	102,514
Iron and steel pipe, n.e.s	67,763,737 lbs.	13,768,322
Welded galvanized pipe, wrought iron	13,575,094 lbs.	691,250
Iron and steel pipe-fittings, n.e.s	7,900,447 lbs.	2,900,117
Iron and steel wire, uncoated	86,937,329 lbs.	12,119,586
Iron and steel sash & frames	17,400 lbs.	1,583
Iron and steel sheet piling	35,388,919 lbs.	952,275
Galvanized wire	107,105,217 lbs.	7,246,614
Barbed wire	81,459,023 lbs.	4,099,632
Woven wire fencing	2,269,999 lbs.	186,761
Cast-iron screwed pipe-fittings	7,383,537 lbs.	220,590
Woven wire screen cloth, insect	48,068 lbs.	18,890
Woven wire screen club, excl. insect	2,532,725 lbs.	2,179,358
Wire rope and cable, not insulated	101,891,796 lbs.	25,089,532
Wire stand	36,474 lbs.	2,182
Electric welding rods and wire	24,264,316 lbs.	2,411,053
MACHINES, MACHINE TOOL AND PARTS		
Lathes	2,644	28,373,506
Turret lathes	3,073	25,574,695
Engine lathes and bench type	999	5,770,713
Engine, incl. tool-room lathes	3,340	23,371,672
Balancing machines	31	155,484
Shapers, metal power-driven	624	3,231,785
Planers, metal power-driven	487	15,238,453
Grinding-surface, internal, external	6,608	54,759,178
Precision boring machines, n.e.s	880	14,804,678
Tapping and threading machines	456	1,704,241
Auto screw bar type	1,926	23,440,971
Knee and column milling	1,651	11,789,505
Milling machines, n.e.s.	3,507	28,021,650
Gear cutting	978	7,408,674
Machine drilling sensitive, excl. bench	312	1,115,999
Radial drilling	759	6,181,009
Drilling machines, n.e.s	1,352	5,301,663
All type broaching machines	281	2,678,790
Horizontal boring drill, etc	845	19,552,825
Gear honing finishing, n.e.s	95	617,100
Blower, ventilate machines and parts		4,682,945
Canning machinery		210,083
Dairy equipment, commercial, n.e.s	1,313	644,900
Dyeing and finishing machines and parts.		68,717
Flour grist mill machinery and parts		11,827
Forging machinery and parts		53,856,071
Ice-making equipment and parts		261,547
Refrigerating equipment and parts		439,904
Knitting machine parts, n.e.s		67,804
Sewing machine and parts	362	127,085
Paper converting machinery and parts		210,793
Sawmill machinery and parts		166,221
Water wheels, turbines and parts		522,845
Textile machinery and parts, n.e.s		93,838
Wood planers, matchers, etc	1,571	344,854
Wire drawing machines and parts		2,508,079
Blast cleaning, tumbling machines	6	37,224
Chucks for machine tools	128,551	3,068,711
Foundry equipment parts, n.e.s		3,896,873
Die-casting equipment		918,455
Power metal working machine tools, n.e.s.	5,773	6,461,539
Rolling mill machinery and parts		19,316,915
Power machines, tools and parts, n.e.s		60,313,833
ELECTRICAL EQUIPMENT		
Switchboard panels and parts, excl. telephone		6,407,509
Oil circuit breakers and switches	7,318	1,593,675
Power switches, circuit breakers, over 10 amp.		2,281,137
Fuse plugs cont. mica	24,908	6,414
Fuses, n.e.s	151,051	39,720
Watt hour and other measuring meters	21,901	473,285
Electric indicating instruments, n.e.s	7,779	315,962
Electric recording instruments	1,610	157,717
Electric testing apparatus and parts, n.e.s.		2,696,617
Electric testing machines	4,367	334,064
Lightning arresters, etc		545,579
Motors	13,463	6,103,370
Armatures for motors		35,408
Electric railway motors	8	16,250
Electric locomotives railway mining	87	750,154
Electric station warehouse and factory trucks.	1,229	4,587,780
Electric industrial trucks and tractors, n.e.s.	424	1,204,401
Starting, etc. equipment for industrial motors.		4,389,290
Starting, etc. equipment for electric motors.		730,015
Accessories and parts for motors, n.e.s		947,366
Portable electric tools, power-driven	1,297	123,433
Portable electric tools, n.e.s	2,566	168,111
Electric fans	3	33
Electric incandescent lamps	930,860	135,515
Searchlights and airport beacons	953	4,189,708
Floodlights	457	13,593
Electric domestic vacuum cleaners	204	6,752
Domestic heating or cooking devices, n.e.s.		50,203
Electric melting furnaces and parts		10,466,162
Heat treating furnaces and parts		17,949,385
Industrial heating devices and parts		1,822,731
X-ray tubes	1,260	188,594
X-ray apparatus and parts, n.e.s.		2,628,349
Therapeutic apparatus, n.e.s.		1,088,925
Electric refrigerators, household	20	3,258
Electric refrigerators, commercial under 1 ton.	30	9,674
Electric refigerator parts		151,438
Radio receiving set components, n.e.s.		7,051,328
Loud speakers	133	1,833
Radio receiving set accessories, n.e.s.		2,082,247
Telegraph apparatus and parts		3,603,037
Telephone instruments	386,530	16,558,894
Telephone equipment and parts, n.e.s.		15,739,286
Bells, buzzers, enunciators and alarms		492,174
Starting, lighting, etc., equipment		264,918
Electric insulating material	1,586,378 lbs.	698,310
Electric conduit iron or steel	1,548,868 lbs.	116,783
Electric conduit rigid metal, n.e.s.	221,948 lbs.	23,896
Electric conduit metal, n.e.s., etc.		260,082
Sockets, outlets, etc, and parts		391,867
Electric interior lighting fixtures, fluorescent.		10,442
Electric interior lighting fixtures, n.e.s.		109,774
Electric exterior lighting fixtures		226,878
Electric curl, irons	1	8
Flashlight cases	104,630	93,254
CANVAS ARTICLES, WOOLEN GOODS, CLOTHING, ETC.		
Clothing, aviation		1,017,559
Clothing, military and air, n.e.s.		283,367
Clothing, military, personal and organizational.		21,701,189
Clothing, naval		26,788
Clothing, military, cold weather		5,220,572
Canvas articles		7,239,229
Numbered biscuit and naught duck	1,009,120 sq. yd	934,150
Kapok life savings appliances		21,975
Fabric coated or impreg., n.e.s	652,266 sq. yd	446,797
Textile manufactores, n.e.s.		141,134
Other cordage	2,500 lbs.	2,264
Istle or tampico manufactured	6 tons	2,640
Twine, binder, excl. cotton or jute	16,613,012 lbs.	1,903,578
Flax, hemp, ramie manufactures, n.e.s		7,456
Hemp, ramie twine and cordage	319,649 lbs.	32,839
Pyroxlin coated impreg. fabric	17,693 sq. yd	38,084
Elastic webbing, not over 1½ in	1,009,500 yds	57,226
Cotton moss and hair mattresses	30	368
Synthetic cut fibers and waste, n.e.s.	87,815 lbs.	32,249
Synthetic knit fabric in the pc.	3,000 lbs.	3,737
Woven synthetic yarn fabric, n.e.s.	22,663 lbs.	23,219
Rayon waste and staple fiber	500,069 lbs.	141,668
Woven yarn fabric print cv. synth	1,248 lbs.	1,785
Synthetic hosiery, excl. nylon, Wmn's and children.	1 doz. pr	12
Synthetic textile manufactures		1,617
Oakum	5,130 lbs.	969
Kapok cushions upholstery pads	12	30
Cordage, n.e.s.	32,446 lbs.	5,468
Veg. fibre straw grass manufactures, n.e.s.		2,175
Mohair cloth	1,572,382 lbs.	2,670,321
Wool noile and waste	100 lbs.	29
Wool felts woven for machine	146 lbs.	315
Wool carpets and rugs	364 sq. yd.	348
Book cloth pyroxlin coated	5,328 sq. yd.	4,819
Synthetic braids, fringes, etc.		6,816
Viscose and cupr. cent. fil. yarn, etc	40,126 lbs.	22,577
Acetate rayon yarn	292,272 lbs.	184,283
Spun rayon yarn	84,071 lbs.	52,168
Nylon yarn	4 lbs.	33
Wool cloth and dress goods	95,384,022 lbs.	192,642,856
Wool blankets	5,242,637 lbs.	7,472,329
Wool knit apparel, n.e.s	203 lbs.	450,304
Hair and felt manufactures, n.e.s.	18,432 lbs.	2,750
Wool or mohair manufactures, n.e.s		208,013
Wool men's overcoats, suits and pants	188,611	3,169,329
Fur felt hats, men's and boys'	50	314
Wool fabrics, n.e.s.	408,827 lbs.	679,076
Linoleum	121,019 sq. yd.	64,152
Clothing, nurses		11,781
Clothing, gas protective		4,102
Felt base floor coverings	114,797 sq. yd.	58,451
Oilcloth, shelf, table and wall	1,015,886 sq. yd.	352,319
Waterproof outer garments	176,962	710,129
RUBBER COMMODITIES		
Erasers and bands	61,539 lbs.	21,802
Piecegoods and hospital sheeting, n.e.s.	1,745,313 sq. yd.	1,512,472
Boots, shoes and heels	1,046,667 pr.	1,794,735
Clothing, gloves and mittens	179,163 doz.	1,437,294
Druggist rubber sundries	1,188,146	513,434
Rubber manufactures: friction tape, fan belts, auto and balata belting, hose and tubing, packing, mats, flooring, etc.	65,472,339 lbs.	28,887,600
Rubber manufactures, n.e.s		1,672,246
Synthetic rubber	362,839 lbs.	125,943
Latex and other forms of rubber compounded for mfr.	1,117,278 lbs.	366,413
Hard rubber electrical goods, n.e.s.	680,653 lbs.	803,345
Truck and bus casings	3,502,736	92,466,132
Solid tires for automobiles and trucks	13,574 lbs.	378,643
Tire sundries and repair materials, excl. camelback.	2,020,571 lbs.	1,635,739
Casings and tubes, excl. automobile	749,056	7,595,759

Item	Quantity	Cost in dollars
Automobile casings, excl. truck and bus	2,701,081 lbs	6,659,880
Automobile inner tubes	2,693,162	6,485,611
Camelback	206,472 lbs	52,290
Cements	718,894 lbs	1,016,937
COTTONS		
Cotton gauze and sterile bandage absorbent cotton	428,391 lbs	330,025
Blankets	231,905	723,463
Cotton fabric napped, excl. flannel	277,218 sq. yd.	130,803
Cotton denims	8,536,926 sq. yd.	2,240,504
Cotton drill, twill, etc.	70,290,453 sq. yd.	35,769,818
Cotton sheeting	11,748,189 sq. yd.	2,299,442
Cotton fabric apparel, women, children, n.e.s.	73,185 lbs	74,091
Cotton goods, combed, carded, n.e.s.	52,362 sq. yd.	6,137
Bags of jute	5,538 lbs	1,416
Sisal, sunn, etc., twine and cordage	10,879,108 lbs	1,887,935
Manila cordage	15,454 lbs	5,364
Cotton underwear, men's	101,302 doz	844,092
Cotton flannels, blch. or col.	4,504,083 sq. yd.	765,934
Cotton work gloves, mittens, gauntlets and hosiery.	34,526 doz. pr.	128,589
Cotton men's jackets and windbreakers	18,017	96,244
Cotton cloth, gray	289,688 sq. yd.	45,068
Cotton twine, rope and cordage, excl. tire.	1,355,256 lbs	706,488
Cotton fabrics, col. yarn, n.e.s	3,759,396 sq. yd.	858,647
Cotton duck and awning materials	3,837,445 sq. yd.	3,810,789
Cotton men's work clothing, n.e.s	61,247 doz	967,457
Cotton men's clothing of woven fabrics, n.e.s.	8,887 doz	255,660
Cotton heavy filter, hose, belting duck	70,229 sq. yd.	52,072
Cotton ounce duck	15,944,966 sq. yd.	9,634,702
Cotton sewing thread	3,282,633 lbs	4,304,611
Cotton carded yarn, gray	165,389 lbs	91,041
Cotton sheets and pillow cases	154,072 doz	1,796,315
Cotton rags, excl. paper stock	3,506 lbs	192
Cotton chscl. and gauze blch. dyed	156,637 sq. yd.	22,036
Curtain draperies and cotton house furnishings, n.e.s.		210,853
Huck damask plain twls. twling		176,893
Cotton manufacturers, n.e.s.		2,891,764
Cotton printcloth, bleached	1,607,468 sq. yd.	295,757
Cotton soft wastes, n.e.s.	4,410 lbs	336
Cut card yarn blch. col. nov	77,288 lbs	45,985
Cotton hard waste yarn thread	32,407 lbs	3,877
Cotton table damask, in the pc	111,470 sq. yd.	5,089
Cotton sweaters, pullovers, etc., men's	1,500	2,520
Cotton print cl. yarn fab. over 36x32 ct.	737,219 sq. yd.	100,370
Cotton remnants, n.e.s	17,550 lbs	9,803
Cotton pile fabrics, n.e.s	500 sq. yd.	425
Cotton knit fabrics, in the pc	573,757 lbs	616,041
Cotton narrow fabrics, n.e.s		231,525
Cotton woven belting for machines	396,038 lbs	187,474
Cotton braids, bindings, etc.		7,006,954
Cotton bags, new	365,359 lbs	182,892
Terry woven towels, cloths, mats	20 doz	44
WOOD AND WOOD PRODUCTS		
Boards, doug. fir, dress, scantlings	39 M bd.ft	20,625
Furniture, chief vlaue wood, n.e.s.		8,486
Handles for striking tools	4,762 doz	9,457
Millwork house fixtures, n.e.s.		1,139
Oars and paddles, boat	20.934	32,751
Wood manufactures, n.e.s.		248,600
Wood lath	39 M	4,020
Art cork, block, gaskets, etc.	869 lbs	1,964
Cork balls, bobbers, buoys, etc.	1,129 lbs	602
Natural cork manufacturers, n.e.s.	4,726 lbs	7,870
Cork, wood or bark, unmfrd.	38,544 lbs	6,225
Paper, newsprint	27,439 lbs	907
Furniture, wood, n.e.s., cov. upholstery		82
Paper, book, not coated	1,093,888 lbs	170,581
Paper, wrapping, excl. Kraft	793,154 lbs	119,873
Paper, cover	72,242 lbs	7,458
Paper, greaseproof, waterproof	8,375,322 lbs	1,333,992
Paper, surface coated, n.e.s.	250,060 lbs	109,101
Cigarette paper, cigarette books, covers	2,043,178 lbs	1,070,771
Tissue paper and crepe, n.e.s.	571,796 lbs	421,841
Bristols and bristol board	68,864 lbs	7,939
Paper, Kraft wrapping	343,982 lbs	39,383
Paper, toilet	92 lbs	11
Paper, board, n.e.s.	180,914 lbs	18,695
Fiber insulation board	248,891 sq. ft	53,666
Paper sheathing and building	327,000 lbs	7,909
Box board, n.e.s.	147,157 lbs	6,094
Blotting paper	10,868 lbs	6,835
Filing folders, cards and other office forms.	37,500 lbs	10,619
Writing paper	18,603,029 lbs	3,128,385
Vulcanized fiber sheets, etc.	10,044,901 lbs	2,454,153
Papeteries	2,675	296
Paper and paper products, n.e.s.		385,871
Paper bags, excl. heavy shipping	210 lbs	19
Paper cash-register, adding machine	227,145 lbs	61,657
Paper boxes and cartons, n.e.s.	1,236 lbs	373
CHEMICALS		
Acetic acid	132,934 lbs	27,505
Acetone	26,834,746 lbs	2,275,677
Acetophenetidine	26,815	21,074
Acetylsalicylic acid (aspirin) tablet		475
Acetylsalicylic acid in bulk	44,578 lbs	149,358
Acrylonitrile	2,345 lbs	1,055
Alcohols, n.e.s	701,408,317 lbs	94,941,346
Alcohol, denatured, solidified	1,822,551 lbs	188,032
Aluminum compounds, n.e.s	1,082 lbs	621
Aluminum chloride, anhydrous	158,661 lbs	14,845
Ammonium compounds, n.e.s		105,775
Ammonia, anhydrous	459,811 lbs	95,911
Ammonia, aqua	3,998 lbs	318
Ammonium bicarbonate	100 lbs	13
Ammonium carbonate	2,581 lbs	1,250
Ammonium chloride	302,100 lbs	15,507
Ammonium nitrate	4,113,567 lbs	492,096
Amyl acetate	56,890 lbs	8,543
Aniline oil	7,009,316 lbs	962,718
Antimony salts and compounds, n.e.s	122 lbs	530
Acetic anhydride	438,720 lbs	40,749
Acids and anhydrides, n.e.s	1,026,661 lbs	123,126
Acids and anhydrides, inorganic, n.e.s	659,134 lbs	126,406
Arsenious oxide	50,824 lbs	50,814
Baking powder	54 lbs	12
Benzocaine, benzoate, etc	25,453 lbs	129,038
Benzoic acid tech. and med. gr	9,803 lbs	4,284
Benzol or benzene	1,634 gal	878
Bleaching powder	30,730 lbs	2,131
Boric acid	1,838,257 lbs	94,953
Bromine, bromide, bromites, e.e.s	169,101 lbs	76,784
Buna, S	17,967,832 lbs	6,426,372
Butanol	14,384,133 lbs	3,039,314
Butyl acetate	11,193,203 lbs	2,147,276
Calcium nitrate	4,940 lbs	1,745
Caesium salts and compounds	22 lbs	2,300
Caffein	82,422 lbs	212,018
Caffein salts and compounds	52,225 lbs	194,129
Calcium carbide	1,696,791 lbs	93,114
Calcium chloride	1,747,249 lbs	21,981
Camphor, natural, synthetic	3,224,821 lbs	1,373,382
Carbon, black or gas black	5,065,003 lbs	312,866
Carbon tetrachloride	109,788 lbs	8,445
Carbons, animal charcoal, n.e.s.	27,234 lbs	3,312
Casein	148,364 lbs	54,230
Castor oil	240 gal	458
Cellulose acetate flake, etc.	5,117 lbs	2,123
Cellulose acetate sheets, etc.	285,270 lbs	245,676
Cellulose plastic mold comp.	1,359 lbs	812
Cellulose plastic film support	225,992 lbs	249,480
Cementing preparations, n.e.s.	312,081 lbs	22,750
Chemical specialty compounds, n.e.s.		2,315,756
Chemical pigments, n.e.s.	92,583 lbs	34,817
Cements for sealing cans	224,775 lbs	40,807
Chlorine	2,000 lbs	400
Chrome pigments	51,426 lbs	11,746
Chromic acid	50,989 lbs	8,759
Chromium salts and compounds, n.e.s.	150,000 lbs	34,805
Citric acid	2,138,555 lbs	715,641
Cleaning and washing compounds, specialty.	39,729 lbs	6,495
Coaltar acids, n.e.s.	101,428 lbs	31,211
Coaltar colors, dyes, stains and color lakes.	2,627,410 lbs	1,108,534
Coaltar dyes, n.e.s.	407,184 lbs	489,258
Coaltar, crude	17,203,267 lbs	694,768
Coaltar intermediates, n.e.s.	6,703,480 lbs	1,938,035
Coaltar products, finished, n.e.s.	1,790,573 lbs	1,498,912
Color lakes and toners	23,147 lbs	17,719
Copper salts and compounds, n.e.s.	42,875 lbs	32,659
Copper sulphate	230,140 lbs	12,557
Cresylic acid and cresols	340,677 lbs	53,108
Cupric oxide	4,194 lbs	1,105
Dental creams	78 lbs	68
Dextrine or British gum	18,100 lbs	989
Dibutyl and diethylphthalate, etc.	12,497,577 lbs	2,755,992
Dimethylaniline	4,350,417 lbs	957,918
Diphenylamine	3,130,720 lbs	690,908
Disinfectants, household and industrial, etc.	603,451 lbs	132,895
Dyeing, tanning extracts, n.e.s.	9,672 lbs	7,648
Elixirs, liquid solutions, n.e.s		6,758
Ester gums	60,000 lbs	14,127
Ethyl acetate	12,419,432 lbs	1,632,875
Ethyl ether	2,288 lbs	502
Ethyl fluid	558,766 gal	2,055,864
Ethylene chlorhydrene	301,860 gal	63,465
Ethylene dibromide	3,734,900 gal	720,128
Ethylene glycol	43,319,367 gal	5,124,760
Ethylene glycol	3,174,020 lbs	343,554
Fish oils and concentrates	744,200 gal	3,372,847
Flavoring extracts, natural	1,162 gal	17,127
Flavoring extracts, synthetic	4,865 gal	29,075
Flavor and perfume mat., synthetic, n.e.s.	280,750 lbs	290,587
Floor wax and polishes for wood furn	151 gal	48
Formaldehyde, 40 percent solution	192 lbs	27
Frierfsyl phosphate	26,248 gal	6,693
Gaseous refrigerants, n.e.s	20,849 gal	5,802
Gases, liquefied and solid, n.e.s	412,381 gal	297,233
Gases, lung irritant, n.e.s	5,190 lbs	8,261
Gases, screening smoke	110,215 lbs	7,930
Glandular products, etc		944,747
Glycerin	4,794,752 lbs	1,001,189
Glycerin, 100 percent glycerol basis	25,976,878 lbs	4,639,518
Helius gas	56,640 cu. ft	948
Hexamethylene tetramine	25,447,742 lbs	5,364,296
Hydrochloric acid	192,505 lbs	12,499
Industrial chemicals, n.e.s		2,810,455
Insecticides, etc., household and industrial.	12 lbs	2
Iodine, n.e.s	15 lbs	32
Iridium salts and compounds	1 lb	124
Indigo, synthetic	4,489 lbs	3,453
Katsomine o. c. w. paints, dry	34,236 lbs	11,786
Lacquers, nitrocell clear	13,598 gal	27,050
Lacquers, nitrocell pigmented	2,276 gal	3,335
Lampblack	89,753 lbs	8,434
Licorice extract and mass		12
Litharge	9,704 lbs	1,567
Liquid gum inhibitors		87,002
Logwood extract	42,620 lbs	9,211
Manganese chloride	11 lbs	8
Manganese salts and compounds, n.e.s	10 lbs	13
Medical chemicals, household, in small pkgs., liquids.		449
Medicinal chemicals, household, in small pkgs., solids.		7,008
Medicinal chemicals for prescription use, n.e.s.		7,763,950
Mercuric chloride	465 lbs	1,162
Mercury salts and compounds, n.e.s	570 lbs	1,308
Metal working compounds	1,357,724 lbs	189,152
Methanol	4,830,148 gal	1,526,629
Methanol	1,256,097 lbs	591,856
Methyl ethyl ketone	70 lbs	27
Methylmethacrylt forms, not laminated	749,503 lbs	709,899
Methyl methacrylate molded	24,858 lbs	23,930
Methyl methacrylate not molded	71,301 lbs	59,682
Methyl methacrylate unfabricated	107,823 lbs	101,825
Mineral oil, white	15,050 lbs	5,289
Molybdenum trioxide	300 lbs	529
Nanillin, all types	2,300 lbs	4,986
Naphthalene	22 lbs	6
Naphthol and flakes, beta	275,840 lbs	64,246
Nickel salts and compounds, n.e.s	100,100 lbs	35,036
Nickel chloride	600 lbs	660
Nickel oxide	1,100 lbs	386
Nickel sulfate	22,000 lbs	2,970
Nicatine sulfate	168 lbs	140
Nitric acid	52,117 lbs	7,433
Nitrocell solution not over 12 percent nit.	57,215 lbs	37,143
Nitrocell solution, over 12 percent nit	93,791 lbs	24,189
Nitro derivatives of benzene, etc.	760,330 lbs	109,083
Nitrogen, chemical materials, n.e.s.	1,191,757 lbs	38,887
Nylon	250 lbs	138
Ocher, umber and iron oxide, n.e.s.	122,557 lbs	5,366
Organic chemicals, n.e.s.	8,100,468 lbs	4,197,742
Oxalic acid	23,450	2,726
Paints, bituminous liquid plastic		188,274
Paints, colors, paste, oil, n.e.s	2,341,892 lbs	279,679
Paints, etc, ready mixed, n.e.s.	176,211 gals	298,321
Phenol, carbolic acid	17,906,825 lbs	9,755,822
Phenolformaldehyde fab. mold	26,635 lbs	24,369
Phenolformaldehyde forms, lam	1,690 lbs	7,162
Phenolformaldehyde resins	999,930 lbs	151,800
Phosphoric acid	248,665 lbs	63,446
Phosphorus, elemental	1,174,524 lbs	180,796
Phthalic anhydride	134,400 lbs	18,145
Petroleum oil sprays, agricultural	832 gals	986
Picric acid	3,309,490 lbs	715,942
Pigments, mineral earth, n.e.s.	2,160 lbs	39
Plasters, n.e.s.		90,325
Polyisobutylene	118,600 lbs	48,386
Polymers, etc, fabricated and unfabricated.	3,046,893	948,982
Polymers of styrene, etc	135,949 lbs	95,996
Polishes, automobile	480 lbs	75
Polishes, metal and stove	4,650 lbs	500
Potassium compounds, n.e.s.	696,938 lbs	183,666
Potassium bicarbonate and mix	81,817 lbs	8,182
Potassium bichromate chromate	2,084,471 lbs	257,717
Potassium bitartrate and mix	4 lbs	3
Potassium bromine	85,583 lbs	22,515
Potassium bromide	369,702 lbs	80,817
Potassium carbonate and mix	1,568,116 lbs	104,550
Potassium chlorate and mix	2,013,317 lbs	231,665
Potassium chromium sulfate	150,000 lbs	19,454
Potassium cyanide and mix	18,640 lbs	11,001
Potassium hydroxide	471,082 lbs	67,985
Potassium nitrate pp May 1, 1937	1,302,462 lbs	88,369
Potassium nitrate, n.e.s.	3,778,284 lbs	254,842
Potassium permanganate and mix	228,864 lbs	43,907
Potassium sulfate	290,125 lbs	40,496
Proprietary medicinal preparations, n.e.s.		802,922
Pyroxylin plastic film support	383,628 lbs	300,881
Pyroxylin sheets, rods, etc.	439,095 lbs	321,928
Photographic chem. coaltar	5,235 lbs	7,448
Phenolphthalein	326 lbs	347
Quinine salts, n.e.s.	17,750 oz	15,946
Quinine salts, compounds, n.e.s	185 oz	817
Reagent chemicals for laboratory use		143,513
Reagents, synthetic collecting	6,870,336 lbs	1,370,859
Remedies, malaria, etc., n.e.s.		117,276
Red lead, dry	253,000 lbs	23,813
Red lead, in oil	440,682 lbs	46,430
Resins, alkyd	1,458 lbs	427
Resins, gums, synthetics, n.e.s.	335,903 lbs	89,056
Resins, synthetic, n.e.s., forms, laminated.	68,367 lbs	59,602
Resins, synthetic, n.e.s., forms, nonlaminated.	185,968 lbs	180,555
Resins, tar-acid, n.e.s.	580,014 lbs	156,086
Resins, urea	50,001 lbs	21,525
Rhodium salts and compounds	1 lb	165
Rochelle salts	400 lbs	290
Rubber compound agents, n.e.s.	845,885 lbs	371,990
Rubber compounding agents	998,237 lbs	437,886
Salicylic acid tech. and med.	215,800 lbs	57,395

Item	Quantity	Cost in dollars
Salves, ointments, burns, etc		44,463
Serums, antitoxins, human use		2,109,323
Scouring bricks, paste, etc	74,060 lbs	13,605
Soda lime	7 lbs	3
Sodium benzoate tech. and med	4,523 lbs	2,095
Sodium bicarbonate	31,008 lbs	2,151
Sodium bichromate and chromate	3,173,204 lbs	233,509
Sodium bromide	1,050,112 lbs	281,530
Sodium carbonate calcined	4,380,285 lbs	87,292
Sodium chlorate	600 lbs	450
Sodium compounds, n.e.s	2,754,447 lbs	272,651
Sodium cyanide	1,960,250 lbs	198,119
Sodium hydrosulphite and compounds	391,650 lbs	9,401
Sodium hydroxide	195,405,715 lbs	4,224,739
Sodium nitrate II May 1, 1937	52,700 lbs	3,532
Sodium phosphate	50,125 lbs	3,294
Sodium silicate	35,104 lbs	1,313
Sodium tetraborate	52,393 lbs	4,182
Starch	48 lbs	4
Strontium nitrate	23,275 lbs	6,793
Strontium oxylate	24,000 lbs	9,892
Strychnine and salts thereof	950 oz	953
Sulfanilamide	27,195 lbs	28,303
Sulfathiazole and derivatives	4,300 lbs	30,272
Sulfadiazine and derivatives	7,971 lbs	92,065
Sulfonamide drugs, n.e.s	119 lbs	510
Sulphuric acid, fuming	218,448 lbs	19,392
Sulphuric acids, n.e.s	900,908 lbs	62,197
Tablets, powders, ointments, n.e.s		1,777,286
Tantalum salts and compounds	550 lbs	900
Tartaric acid	246 lbs	201
Textile specialty compounds, n.e.s	11,343 lbs	5,632
Theobromine and salts and compounds	59,122 lbs	132,317
Theophylline salts thereof	64 oz	28
Thickol	2,022 lbs	1,001
Thinners for nitrocell lacquers	7,042 gal	7,466
Tin chloride	77 lbs	95
Tin oxide	1,000 lbs	520
Titanium dioxide and pigments	20 lbs	2
Toluene, toluol	19,986,672 lbs	12,116,708
Tungstic acid	2,250 lbs	6,886
Urea	21,000 lbs	916
Vaccines, human use	13,035 lbs	800,497
Vandium oxide		21,197
Vanadium salts and compounds, n.e.s	4,944 lbs	24,743
Vanadium sulfide	1 lb	10
Vanillin	28,352 lbs	64,331
Varnishes	52,327 gal	82,314
Vitamins and vitasterols, n.e.s	2,285,641 lbs	22,454,053
Water softeners, etc	2,630,151 lbs	277,264
White lead, dry	34,823 lbs	3,527
White lead, in oil	1,568,542 lbs	135,947
Witherite	11,200 lbs	336
Xylene, xylol	5,737 lbs	1,600
Zinc oxide	32,629 lbs	3,305
Zinc salts and compounds, n.e.s	7,705 lbs	6,683
Zinc sulfate	28 lbs	8
LEATHER GOODS		
Wearing apparel	1,333	3,238,486
Boots and shoes, men's	5,396,651 pr	22,773,758
Shoes, infants, children	45,373 pr	50,781
Boots and shoes, youths and boys, women and misses	150,297 pr	499,020
Footwear, leather sole and upper	1,356,395 pr	5,687,539
Leather, calf and kid skin	5,281,631 sq. ft	1,645,944
Leather, upper, n.e.s	21,272,175 sq. ft	6,613,801
Leather, for soles	51,918,361 lbs	23,507,190
Sole leather, bends, back and sides	16,848,339 lbs	7,841,336
Leather, for soles, outer	5,736,567 doz. pr	23,003,594
Leather, cut stock, excl. outer sole	doz. pr	5,705,334
Discontinued models, old styles and second-hand shoes		128,472
Leather case bag and strap	345,147 sq. ft	152,767
Leather belting, new	361,902 lbs	438,042
Belting leather, n.e.s	118,562 lbs	66,135
Belts to be worn, leather		1,595,893
Sole and belting leather offal, shldr., neck, belly	2,802,385 lbs	1,080,089
Leather, cattle side	10,096,372 sq. ft	3,021,723
Coat and kid, excl. bl	428,870 sq. ft	132,942
Leather lining, ex. sh. and lamb	125	94
Leather and tanned skins, n.e.s		491,068
Leather manufacturers, n.e.s		14,866
Luggage	82	858
Fur manufactures, n.e.s		4,750
FOODSTUFFS		
Meat, canned, n.e.s	72,000 lbs	25,762
Poultry, live	6,300 lbs	7,384
Beef and veal, fresh or frozen	89,238 lbs	13,786
Beef and veal, pickled or cured	32,400 lbs	6,383
Pork, pickled, salted, fresh, frozen	529,814,747 lbs	77,010,566
Ham and shoulders, cured	27,355,903 lbs	8,794,783
Bacon	70,531,571 lbs	11,790,369
Cumberland and Willshire sides	40,000 lbs	10,400
Sausage, bologna, etc., not canned	1,301,439 lbs	477,075
Sausage ingredients, cured	573,031 lbs	82,876
Meats, n.e.s., includ. smoked poultry	33,610,181 lbs	16,130,915
Beef, canned	16,710,448 lbs	4,735,745
Pork, canned	297,186,838 lbs	123,784,465
Sausage, bologna, etc., canned	583,479,422 lbs	204,150,308
Chicken, canned	109,793 lbs	46,879
Other canned meats, excl. chicken	2,405,696,825 lbs	180,764,722
Tushenka, canned	166,650,966 lbs	70,335,231
Fish, canned	291,277 lbs	41,882
Eggs dried	242,459,249 lbs	280,800,963
Eggs in the shell	1,883 doz	4,038
Milk and cream condensed	60,019,643 lbs	9,027,160
Milk and cream evaporated	8,942,706 lbs	4,905,667
Milk, dried whole skimmed	159,921,528 lbs	30,804,577
Butter	217,660,666 lbs	103,673,250
Butter oil, and butter spreads	7,111,737 lbs	4,168,845
Oleo oil, edible, oleo stock, edible, tallow, edible, lard, incl. neutral, oleomargarine	791,822,417 lbs	124,387,146
Cheese, processed, blended spreads, cheese, n.e.s	79,926,896 lbs	21,904,957
Gelatin, edible	18,690 lbs	16,653
Meat extract and bouillon cubes	685 lbs	1,185
Other edible animal products, n.e.s		222,593
Infants' foods, malted milk, etc	115,663 lbs	21,022
Barley	477,301 bu	707,672
Buckwheat	5,744 bu	17,446
Corn	30,429 bu	194,230
Hominy and corn grits	1,645,021 bu	45,600
Kafir and milo	142 bu	870
Oats	120,830 bu	91,231
Oatmeal, groats and rolled oats, in bulk, in packages	50,539,897 lbs	2,220,748
Cornstarch and corn flour	478,692 lbs	36,663
Paddy or rough rice	9,089,681 lbs	478,984
Milled rice, incl. brown rice, broken, etc	126,387,292 lbs	7,893,998
Rye	10,268 bu	36,300
Wheat	1,512,973 bu	2,119,872
Wheat flour, n.e.s	26,929 bar	147,509
Wheat flour, wholly of U.S. wheat	7,806,589 bar	34,527,968
Macaroni, spaghetti, etc	353,224 lbs	53,103
Wheat cereal foods, ready to eat	171,734 lbs	19,088
Wheat cereal foods, to be cooked	1,496,043 lbs	100,795
Wheat semolina	57,869,814 lbs	2,514,115
Cereal foods, n.e.s	15,613,037 lbs	1,462,145
Grains and preparations, n.e.s		4,199,246
Feeds, n.e.s	11,253 tons	714,120
Beans, dry, ripe	492,521,079 lbs	30,353,423
Beans, seed	11,974,704 lbs	2,353,676
Peas, dry, ripe	59,116,953 lbs	3,423,782
Peas, seed	16,324,197 lbs	1,863,607
Chickpeas	80,000 lbs	6,557
Onions, fresh	661,932 lbs	43,157
Tomatoes, fresh	126 lbs	12
Potatoes, fresh white	4,919,062 lbs	227,601
Vegetables, fresh, n.e.s		169,212
Canned vegetables and juices	33,339,138 lbs	3,491,283
Pickles, cucumber	136,021 lbs	27,174
Tomato table sauces	636 lbs	133
Mayonnaise and salad-dressings, sauces	52,261 lbs	10,333
Olives	71 lbs	33
Vinegar	128,890 gals	112,459
Yeast	1,590,587 lbs	504,036
Pineapples	26 boxes	211
Vanilla beans	730 boxes	7,102
Apples	3,653 boxes	15,423
Lemons and limes	595 boxes	4,969
Oranges, tangerines, and grapefruit	810 boxes	4,884
Pears, fresh or frozen	750 boxes	75
Sugar	1,019,602,323 boxes	59,128,817
Honey	29,693 lbs	10,770
Molasses	18 gals	14
Glucose, dry	35,110 lbs	3,686
Coffee, roasted	2,055,552 lbs	354,612
Coffee extracts and substitutes	15,782 lbs	4,919
Chocolate candy, candy excl. chocolate, confections, n.e.s	946,464 lbs	196,927
Chocolate and cocoa	62,696 lbs	16,121
Cinnamon, cloves, unground spices, pepper	596,861 lbs	130,824
Fruit juices	724,234 gals	1,537,036
Canned fruits	92,454 lbs	10,839
Fruit preparations, n.e.s	12,060,382 lbs	342,861
Preserved fruits, jellies and jams	6,858,277 lbs	392,757
Dried and evaporated fruits	4,372,578 lbs	780,880
Vegetables, dehydrated—other preparations	43,590,879 lbs	28,791,213
Nuts and preparations, n.e.s	6,056,758 lbs	1,015,846
Biscuits and crackers	89 lbs	30
Corn cereal food, ready to eat	83 lbs	22
Farinaceous substances	30 lbs	8
Edible oils and cooking fats	235,115,716 lbs	37,996,441
Soya flour, edible	103,772,226 lbs	4,718,512
Wheat flour, wholly of U.S. wheat	2,050,613 cwt	8,276,256
Beverages, syrup and flavors	286 gals	433
Bananas, fresh	40,136 lbs	2,571
Sunflower seed, oil, edible	11,685,500 lbs	1,909,663
Tea	311,913 lbs	229,716
Coffee, green	6,598,709 lbs	941,969
SEEDS		
Grass and field, n.e.s	12,154,657 lbs	2,085,546
Timothy	4,127,285 lbs	396,567
Alfalfa	459,851 lbs	190,945
Red clover	1,298,906 lbs	372,281
Clover, excl. red	1,094,148 lbs	269,287
Red top	277,013 lbs	123,282
Kentucky blue grass	475,438 lbs	197,765
Carrot	1,985,485 lbs	2,330,066
Vegetable, n.e.s	11,651,470 lbs	11,665,584
Sugar beet	90,506 lbs	53,322
Digitalis	22,135 lbs	14,164
Soy bean	669,841 lbs	65,823
Reeds, hemp, perilla, poppy, etc	1,094,976 lbs	319,004
Nursery greenhouse stock, n.e.s		7,867
OILS, RESINS, ETC.		
Linseed oil, crude	530,771,576 lbs	78,213,761
Cottonseed oil, crude	2,524,536 lbs	413,457
Tung oil	75 lbs	71
Soybean oil, crude	8,260,581 lbs	1,084,986
Castor oil, commercial	1,483 lbs	257
Vegetable oil foods, excl. olive	1,346,195 lbs	175,057
Coconut oil, crude	75 lbs	15
Citrus oils	93,200 lbs	139,485
Oil of citronella	1,000 lbs	3,750
Oils, natural, essential and distilled, n.e.s	7,268 lbs	46,767
Oils, blended, etc., perfume flav	9,600 lbs	52,500
Quebracho extract	32,033 lbs	2,979
Crude drugs, herbs, etc. n.e.s	153,198 lbs	90,369
Fish oils, inedible	446,021 lbs	95,594
Oleic acid or red oil	1,400 lbs	136
Hog grease and wool grease	145,387 lbs	40,679
Animal greases, fats, inedible, n.e.s	718,474 lbs	93,968
Glue, animal, excl. casein	18,069 lbs	1,650
Casein glue and inedible	2,905,592 lbs	611,693
Pine, oil pine, oil prod., etc	92,080 lbs	101,082
Tar and pitch of wood	500 lbs	31
Expressed oils and fats, inedible, n.e.s	82,036,224 lbs	11,173,362
Wood rosin bbl. 500 lbs. gr. wht	18 lbs	1
Rosin, n.e.s	200 lbs	18
Gums and resins, n.e.s	44,132 lbs	14,430
Resins, natural, refined or modified	35,342 lbs	29,768
Shellac bleached and unbleached	4,998 lbs	3,037
Animal products, inedible, n.e.s		810,978
GENERATING EQUIPMENT		
Batteries	1,775,640	4,278,997
Batteries, storage, flashlight, dry multiple cell	3,711,893 cel	4,957,434
Battery chargers, complete, non-rotating	2,748	335,296
Capacitors, ½ kva and over	2,269	185,216
Condensers, heaters, acc. and parts		12,924,077
Electric generating sets, Diesel engines	6,285	62,538,679
Generators	6,214	222,020,760
Generator accessories and parts, n.e.s		11,728,204
Self-contained lighting outfits, n.e.s	1,862	1,192,713
Power transformers, over 500 kva	696	6,161,470
Distribution transformers, not over 500 kva	1,297	1,094,501
Instrument transformers	753	70,965
Transformers, n.e.s	24,248	1,182,489
Mercury power rectifiers	484	438,774
Rotating converters	13,784	18,178,498
Steam turbine generator sets	991	63,860,334
Welding sets	4,689	7,309,158
PHOTOGRAPHIC SUPPLIES		
Cameras, motion picture, 35 mm	4	7,656
Cameras aerial, excl. aircraft	28	38,366
Cameras, aerial, aircraft	20	6,931
Cameras, prof. scientific, etc	55	35,527
Cameras, gun	3	1,700
Cameras, excl. motion picture, n.e.s	178	4,651
Parts of cameras, excl. lenses		149,476
Motion picture sound recording equipment		112,443
Projectors, motion picture, 35 mm	15	5,058
Projectors, motion picture, 16 mm silent	8	2,400
Projectors, motion picture, 16 mm sound	8	4,973
Screens, motion picture		24,762
Parts for printing, etc		5,279
Film, sensitized, 35 mm pos		178,001
Film, sensitized, 35 mm neg	2,811,545 lin. ft	59,007
Film, sensitized, 16 mm pos	1,103,000 lin. ft	10,755
Film, sensitized, 16 mm neg	335,464 lin. ft	4,715
Film, sensitized, 8 mm neg	6,500 lin. ft	260
Motion picture sound reproduction equipment		24,156
Motion picture rolls, sensitized	67,560	927,370
Motion picture sound track, exposed neg	8,000 lin. ft	80
Motion picture sound track, exposed pos	8,274 lin. ft	165
Dry plates	1,462 doz	6,273
Motion picture features, 34 mm, exposed	846,566 lin. ft	40,010
Motion picture features, 16 mm, positive	20,836 lin. ft	20,836
Motion picture short subjects, 35 mm	336,000 lin. ft	2,500
Motion picture short subjects, 16 mm	27,328 lin. ft	3,028
Motion picture short subjects, 35 mm	429,300 lin. ft	5,466
Motion picture trailers	256 lin. ft	29
Film X-ray sensitized	30,874	182,988
Film X-ray, packs of sheets	370	100
Photographic paper	752,752 lb	557,936
Photographic supplies, n.e.s		3,735,191
Carbon brushes and stock	150,144 lb	451,777
Carbon electrodes, n.e.s		69,879
Cement, white, nonstain and other	576 bbl	5,298
ITEMS LISTED AS "MISCELLANEOUS" BY RUSSIANS, WITH AND WITHOUT QUANTITIES		
Radio sets and equipment		52,072,805
Pottery and glass, n.e.s		1,268,530
Salt	4,413,836 lbs	149,104
Fire brick, silica, n.e.s		791,905

Item	Quantity	Cost in dollars
Binoculars, microscopes, and accessories.		1,531,652
Asbestos products		642,970
Carbon or graphite products		4,968,423
Graphite, ceylon amorphous	50,108 lbs	10,831
Graphite electrodes for furnace, or electrolytic.	21,131,124 lbs	2,980,891
Graphite electrodes, n.e.s		138,676
Lavatory sinks, fixtures, n.e.s		6,352
Marine engines, detachable	1,197	294,524
Marine engines, n.e.s	2,234	11,420,239
Cars, railway, freight, over 10 ton	9029	31,429,043
Lighting devices, battery, elec		110,398
Fire-fighting equipment, excl. automotive.		534,490
Battery, electrical		5,383
Electric wiring supplies, etc. n.e.s		519,570
Neon tubes electrode sections		1,547
Diamonds for industrial use (carat)	168	1,284
Diamond grinding wheels	285 lbs	55,780
Electric apparatus and parts n.e.s		5,981,840
Electric measuring machines	220	64,107
Parts of elec. p.d. portable tools		141,391
Testing machines, tension, etc	414	309,786
Parts of elec. welding sets		88,009
Coal, bituminous and anthracite	25,574 tons	344,686
Typewriters and parts	273	41,133
Vehicles and parts n.e.s		127,445
Winders and parts		8,470
Wheelbarrows, push carts and trucks		19,746
Roofing materials		31,439
Asphalt and bitumen manufactures, n.e.s.		94
Emery powder	328,350 lbs	32,818
Quartz piezo el freq	cont. units	210
Nonmetallic mineral products, excl. precious.		377,441
Cryolite natural	23,550 lbs	3,148
Magnesite brick and shapes	107,966 lbs	4,223
Mineral wax excl. paraffin	4,156,631 lbs	545,104
Mica, manufactures or manufactures of, n.e.s.		93,027
Magnesia and manufactures	177,410 lbs	18,743
Mineral insulating materials		118,879
Military items, n.e.s		1,789,005,783
Radio ground equipment, aircraft		4,541,082
Wheels, turbines and parts, water		472,245
Internal-combustion engine, accessories and parts.		13,336,863
Internal-combustion engines	13,191	77,610,696
Stationary motors	40,924	11,179,433
Terra cotta manufactures, roof-tile		24,798
Stone manufactures, n.e.s		11,432
Grindstones	127,748 lbs	48,290
Equipment (R.R.) and parts, railway car.		7,391
Railway parts		780,864
Railway signals		9,914,560
Cars, railway, freight, not over 10 tons	565	134,116
Cars, railway motor maint. etc		20,992
Steam locomotives and engines	1,168	101,075,116
Locomotives	117	2,624,182
Locomotive parts and accessories		2,175,075
Locomotive frames, cradles, etc		577,427
Steam engines	66	1,532,166
Steam engines, n.e.s., and parts		486,124
Steam boilers, fire, water tube	475,251 sq. ft	1,175,338
Condensers, heaters, accessories and parts.		4,963,417
Tube boiler gauge glass	60	194
Steam specialties and parts		5,077,762
Concrete and cement manufactures		27,051
Cement refractories	1,023,012 lbs	191,569
Chromite refractories	12,800 lbs	759
Sterilizers	16,188 lbs	2,107,350
Surgical and medical instruments		7,015,192
Surgical appliances		497,998
Fire clay	42 tons	14,469
Abrasives, natural and artificial, n.e.s		17,053,409
Surveying equipment and levels	803	191,125
Optical lenses, not fitted to instruments	209	11,977
Excavator and construction equipment		48,569,181
Mining and smelting equipment		66,159,901
Pumps and spare parts		12,459,744
Asbestos textiles, automotive		16,812
Merchant vessels	121	123,803,879
Motor trucks, buses and chassis		508,367,622
Tractors and parts		23,998,280
ITEMS LISTED BY RUSSIANS AS "MISCELLANEOUS" FOR 1945 ONLY, WITH AND WITHOUT QUANTITIES		
Polymers of styrene, etc.	66 lbs	50
Electric wiring supplies apparatus and parts, n.e.s.		1,979,407
Steam engines, mech. and turb. locomotives, parts, frames, cradles, etc.		79,427,657
Pumps, centrifugal, rotary, etc. and parts.		6,417,175
Woodworking machinery and parts		280,128
Ball bearings, parts, except balls		206,481
Ball bearings, parts, rollers		6,055,945
Air compressors, sta. and port		4,139,033
Paint spraying equipment and parts		938
Industrial instruments, n.e.s		679,157
Water meters and parts, n.e.s		16,369
Iron and steel pipe valves, bodies, n.e.s		6,274,655
Machines, measuring, precision, furnances, metal-working, industrial, parts, n.e.s.		9,200,0001
Guns, ground ink mach. 50 cal	3	1,986
Automatic arms, parts		178,216
Parts, accessories for inf. weapons		1,294
Parts, accessories for fld. art		66,777
Guns AA, 90 mm	21	1,544,847
Anti-aircraft parts, accessories		1,139,654
Guns, airc. 20 mm, HSM1	50	45,100
Guns, airc. 37 mm, M4	63	144,562
Parts, aircraft armament		599,187
Parts, tank armament		207,446
Parts, naval guns		181,393
Tracers, 50 cal	96,600 rnd	22,702
Armor-piercing cart. 50 cal	191,800 rnd	33,086
Incendiary, cart 50 cal	191,800 rnd	33,086
Components for small arms, tank guns, shells, etc.		6,970,174
Powder, smokeless	22,075,681 lbs	4,757,604
Dynamite	10,781,450 lbs	1,049,469
Explosives, sim. blast gelatine	34,000 lbs	7,480
Trinitrotoluene (TNT)	31,831,984 lbs	2,653,679
Explosives, n.e.s.	2,793,977 lbs	446,212
Safety fuses	66,590,000 lin. ft	650,632
Blasting caps	10,800,500	272,875
Bombers, medium, 2 engine	163	29,634,139
Bombers, light, 2 engine	97	10,854,705
Bombers, U.S. partol, 2 engine	54	9,646,885
Fighters, pursuit, 1 engine	1,701	101,219,909
Transports, heavy, 2 engine	1	265,783
Transport, medium, 2 engine	287	28,319,277
Trainers, advanced, 1 engine	54	1,260,954
Parts, accessories for bridge building		195,913
Equipment kit mess field baking		1,389
Equipage military, n.e.s.		253,338
Small arms equipment		7,275
Rifle parts and accessories		7,386
Parts, fittings, parachute, n.e.s.		39,512
Eng. radl. not over 1,830 pd	154	1,156,427
Eng. radl. over 1,830 in pd	100	2,153,461
Eng. not over 1,340 in pd	19	418,000
Eng. not over 1,830 in pd	537	8,504,554
Carb. cowls, valves, etc., aircraft		623,672
Part, aircraft engines, n.e.s	7,092,001	
Automatic pilots for aircraft	5	2,250
Aircraft gyro instr	3	3,150
Aircraft navig. instr	4,402	483,354
Directors, n.e.s.	4	62,000
Parts, for directors		95,150
Sights, artillery	500	447,007
Sights, n.e.s.	2	245
Parts, telescope, periscope, sights		11,711
Equipment fire control, n.e.s.		176,673
Radio ground equipment, aircraft		6,183,340
Navigational instruments, n.e.s.	1,638	267,743
Quadrants gunners and range	180	4,725
Compass magnetic gyroscopic	1,015	95,878
Listening devices, sub		52,251
Tachometers, excl. aircraft	464	31,012
Trainers, aircraft pilot	1	23,160
Parts, military semi-trailers		106,948
Mobile communications units	134	4,807,982
Tanks, light, n.e.s.	4	212,501
Tanks, heavy, over 40 tons	1	96,886
Trans-rec. tank radio sets	20	25,898
Parts, tank radio sets		6,677
Eng. light, medium and heavy tanks	889	2,514,214
Eng. parts, light, medium and heavy tanks.		208,864
Parts, tanks, n.e.s.		5,615,155
Propellers and blades, boat	23,312	23,410
Vehicles and parts, n.e.s.		26,690
Ready mixed paints, stains, enamels	28,622 gals	49,356
Pigments, chrome 10 percent chrome	9,374 lbs	2,249
Pigments, chemical, n.e.s.	12,022 lbs	7,735
Paint, colors, paste oil n.e.s.	668,409 lbs	75,551
Water paints, dry	22,400 lbs	1,960
Lacquers, nitrocell pigmented	4,650 gals	20,903
Lacquers nitrocell clear	396 gals	857
Varnishes, oil spir. nat. syn.	8,387 gals	10,991
Sodium nitrate, n.e.s.	1,049,200 lbs	72,804
Equipment, dairy, farm—cultivators, planters, mowers, harvesters, binders, threshers, etc.		25,778
Machine parts, agricultural, except tractor.		34,549
Machinery and implements, agricultural, n.e.s.		4,002
Passenger cars, and chassis	34	77,786
Airc. radio trans. and rec. sets	1,094	1,163,680
Airc. radio trans. and rec. set pts.		4,399,394
Directors, range finders, airc.		19,150
Trans. etc. self-synchron., airc.		29,175
Instruments and parts, airc., n.e.s.		264,614
Propellers, aircraft	553	1,756,048
Parts, accessories, propellers, aircraft		3,882,345
Bomb rack cont. etc., aircraft		2,902,980
Sights, bomb, aircraft	49	156,800
Other aircraft parts and accessories, n.e.s.		17,441,735
Motorcyles, parts, and access., n.e.s.		3,647,804
Vessels, merchant	31	15,990,324
Boats, motor torpedo	63	14,726,843
Launches, standard, navy	7	551,399
Craft, naval landing	41	3,890,645
Watercraft, naval, n.e.s.	7	133,115
Parts, naval craft, excl. engine		4,138,652
Engines, marine, detachable	852	152,748
Engines, marine, n.e.s	669	2,759,268
Cars, railway, freight, over 10 tons	2,478	9,079,786
Cars, railway, freight, not over 10 tons	1	14,820
Equipment and parts, air brake, railway car.		12,806
Railway parts, etc., excl. axles		54,287
Railway signals, parts, etc		1,461,751
Pushcars and hand trucks	75	4,959
Wheels, n.e.s.	20	118
Carriers, universal, ordnance	3,887	6,574,555
Engines for universal carriers	400	212,240
Parts, universal carriers, engines		21,882
Parts, universal carriers, n.e.s.		2,145,129
Cars, scout, excl. armored	4,559	6,518,925
Vehicles, ordnance, combat, n.e.s.	608	5,871,493
Parts, ordnance combat vehicles		6,621,190
Trucks, art repair	10	112,506
Trucks, machine shop	140	1,838,483
Trucks, small arms repair	72	623,910
Trucks, tank maintenance	39	410,729
Trucks, tool and bench	39	442,167
Trucks, welding	30	654,459
Trucks, wrecking	14	154,090
Trucks, service and repair, n.e.s	160	1,518,643
Parts, ordnance, service trucks		88,730
Trailers, 40 ton tank transport	55	284,061
Trailers, military, n.e.s.	435	1,911,410
Parts, accessories, military trailers		192,930
Trailers, semi T–4, W-van	2	21,704
Trailers, semi-military, n.e.s.	604	1,569,131
JORDAN'S SPECIAL		
Household and personal effects		86,646
Cigarette cases, compacts, etc		25,230
Jewelry, men's except metal		26
Jewelry findings, parts, material		311,695
Buttons of materials, n.e.s.	5,457 gr	52,885
Findings, shoe, excl. leather and rubber		109,371
Eyeglasses, n.e.s. and frames		169,806
Teeth	13,328	956
Clocks, electric	13	210
Clocks and parts, n.e.s.		48,418
Clocks, mantel, novelty and wall	4	20
Chronometers, marine	6,133	258,537
Time recording devices, n.e.s		59,516
Watches with jewels	9,126	143,922
Watch parts		50
Glassware, table, n.e.s. machine made	60,272	15,068
Glass rolled	28,205 sq. ft	7,480
Soap, toilet and fancy	6,222 lbs	874
Soap, laundry	2,475,979 lbs	222,351
Soap, powdered or flaked	102 lbs	17
Scouring bricks, pastes, etc	12 lbs	3
Soap, n.e.s.	67,589 lbs	7,006
Lipsticks		400
Malt liquors, whiskey, dist. liquor, wines, n.e.s. others.	373 gals	2,079
Rum	55 pfg	466
Smoking tobacco	4,079 lbs	3,520
Cigars and cheroots	2 (M)	109
Cigarettes	5,729 (M)	11,959
Fishing tackle, n.e.s		57,444
Books, bound, excl. educational		234,853
Stereopticons, magic lanterns, etc		161,046
Amusement park and playground devices.		4,352
Artwork, antiques, etc		100
Lamps, lanterns, parts, gasoline		27,201
Office supplies		23,110
Ink, writing	581 lbs	342
Ink, printing and lithographic	22,091 lbs	20,595
Carbon paper	13,256 lbs	14,042
Typewriter ribbons	155 doz	651
Pencils, not mech	3,653 gr	24,533
Pencils, mech. plastic and non-plastic	230 doz	1,383
Pencil leads	1 gr	5
Pens, fount. and stylo, plastic and nonplastic.	51 doz	3,599
Pens, points, metallic	231 gr	553
Penholders, n.e.s		242
Ink, excl. writing, ptg. and lithog		4,538
Paste and mucilage	1,736 lbs	289
Machines, calculating, accounting, etc., n.e.s.		34,483
Duplicating machines		13,863
Office appliances, typesetting, printing		59,479
Phonograph records		12,409
Pianos, new	2	530
Phonographs, except coin-operated	4	67
Band percussion instruments		330
Band woodwind instruments	51	6,534
Musical instruments, n.e.s.		1,630
Musical instruments, parts, n.e.s.		51,720
Merchandise value $10 or less		36,083
All other articles, n.e.s.		32,752
Plans, aircraft photo and blueprint		6,500
Newspapers, current		3,155
Roofing asphalt	2,000 sq. ft	5,640
Platinum, bar, ingot, sheet, etc	75 Troy oz	12,043
Platinum allied manufactures, excl. jewelry.	66 Troy oz	714
Gold manufactures, n.e.s.		438
Bank vaults, doors and equipment	1	92
Fire-resistant safes, vault doors, fire-resistant.	1	138

Item	Quantity	Cost in dollars
Bathtubs, iron and steel enameled bath	10	580
Household heating-boilers and warm air furnaces	6	8,832
Pipes, tobacco	1	10
Shotguns	1	25
Relief or charity, 1942		10,457,417
Relief or charity, 1943		19,089,139
Relief or charity, 1944		25,479,722
Relief or charity, 1945		33,674,825
Total "relief or charity"		88,701,103

[1] "n.e.s." stands for "not especially specified," throughout.

EXHIBIT 6

[From Rear Admiral M.W.W.P. Consett, "The Triumph of Unarmed Forces," London: Williams and Norgate, 1928]

PREFACE

With the causes that led to the outbreak of the Great War (1914–1918) this book is not concerned. That our statesmen did everything possible to avert the catastrophe is accepted as historical fact. Nor could this country honourably have held aloof. The war, however, was prolonged far beyond the limits of necessity. It is the causes that led to the undue protraction of this struggle that are made the subject of examination and comment in this book: for the exhaustion of war destroyed the fruits of victory by bringing economic defeat alike to victor and vanquished in the battle of arms.

When Germany drew the sword in August, 1914, it is beyond all reasonable doubt that its work was to be short, sharp and decisive; and that it was to be returned to its scabbard—for a time—pending preparation for a future task. It is certain that Germany was neither prepared nor equipped for a struggle of four years' duration.

"If we don't get to Paris in thirty days, we are beaten," Wangenheim had told me in August, and, though his attitude changed somewhat after the battle of the Marne, he made no attempt to conceal the fact that the great rush campaign had collapsed, that all the Germans could now look forward to was a tedious, exhausting war, and that all which they could obtain from the existing situation would be a drawn battle. "We have made a mistake this time," Wangenheim said, "in not laying in supplies for a protracted struggle; it was an error, however, that we shall not repeat. . . ."[1]

England's entry and the battle of the Marne had placed all hope of an early decision for Germany out of the question; and the problem with which Germany was faced from the very beginning was an economic one: she was not self-supporting, and the supplies upon which she depended for feeding, clothing and munitioning her armies, and for supporting her civil population, had to come from overseas.

The four years' Great War was a struggle for the mastery of these supplies. The essence of war, it is generally held, lies in the application of force, and in the acts of unbridled violence to which license is given. But in 1914–1918 the clash of arms, the destruction of cities and even the passing subjugation of smaller nations were not the sole determining factors of an issue in which one half of the more highly organized nations of the earth sought to impose its will upon the other half. In a war of lesser magnitude and shorter duration, and with the seas open, they might have been. The real struggle itself was unaccompanied by any single act of violence; yet it was more deadly in its passive relentlessness than the military forces and engines of war, on which the whole attention of the world was exclusively riveted.

For more than two years Germany maintained an unequal economic struggle with us: she suffered famine, but she won through. In 1917 she sealed her own doom by declaring war upon all merchant vessels in the waters round the British Islands; for by this act trade with the outside world overseas was virtually stopped. British trade with Germany's neutral neighbours, which had continued throughout the war, ceased. America entered the arena and Germany was reduced to starvation; her troops left the fighting line in search of food.

It is the story of this unseen economic struggle that is here told. The story is as yet an unrecorded chapter in the history of the war. The very existence of the struggle is probably unsuspected by the majority of Englishmen.

The oversea supplies that reached Germany came mainly through Scandinavia [2] and Holland, passing through two stages in their journey: one by sea and one by land.

Taking these stages in order; over a certain part of neutral trade we possessed belligerent rights, sanctioned by international law, treaty and convention. The rules of naval warfare under which we had fought in the past gave us great power over netural trade with the enemy; but at our own suggestion they had been made to suffer fundamental alteration in the long period of peace following on the Napoleonic wars, which ended in the early part of the nineteenth century; much of our belligerent power had been voluntarily surrendered; and the Navy, on the strength of which the power to enforce these rights depended, had therefore been rendered partially impotent. During the war, and while the enemy was receiving the benefit of our surrendered rights, a series of efforts was made to retrieve them and to bring into use the rules of the past for the conduct of our naval warfare. This policy brought us into conflict with America. The new rules, of our own making, are chiefly contained in the Declaration of Paris (1856) and the Declaration of London (1909).

Having passed the scrutiny of the British fleet and found sanctuary in Scandinavia, merchandise, in its second stage, was free from further belligerent interference. Nevertheless there were at our command very powerful and effective coercive measures by which it could be controlled, and which could not be disregarded with impunity. Oversea supplies came not only from neutrals, but from Great Britain, and her Allies, including, it is to be remembered, Japan. Scandinavia was herself dependent upon oversea supplies for her industrial and economic existence. But she was dependent largely upon certain products of the British Empire and especially upon British coal. With our own goods we were free to do as we wished. Had there been certainty that our supplies would neither reach nor indirectly benefit Germany, there was every reason that trade with Scandinavia should have been encouraged. But from the very beginning goods poured into Germany from Scandinavia, and for over two years Scandinavia received from the British Empire and the Allied countries stocks, which, together with those from neutral countries, exceeded all previous quantities and literally saved Germany from starvation.

Our trade with Scandinavia was conducted and justified on the accepted security of guarantees that Germany should not benefit by it: here it is sufficient to say that this security was worthless.

A two-fold form of economic pressure could thus be brought to bear upon Germany: that by belligerent right, to which recent custom applies, in a generic sense, the term "blockade"; and that by the control of goods from the British Empire and Allied countries.

It had been the author's wish to avoid meddling with subjects whose discussion is recognized to be the exclusive monopoly of lawyers; but during the course of a three years' struggle by correspondence on the subject of the supplies that reached Germany he was given to understand that there stood insuperable difficulties in the way of taking preventive measures for their restriction; and, of these difficulties, that the chief lay in the attitude of America towards the subject of maritime rights.

It must be pointed out that maritime rights are slippery and elusive affairs and not very amenable to amateur treatment. They rest upon an international legal basis and lend themselves, from their ambiguity, to the most extravagant form of quibbling. They are admirably adapted to contradictory interpretation: and it was thus that they were interpreted by American and English lawyers according to their interests. If the American conception of maritime rights was alleged by H.M. Government to constitute an obstacle in the way of their conducting the blockade of Germany with greater vigour, and of preventing excessive supplies from reaching her, it would have been a bold man that would have ventured to challenge this assertion.

It is partly for these reasons that the chapters dealing with the correspondence that took place between H.M. Government and the Government of the United States have been included. The author has confined himself to a few cursory comments on the rival claims of the combatants during the course of the struggle. Unfortunately, before the climax has been reached, both combatants disappear from the paper, leaving it to the choice of fancy to pronounce upon the issue.

But during the course of this battle over our right to interfere with American trade—for that was the *casus belli*—the dispute assumed an unexpected and significant phase.

America, who had been very closely pressed on the subject of the alleged injury caused by our operations to her export trade, turned sharply round and requested information on the subject of British trade. While we were invoking the aid of maritime law in support of our right of interference with American commerce, we were ourselves competing in trade with America. American displeasure was understood during the war; but the cause behind it was not. It is not alone from the light thrown on this subject by the American correspondence that the author attributes the friction with America

[1] "Secrets of the Bosphorus," by H. Morgenthau, American Ambassador at Constantinople. Hutchinson.

[2] For convenience' sake, when speaking of Scandinavia the author includes Holland in addition to Norway, Sweden and Denmark.

The remarks on oversea supplies to Scandinavia apply generally in principle to supplies to European countries bordering on the Mediterranean littoral. Neither these countries nor Holland, whose economic conditions resemble those of Denmark, have therefore been treated separately. The supplies through the Mediterranean were of far less importance than those through the North Sea.

directly to our competitive trading: the nature of many of the commercial transactions that came under his personal observation in Scandinavia, not to speak of the personal opinions of Americans themselves both during and after the war, give strong support to this view.

It was not the friction caused by our trade and the consequent attitude of America towards the subject of our maritime rights; but it was chiefly our trade itself with Germany's neutral neighbours that undermined the power of the fleet, succoured our enemies and nearly led to our defeat.

During the debates that took place in the Houses of Parliament on our blockade policy great solicitude was shown by H.M. Government for the Scandinavian neutrals, whose cause was pleaded with considerable eloquence in support of their claim to our good offices in respect of trade.

But the sufferings of the Scandinavian communities were not caused by the naval operations of Great Britain, nor by the belligerent operations of any country; they were the direct result of the deliberate actions of their own people, who sent their goods to the lucrative markets of Germany.

The war brought to Scandinavia a period of unprecedented prosperity. During 1915 and 1916 she received supplies in excess of all previous quantities. There was a double irony in the situation: for although it was through our own trade only, whose ostensible object here was the mitigation of hardship, that the neutral profiteer was enabled to conduct his thriving business, yet the scarcity thus produced in the neutral country was attributed by the suffering people to the harsh conditions of the British blockade. There was a time when meat was so scarce in Copenhagen that butchers' shops had to be closed down: special fast trains packed with fish, the staple article of diet among many of the Danes, carried it to Germany when fish was unprocurable in Denmark; incidentally, be it mentioned, the trains were run on British coal and the fishing tackle was supplied by Great Britain: Swedish spindles were idle when the wharves and quays of Swedish ports were choked with cotton for Germany: and coffee, the favorite beverage of the Swede, was unobtainable in Swedish restaurants at a time when Sweden was exporting large quantities to Germany.

Germany's propinquity placed the Scandinavian States in a position that gave trading in any circumstances the character of a very hazardous enterprise, in which any doubt should have been resolved in favour of our fighting forces; but the magnitude of the traffic with Germany was notorious, and left no room for doubt that it was the pure growth of all Scandinavian oversea importations.

It is most difficult to reconcile statements made from time to time by H.M. Government on this subject. Thus, at one time, when the country was uneasy on account of the extent to which supplies were being allowed to reach Germany, we are given to understand that not much was going through neutral countries;[3] and at another, when the occasion required it, as it did during the diplomatic discussion with America in order to establish a claim for interfering with her trade, we learn that "it is common knowledge that large quantities of supplies have . . . passed to our enemy through neutral ports"; and that they—the ports—"have, in fact, been the main avenues through which supplies have reached the enemy."[4]

Without apparent discourtesy to either one side or the other it is not possible here to make appropriate comment.

Moreover, the policy of H.M. Government towards these neutrals did not conduce to the good understanding which it was desired should be established with them. The neutrals were proof against flattery, which they assessed at its correct value: they took our goods, and such of them as could be spared, if not sold to Germany, they used for Germany's benefit.

The author, who served as Naval Attaché in Scandinavia for six years, including the four years of war, can, he thinks, speak with some knowledge as to the general trend of Scandinavian opinion on the blockade policy of this country. It was, in his opinion, the universal belief that, should England become involved in a European war, Scandinavia would have to be prepared to make sacrifices. That all supplies from England would be cut off was not expected; but it was felt certain that the bare requirements of domestic consumption would in no case be exceeded.

The prestige of this country probably never stood at so high a level, and our naval strength was never greater than in August, 1914. With the help of our Allies we were in a position of advantage which the most extravagant optimism could never hope again to reach. If the name of England was not uttered with bated breath, it was mentioned with real respect. But when war broke out the extent of our traffic, which helped to swell the stream that poured into Scandinavia, amazed the Scandinavians. It was equally injurious as well in its moral as in its material effects, for it gradually stimulated the belief that necessity quite as much as philanthropy lay at its roots. Our prestige waned, and the belief was encouraged that it was no longer England but Germany that was to be feared.

Trade with Scandinavia continued unchecked for over two years: agreements by which neutrals engaged that Germany should not benefit by our trade were openly and continuously violated: representations, containing clear, authentic statements of facts, supported by trustworthy analyses of figures relating to the manner in which the raw materials and finished products from overseas passed in identical or similar form through Scandinavia to Germany, were disregarded.

When Germany was in the grip of famine and food riots had to be put down by the military, disaster was averted only by the prodigious supplies that passed into the country through Scandinavia. It is true that direct trade with Germany was forbidden, and that certain restrictive measures for the prevention of indirect trade were provided for by municipal legislation. Such measures, however, were inadequate: they proved to be no protection against their abuse. Moreover, the ulterior and dangerous uses to which almost all merchandise can be put in war time by a neutral bordering on enemy territory are multitudinous, and little appears to have been understood of the potential power for harm possessed by merchandise when it had reached Scandinavia; or of the manner in which it affected the economic situation of Germany, which it was the object of the blockade to exploit to our advantage.

The leverage that the control of our own supplies, especially coal, gave us, had it also been combined with a knowledge of the needs and the resources of other nations, was a weapon that could not have been resisted. There is probably no case in history in which the economic forces at the disposal of a nation on the outbreak of war have been so great as those that this country held in August, 1914.

It was only when, from sheer necessity, really effective pressure was brought to bear, both from the full exercise of our maritime rights and the right to control the distribution of the products of our own Empire, that the position of Germany—always desperate—became hopeless.

Whatever may be thought of the views of the author, it may be stated that his proposals for preventing supplies from reaching Germany were all carried out after the war had been in progress for two and half years.

Although our entry into the war came as an unwelcome surprise to Germany, yet it was a contingency for which she had made certain well-considered preparations. General von Bernhardi in his "Germany and the Next War"—a pre-war publication, referring to which General Ludendorff[5] says, "It would have been better if it had never been written"—observes, "It would be necessary to take further steps to secure the importation from abroad of supplies necessary to us, since our communications will be completely cut off by the English."

Bernhardi's view, which, like that of the Scandinavians, had been based upon England's naval record of the past, was wrong. But, that Germany should be able to obtain her supplies in war time, especially food and the raw materials for munitions, due provision had been made.

In 1909 there had been drawn up at Germany's suggestion a set of rules by which commerce in war time was given so great a measure of freedom as to render the power of our fleet, through which the right over commerce was exercised, almost useless. Wonder and mystery seem to have accompanied the Declaration of London, which contains these rules, throughout its career from the time of its inception up to the date of its final renunciation. It was brought into being in secrecy; its provisions, when known, were examined; and reasons so clear, forcible and convincing were brought to bear against it as to be unassailable. It was rejected by the House of Lords as being redolent of German suggestion and dangerous. Yet when this country became embroiled in war with Germany the Declaration of London, unratified and long considered dead, leaped into life, defied its detractors and started on a career of disaster which continued until the 7th July, 1916, the date on which it met its doom.

On 24th April, 1916, in a Memorandum presented to the U.S. Government it is stated:—

"The United States Government will, it is believed, agree with His Majesty's Government that no belligerent could in modern times submit to be bound by a rule that no goods could be seized unless they were accompanied by papers which established their destination to an enemy country. . . . To press any such theory is tantamount to asking that all trade between neutral ports

[3] From speech of Lord Robert Cecil quoting Lord Faringdon, who had visited Scandinavia. (See Part II, Chap. XIII.) Parliamentary Debates, No. 158, p. 3194, 26th January, 1916.

[4] Cd. 8284, p. 24. H.M. Government to U.S. Government.

[5] "My War Memories." By General Ludendorff.

shall be free, and would thus render nugatory the exercise of sea power and destroy the pressure which the command of the sea enables the Allies to impose upon their enemy." [6]

Article 35 of the Declaration of London tells us that the ship's papers are conclusive proof both as to the voyage on which the vessel is engaged and as to the port of discharge of the goods.

The one statement was made in war time, the other in peace time: the latter under German suggestion, the former under German coercion.

There are one or two words, however, to be said in favour of the Declaration of London: they come from Germany and will be found duly recorded. They furnish unimpeachable evidence of the tenacity with which Germany was prepared, at least in one case, to cling to her plighted word.

EXHIBIT 7

THE WASHINGTON FORUM, INC.

The Washington Forum has compiled the following list of American companies which have negotiated or signed agreements with Soviet trade organizations. Because of the tight control and release of information on the Soviet side and the desire of some American businesses to keep their negotiations secret for competitive reasons, this is neither a complete nor an authoritative list. Asterisks indicate those companies which have signed agreements of commodity sales or exchange or scientific and technological cooperation.

Abbott-Glass Company
Abex Corporation*
Acme Manufacturing
Air Industries Corporation*
Airoyal
Ajax Magnethermic Corporation*
Ajax Manufacturing Company*
Alaska Airlines
Albany International Corporation*
Alien Group
Alliance Tool and Die Corporation*
Allied International, Inc.*
Allied Steel and Tractor Products*
Allis Chalmers*
Aluminum Company of America*
American Air Filter Company*
American Beneficial Corporation*
American Can Company*
American Chain & Cable Co., Inc.*
American Express Company*
American Foreign Insurance Association*
American Import, Inc.*
American International Underwriters*
Americn Magnesium Company*
Amoco Chemicals
Ampex Corporation
Amprop
Amtel, Inc.*
Andco Company*
Andero
Anderson IBEC
Annco Inc.*
Applied Magnetics
Armco Steel Corporation
Arthur Andersen and Company*
Associated Import, Inc.*
Astech Industries
Astor International
Astronautics Corporation of America.
Atlantic Richfield Company*
Atlas Fabricators, Inc.*
Avco
Avon Products, Inc.
Axelsom, Inc.
Babcock and Wilcox Company
Bailey Instruments, Inc.
Baker Oil Tools, Inc.
Bechtel Corporation
Beckman Instruments, Inc.
Bel-Art Products
Belyarus Company*
Bendix International
Black-Russell-Morris*
Blaw Knox Foundry & Mill Machinery, Inc.*
Boeing Company*
Bordon, Inc.
Borg-Warner*
Bridgeport Machines*
Brown and Root, Inc.*
Brown and Sharpe*
Brown Boverie & Cie
Brunswick Corporation
Bryant Grinder Corporation*
Bucyrus-Erie Company
Bunge, Inc.*
Burford Corporation
Burr-Brown Research
Burroughs Corporation
Business Machines Corporation
Byron Jackson Pump Div., Borg-Warner*
CBS Records International*
C.E. Cast Equipment*
CMI Corporation*
C.N. Woods
C.R.C. Cross International
C. Jim Steward and Stevenson, Inc.*
Cabot Corporation*
Camco*
Cameron Iron Works*
Capitol Records, Inc.*
Carborundum Company*
Cardinal Scale Manufacturing Comany*
Cargill, Inc.*
Carpenter Technology Corporation*
Catepillar Tractor Company*
Celanese Plastics Company
Ceres International, Inc.*
Chemetron Corporation*
Chemical Construction Corporation*
Cheston Company
Chicago Bridge and Iron Company
Chilowich Corporation
Chilton Research Services*
Chromalloy American Corporation*
Chrysler Corporation*
Clearing Company
Cincinnati Milacron*
Cleveland Crane & Engineering*
Coca Cola Company*
Cohn Hall Marx
Collins Radio Corporation
Combustion Engineering, Inc.*
Condex Corporation
Connecticut International
Container Transport Internations, Inc.*
Continental Can Company
Continental Enesco*
Continental Grain Company*
Control Data Corporation*
Convair*
Cook Company
Cook Industries, Inc.*
Cooper Bessemer
Cooper Industries
Corning Glass Works*
Crankshaft Machinery Company*
Criminal Research Product, Inc.*
Cross Company*
Crucible, Inc.*
Delaval Turbine, Inc.
Detroit Edison Company*
Deutsch Industries
Dicalite Company
Direct Mail Advertising Association
Dow Chemical Company
Dow Corning Corporation*
Dresser Industries*
DuPont*
Dynatech Industries
E.G. & G., Inc.
EM & M
EMR Corporation
Eagle-Picher Industries, Inc.*
Eastern Airlines
Eaton Corporation
Edo International
El Paso Natural Gas Company*
Electronucleonics, Inc.*
Engelhard Minerals & Chemical Corporation
Epoi
Erie Foundry
Eurotank
Ex-Cell-o Corporation*
F.H. Maloney
FMC International*
Fellows Corporation (Springfield, Vt.)*
Fenn Manufacturing Company*
Fiat-Allis*
Firestone Tire & Rubber
Fleetwood Systems, Inc.
Ford Motor Company
Foster Wheeler
GTE Sylvania*
Gardner Denver
Garnat Grain Company
Garrett Corporation
Garston Thomas Company*
Gearhart-Owen, Inc.*
General Binding
General Dynamics Corporation*
General Electric Company*
General Fish Machine Company
General Magnaplate
General Mills*
General Motors Corporation
Gerber Products
Gettenburg Marine Company
Giddings and Lewis*
Giffels Associates, Inc.*
Girton Manufacturing Company
Gleason Company*
Gleason Works*
Graphic Science Company*
Grove Manufacturing Company
Gulf and Western*
H.K. Ferguson Company
Haliburton Company*
Hartford Insurance Company*
Hayes Corporation*
Herman Corporation
Hewlett-Packard Company*
Hill Acme
Hilton International
Hinds International, Inc.*
Holcroft & Company*
Holiday Inn*
Hooker Chemical
Honeywell, Inc.*
Howmet Corporation*
Hydraulic Press Company*
Hydrotech International*
IBM Corporation*
IBM World Trade Corporation
Illinois Central Industries*
Immedex Trade Company*
Industrial Chemical & Die Company, Inc.*
Industrial Nucleonics Corporation*
Infinetics, Inc.
Ingersol Milling Machine Company*
Ingersoll-Rand Company*
Instruments Systems Corporation*
Intel
International Engineering
International Harvester Company*
International Hotels
International Paper Company*
International Systems & Controls Corp.*
ITT*
Interpool, Ltd.
Intertex International, Inc.*

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[6] Cd. 8284.

J.I. Case Company
J.F. Pritchard and Company*
Johnson Division of Schlumberger
Jones and Lamson Division of Textron*
Joy Manufacturing Company*
Kaiser Aluminum and Chemical Corporation*
Kaiser Industries Corporation*
Kaiser Steel Corporation
Kearney & Trecker Corporation*
Kingsboro Machine Tool Company*
Koehring Company
Kolon Trading Company, Inc.*
Kraft Apparatus
Ladish Company
Landis Tool Company*
LaSalle Machine Tool, Inc.*
Leasco*
Lehman Brothers
Lexington Instruments, Inc.
Life Savers International*
Ling-Belt Speeder Div., FMC Corporation
Litsner-Smith Corporation
Litton Industries, Inc.
Lockheed Aircraft Corporation*
Logos Development Corporation*
Louis Dreyfus Corporation
Lummus Company*
Lykes Brothers Steamship Company*
MTS Systems Corporation*
M.W. Kellogg
Machinery Manufacturers Institute
Macmillan, Inc.*
Magnetic Corp. of America
Makandrius
Marsh Stencil Machine Company
Marsteller, Inc.*
Martin C. Dwyer, Inc.*
Martin Marietta Corporation*
McDonnell-Douglas
Mead Corporation
Measurex*
Minnesota Mining and Manufacturing
Monarch Machine Tool Company*
Monsanto*
Morrison-Knudsen Company
Nadler & Laremer
Nashua Corporation
National Broadcasting Company*
National Cash Register Company
National Engineering Company*
National Steel Corporation
New Britain Machine Company*
New Brunswick "Scientific Company"*
New Holland*
Noblement Refinif*
Norton International
Norton Simon, Inc.
Occidental Petroleum Company*
Oregon Metallurgical Corporation*
PPG Industries*
Pan American World Airways*
Pangborn Division of Carborundum Company*
Parsons and Whittemore, Inc.
Patent Management, Inc.*
Patterson Industries
Peco Corporation
Pellerin-Milnor Corporation
Pepsico, Inc.*
Perle-Youdene Company
Petroleum Engineering Publishing Company*
Philip Morris, Inc.*
Philipp Brothers
Phillips Petroleum Company
Photovolt Corporation
Pitney-Bowes, Inc.
Planet Associates Ltd.*
Polaroid Corporation*
Porter International Company*
Pratt and Whitney Aircraft*
Pratt and Whitney Machine Tool Division of Colt Industries, Inc.*
Precision Systems, Inc.
Prichard Rhodes*
Pullman, Inc.*
RCA Corporation
REA International Corporation
Ralph M. Parsons Industries
Raycon Corporation*
Raymond Loewy/William Snaith, Inc.*
Raytheon Company
Reda Pump Company, Div. of TRW*
Refrigeration for Science
Reynolds Metals Company*
Robin Company
Rockwell International*
Rohr Industries*
Rorer-Amchem
STD Research Corporation
Satra Corporation*
Scientemp Corporation
Shalko Systems*
Sheraton International
Signal Stat Company*
Singer Company*
Solar Div., International Harvester
Soviet Import-Export, Inc.*
Spectra-Physics
Sperry Rand
Sperry Remington
Sperry Univac
Stanford Research Institute*
Storage Technology
Strick Corporation*
Sunkist*
Superintendence Company, Inc.*
Susatronic Engineering, Inc.*
Sutter Products International, Inc.*
Swindell-Dressler Company*
Systron-Donner
TRW, Inc.*
Tasker Industries
Techno-metrics, Inc.*
Tektronix
Teledyne Titanium*
Telex Corporation
Tenneco, Inc.*
Terraspace, Inc.*
Texas Eastern Transmission Corporation*
Texas Instruments
Textron, Inc.
Thermo Electron Corporation*
Time Magazine
Titanium West Inc.*
Tower International
Transworld Airlines
U.S. Industries, Inc.*
Udylite*
Union Carbide Corporation*
Union Oil Company of California
Union Tank Car Company
United Aircraft Corporation
United States Radium Corporation*
Universal Oil Products*
Upjohn Company*
Urschel Laboratories, Inc.
Vacuum Industry, Inc.*
Varian Associates*
Vickers-Armstrongs, Ltd.*
Voice Identification
Vulcan Iron Works
WOS, Inc.*
Warner & Swasey Company*
Waterbury Farrel*
Wavetek
Welt International Corporation
Werson Company
Westinghouse*
Wheelabrator International, Inc.*
Whittaker Company*
Wickes Corporation*
Woodman Company

(Compiled by Thomas V. Lydon, September 1974)

EXHIBIT 8

[From Our Generation (Canada)]

VODKA-COLA: WHO REALLY BENEFITS FROM "DETENTE"?

(An interview with Charles Levinson. Charles Levinson is the Secretary-General of the International Federation of Chemical, Energy and General Worker's Union (ICEF) with headquarters in Geneva. His new book Vodka-Cola. (McClelland and Stewart) describes the new convergence between manufacturers of the West and Communist governments. This article comes from a press interview given in Geneva)

QUESTION. What does your title, 'Vodka-Cola', signify?

LEVINSON. The term is both a symbol of East-West integration at the level of the elites (the Western multinational business and financial elite and the Eastern bureaucracy), and an historical event which encapsulates many of the fundamental anti-democratic elements of the development of the trade detents, to which the political detente has become an instrumental appendage.

The original deal—the barter of bottles of Russian 'Stolnichskaya' Vodka in exchange for the 'secret formula' syrup with which to make Pepsi-Cola—is a fundamental step on the road to opening up full profit prospects for the multinational companies in an area of the world where money exchanges were not possible. It also entailed the establishment of bottling plants by the Pepsi-Cola Corporation on Russian soil, another previously unthinkable notion. The widespread barter trading, or counter-trading of which this was a single example, has now progressed to the point where Western multinational corporations are investing technology, know-how and capital equipment in Eastern Europe in return for a portion of plant output to sell at dumping prices on Western markets. The profitability for the Western firm lies, of course, in the fact that wage differentials are up to ten times lower in the East, whilst workforce discipline is strictly guaranteed by the authoritarian production partner.

Even more significant, however, than the mechanics of the economic transfer of production across ideological lines, are the shadowy relations between protagonists of the worlds of big business and politics which lie beneath the surface. The first Vodka-Cola deal was negotiated by Richard Nixon when he was still a salesman for Pepsi-Cola on his way to being President of the USA. The details of the story are told in my book of how the publicly anti-Soviet Nixon came to announce in 1971 the arrangement of the barter deal on behalf of his mentor and supporter Pepsi Chairman Kendall, a fervent admirer of Brezhnev and the Soviet system.

With the demise of Nixon, a new Vodka-Cola star arose. Carter was to raise the standard of Coca-Cola yet higher than that of Pepsi. Coca-Cola headquarters are established in Atlanta, Georgia, whence came Governor Carter with the full support of the Rockefeller/Coca-Cola establishment who saw in him an alternative to Ford in case of a Democratic victory—a "tails-I-win, heads-you-lose" situation in fact.

I have a whole section in the book dealing with Carter's 'Coca-Cola Cabinet'. The majority of people chosen for his new Administration were related to big Eastern-trading multinationals or to the clubs and foundations in which the denizens of the elitist 'Overworld' formulate policy, such as the Tri-Lateral Commission, Council on Foreign

Relations and the Rockefeller Foundation. As Pepsico executives left with the Nixon Administration, they were replaced by four more from Coca-Cola, including an Attorney General who was permitted to retain fourteen million 'Coke' shares.

Within a very short time a new deal was announced in which Coke would have the monopoly of drink inside the Moscow Olympic Stadium at the next Games, and a contract was signed for the manufacture and distribution of its 'Fanta' range throughout the USSR (cola being banned as already a Pepsi preserve). Next stop was the China deal which has recently hit the headlines.

QUESTION. With your concentration upon the workings of "an elitist Overworld" and foundations and clubs of the rich and powerful, are you not giving us a massive "conspiracy theory"?

LEVINSON. "Conspiracy"—yes. "Theory"—no.

As I say in my book, decisions taken in the context of such vast operations, where questions of national diplomacy and high finance are hand-in-hand—the "Billion-Dollar World" as I term it—are, by the nature of our society, taken in secret.

No more than about 2,000 people in the world control the decision-making of the mightiest global companies and banks which in turn dominate lesser components of the economy. These people are multi-linked by ties of board membership or joint ventures into the power centres of politics and finance, through the select policy clubs and groups to which I have referred. These bodies exist; they have meetings; they even publish the occasional paper or press announcement. But their decisions and directions are inscrutable and far-reaching.

This is natural under the circumstances. Questions involving billion-dollar sums such as are involved in extensions of massive trading credits to the East, or fixing up a new multi-plant deal for establishing an automotive engineering capability inside ideological 'enemy territory' are considered too delicate for wide prior discussion, on grounds of the money risks involved alone. After all would it not be ridiculous and naive to suppose that deals of this magnitude were embarked upon without lengthy fore-thought, negotiation, planning and co-ordination between the parties concerned?

The dictionary definition of a 'conspiracy' is "A combining or acting together, as if by evil design." I think the circumstances I outline in 'Vodka-Cola' fulfil that definition to the letter!

'Theory', however, the book is not.

Throughout its nearly 400 pages you will find I simply present case after case of documented coproduction deals across the full range of multinational company operations in Eastern Europe and point to some of the lesser-publicized features of these arrangements. In the context of other historical and recorded events regarding some of the protagonists of these deals, the facts speak very loudly of the nature of the exercise being managed.

The book has a whole chapter on the background to the massive US-USSR grain deals, for example, in which high-level negotiations which were to have significant market effects were kept totally secret from the public until they had been completed. Even then, details of several billion dollars exchanged between the parties were never revealed.

For the Communist regimes, of course, the divulgence of information, especially to its own people, has never been an issue. The restriction and modification of information is an integral part of the functioning of the authoritarian state. But in those circumstances the 'conspiracy' takes the form of an ideological sellout—a tacit agreement to use its people as a cheap labour source for the growth and integration of the multinational companies. Decision-making inside Eastern Europe on matters of transideological trade is, if anything, even more centralized and restricted than in the West. And, as Brezhnev's personal stable of fast sports cars bears witness, the individuals involved are subject to similar personal indulgences.

QUESTION. But would the fundamental anti-capitalist stance of the Soviet regime actually allow such linkages as you describe to take place?

LEVINSON. This is where the convenient semantics of political ideologues comes into its own. Whilst the Eastern regimes claim to be fighting 'capitalism' in the abstract, they seem very content to collaborate with individual 'capitalists' in the concrete form of multinational employers and financiers. David Rockefeller, Chairman of Chase Manhattan Bank and linked into the world's leading multinationals and power groups. (Chairman of the Tri-Lateral Commission, Bilderberg Club, etc.), inherits the family burden as arch-symbol of the capitalist exploiter. Yet Rockefeller is a direct partner of Brezhnev and the Communist clique, being instrumental in arranging multi-consortia credits to the USSR, fixing up deals and agreements in the spirit of Vodka-Cola. The tenant of number 1, Karl Marx Plaza in Moscow, is not as one might suspect, a primary institution of the Soviet State but Rockefeller's own Chase Manhattan Bank.

The separation between the ideology and the fact among the Eastern rulers is as great, if not greater, than that among the Western armaments manufacturers who hypocritically claim to be "fighting Communism", whilst investing heavily in the heartland of the "enemy".

A similar schizophrenia is apparent among Communist Party acolytes in the West. Whilst claiming to pursue their maneuverings within and around workers' organisations in the interests of liberating the masses, they receive a very large proportion of their income from the myriad capitalist undertakings which they have formed to further East/West trade. My book traces some of these links in the case of the Italian and French Communist Parties. The opening up of the trade detente has led to such ideological alliances as that which allows the large Italian corporations and Rockefeller international banks to assist in planning the entry of the Communist Party into the Italian government. The plain reason for this (openly stated by some top managers) is that they feel the Communist Party will be able to control and dominate the workers and limit (possibly even remove) free trade unionism, so that wage determination can be centrally controlled and strikes outlawed in much the same way as they are in Eastern Europe.

WHAT CONVERGENCE REALLY MEANS

QUESTION. Would you deny, however, that the increase in East-West trade cooperation has helped detente, lessened the international tension and even looks likely (for whatever reasons of self-interest) to open up the Eastern regimes to liberalizing influences on such matters as "human rights", for example?

LEVINSON. I'm afraid I have to disagree with you. This theory of what has been termed "positive convergence"—authoritarianism being modified by Western, supposed "liberalism", and capitalism receiving lessons in socialist planning—is a myth which neither history nor current experience supports. I must tell you that unless steps are taken to democratize the whole process of international production, my own fears are that the two systems will mutually reinforce each other's authoritarian features, leading to a "negative convergence", rather.

First of all, the cooperative trade element is not simply an aspect of detente; it is the original reason for the political detente now being noisily, but incompletely cobbled together. My book 'Vodka-Cola' lists many examples of economic detente ("schizophrenia" would be a better word), which were negotiated back during the "cold war days", some 20 years ago.

Politics is very much a "Johnny-come-lately" in this area, as in most others. Politicians are not innovators but front men or international "Muppets" for forces and interests to which they are subordinate. My book makes the processes of this subordination clear—especially in relation to the question of "detente".

It is true that the two elites seem to have achieved a more accommodating diplomatic framework for cooperative trading by mutually defusing such confrontations as the Vietnam War or the Middle East, for example. It is also true, however, that the same period has seen a build-up in Warsaw Pact forces, the production of the MIRV missile, the Cruise missile, and the neutron bomb. Almost all the companies which manufacture the Western weapons and their guidance and delivery systems under the most lucrative conditions are also joint-venture partners of the trade monopolies of the supposed enemy. This goes for Rockwell International, General Electric, Lockheed, Raytheon, Control Data, Ford, General Motors, Chrysler, McDonnell Douglas and the Rand Corporation to name a few of the largest, all of whom have plants operating in Eastern European Communist countries from which they are reaping rewards in the form of cheap output for re-sale in the West.

In one recent Parliamentary Question in the British House of Commons, an M.P. elicited a confession that parts for cannon mounted on British NATO forces tanks were being made in the USSR because of more reliable delivery dates due to an absence of labour disputes.

With a mutual interest network of such proportions to defend, the threat of all-out war is evidently reduced.

The concept of "Peace" as a positive human aim, however, is sadly put at even greater risk by this very alliance of elites. By transferring their production facilities to Eastern Europe, the Western ruling elite has taken out a mortgage on the "gulags". It is by the suppression of workers' organizations and democratic opposition that the authoritarian regimes can provide such competitive wage and production costs to seduce the multinational investors. The threat of any disturbance to this authoritarian system would also threaten the recovery of the $100 billion and more credit extended to the East on the basis of these cheap labour pay-back guarantees. The tremors that any attempt at "liberalization" would cause in the capitalist world would create an unprecedented crisis of finance.

The big danger is that the threat of job losses in the labour-organised West may weaken democratic forces to the point where the multinational company interests

may be able to introduce many of the constraints upon democracy and union organization that they benefit from in Eastern Europe and the other authoritarian environments in which they thrive.

This is the lesson that past experience teaches—certainly it does not give hope for a "liberalizing" influence. The same companies and banks that were busily touting the virtues of Hitler before the Holocaust are those who are now extolling the virtues of Brezhnev's communism—for the same reasons. Some of these companies were able to earn profits with Hitler throughout the War period. ITT factories in Germany were producing aircraft to shoot down Allied planes. Profits on these operations were gathered throughout the War in secret Swiss bank accounts.

Major munitions companies. Ford and General Motors, whose German factories were being used to manufacture the lethal Tiger and Panzer tanks which did such damage to American troops in the Battle of the Bulge, are now busily promoting their philosophies in the USSR and other authoritarian locations. Multinational investment strengthened but did nothing to liberalize Hitler in Germany, Mussolini in Italy. Franco in Spain, Salazar in Portugal, the Colonels in Greece, the Reich in South Africa or the myriad dictators in Latin America—they will similarly work against liberalization in the Communist regimes.

Carter's much-vaunted 'Human Rights Campaign' fits into this context as a deliberate smoke-screen. Despite the noise and the advance of East/West cooperation, there has been absolutely no responding loosening of civil or human liberties inside the area of Soviet influence, no emigration restrictions have been lifted, dissidents, racial minorities and especially elements seeking to form independent workers' organizations, have been even more strongly repressed. It would appear that Carter's purpose (and therefore the purpose of his business sponsors) in spotlighting this issue is to convince the US Congress that the Jackson-Vanik Amendment, which limits credit to the USSR and the extension of Most Favored Nation (MFN) trading status, is a barrier to economic detente and should be removed.

I predict that his appeal to Congress will be along the lines: "We have gone to the brink in our efforts to persuade the Soviets to liberalize their system but as you see this is not possible in the short term. By our insistence through the Jackson-Vanik Amendment on the emigration issue, we are endangering the far more important long-term question of trade detente. Remove this Amendment founded on an antiquated view of politics and open up the path to the extension of more credits and trading possibilities". The removal of the Amendment when it comes will also mean more profits from much lower tariffs for both the USSR and the Western multinational selling Russian-produced goods.

When two creatures of like species join together—the authoritarian multinational oligopolies with the authoritarian statists—we must expect a strengthening of the tendency. My warning is intended as a call to those with an interest in defending democracy to organize to fight this new alliance of authoritarians. There is no more meaning to "Left"/"Right" ideology in this context—there is only the continuing struggle of those below against the attempts at domination by those on top.

Politics has moved from the horizontal clash of alternative power elites to the vertical by virtue of the integration of ruling castes of both systems.

A DIRECT THREAT TO EMPLOYMENT

QUESTION. Regarding counter-trade and co-production itself; is it not true to say that the extensive orders of machinery and plant of all kinds by the Eastern partners provide a very substantial boost to employment in the most important capital goods sectors at a time when Western capitalism is otherwise creating a crisis of unemployment for workers?

LEVINSON. Although the production of capital equipment clearly gives a certain amount of employment for Western workers in the short term, this is really a Frankenstein monster situation. Already, the amount of employment generated in the engineering industry to produce turn-key installations in Eastern Europe (and now China) is outweighed by the job losses from the more labour-intensive factories downstream which are being shut down increasingly in such industries as rubber, textiles, glass, electronics, fibre production, fertilizer, clothing and so on. The installation of a factory is a one-shot operation; but the output from that plant will continue to flood out for a decade or more.

And we are now only in the early stages of the realisation of this trend—this is the point at which the new plants are being installed. The buy-back goods are only just starting to come back—yet already they are creating big problems in some markets, restricting drastically the potential for competitive production in the West based on more realistic wage rates.

This is because many of the plants now being built and installed in the East are in large measure simply replacements for plants which would otherwise have been built in Western Europe or the USA, for example, by the multinational companies—in that sense they are not "extra" boosts to employment in the capital sector, but they are a direct threat to employment in downstream industries.

Take, for example, the Levi-Strauss joint-venture in Hungary which produces jeanswear for sale in the West, the Uniroyal tire plant in Poland which sells its output in France and other Western European markets, or the component factories of General Motors or Renault whose production is intended to be assembled into vehicles which are hardly even distributed in the East. All these (and my book is packed with hundreds more examples) indicate a worsening condition for job losses in the West as a result of this co-production dumping.

QUESTION. Since your book was prepared, the phenomenon you describe has been extented to China with whom the USA now has diplomatic relations and with whom the West is opening up similar trading arrangements to those negotiated in Eastern Europe. How does this fit into your thesis?

LEVINSON. These developments (which are predicted, incidentally, not only in 'Vodka-Cola' but in my first book 'Capital, Inflation and the Multinationals' published as long ago as 1971,) totally confirm the 'Vodka-Cola' thesis of integration of controlling elites and the servitude of politics to multinational business.

The very same companies who were first to establish deals in the Soviet enclave are featured in the recent rash of announcements of cooperation projects in regard to China.

It emerged, for example, that the Coca-Cola deal had been negotiated over a ten-year period. Only when it was ready for signature did Carter arrange political recognition and bring down the trade barriers.

In the case of China, however, there is at present room for an element of optimism. The vastness of the country, and the different, dispersed peasant base of its revolutionary development have not as yet allowed the establishment of a totally centralized State/Party monolith intolerant of discussion or opposition and in sole command of internal development. The potential still exists, in theory at least, for the new industrial revolution (of which the Western technological imports are a feature) to foster the formation of democratic, open and self-expressive workers' organizations to maintain and advance conditions and benefits for those involved in the production processes. Against this hope, of course, is the knowledge that the Western multinationals will now be seeking to replicate the situation from which they profit so hugely in Eastern Europe—namely another immense fund of docile, low-paid, State-directed labour. This is an urgent challenge for democratic advancement in this emergent continent.

CAPITALIST OWNERSHIP IN THE "WORKERS' STATE"

QUESTION. How can you charge that there is an integration by Western multinational companies into the U.S.S.R. regime when the Soviet constitution specifically denies these firms any rights of ownership in the Soviet Union?

LEVINSON. That is mere semantics, bearing no relation to the prevailing reality. The companies are de facto partners in the plants which their technology and technicians build, for which their banking coordinates extend credits, for which their technical personnel train Soviet workers in production methods and from which they take a proportion of the output under a signed agreement valid in international law. None of the elements of ownership are lacking.

In Poland, in Hungary, Roumania and Yugoslavia, already the State Constitutions have even been changed to take cognizance of this reality—allowing 51/49 percentages in some cases and even 50/50 formal ownership and above in plant by capitalist and Communist cooperators on socialist soil. In the summer of 1976, after two years of study, Poland announced new joint-venture regulations which go much beyond those prevailing in any other country. Avoiding excessively detailed legislation such as exists in Hungary and Roumania, the decree for the first time permits a 100 percent foreign-owner company. Joint-ventures between multinationals and Polish organizations presumably of any proportion from 10 percent to 90 percent is authorized. Up to 50 percent of the companies' after-tax profits calculated upon Polish income tax regulations, can be repatriated in hard currency. The decree further permitted 100 percent-owned or joint-ventures to be undertaken by persons or corporations domiciled abroad. In the case of liquidation, the Western firm can repatriate the original investment plus its share of capital gains. The Soviet Union has received one or two major set-backs in the otherwise steady progress of counter-purchase and buy-back deals based on capitalist imported techology because of its opposition to meeting the Western multinationals' request for direct ownership of assets on Soviet soil. These problems have caused the Soviet Union to re-evaluate the question and studies have been carried out to determine what legislative changes may be necessary to allow foreign corporate pres-

ence, ownership and control along with the companies' technology which is being bought. So far advanced are the alliances of "Vodka-Cola" that this next step is likely to be a very short distance away. Already formal contracts exist between Western multinational companies and Soviet state foreign trade organizations establishing jointly-owned ventures in third countries (particularly in the developing world). For example, a US/Soviet fishing company (Sovrybflot) has been formed. The USSR's fishing fleet has been forming joint-ventures in Europe, Asia and Africa with local companies. The U.S. subsidiary is called US/USSR Marine Resources Inc. The American partner is Bellingham Cold Storage Company. Fish will be caught by American vessels and processed aboard Soviet floating fish factories. In these situations, the multinational companies bring their know-how and the FTO's bring their manpower and raw materials, while each share the profits.

QUESTION. You say that the attraction for Western multinational companies of Eastern European production and buy-back is the low wages paid to Eastern European workers. In an economy where prices are totally administered centrally, might the low-priced product not simply be the result of a government decision to attract Western technology by granting a competitive price unrelated to actual production or wages costs?

LEVINSON. It is the nature of the "Vodka-Cola" transactions that the Eastern European regimes provide the predominant component of low-labour costs which is necessary to the whole operation. For the Western multinational companies, after all, there is little other attraction. The technology and know-how is Western, the machines are mostly Western-made, start-up costs are considerably dearer, operating efficiencies are lower and land and buildings are a relatively insignificant factor.

The only accounting item to show a more profitable result, therefore, is labour costs. The cheap wage incorporated-labour element in the end-products of counter-purchase, co-production and joint-venture is the fundamental "comparative advantage" in the commitment of capitalist technology to Eastern Europe. Without this advantage and the credits, industrial cooperation would not take place. Cyrus Eaton, the renowned Cleveland millionaire capitalist, President of Yale & Town Co., and an intimate and long-standing friend and colleague of the Rockefellers and the Soviet rulers alike, put it succinctly in a statement in 1970. Commenting upon his negotiations of a $40 million 50/50 venture tire plant in the East, he explained that the Communist state partner would "own and operate the plant, supplying the operational management and labour". His own Western half would be located in tax-haven Switzerland which would market the tires everywhere in the West. "This enabled the Eastern country to earn hard currency and," as he explains further, "because of lower labour costs, the venture can sell tires cheaper than Western companies can." The Eastern European worker is donating his "socially necessary labour time" to swell the profits of Western multinational companies in direct competition with his Western brothers, but with the compulsion of his government and union.

From the point of view of the Eastern co-producer in a simple buy-Back deal—as opposed to a formal joint-venture—certainly the actual buy-back cost negotiated could be an artificially low one; but under any kind of Marxist or socialist analysis of the production process, it must be the East European worker who bears the brunt of such low pricing, since it is the results of his "socially necessary labour time" which is being bargained away. Price reductions below cost would simply mean an even greater downward pressure on wages somewhere in the system. For administrative clarity and controllability, however, this pressure is most likely to be applied at the point of production of the article in question.

Since the Eastern European regimes, apart from Yugoslavia, determine wage levels for each industrial category centrally, there is little chance of hiding or modifying substantially what the actual costs of labour in a particular operation are likely to be. Such figures are used as a regular basis to the East/West contract negotiation. The plain fact is that Eastern European wages are simply very, very low in comparison with anything the multinationals could find elsewhere.

EXHIBIT 9

[From The New York Times, Sept. 22, 1983]

CURB ASKED ON TRADE TO SOVIET

(By Clyde H. Farnsworth)

WASHINGTON, Sept. 21.—The President's national security adviser, William P. Clark, has endorsed a proposed tightening of controls over exports to the Soviet Union, Administration officials said today. His action intensifies an interagency conflict over Washington's response to the Soviet downing of a Korean Air Lines plane.

Mr. Clark's intervention came in a letter to Commerce Secretary Malcolm Baldrige. The Commerce Department enforces the export controls and heads an interagency committee that makes policy recommendations.

The Clark letter supported the committee's recommendation of Sept. 13 that a more restrictive export standard be applied to 17 categories of oil and gas equipment.

AT ODDS WITH SHULTZ

Mr. Clark's position appears to place him in conflict with both Mr. Baldrige and Secretary of State George P. Shultz. Administration sources said Mr. Shultz was furious over the Sept. 13 recommendation.

The Administration officials said a Cabinet-level body, called the Senior Interagency Group on International Economic Policy and headed by Treasury Secretary Donald T. Regan, plans to take up the matter Friday.

Secretary Baldrige said through his press spokesman, B. Jay Cooper, that "we won't comment on a classified document." Robert B. Sims, the press liaison officer for Mr. Clark, declined comment.

It was unclear whether Mr. Clark was acting personally or for the President.

Officials said that a tightening of export controls would not affect sales to the Soviet Union of pipe-laying equipment made by the Caterpillar Tractor Company of Peoria, Ill. President Reagan approved the removal of such equipment from the restricted list on Aug. 20, in response to a recommendation from Mr. Baldrige and Mr. Shultz.

Because Mr. Reagan approved decontrol of the pipelayers, the inter-agency committee did not include them in its recommended tightening, but it decided not to extend decontrol to related equipment, such as pipe-laying barges.

Those who saw copies of the Clark letter said it urged Mr. Baldrige to let stand the bulk of the recommendations that were taken Sept. 13 by a sub-Cabinet interagency committee. The chairman of that group was Lawrence J. Brady, Assistant Secretary of Commerce for Trade Administration, a leading opponent of trade with the Russians. He has been supported by Richard N. Peale, an Assistant Secretary of Defense.

Mr. Brady's position is in sharp contrast to that of his superior, Mr. Baldrige. Mr. Baldrige and Secretary Shultz have generally favored trade in all but the most sensitive products on the ground that the Russians can buy most items in other countries.

Mr. Shultz and Mr. Baldrige have been working with American allies to make export controls international, in order to make them more effective. But Europe and Japan are reluctant to sever trade with the Russians.

The recommended export policy, unless overturned by the Cabinet and the President, would deny an export license for $40 million worth of oil exploration equipment and would place 17 products for oil and gas exploration under more rigorous national security export controls.

Under national security controls, the Defense Department, which has generally opposed most trade with the Russians, has a major say. Under foreign policy controls, in which these products are now listed, the State Department has a major say.

The advisory group that made the recommendations is made up of the Commerce, Energy, State and Defense Departments, the National Security Council and the Central Intelligence Agency.

The group's action was originally described as "technical" and was taken unanimously. However, two Administration officials, commenting separately and asking that they not be identified, said the impact could be far-reaching.

They explained that the items that would be shifted to the national security control list included many that were banned by President Reagan last year when he tried to discourage European support for the pipeline to bring natural gas from Siberia to Western Europe.

In June 1982, the President extended a ban on sale of American pipeline equipment to the licensees and subsidiaries of American companies abroad. Affected was such equipment as General Electric turbines and Dresser Industries compressors made by subsidiaries and licensees of the companies in Western Europe.

The European governments then ordered the companies within their jurisdiction to ship the equipment despite the American ban. President Reagan followed by imposing sanctions against the European suppliers.

COMPROMISE LAST NOVEMBER

American relations with the Europeans became ever more tense until November, when Secretary Shultz worked out a compromise in which the allies agreed to press for making the controls international through the Coordinating Committee of the North Atlantic Treaty Organization.

A State Department official said: "I am afraid that we may be embarking on the same course as we were last June."

An official from another agency, who asked that neither he nor the agency be identified, said "We were sandbagged by the hawks."

William A. Root, who is director of the State Department's Office of East-West Trade, tendered his resignation last week as a result of the committee recommendations.

But he was urged to reconsider, and said today that he is staying on the job for the time being.

[From the New York Times, Sept. 24, 1983]

SOVIET LINE STATUS REPORT

Moscow, Sept. 23 (Reuters)—Less than half the compressor stations on the Siberian-West Europe gas pipeline have been built, but the line is capable of delivering as contracted, the Minister of Oil and Gas Construction, Boris Shcherbina, said today.

He said at a news conference that the line was already capable of delivering nine billion cubic meters of gas a year whereas the contracts for deliveries to West Germany, France and other Western European customers called for only five billion cubic meters in 1984. Mr. Shcherbina said 17 out of a total 40 compressor stations would be finished this year and the remainder in 1984.

However, he said gas had already been pumped the length of the Soviet stage of the pipeline from the Urengoi gas fields in Siberia to Uzhgorod on the Czechoslovak border using compressors built for a parallel domestic pipeline.

He said a second gas pipeline from Siberia to Uzhgorod would be built within the next five-year plan, which runs until 1990, despite fluctuations in price and demand for gas.

[From the Journal of Commerce, Sept. 26, 1983]

PIPELINE EXTENSION NOT EXPECTED

(By Jess Lukomski)

BONN.—A critical analysis of the Soviet-German natural gas deal suggests strongly that the Siberia to West Europe pipeline, in operation since the beginning of September, will not be expanded by the originally planned second strand in the foreseeable future.

This conclusion, claims Handelsblatt, West Germany's economic daily, emerges clearly from a report prepared by Dr. Axel Lebahn, until recently head of the Deutsche Bank representative office in Moscow.

Dr. Lebahn, Deutsche Bank's "man on the spot" during the crucial negotiations on the financing of the deal, is recognized as one of the Western experts best informed about the pipeline project.

In his report, Mr. Lebahn grants that it is impossible to arrive at an exact assessment of economic advantages and disadvantages of the project. However, he notes that the controversy connected with it and the temporary boycott by the United States have resulted in great "friction losses" to all participants.

The exact calculation of the pipeline's economic utility would be made only by the Soviet side. But Moscow's evaluation is certain to be nonobjective and would be looked at with a great deal of caution.

In Mr. Lebahn's opinion, it is difficult to prove that the gas deal has resulted in unilateral advantages for the Soviet Union and a one-side dependence of the West on the Soviet energy supplies.

Subsequently, it cannot be argued that contractual obligations assumed by Western partners will by necessity lead to their accommodating conduct in relation to the Soviet Union. But it is clear that the Soviet Union has squeezed from Western firms and banks conditions that must be seen as a giveaway from the economically sound point of view.

This was possible because Soviet negotiators, cleverly exploiting their monopolistic power, have played off against each other the squabbling Western governments and companies, explains Mr. Lebahn.

In negotiations conducted almost parallel with several competing countries and firms, the Soviet delegation could virtually dictate to all Western competitors almost simultaneously the optimal partial bids received as its highest acceptable price.

Subsequently, Western companies were repeatedly underbidding each other and have settled, according to the calculations of Deutsche Bank, "up to 60 percent" below the originally quoted prices.

It is not surprising, therefore, that many Western companies involved in the gas pipeline project are suffering from "a severe hangover," Mr. Lebahn claims. Some have indicated having second thoughts whether tedious and costly efforts in cultivating the Soviet market are worth their salt.

Yet, so far, no major German company has abandoned its Soviet business even though they all realize that profit chances are very marginal as contrasted with efforts, expenses, and risks involved.

Mr. Lebahn also admits that, seen in retrospect, Deutsche Bank's involvement in the gas pipeline project appears to be also rather unsatisfactory. Generous state subsidies granted by Paris to French banks pushed down their interest rate for export credits to no more than 7.8 percent. German banks, including Deutsche Bank, were forced to match those conditions and to cover the additional cost through a surcharge on exporter's prices.

[From the Washington Post, Oct. 27, 1983]

TURF SQUABBLES AND INEXPERIENCE HAMPER TECHNOLOGY GUARDIANS

(By Paul Mindus)

NEW YORK.—Turf wars between federal agencies and inexperience in enforcement of export laws are hampering efforts to halt acquisitions of U.S. high-technology secrets by the Soviet bloc, according to federal investigators.

Of some 450 investigations begun by the Customs Service since late 1981, there have been only 23 indictments and 13 arrests for illegal exports, Customs officials said.

Federal officials said their attempts to crack down on the sophisticated Soviet technology-transfer network have run into several problems, including:

A feud between the Commerce Department and Customs Service over which agency should police illegal exports.

Lack of uniform cooperation by U.S. allies in reviewing and enforcing controls on strategic exports.

Complaints from U.S. businessmen that export controls and seizures disrupt their business.

Despite these obstacles, federal officials say they are certain their efforts have made it more difficult for Moscow to acquire and rely on U.S. technology.

"Two years ago, anybody could export anything and nobody gave a damn," said Patrick O'Brien, the assistant regional Customs commissioner in New York. "We weren't even playing ball at all. We were watching the game."

Customs began "Operation Exodus" in late 1981 to block the diversion of U.S. secrets to Warsaw Pact countries through legal exports to western Europe.

The Customs investigations, possibly including decoy operations, are part of a multi-agency crackdown on illegal exports involving the FBI, CIA and Commerce Department.

The Warsaw Pact's extensive diplomatic and trading presence in New York—tied mostly to United Nations missions—is the focal point of what the CIA calls "very aggressive Soviet efforts" to steal military and computer secrets.

FBI Assistant Director Edward O'Malley said recently that, of more than 1,200 Soviet bloc officials in New York, 30 to 35 percent are engaged in intelligence-gathering activities coordinated by the KGB, the Soviet intelligence agency.

The KGB gathers information openly from magazines, computer conventions and congressional hearings, O'Malley said. "The covert side is where they attempt to recruit Americans who have access to critical technology," he said.

For example, he said, a Hughes Aircraft radar engineer gave 20 classified reports on future weapons systems to a Polish intelligence agent posing as a businessman. An April, 1982, CIA report said the data would save the Soviets hundreds of millions in research.

More recently, a California man, whose wife worked for a high-technology defense contractor was collared and accused of passing Minuteman missile secrets to the Soviets through Polish intermediaries.

To counter such activities, FBI agents use electronic surveillance to monitor Soviet officials' moves in America. FBI and Customs officials would neither confirm nor deny that they were trying to infiltrate the Soviet network with their own front or "sting-type" operation.

Both O'Brien and O'Malley said such a measure is feasible, however, and O'Malley, asked if a sting operation had produced any results, replied, "No, not yet."

Unlike other counter-espionage efforts, O'Brien said, "Exodus" puts a higher priority on preventing technological secrets from leaving the country than on arrest and conviction.

But Customs officials, in making 1,785 seizures of export cargo worth $99 million, angered U.S. businesses because 95 percent of those goods were later relicensed after costly delays.

The Commerce Department, responding to harsh criticism in Congress about its enforcement record, created an Office of Export Enforcement in May, 1982.

Deputy Assistant Secretary Theodore Wu, who heads the office, said Commerce's record was "damage assessment after the fact" rather than preventive steps or aggressive prosecution. But Wu said Customs alone should not enforce export controls.

The turf battle, he said, has not hampered the government's efforts against Soviet technology-transfer. But he said "performance would be significantly enhanced if the competition over the enforcement function was resolved."

Customs officials in New York and Washington voice frustration that their investigators cannot have ready access to all license-application information at Commerce. "I think there's no question we've had problems of coordination," said George Corcoran, Customs assistant commissioner for enforcement in Washington.

U.S. agencies also found varying degrees of cooperation among their allies abroad that makes the tracking of exports difficult in some countries, said O'Brien in New York.

The NATO countries and Japan, through a committee called COCOM, are supposed to cooperate to review sensitive technology exports to the Soviet bloc. "We've run into

real problems with violators in other countries," O'Brien said. "It's very difficult with countries bordering the Soviet bloc, who would like to increase trade with the Soviet bloc. "It's very tough for them to say no."

Wu said the spirit of detente with the East in the 1970s led to lax U.S. export controls.

"Detente was really not only the diplomatic and international foreign policy with respect to East-West relations," he said. "It also dictated the tone of our trade policy, and I mean East-West trade."

Now, many federal agencies work against the KGB network. The FBI tracks Soviet bloc officials in the United States. The State and Defense departments review export applications with Commerce. The CIA provides information about Soviet technological interests and on export movements abroad.

FBI, Customs and Commerce agents have briefed more than 6,000 U.S. technology and defense-related firms on KGB efforts, and federal officials regard the private sector as a prime intelligence source.

Asked about Customs' success with "Exodus," Corcoran said, "We only started up in the last few months, and people already are asking about the success. It takes a long time to penetrate, and conduct covert operations. You can't look for instant gratification in this."

[From the Washington Times, Oct. 27, 1983]

ADMINISTRATION BLOCKS ATTEMPT TO BAN SOVIET IMPORTS

(By George Archibald)

Senior administration officials are trying to quash a proposed U.S. Customs Service ban against importation of Soviet products made with the help of political prisoners and other forced labor, The Washington Times has learned.

The effort to derail the import ban, drafted by Commissioner of Customs William van Raab, is being orchestrated by high-level officials of the State, Commerce and Treasury Departments, as well as U.S. Trade Representative William Brock and the Central Intelligence Agency, according to sources close to the dispute.

Opponents of the ban are said to oppose trade sanctions against the Soviets as a general principle and fear Soviet retaliation that might make it more difficult for the United States to collect intelligence.

Yesterday, 45 senators from both parties signed a letter to Treasury Secretary Donald T. Regan saying "the United States has a moral as well a legal obligation," to enforce a 1930 law banning the importation of products "mined, produced or manufactured wholly or in part in any foreign country by convict labor and/or forced labor.

"This would be true at any time but the need for enforcement is especially urgent now, in the wake of the Korean Air Lines massacre and mounting evidence of increased repression by the Soviet authorities of domestic human rights activists," stated the letter originated by Sen. William L. Armstrong, R-Colo.

Armstrong previously succeeded in forcing the State Department to issue a report last February describing the extent of Soviet forced labor.

"Soviet authorities still exploit forced labor on a large scale," acknowledged Undersecretary Lawrence S. Eagleberger in a letter accompanying the report.

"Forced labor, often under harsh and degrading conditions is used to execute various Soviet developmental projects and to produce large amounts of primary and manufactured goods for both domestic and Western export markets," he stated.

Eagleburger reported that the Soviets use a network of some 1,100 forced labor camps comprising about 4 million forced laborers throughout the Soviet Union. He said the system includes at least 10,000 political and religious prisoners.

The Customs Service import ban, drafted in the form of a "finding" for publication in the Federal Register, would cover about three dozen Soviet products, according to Treasury Department officials.

The products include automobile parts, electric motors, cathode-ray tube components, wire fences, camera lenses, steel drums and barrels, wood furniture, mattresses and clothing, the officials reported.

On Sept. 28, Raab sent the Customs ruling for department approval to John M. Walker Jr., assistant Treasury secretary for enforcement, the officials said.

However, it was sidetracked to the Senior Inter-Agency Group on International Economic Policy, composed of almost the entire Cabinet, the sources added.

One source said Secretary of State George P. Shultz "exploded" when he learned about the intended Customs action and that approval of the move has been shelved ever since. "There is no timetable for action on it," the source stated.

Armstrong said he was "disturbed about the implications (of the rumored senior-level delay) that we would ignore the law. And I must assume that the Soviet Union would think it, at best, quite cynical for us to ignore our own legal processes in this respect."

He added, "There's a moral issue here, too. If we are willing to accept in commerce the goods produced in the Gulags, then it seems to me that we are, in a sense, accomplices to the Gulags themselves."

Armstrong said he still believes Regan is "going to do his duty" by approving the ban. "And as an encouragement, to let him know that it would be a well-received, popular thing for him to do, I've circulated this letter," he stated.

"We're not asking for new policy decisions. There isn't, in my opinion, anything here that requires any agonizing. This is a law that should have been enforced long ago and we're just saying now is as good a time to start as any."

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. HEINZ. Mr. President, it is my understanding that the two Senators from Illinois, Senator PERCY and Senator DIXON, have an amendment they wish to offer to the Export Administration Act. I see the Senator from Illinois (Mr. DIXON) on the floor and if he is prepared to begin his and Senator PERCY's amendment, we might advance the work of the Senate by moving ahead on it.

AMENDMENT NO. 2755

Mr. DIXON. I thank my friend, the manager of the bill, the distinguished senior Senator from Pennsylvania, for his kindness. May I say that I have sent an amendment to the desk which is cosponsored by Senator PERCY, my colleague from Illinois, and myself as well as a good many others who I will make known to you in a moment.

May I say to my friend, the manager of the bill, that Senator PERCY is in the Foreign Relations Committee right now. He has indicated he would like to have an oppportunity to come up and be heard sometime before the rollcall takes place. Senator DOLE is engaged in a markup session of his committee, and so it may be necessary for us to send word to them before the debate is completed.

Mr. President, I have sent an amendment to the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Illinois (Mr. DIXON), for himself, Mr. PERCY, Mr. DOLE, Mr. LUGAR, Mr. PRYOR, Mr. BOREN, Mr. MELCHER, Mr. BAUCUS, Mr. BOSCHWITZ, Mr. ANDREWS, Mr. HUDDLESTON, Mr. ABDNOR, Mr. COCHRAN, Mr. BENTSEN, Mr. BURDICK, Mr. EXON, Mr. EAGLETON, Mr. QUAYLE, Mr. JEPSEN, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. HELMS, Mr. HEFLIN, Mr. PRESSLER, Mr. NICKLES, proposes an amendment numbered 2785.

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

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

The amendment is as follows:

SEC. . (a) Section 6 of the Export Administration Act of 1979 is amended—

(1) by adding at the end of subsection (a)(1) the following: "The President may impose or propose to extend export controls under this section on agricultural commodities, other than in connection with the prohibition or curtailment of all exports, in accordance with the procedures set forth in subsection (1) and the other requirements of this section."; and

(2) by adding at the end thereof the following:

"(1) AGRICULTURAL COMMODITIES.—(1) If the President imposes export controls or proposes to extend export controls which have been imposed, on any agricultural commodity to carry out the policy set forth in subparagraph (B) or subparagraph (C) of paragraph (2) or paragraph (7) or (8) of section 3 of this Act, the President shall immediately transmit a report on such action to the Congress, setting forth the reasons therefor in detail and specifying the length of time the controls are proposed to be in effect which may not exceed six months.

"(2) In the case of export controls imposed by the President—

"(A) if the Congress, within 60 days after the date of its receipt of the report under paragraph (1), adopts a joint resolution pursuant to paragraph (4) approving the imposition of export controls, then such controls shall remain in effect for the period specified in the report, for six months after the

close of the 60-day period, or until terminated by the President, whichever occurs first; or

"(B) if the Congress, within 60 days after the date of its receipt of such report, fails to adopt a joint resolution approving such controls, then such controls shall cease to be effective upon the expiration of such 60-day period.

"(3) In the case of export controls proposed to be extended—

"(A) if the Congress adopts a joint resolution approving a proposed extension of export controls prior to the expiration of the applicable period described in paragraph (2)(A) or this subparagraph, then such controls shall be extended for the period specified in the report, for six months after the date of enactment of the joint resolution of approval, or until terminated by the President, whichever occurs first; or

"(B) if the Congress fails to adopt a joint resolution approving a proposed extension of controls prior to the expiration of the applicable period described in paragraph (2)(A) or subparagraph (A) of this paragraph, then such controls shall cease to be effective upon the expiration of the applicable period.

"(4)(A) For purposes of this paragraph, the term 'resolution' means only a joint resolution the matter after the resolving clause of which is as follows: 'That, pursuant to section 6(l) of the Export Administration Act of 1979, the President may impose, expand, or extend export controls as specified in the report to the Congress on .', with the blank space being filled with the appropriate date.

"(B) On the day on which a report is submitted to the House of Representatives and the Senate under paragraph (1), a resolution with respect to such report shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a report is submitted, the resolution shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session.

"(C) All resolutions introduced in the House of Representatives shall be referred to the Committee on Foreign Affairs and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing, and Urban Affairs.

"(D) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction the committee shall be discharged from further consideration of the resolution or of any other resolution introduced with respect to the same matter.

"(E) (i) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

"(iii) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business shall be decided without debate.

"(iv) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

"(v) Except to the extent specifically provided in the preceding provisions of this subparagraph, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

"(F)(i) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between and controlled by, the majority leader and the minority leader or their designees.

"(iii) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(iv) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

"(G) In the case of a resolution described in subparagraph (A), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

"(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(ii) the vote on final passage shall be on the resolution of the other House.".

(b) Section 7(a)(1) of such Act is amended by adding at the end thereof the following: "The President may impose, expand, or extend export controls under this section with respect to agricultural commodities only as provided in section 6(1).".

Mr. DIXON. Mr. President, I am pleased to offer along with 24 of my colleagues an amendment requiring the President to obtain congressional approval for future selective embargoes of agricultural commodities. My colleagues who are cosponsors of this amendment with me are my colleague from Illinois (Mr. PERCY), Mr. DOLE, Mr. LUGAR, Mr. PRYOR, Mr. BOREN, Mr. MELCHER, Mr. BAUCUS, Mr. BOSCHWITZ, Mr. ANDREWS, Mr. HUDDLESTON, Mr. ABDNOR, Mr. COCHRAN, Mr. BENTSEN, Mr. BURDICK, Mr. EXON, Mr. EAGLETON, Mr. QUAYLE, Mr. JEPSEN, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. HELMS, Mr. HEFLIN, Mr. PRESSLER, and Mr. NICKLES.

This amendment, Mr. President, effectively prohibits restrictions on the export of agricultural products to a country unless the embargo is either, first, in conjunction with an across-the-board ban on all trade with a country or, second, the Congress affirmatively approves the restrictions by joint resolution signed by the President.

The amendment preserves the President's ability to manage foreign policy, and to respond to rapidly changing events overseas. It permits the President to impose a selective embargo on agricultural products for a period of 60 days, while Congress is determining whether to extend it for a longer period. It provides expedited procedures, to insure a timely decision on whether to impose an embargo.

It also insures that Congress is involved in the decision on whether or not to impose an embargo in a meaningful manner. Until the recent Supreme Court decisions, Congress had 30 days to overturn a Presidential decision to impose an agricultural embargo by concurrent resolution.

However, even if it were possible to resolve the constitutional difficulties, the fact is that a negative veto procedure has serious flaws. Under a negative veto procedure, Congress would be accused of trying to undermine Presidential conduct of foreign policy if it attempted to halt an embargo that the President had already imposed. I am sure my colleagues are very familiar with that argument. It was used with great effect in this Chamber in connection with the arms sale to Saudi Arabia under the Arms Export Control Act in the last Congress.

This amendment would continue to permit the President to impose a selective embargo without prior congressional approval. However, Presidential action would be effective for only 60 days, and could only be taken if the President requests the Congress to approve an embargo for a longer period up to 6 months. If Congress, within the 60-day period, does not affirmatively vote to approve the embargo, it expires automatically and could not be renewed. If Congress did initially approve, renewal for additional 6-month periods would also require approval by new joint resolutions.

Changing from a negative veto to an affirmative approval process insures that Congress will be consulted before an embargo decision is made, rather

than after, as has been too often the case in similar situations in the past. This change will allow for congressional input in the decisionmaking process when it counts, rather than, as now, when it is too late.

Mr. President, I believe the need for this amendment is clear. American Presidents, both Democratic and Republican, have imposed three embargoes of agricultural commodities in recent years. Two of the embargoes were designed to insure adequate supplies of grain in the U.S. market at reasonable prices. The third, in 1980, was designed to punish the Soviets for their invasion of Afghanistan.

There has been considerable controversy over the question of whether any or all of these embargoes succeeded in the short term. Over the longer term, however, I think that the answer is much more clear: The embargoes were, and are, generally poor public policy. Unfortunately, many decisionmakers in the United States still have not learned that lesson. The Korean plane massacre sparked new calls for a grain embargo, or at least a cancellation of the new long-term grain agreement. The mere threat of such actions caused significant price decreases on agricultural commodity markets.

Past embargoes, and the ever present threat of new embargoes, feed the general impression that the United States is an impulsive and unreliable supplier of goods and services. The result has been that, increasingly, nations come to the United States for the purchase of food and other goods and services only as a last resort.

It is particularly important that the United States can be seen as a reliable food supplier because of the increasing inability of many of the world's states to grow their own food. Total world grain exports, for example, are over 14 percent of total world grain consumption, up by over 40 percent from 20 years ago.

Even in the face of rapidly rising worldwide demand for food, however, the United States cannot complacently assume the continuation of its predominant position in world agricultural markets. The United States is the world's largest food exporter, regularly supplying more than half the world's grain exports. But U.S. soybean growers, to cite just one example, face growing foreign competition. Expansion of Brazilian soybean production enabled Brazil to capture a large share of the world market for soybeans and soybean meal.

Embargoes, or even the possibility of embargoes, make it much more difficult for our farmers to meet increased foreign competition. Embargoes act to increase the volatility of the marketplace, making it difficult for farmers to plan intelligently. They can result in periods of depressed prices for agricultural commodities, undermining farm income. American farmers are extremely efficient producers, but they operate on a thin margin of profit. A drop in prices due to an embargo can make their entire year's work unprofitable.

Embargoes can also have adverse impacts on the U.S. balance of payments, contributing to a balance of trade deficit that could soon exceed $100 billion. They end up requiring taxes and Treasury borrowings to finance. In short, the economic costs include inflation, economic stagnation, and unemployment, the full extent depending in part upon the uncertain duration of the embargoes.

Mr. President, I am not suggesting that an embargo is never sound public policy. I do believe, however, that farmers should not be singled out as targets for export controls except under exceptional circumstances. Agricultural exports are too important to the U.S. economy for decisions on embargoes to be made without prior congressional approval.

I believe we need to adopt this amendment now. The two House negative veto now in law has been rendered useless by recent Supreme Court decisions, and needs to be replaced in order to help provide needed assurances to both the American farmer and our foreign customers that the United States intends to be a reliable supplier in the future and is committed to increasing agricultural exports.

It is vitally important to provide this assurance in order to help reverse our deteriorating agricultural export performance and to provide secure marketing opportunities for American farmers that have been devastated by the recent recession.

A major share of total U.S. agricultural production is exported, with the result that many, if not most, American farmers are economically dependent on growing exports. However, instead of growing, agricultural exports are declining, with disastrous impacts on the farm community.

Agricultural exports totaled almost $44 billion in 1981, but declined to less than $37 billion in 1982, and are estimated to be only about $34 billion in 1983. Farm income, which was over $32 billion in 1979, declined to only about $20 billion in 1982, and no growth at all is predicted for 1983. Past agricultural embargoes and the threat of future embargoes contributed significantly to this erosion of our export dominance and the resulting decline in farm income.

Mr. President, this amendment is broadly supported by the agricultural community, including organization such as the American Farm Bureau Federation, the American Soybean Association, the National Corn Growers Association, the National Grange, the Fertilizer Institute, the Grain Sorghum Producers Association, the Millers National Federation, the National Association of Wheat Growers, the National Broiler Council, the National Council of Farm Cooperatives, the National Soybean Processors Association, the Poultry and Egg Institute of America, the Rice Millers Association, Cargill, and the National Grain Trade Council.

The amendment will not prohibit the President from ever imposing an embargo on the export of agricultural commodities to any country. In fact, the President retains authority, under the International Emergency Economic Powers Act, known as IEEPA, to embargo agricultural exports to any country without congressional approval, and even to interrupt existing contracts which would otherwise be prohibited by S. 979.

It simply says, that if the President wants to embargo only agricultural commodities for foreign policy reasons under the Export Administration Act—for more than 60 days—Congress must first pass a joint resolution of approval. In view of the problems caused by embargoes, I believe it is entirely reasonable to require congressional approval, rather than relying on a veto after the fact. Further, as I stated earlier, the President would retain his authority under existing law to embargo agricultural exports to a country as part of a total embargo without first seeking congressional approval, as well as his IEEPA authority.

The amendment is sound and does not unduly restrict the President's authority. It restores Congress legitimate role in the export controls area to help insure that agricultural embargoes are only imposed when absolutely necessary, and only then if Congress explicitly agrees. It helps provide additional assurance to the American farmer that the United States is committed to increasing agricultural exports. It passed this Senate in the last Congress by a vote of 66 to 20. Similar language is included in this year's House Export Administration Act reauthorization bill. I urge the quick adoption, therefore, of this vital and clearly constitutional amendment.

Mr. President, I ask unanimous consent at this time to add our distinguished friend, the senior Senator from Michigan, Senator RIEGLE, as a cosponsor of this amendment.

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

Mr. DIXON. Mr. President, may I say that in due time, after we have heard from the manager and the ranking minority Member, I wish to ask leave to call Senator PERCY, my colleague, in the Foreign Relations Committee, and Senator DOLE, one of the principal sponsors, in his committee, and let them know they should come

to the Chamber and be heard on this amendment.

I thank the President.

Mr. HEINZ. Mr. President, I rise in opposition to this amendment, and I hope that my colleagues will listen to what I am about to say because I really do not believe that this amendment is the best way to protect farmers. Indeed, I fear that if we adopt it, one of two things is going to happen. Both of them would be bad for our farmers. The worst thing that could happen is I think for this amendment, which is strongly opposed by the administration, to be the reason that this bill is vetoed and that all the protections that we do have in this bill over and above current law, I say to my friend from Illinois, will be lost with it.

I do not think we want to lose the protections in the bill by adding to the proverbial weight on the camel's back the straw that breaks it.

The second concern I would have is that as the Senator from Illinois knows, because we understand the difficulties that our farmers have had in many of the previous years and because of the controversies surrounding the effectiveness of the Soviet grain embargo and the extent to which this country and its farmers made a sacrifice, which was not fully shared by the farmers of the other major grain exporting nations, among them in particular Argentina, we run the risk if this amendment is adopted of being accused of having carved out so preferential a niche for farmers that we could lose some of the protections that are in current law, not just in this bill.

I have had farm organizations come to me and say that they are concerned about reaction over the farm budget, the $21 billion in budget authority that was committed last year to the farm program; inasmuch as it represents the equivalent of 75 percent of total farm income—$28 billion over that period—even though most of the farmers I know never saw even a fraction of that kind of support for themselves. It went some place else. They are nonetheless very worried that there is going to be a public reaction not only against the PIK program but against farm programs generally, and the farmers that I know, and I am sure the same is true of the farmers in Illinois, are proud, are independent, and they want to be able to stand on their own two feet. They do not want to be placed on a pedestal by any of us, particularly if one of the consequences, is having someone come along and knock them all the way over and send them crashing down back to the floor, which is where on occasion they have been and where none of us, want to see them.

So I have reservations about the reach of this amendment. I believe it is excessive. I believe that because it is excessive it will cause a reaction against our farmers, and I am going to address each of these points in a minute so the Senator from Illinois understands what I am saying in more detail. Because it has the effect of putting Congress into a foreign policy area by virtue of the joint resolution after 60 days, I anticipate, based on the information we have from the administration, that they would consider that so great a congressional intrusion into the foreign policy area, particularly on top of the other protections in this bill, that it is highly likely, indeed almost certain to result in a veto.

Finally, at least as I read the farmers in general and particularly in my State of Pennsylvania, which has the largest rural population of any State in the Nation, including a larger rural population than the State of my good friend from Illinois or from any of our other friends, regardless of the physical size of the State—3¼ million Pennsylvanians—there is some concern that if we adopt a policy that causes a precedent, in order to avoid being second guessed after 60 days by Congress to impose an embargo on almost everything it is going to result in embargoes being placed on let us say just manufactured items, on let us say Allis-Chalmers or Caterpillar. It is no accident that I have named two companies that are very important to farmers. Indeed, what affects a substantial sector such as manufacturing is going to affect our farmers, and if we adopt a policy, as I fear this amendment does, that is going to result in a particular sector being time and again singled out because it is the easy thing to do, I think that is going to hurt farmers in the long run.

I am going to make at the conclusion of my remarks a suggestion to my good friend from Illinois.

I may end up making this suggestion in the form of a perfecting amendment. But I cannot, for the reasons I have just described, accept his amendment. Indeed, I am duty-bound to oppose it. I would just like to elaborate on one important point.

I started off by saying that I thought the Senator's amendment would confer an excessive amount of preference on agriculture and farmers. Now why do I say that?

Well, first of all, there is in current law the Durenberger amendment. The Durenberger amendment, as I am sure my friend from Illinois well remembers, was to the Commodity Futures Trading Commission Act last year. It prohibited for 270 days any embargo against agricultural contracts. That was an enormously substantial protection—unusual, granted, but I think one can say, because of the crop cycle, necessary; but justified by circumstances because of the crop cycle.

Beyond that, there are some very substantial protections in this bill not law. Now, what are those? Well, under section 5 of this act, as amended by S. 979, we prohibit, under the national security controls section, the imposition of any agricultural embargo. That is a prohibition that we have extended to no other commodity out of deference to agriculture, out of deference to the farmers and, frankly, if I may say so, out of some commonsense as well; the commonsense being that, by and large, it is pretty hard to say that the national security—which we normally take to mean weapons, technology, high tech discoveries, the iron and steel sinew of a country's war machine—is exactly the same as food. It is qualitatively different.

But we did not want any President to fail to recognize that difference. And I may tell you that I do not think that this administration or any administration particularly likes the fact that we have said that even in a so-called national security case you cannot do it, but we have closed that door for I think good and sufficient reasons.

The second thing we have done in this bill—and I know the Senator knows this because he is a distinguished member of our committee, and I speak not just for his edification but for that of many other Senators who are not privileged to be members of the Banking, Housing, and Urban Affairs Committee—because there has been a great deal of concern about the misuse of the withholding of exports pursuant to this act, not just for agriculture but for other sectors, we have tried to make it a much more careful, structured, and conscious decision for any President to impose foreign policy controls under section 6 of this act.

As the Senator from Illinois knows, there is in current law a requirement that says the administration must report to the Congress before imposing any sanctions or embargoes under the Export Administration Act, section 6. Well, what happened? Along came the famous Yamal pipeline sanctions. And they were imposed in an effort, belated albeit, to try to halt the construction of the Siberian gas pipeline.

Now, let me say on the record—I would not want there to be any misunderstanding about it—I did not want the Yamal pipeline built. I think it is incredibly shortsighted of our friends and allies in Europe to want to buy Soviet natural gas when Pennsylvania and Illinois coal is available. And we can get it for them wholesale.

But I also think that, for national security reasons it was not in their best interests to be dependent for a substantial portion of their energy supplies on another country that is—to be charitable to the Soviet Union, not many of us are, but let us be charitable today—a little unpredictable in

its behavior and perhaps not always seeing things as we would like them to see them.

The Yamal pipeline sanctions were in place for about a year, as I recollect, and the question I have is—and it is a rhetorical question: Do you know when we received the report that we were supposed to receive prior to the imposition of the Yamal pipeline sanctions? Let me not tax your memories. Senator DOLE is working on that in the Finance Committee. We received the report several days after the Yamal pipeline sanctions ended, not during or before the control's imposition.

So, we have on page 34 of our bill, set forth a number of criteria which require that not only does the President have to specify in writing to the Congress about why such controls are likely to achieve their intended foreign policy purpose: How such controls are compatible with the foreign policy objectives of this country; whether the reaction of other countries to those controls is going to render them ineffective; the extent to which those controls will have, if any, an extraterritorial effect on countries friendly to the United States; what the cost of such controls will be to the export performance to the United States and to our reputation as a reliable supplier; and, finally, to what extent the United States has the ability to enforce the proposed controls effectively.

Now, that is fairly substantive. It is fairly tough. But, more important, we require that, before any foreign policy control may be imposed, we have received all of what I have just described, the answers thereto, in writing.

Otherwise, the President is without authority to impose foreign policy controls.

One of the reasons that we wrote section 6 this way was to insure that we did not get blind sided if we ever had another embargo of any kind, whether it involved grain or not, by the Argentines or by any of our other allies or trading partners.

Let me stress, therefore, that those two provisions, the national security exception for agriculture and the very tough reporting provisions I have just described, are not in current law and will not be in current law unless we get this legislation enacted.

But there is one additional provision which I think should be equally important to Americans, be they farmers or not. That is the contract sanctity provision in this legislation, which goes beyond the Durenberger-CFTC contract sanctity by saying that contracts that have been entered into, whether they are 270 days or longer, or shorter, whether they are on agriculture or not, cannot be broken under this act. Breaking of contracts is something one should not do lightly and this bill says you cannot do it for foreign policy objectives. You can do it for national security reasons, except, emphasis added, except for agriculture, but you cannot do it under the foreign policy section. If you want to make a foreign policy point by breaking contracts, you would have to go to the International Economic Powers Act and declare that there really is so serious a foreign policy situation that you want to invoke the more extraordinary powers of that act.

Mr. President, I think I have made the three points I wanted to make to my friend from Illinois and to other Senators: the fact that there is tremendous protection granted to agriculture under current law, and that if this bill is allowed to become law there will be still more extensive protections, much more than current law now allows, including the Durenberger amendment.

Second, that the amendment the Senator has offered could easily be construed, and I think will be construed, as discrimination against industry. The way this amendment is written it says you have to put everybody in the same boat before you can put agriculture in the boat. I cannot think of any time we have ever done that. I cannot think of any totally comprehensive embargo we have ever had. But whether we have ever had one or not in a sense is not the point.

If every sector of our economy came in and said: "Well, you have to have everybody else in the boat before you can put us in as a passenger," we would really cripple the ability of any President to use foreign policy controls at all.

Finally, while this bill does seek to rationalize quite comprehensively the way foreign policy controls are approached by this or any administration, I strongly fear that the Percy-Dixon amendment ties the President's hands in the methodology that it uses, such that it injects the Congress into foreign policy initiatives more than we really want or ought to be injected.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I am very impressed by the speech just delivered. I think it should be noted, because readers of the CONGRESSIONAL RECORD may not appreciate this, the Senator from Pennsylvania gave all of this off the cuff. He showed, I think, a remarkable grasp of the bill, and also of our trade problems and embargo problems. I think it was a very impressive statement. In general, I support the statement all the way.

I would like to reiterate very briefly, and I will only take 2 or 3 minutes, the problems that we have with the Dixon amendment.

The fact is that we already have a special provision in law that forbids the President from putting foreign policy controls on agricultural goods whose contracts call for their delivery within 270 days. There is no other industry that has that under present law, only agriculture.

S. 979, the bill pending on the floor, will extend contract sanctity to all goods, so, if it passes, agriculture and all other goods will have unlimited contract sanctity against foreign policy controls. Some of us might oppose that. I certainly have problems with it.

Thanks to an amendment offered in our committee by the Senator from Illinois, Senator DIXON, our bill also says agriculture cannot be covered by national security controls at all. That is the Dixon amendment. It was an amendment the committee accepted and it is certainly something for which the farmers of this country should be grateful. But it is in there without any further floor amendment. So, again, agriculture gets a preference there.

I wonder, do we need to give more preferences to agricultural trade, particularly when we are thereby weakening the ability of the President to deal with a foreign policy crisis?

I am concerned that this amendment creates a further preference for agricultural products in the conduct of foreign policy because the special procedures of this bill apply only where a selective embargo is placed on agricultural products.

As the Senator from Pennsylvania pointed out, if a selective embargo is placed on other products, machinery, computers, whatever, there would be no similar limiting procedure available.

My problem is that I wonder whether we should tie the President's hands in a situation that will cause him to prefer one type of embargo over another. Would not it be better to let the President make up his mind on the facts as to what type of embargo would be most effective?

I was one of those who favored, enthusiastically favored, the action of President Carter in imposing an embargo on our sale of agricultural goods to the Soviet Union when the Soviet Union invaded Afghanistan. We have very little capability, except rhetoric, to protest such an action by the Soviet Union. Both of us are nuclear powers. Obviously, war is something that would be a terrible tragedy. What can we do? We have economic power. We have a lot of it and we should use it.

I think you can argue, and I would certainly see the wisdom and the justice in providing, that if we impose an embargo on any product, particularly agricultural products, to the Soviet Union it should be part of a complete embargo. Certainly in the Afghanistan

case I would have strongly favored an embargo on everything. There was no reason to ship anything to the Soviet Union under such circumstances. Our problem is our agricultural exports are far more important and far bigger than all other exports combined.

But we come back to that old observation attributed to Lenin, whether it is accurate or not, that when the Communists get ready to hang the capitalists, the capitalists will sell them the rope. In this case, rather than injure, or offend, or reduce the benefits to any sector of our economy, the argument is that we should let the Soviet Union move ahead in its ruthless way as it did in the case of Afghanistan, some say speak against it, maybe, but take no action that has any real force.

There is no way we can act without sacrifice on the part of Americans. The tragedy is that the farmers had to take so much of the sacrifice in the case of Afghanistan. But it seems to me that that is something we should be able to require if it is absolutely necessary.

Although I realize the Senators from Illinois may have the votes on this, I do not think the Senate should tie our President's hands in protesting an action by the Soviet Union which is so inimical to our own security and so wrong.

Mr. President, I yield the floor.

Mr. DIXON addressed the Chair.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Illinois.

Mr. DIXON. Madam President, I understand that my distinguished friend from Indiana is here to be heard on this amendment. Is that correct, I ask the Senator?

Mr. QUAYLE. Yes, Madam President.

Mr. DIXON. I am privileged at this time to yield to my colleague from Indiana (Mr. QUAYLE).

Mr. QUAYLE. I thank my distinguished colleague from Illinois.

Madam President, the Export Administration Act of 1979 (EAA) provides the authorities for our Government to control exports when national security, foreign policy, and domestic supply issues are of concern. The EAA reauthorization bill before this Chamber, S. 979, would extend and expand these authorities and includes new provisions applicable to agriculture.

Madam President, today I rise to support an amendment offered by the Senator from Illinois that would further clarify the contract sanctity provisions of S. 979 as relates to agricultural products. This addition is critical to U.S. farmers who sell about one-fourth of their crops on world markets, earning about $35 billion in foreign exchange in 1983. Indiana farmers alone probably realized sales of more than a half a billion dollars for their crops in overseas markets in that same year. Not only do farmers have a large stake in the actions we take to eliminate precipitous trade blockages or to provide appropriate compensation when such actions occur, but the economy as a whole will be better protected if we approve this provision today.

It is time for our Government to stop ricocheting from international incident to international incident with a sudden moratorium here and a quick embargo there. These instant responses often have unintended and far-reaching consequences—they disturb established and growing trade patterns, they wreak havoc with our producers and they do not, in most instances, reach intended goals. I ask unanimous consent that an article on why sanctions do not work, written by Robert J. Samuelson, and taken from the September 10, 1983 National Journal, be inserted in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. QUAYLE. Madam President, as policymakers, let us think about what we are doing, discuss our options, then put a policy in place that will allow an appropriate response for most contingencies, including provocations by irresponsible regimes such as the one governing the U.S.S.R.

There have been five occasions since 1973 when the United States has embargoed or placed a moratorium on export sales of farm products. Table 1, History of U.S. Actions to Place Embargoes, Moratoriums on Sales of U.S. Farm Products, outlines the basic characteristics of each of these actions. I ask unanimous consent that table 1 be printed in the RECORD.

Two of these five instances—the 1973 embargo of soybean exports and the infamous 1980 prohibition on additional grain sales to Russia—were longer term limitations imposed under authority of the Export Administration Act (EAA). The other three actions, one in 1974 and two in 1975, lasted for 5 weeks or less and were taken at times of tight supplies in the United States when massive purchases were contemplated by Eastern bloc countries. In each of the last three cases, moratoriums went into effect through voluntary suspension of sales or purchases and not under authority of the EAA.

Although four of the five blockages led to agreements for future purchases by involved parties, one must be concerned about the profound and destructive impacts on the farm economy, both psychological and economic, of each of these United States initiated embargoes or moratoriums. And, it remains extremely debatable whether or not foreign policy or national security outcomes justified the actions when other fallouts are taken into consideration. What has become increasingly clear is that these stoppages severely disturbed markets over both the short and longer term, not so much for the buyers—Japan, Russia, Poland—but for the seller—the United States. Furthermore, they precipitated a realinement of world trading patterns for agricultural products by stimulating production in other countries, which resulted in an increased number of nations with surplus commodities to sell. They also created a vacuum in the marketplace for eager, and often government subsidized, competitors to enter. With these abrupt closings of foreign markets, U.S. farmers, who are geared to high levels of production, found large surpluses beginning to accumulate. Troubles were compounded by general economic conditions and a worldwide recession which contributed to further declines in demand. Not surprisingly, farm prices plunged, distortions in the supply-demand ratio remained and a corresponding lowering of farm income and increases in Government program costs took place. It is easy to see that limits on farm exports have had an immense impact on the farm and rural sectors and have contributed to a longer and deeper recession in that part of the economy.

But, Madam President, the most inequitable aspect of these episodes is that the farm and rural communities have had to bear almost the entire cost of these particular American foreign policy initiatives. This is patently unfair and farm and rural residents are correct in their protest.

Congress has taken some steps to protect the impacted groups against future unfair treatment. In 1981, language was included in the omnibus farm bill to provide income protection to farmers and an amendment was added to a 1982 Commodity Futures Trading Commission (CFTC) reauthorization bill to protect existing agricultural contracts if embargoes are imposed.

Specifically, one section of the 1981 omnibus farm bill provides for loan levels for farm commodities to move up to as much as 90 percent of parity if, for reasons related to shortness of supplies, agricultural exports are suspended to any country with which the United States continues to trade. Another provision of the 1981 law relates to selective agricultural embargoes imposed for foreign policy or national security reasons on countries that account for more than 3 percent of total exports of the embargoed goods. If the embargo protection program becomes effective, the Secretary of Agriculture is required to compensate producers of the commodities involved. The intent of Congress in adopting these provisions was clear: to protect U.S. farmers in the event of another agricultural embargo and to require that any eco-

nomic burden resulting from such an embargo be shared by all taxpayers. Another purpose of Congress was to discourage the quick imposition of nonproductive embargoes by making them more costly to the Government.

In 1982, Congress approved a further protection for existing agricultural export contracts by adding, as a rider to a CFTC reauthorization bill, an amendment to section 812 of the Agricultural Act of 1970 to prohibit the abrogation of agricultural contracts already in place for up to 270 days if an embargo were invoked. The only exception would be if a national emergency or war were declared. This would allow farmers to sell crops already in the ground or harvested and provide leadtime to make decisions for next year's plantings.

While I strongly supported these earlier enactments more must be done if history is not to repeat itself and a new round of farm export embargoes is to be avoided.

As introduced, S. 979 appropriately adds new language to provide further protection for agricultural exports and does not disturb already approved provisions as described above. For instance, under S. 979, national security sections greater latitude would be given to the executive branch to control exports of strategic materials, however, a related subsection would explicitly exempt food exports from controls imposed for national security purposes. This, in effect, should eliminate one type of situation where food embargoes were imposed in the past.

Additionally, under the foreign policy title, language has been developed that has the intent of providing added protection from embargoes for all goods with preexisting contracts regardless of date of performance. This is done by setting more precise criteria for the conditions that must be met before the President can impose controls to effect foreign policy ends while still providing the flexibility for action in other situations. It is necessary to understand that these paragraphs would cover noncontracted farm exports, thus I remain concerned that farm commodities could again become the main retaliatory weapon in future foreign policy conflicts. It is for this reason I am supporting the Dixon amendment today.

This amendment would provide an additional buffer for agricultural exports by limiting the amount of time the President could impose, when the strict new criteria are met, an embargo on noncontracted farm products to 60 days. Additionally, if this action were taken, Congress, under expedited procedures, then would have authority to approve a joint resolution to continue the embargo for each succeeding 6-month period. If Congress does not approve the embargo for more than 60 days, or after each 6-month period, it will automatically expire. Companion EAA reauthorization legislation in the House, H.R. 3231, contains comparable language and in 1981 a similar provision was approved by the Senate, 66 to 20, only to be deleted later in conference.

Madam President, this proposed amendment should be adopted to protect our highly productive agricultural economy. I believe this approach will slow down any precipitous rush to a long-term farm product embargo, will raise the consciousness level of decisionmakers and allow time to better understand the full implications of proposed actions. Agricultural production is already subject to a dizzying array of variables throughout the growing season and our farmers should not be needlessly exposed to the additional vagaries of world politics.

Furthermore, the United States must reestablish itself as a reliable supplier if export markets are to be preserved and expanded, if productivity and income of U.S. farmers are to be increased and if the health of both the farm and national economies are to be improved. For these reasons, I urge my colleagues to support the amendment offered by the Senator from Illinois.

Madam President, I speak in strong support of what my colleague, the esteemed Senator from Illinois, is trying to do with this contract sanctity provision. Basically, what he is saying is that embargoes per se simply do not work. They have not worked in the past, they will not work in the future, and what we are trying to establish is credibility, stability, and reliability of the United States as a trading partner.

We are not against an embargo if you want to put it across the board, or a situation when there is a dire national emergency. What we are talking about is an end to picking on the farmers year in and year out.

We are also saying that without this strong provision, there is going to be a great temptation to go back and do what we did in the past. Our past habits and our past conduct basically speak for themselves.

Madam President, I believe that it is time to tighten up, to indicate that the United States is going to live up to its contracts. I believe the amendment of the Senator from Illinois strengthens the underlying law and makes it clear that in most circumstances the United States is going to follow through, that its agricultural products will be exported. I certainly believe that he is on the right road, that his amendment is fair and equitable. It usually turns out in almost all cases embargoes are counterproductive. It is sort of like shooting yourself in the foot.

As mentioned before, the 1980 grain embargo did not hurt the Soviet Union, it hurt U.S. farmers. We did not have an agreement from the other grain trading partners to forgo their trade thus our farmers lost, our farm community had to absorb the costs.

I think the Senator's amendment is a step in the right direction. It is a step forward on an issue that the Congress, the Senator from Illinois, this Senator, and others have spoken out on for many years. By agreeing to this amendment today, we will put into law the protections that we have been supporting in words.

Further, I want to commend the Senator for the language he has drafted and for taking into consideration the many variables that needed to be covered.

EXHIBIT 1

[From the National Journal, Sept. 10, 1983]

TRADING WITH THE ENEMY

(By Robert J. Samuelson)

When James H. Giffen, a vice president of Armco Inc., testified before a congressional committee earlier this year on export controls, he ended in virtual exasperation.

"Mr. Chairman, I first testified on this subject before this committee in 1969," he said. "After 14 years of submitting testimony. . . ., I begin to ask myself, 'Is anyone listening?' "

Well, maybe somebody is.

The Reagan Administration's response to the downing of the Korean Air Lines jetliner notably excluded sweeping economic sanctions. Compare that with President Carter's reaction to the invasion of Afghanistan (a partial grain embargo) or to the Reagan Administration's response to the imposition of martial law in Poland (an embargo on oil technology).

Americans find trading with the enemy—even when there isn't a formal state of war—illogical and loathsome. But it is one of those unpleasant ambiguities of modern life to which it is necessary to adapt. The lesson may finally be taking.

The trouble with economic sanctions is simple. They don't work. Consider:

The 1979 grain embargo did not prevent the Soviets from obtaining needed supplies elsewhere. Although the Soviets may have paid higher prices, American farmers also suffered. President Reagan used the embargo as a campaign issue against Carter, and Agriculture Secretary John R. Block recently signed a new five-year agreement with the Soviets.

The embargo of oil technology has not prevented the Soviets from proceeding with their trans-Siberian natural gas pipeline. Orders for pipelaying gear that might have gone to the Caterpillar Tractor Co. went instead to Komatsu Ltd. When the Administration sought to apply its export ban to foreign firms, other nations reacted in horror. Now, many of the controls have been lifted or modified.

Although the United States restricts the export of equipment for making electronic "chips," the Soviets have obtained significant imports elsewhere. The Semiconductor Equipment and Materials Institute Inc., a U.S. trade association, reports that at least 60 "ion implantation machines"—a critical machine for chip making—have been shipped to the Eastern bloc and China.

Many long-standing American assumptions about export controls have been overtaken by events. The most basic is the belief

that trade with Communist nations primarily benefits them. Americans believe that they have superior technology—and, in general, they do—and that transferring any of it to the Soviets is mostly a giveaway.

Modern technology is more complicated. Using it involves more than buying equipment. The know-how of applying it, fixing it, duplicating it and assuring quality control does not come automatically. These depend on a nation's basic economic strengths: the quality of its work force and economic enterprises.

Moreover, technology constantly changes. A dilemma emerges. To prosper and finance the next round of development, technology firms need to export. But exports spread technologies elsewhere.

The United States had not handled this delemma adeptly. American export controls exceed those of any other Western nation. The North Atlantic Treaty Organization nations (minus Iceland, plus Japan) participate in something called the Coordinating Committee for Multilateral Export Controls—CoCom for short. This group maintains a list of about 180 items that aren't supposed to be shipped to Communist nations without prior approval of the entire group.

But U.S. controls are far stricter. On the CoCom list, items are distinguished by level of technical sophistication; exports of some signal generators, for example, might be permissible and others not. But the United States requires export licenses for many shipments that fall below the CoCom thresholds. Moreover, licenses are required for shipment to all countries, not just Communist nations.

The result is a system that is large, unwieldy and ineffective. In fiscal 1982, the Commerce Department received more than 100,000 license requests. Only about 8,000 involved exports to Communist nations. A relatively small proportion went to CoCom for possible exemption from export prohibition (1,100 for the United States, 700 for other nations). Most other licenses were approved.

The gripe of American firms is that the licensing system and the use of specific export controls—for example, the post-Afghanistan embargoes—have erected new barriers to exports. In some cases, sales to Soviet bloc nations are lost. More important, U.S. firms argue, these measures have the unintended effect of putting U.S. firms at an increasing competitive disadvantage in sales to non-Communist countries.

Though difficult to quantify, the effect is beyond doubt. American companies and farmers feel increasingly stigmatized as unreliable suppliers. As U.S. technological superiority has declined, the licensing requirement imposes an increasingly heavy burden on export sales. To buyers, it means added uncertainty and jeopardizes the flow of spare parts.

The growing availability of high-technology products also means that unilateral U.S. actions are increasingly futile. Paradoxically, expansive U.S. efforts to apply unilateral sanctions may have impeded effective multilateral controls by alienating the Europeans and hampering CoCom cooperation.

The Korean airline incident may signal a shift. For once, the response seems to fit the offense and gain allied support. Have broader lessons been absorbed? Congress may provide an answer when it considers the Export Administration Act, which governs export controls and expires on Sept. 30. The temptation will be to tighten controls to symbolize "getting tough"; the wiser response will be to narrow the controls and to focus them on areas where direct military use is clear.

The frustration of being unable to retaliate forcefully needs to be kept in perspective. At best, controls can only delay the Soviets from gaining new technology. No nation can bottle up knowledge. The most effective defense lies in the sluggishness of the Soviet system and the vitality of ours. In general, the Soviets have not innovated successfully and we have. The differences stem from within—and aren't for sale.

REPORT OF U.S. ACTIONS TO PLACE EMBARGOES, MORATORIUMS ON SALES OF U.S. FARM PRODUCTS

Year	U.S. action/product	Reason	Country	Legal authority	Regulating agent	Duration	Outcome
1973	Embargo on soybeans/vegetable oil product sales.	Short supply	All nations	EAA; under short supply provisions	U.S. Department of Commerce	3 months	After 3 months, export licenses for 43 products ended.
1974	Moratorium on grain sales	Short supply; large purchases	U.S.S.R.	None; voluntary suspension by U.S. companies.	Presidential request	2 weeks	1-year grain purchase agreement with U.S.S.R.
1975	do	do	do	None; voluntary suspension by U.S. companies; then moratorium under art. 2, U.S. Constitution.	First, USDA request; then Presidential announcement.	5 weeks	5-year grain agreement with U.S.S.R.
	do	do	Poland	None; voluntary suspension of purchases by Poland.	Unannounced request to Poland by U.S. Department of State.	4 weeks	5-year grain agreement with Poland.
1980	Embargo on grain sales over 8 million tons.	Afghanistan invasion	U.S.S.R.	EAA; under national security foreign policy sections.	President	16 months	1-year (82) grain agreement with U.S.S.R.; followed by 5-year grain agreement.

Mr. DIXON. Madam President, I am always honored and pleased when my distinguished friend from Indiana sees fit to support a position I hold. I thank him for his supporting remarks today.

I am very pleased to have on the floor my distinguished senior colleague, whose knowledge in the foreign policy field is without peer in the U.S. Senate, the distinguished chairman of the Foreign Relations Committee, who understands the significance of American agriculture's importance in the world marketplace, who knows that Illinois is the No. 1 agricultural exporting State in the Nation. He is here to lend his support to an amendment he and I have cosponsored together in past sessions as well as this one.

I am pleased to yield to my warm friend, my distinguished senior colleague (Mr. PERCY).

Mr. PERCY. I thank my colleague.

The PRESIDING OFFICER. The senior Senator from Illinois is recognized.

Mr. PERCY. Madam President, this amendment is very similar to one Senator DIXON and I offered 2 years ago to the Export Administration Act reauthorization bill. It passed the Senate with a healthy margin. It was good public policy then, it is even more so today.

I have had the pleasure of spending a great deal of time with farmers throughout the State of Illinois. While there are many issues of concern and importance to our agricultural community, the issue of our country being a reliable supplier around the world is of paramount interest. The amendment we are offering today is a simple and straightforward attempt to discourage the kind of failed efforts we have witnessed which attempt to balance our foreign policy on the backs of our Nation's farmers. Never again should the farmers of America be singled out to bear an unfair share of the national burden made necessary by foreign policy or national security concerns.

You could just see the futility of this kind of policy when President Carter did embargo grain to the Soviet Union at the time of the Afghanistan invasion. The Soviet troops are still in Afghanistan. There was no material effect whatsoever of that embargo, except that we began to lose markets, we lost our credibility as a reliable supplier, we strengthened other countries' agricultural competitive positions in every country, and we have dropped our share of that market, with no harm to anyone except the American economy and American farmers.

With the responsibility that I bear in the foreign relations field—I am conducting a hearing now on our whole economic and military assistance program around the world. I had to suspend my appearance at that hearing in order to be here on the floor to emphasize the importance I place and my distinguished colleague, Senator ALAN DIXON, places on this matter.

Let there be no mistake. The tens of thousands of Illinois farmers, and their fellow farmers across the country, are patriotic Americans. At the time of the embargo, if we embargoed everything, if the emergency had been that great, I think they would have stood along with everyone else. But just to single them out and put the whole burden on the back of the farm-

ers, in the precarious financial position they had been in, was grossly unfair.

They did and they do support a strong national defense and a strong America. However, farmers are rightly puzzled and confused about a society that restricts trade in their product while allowing business as usual in the trade of other nonagricultural goods, particularly when it is their product alone that meets basic human needs, particularly when we unilaterally are doing this, when other countries, our allies and friends around the world, are not engaging in a similar practice and are supplying, in fact, the very grain we have refused to supply. They have moved in and taken over temporary markets that have become permanent markets for them as we continue this practice, which has become a disastrous practice.

Madam President, this amendment enjoys tremendous support from all of the major agricultural groups.

I believe every Member of this body is aware that our agricultural exports have declined over the past few years, both in dollar value and in volume.

There are many reasons for that phenomenon. What we are attempting to insure with the passage of this amendment is the potential fear that the United States will not fulfill its commitments and not be a reliable supplier is not among the reasons the potential foreign consumer and customer would choose business elsewhere.

Once again I commend my distinguished colleague, who has fought for the rights of the farmer, who is a member of the Agriculture Committee, who works closely with me in all matters affecting the national security interests in the United States and abroad, and who along with the vast majority of our colleagues thinks this kind of step is a wrong step to take. We must restore the U.S. reputation as a reliable supplier. And we certainly turn to our distinguished colleague from Pennsylvania, who himself is deeply interested in expanding the volume of exports, who is aware of the disastrous effect we have had as exports for the first time in our history in the last year or two have declined. They have declined, I believe, solely because we are not any longer looked upon as a reliable supplier, and we must do something about that.

Mr. HUDDLESTON. Mr. President, I am pleased to join Senator DIXON and many others in offering this amendment that will substantially enhance the ability of our agricultural exporters to effectively compete in world markets.

The amendment would prohibit unnecessary restrictions on the export of agricultural products to any country for foreign policy reasons, unless the embargo is in conjunction with an across-the-board ban on all trade with a country, or unless Congress adopts a joint resolution approving the restrictions.

The amendment does not restrict the President's ability to manage foreign policy. Under the amendment, the President could impose an embargo of agricultural products for a period of 60 days, but Congress must determine whether to extend it for a total of 6 months. The amendment provides expedited procedures in both the House and the Senate to insure a timely decision on whether to impose or extend such an embargo.

The amendment gives Congress an effective voice in any future decisions to impose agricultural embargoes without the imposition of a legislative veto. Under a Supreme Court ruling last year, legislative vetoes have been declared unconstitutional.

To abide by that decision and still retain the legitimate role of Congress in protecting farmers and exporters from unfair application of embargoes, the amendment specifies certain actions should an embargo be imposed on agricultural goods.

Under the amendment, if the President imposes a selective embargo, the embargo will remain in effect for only 60 days, unless Congress, by joint resolution, explicitly votes to extend it for a period of up to 6 months. An extension of such an embargo beyond 6 months would require further congressional approval.

Congress must maintain its legitimate role against actions that can severely damage our agricultural trade and work hardship on farmers. This amendment accomplishes that objective, and I urge my colleagues to support it.

● Mr. PRYOR. Mr. President, I believe that it is important that we take time during this debate on the Export Administration Act to make absolutely clear our position on the sanctity of export contracts.

The President needs to be able to take quick and firm actions in times of international crisis, but we must take steps to avoid the mistakes of the past and to preserve our long-term export markets. In the past, the American farmer has borne the brunt of our foreign policy sanctions—sanctions which had little effect on the Soviets but had serious effects on our farmers.

Mr. President, whenever I talk to the farmers in my State of Arkansas, the conversation invariably turns to agricultural trade, embargoes, and the need to get back into the Soviet market. To understand this, we only have to remember that sales of U.S. agricultural products abroad have been restricted in 4 of the last 9 years for reasons of short supply or foreign policy. These restrictions have been imposed by both Republican and Democratic administrations.

The prime example of our failed policies in this area is, of course, the Soviet grain embargo of 1980. There are times, such as the 1979 invasion of Afghanistan, when it is necessary to take dramatic steps to counter Soviet aggression, and the U.S. farmer will be the first one to step forward to support appropriate efforts, but the results of the embargo were not what our policymakers had in mind.

The only countries to benefit from the action were Argentina, Australia, and Canada, whose grain exports to the U.S.S.R. soared. The Soviet Union apparently suffered no ill effects at all. So who was hurt by the embargo? Only the American farmer, who saw his grain market sharply reduced, his prices lowered, and the future buyers made suspicious of his reliability as a supplier.

Mr. President, if you have trouble visualizing the effects of these sanctions, just think back to the OPEC oil embargoes of the 1970's and remember how we took action to establish new suppliers, cut back on energy consumption, and develop new sources of energy. Our customers are bound to act the same way if we cut off their supply of agricultural goods.

At the time of the 1980 embargo, the Soviet Union purchased only 4.3 million tons of grain from sources other than the United States; after the embargo, this figure increased to about 24 million tons. The United States saw its market share of world grain exports drop from 72 percent to 58 percent.

Farmers have enough to worry about these days—the drought, change in Federal programs—without our renewing uncertainties about export markets. There is not much we can do about the weather, but we can promote stable commodity prices and permit access to foreign markets. Many farmers are teetering on the edge of bankruptcy right now, and it would not take much to push them over that edge.

Agricultural production cannot be switched on and off like a faucet. Once a farmer makes a decision on what and how much to plant and how much money to borrow, he is stuck with his decision and at the mercy of any changes in Government policy, domestic or foreign. That is why the Congress approved contract sanctity legislation late last year, preventing any President, except in an extreme national emergency, from imposing restrictions on agricultural exports which are already covered by contract.

When necessary, the American farmer will enthusiastically support the foreign policy goals of this country. But farmers are understandably bitter over being singled out to bear most of the burden, especially when,

in the case of the 1980 grain embargo, the gesture is an empty one.

That is why we need to take this action today to nail down U.S. policy on complying with contracts already in force to supply American agricultural goods to other nations.●

AMENDMENT NO. 2756

(Purpose: To permit 60-day extensions)

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. HEINZ. Madam President, I should like in a minute to send to the desk a perfecting amendment to the Dixon-Percy or Percy-Dixon amendment, but I want to take a minute while both my good friends from Illinois are still on the floor to explain it. Indeed, so that there will be copies available, Madam President, I send this amendment to the desk for myself and Senator PROXMIRE and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself and Mr. PROXMIRE, proposes an amendment numbered 2756.

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

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

The amendment is as follows:

On page 2, line 14, strike out the period and insert in lieu thereof a comma.

On page 2, between lines 14 and 15, insert the following: "except that the President may renew such controls for succeeding 60-day periods if, prior to the expiration of any such 60-day period, he submits in writing to the Congress his certification that—

"(i) the circumstances that led to the imposition of controls continue to exist;

"(ii) other exporters of comparable products are cooperating or are reasonably likely to cooperate in the controls; and

"(iii) United States producers of the products subject to controls will not be seriously injured by the continuation of such controls for an additional 60 days".

On page 2, line 30, strike out the period and insert in lieu thereof a comma.

On page 2, between lines 30 and 31, insert the following: "except that the President may renew such controls for succeeding 60-day periods if, prior to the expiration of any such 60-day period, he submits in writing to the Congress his certification that—

"(i) the circumstances that led to the imposition of controls continue to exist;

"(ii) other exporters of comparable products are cooperating or are reasonably likely to cooperate in the controls; and

"(iii) United States producers of the products subjects to the controls will not be seriously injured by continuation of such controls for an additional 60 days.".

Mr. HEINZ. Madam President, first, before we go any further, I commend Senator PROXMIRE for his very forthright statement about the problems with the Dixon amendment. I point out to my colleagues that notwithstanding the fact we have 3¼ million rural Pennsylvanians in my home State, numerically the most, I would be hard-pressed to find a Senator whose State wears the banner of agriculture more proudly and more properly than Wisconsin. Indeed, where the interests of the farmers are concerned, I know of no stronger defender in any State for the interests of the farmers than the senior Senator from Wisconsin (Mr. PROXMIRE). So when Senator PROXMIRE rises in opposition to an amendment that appears to be in the interests of the farmers, there must be something to his opposition.

Now, the amendment which I have sent to the desk is a perfecting amendment offered on behalf of myself and Senator PROXMIRE only to try to make sure that this legislation does not draw a Presidential veto. The perfecting amendment is very tough. I would be less than honest if I did not say that it goes a lot further than I think we ought to go. I believe the present bill is very strong—strong in part because of the prohibition on agricultural exports in section 5 which the Senator from Illinois (Mr. DIXON) and Senator PROXMIRE pointed out was offered as an amendment in committee by Senator DIXON.

Now, what does the Heinz-Proxmire perfecting amendment do? It creates a preferential position for agriculture. What we do is to say that the President could only extend the controls beyond the 60 days granted by the Dixon amendment if at or prior to the end of a 60-day period he certifies the Congress—not reports, not advises, not issues a press release—but certifies on the record to us as committees of Congress, first, that the circumstances that led to the imposition of the controls in the first place are still in existence; second, that other countries are cooperating with these controls or are reasonably likely to cooperate with those controls.

Third—and this is perhaps the toughest part of the amendment; I think the first two parts are very tough, indeed—that U.S. producers, America's farmers, the agricultural community, the people who deal in food and fiber, will not be seriously injured by the continuation of the controls.

Now, as I understand, Madam President, the purpose of the amendment of Senator DIXON is to protect our agricultural producers, our farmers, from injury. I submit that if we require the President to make these multiple certifications—not just one but all three have to be attested to by the President—we are, indeed, giving our farmers some very specific additional protection which I suspect will achieve the real objective of the Senator from Illinois.

Now, none of us are ever able to read what is in another person's mind, but I believe what the Senator from Illinois is concerned about is that agriculture not be unfairly singled out; that what he really seeks to achieve is some kind of parity in the treatment of agriculture with all other commodities, and who can disagree with that notion, Madam President.

Now, it is this Senator's view that his amendment, because of the way it is written, requires an all-or-nothing response that is just not the way the world operates, so how have we dealt with that? We have said, "Before you can even consider imposing an embargo on any group of products that includes agriculture, you have to understand, Mr. President, that you are going to have to come back to Congress every 60 days, every 2 months, and recognize the special concern we have about agriculture. If you do not do that or if you cannot meet the certifications, agriculture, notwithstanding the other things you have on the embargo list, is going to be off that list."

Nobody is arguing today, Madam President, that there could not be at least a temporary embargo on agriculture or anything else. The amendment of Senator DIXON does permit a 60-day embargo without second-guessing by any of us. So that is not to be contested. The real question is what happens after that 60-day period? What we are saying by virtue of this perfecting amendment, Madam President, is, "Mr. President, you better think long and hard before you put agriculture on any embargo list because you are going to have to revisit it before the controls really become effective." It is going to take at least 60 days before any controls become effective.

The other thing we are trying to do with this amendment, I say candidly—and I suggested as much earlier—is that we are trying to avoid a veto. I do not say this with disrespect to either of my friends from Illinois—I know this is not the way they operate—but every so often there are some people who would prefer to have an issue rather than a solution.

What I do know about all this is that if it results in some very good work—and in this case good work that will sincerely benefit our agricultural community in going down the drain; if it results in the baby being thrown out with the bathwater; if it results, in the case of the Export Administration Act, in a Presidential veto and we end up—and I can assure you it is all we will end up with—an extension of current law, then everything that is in S. 979, all the special protections we have for our farmers, is not going to be there. They will not be in a simple extension. That, it seems to me, would be cutting off our nose to spite our face.

So, Madam President, I hope that, for these and the other reasons I have

stated, the perfecting amendment I have offered will be acceptable to the Senate. It may be more than I can ask to ask Senator DIXON and Senator PERCY to support this perfecting amendment, but I think it is a strong amendment. I do not believe that anybody who votes for this amendment can possibly be embarrassed when they go back to visit with their Farm Bureau or with their Grange or with the National Farmers Organization or with the National Farmers Union or any of the other agricultural groups that are important in our farm States.

So, Madam President, as soon as is convenient to the Senate, I hope we can have a vote on this perfecting amendment.

At this point, I yield the floor.

(By request of Mr. DIXON, the following statement was ordered to be printed in the RECORD:)

● Mr. BENTSEN. Madam President, I am pleased to join with my distinguished colleague the Senator from Illinois (Mr. DIXON) as a cosponsor of this amendment to provide needed protection against agricultural embargoes.

American agriculture has been wracked repeatedly by agricultural embargoes. U.S. farmers have suffered from agricultural embargoes under every President since Nixon. I opposed all of these embargoes because I said they would not work. I believe that history has proven me right.

The United States is now residual supplier to the world market. We are the greatest agricultural Nation on Earth, but when foreign customers need food they come here last, not first. Our embargoes have earned us a reputation as an unreliable supplier, an no one wants to be dependent for food on an unreliable supplier.

This amendment will help to prevent a repeat of our past mistakes. It will require that any agriculture-only embargo can only be imposed by the President for a period of 60 days. It cannot extend beyond the 60-day period without specific approval by the Congress.

Existing law already provides for "contract sanctity" protection for agricultural exports in case of future embargoes. I helped enact that protection, which provides that existing contracts will be exempted from any embargo for a period of 9 months. Together with the existing contract sanctity protection, this amendment will assure U.S. farmers that they will not be unfairly singled out to pay the price for domestic political considerations or U.S. foreign policy objectives, as they have so often in the past.

This amendment will go a long way toward assuring foreign buyers that we are indeed in the ag export market to stay. I urge my colleagues to vote for this amendment. It is a vote of confidence and support for the American farmer, and it is a vote for a consistent and reasonable U.S. export policy.●

Mr. DIXON. Madam President, in a moment, having consulted with my chief cosponsor and with others whom I could reach, I will be inclined to move to table the perfecting amendment offered by my friend and distinguished colleague from Pennsylvania.

Madam President, Senator DOLE is very seriously involved in a markup in his committee on a major issue before Congress which occupies his time. He has sent word to me, through an aide, that he would like very much to be here to speak in support of this amendment. He has asked that his statement in support of the amendment be placed in the RECORD. Senator DOLE is the distinguished chairman of the Finance Committee, one of the Members who, I am sure everyone here is aware, is a moving force in the Agriculture Committee and speaks for American agriculture on a daily basis.

(By request of Mr. DIXON, the following statement was ordered to be printed in the RECORD:)

● Mr. DOLE. Madam President, it is a pleasure to join both distinguished Senators from Illinois, Mr. DIXON and Mr. PERCY, in cosponsoring this amendment to S. 979, the Export Administration Amendments Act. Its passage by the Senate will be a major step toward assuring the reputation of the United States as a reliable supplier of agricultural products to the world market.

THE TRAGEDY OF AGRICULTURAL EMBARGOES

Few of us want to dwell on the devastating effects which the embargo imposed on U.S. agricultural exports to the Soviet Union by former President Carter in 1980 had on the U.S. farm economy. American farmers are still suffering from the loss of foreign markets caused by the embargo. Even with the expanded long-term agreement negotiated by the Reagan administration last year, our share of Soviet corn and wheat purchases is expected to be only one-half of the preembargo level. Other foreign customers, fearful of overdependence on an unreliable source for their food imports, have also diversified their purchases and entered into long-term supply agreements with our major competitors.

Nor should we only blame the last administration for shortsighted Government policies affecting agricultural trade. Both the Nixon and Ford administrations suspended exports for short supply reasons which only served to foster foreign investment in expanded farm production in Brazil, Argentina, Canada, and other countries.

THE REAGAN EXPORT DOCTRINE

Madam President, the proposed amendment is the latest in a series of measures intended to help restore the confidence of the world—and of the American farmer—in the future of the United States as the principal supplier of agricultural products. In addition to lifting the 1980 Soviet grain embargo and negotiating the new LTA, President Reagan took a major step forward by announcing an agricultural export policy on March 21, 1982. Two key points of this plan are: First, a commitment not to use restrictions on farm exports for reasons of short supply; and, second, a promise not to impose sanctions only on agricultural products, and to use across-the-board embargoes only when the cooperation of our allies will insure their effectiveness.

CONTRACT SANCTITY

Madam President, the President's efforts to redress the unfortunate consequences of past mistakes have been complemented by actions by Congress and, particularly, by Members of this body. Protection in the form of high indemnity loans and payments to farmers was included in the 1981 farm bill through the leadership of Senators JEPSEN and BOSCHWITZ. It is fair to say that, even if some loophole were found that would permit a repeat of the last embargo, the cost of compensation alone would make it prohibitive.

Then we also have the sanctity of contract protection which Senator DURENBERGER added to the CFTC reauthorization bill in 1982. These provisions require that contracts negotiated prior to imposition of export controls be respected for up to 270 days thereafter. I would add that Senator BOSCHWITZ is expected to offer an amendment to reaffirm the continued integrity of the contract sanctity provisions in the CFTC bill, and that I am in full support of his initiative.

THE AGRICULTURAL EMBARGO AMENDMENT

As reported by committee, S. 979 tightens up considerably the potential use of trade sanctions for national security reasons. One area which is not fully addressed is the use of selective controls on agricultural exports for foreign policy or short supply reasons, although such an embargo would likely trigger the provisions of both the farm bill and CFTC legislation. It also represents the kind of restriction which President Reagan specifically ruled out in his export policy statement.

Nonetheless, American farmers remain justifiably concerned by the possibility, however remote, that the last embargo could be repeated—by this or any future President or administration. And so it is entirely appropriate and timely that my distinguished colleagues from Illinois have proposed requiring that selective foreign policy sanctions on farm exports expire after 60 days unless extended by joint approval of both Houses of Congress.

THE NEED TO RENEW CONFIDENCE IN RURAL AMERICA

Madam President, this amendment and each of the other actions we have taken to provide greater protection for agricultural trade are important in their own right. They are important collecitvely as steps in a confidence-buiding process which confirms that the costly lessons of the past decade have been committed to memory by an often-forgetful political system. They are important, also, for the signal they send to our foreign customers and competitors—that the United States can and will restore its reputation and its share of world farm trade.

Equally important, however, is that we now begin to look beyond the need to protect U.S. farm exports from our own Government—or even from our competitors—although both may now be important and necessary. We must decide what our long-term role in supplying the world's food needs should be and set specific objectives for achieving it. Some strategic planning can and should be done in cooperation with other major food exporting and importing countries. But the United States should not delay indefinitely in setting its own long-range priorities and agenda. Many of our current economic problems in rural America are the results of Government mistakes which helped to break the expansionary trend of the late 1970's. The time has come for positive Government actions and policies to help restore prospects for renewed prosperity in U.S. agriculture.●

Mr. DIXON. Madam President, I am going to withhold the motion to table, if I may have the cooperation of the manager of this bill, because a friend of mine, a member of the Agriculture Committee, is here now. He has spoken virtually dozens of times in the Agriculture Committee about his very strong and profoundly held beliefs that American embargoes in the past have been injurious principally to American agriculture and not to our enemies around the world.

I am delighted to yield the floor to the Senator from Iowa (Mr. JEPSEN), in support of my amendment.

Mr. JEPSEN. I thank my distinguished colleague from Illinois.

Madam President, today I rise in support of the amendment to the Export Administration Act which would prohibit unnecessary restrictions on the export of agricultural products to any country for foreign policy reasons, unless the embargo is in conjunction with an across-the-board ban on all trade with a country, or unless Congress adopts a joint resolution approving the restrictions. I am chief cosponsor of this legislation and urge its approval.

This amemdment will limit any selective foreign policy embargo on agricultural exports to 60 days unless Congress passes a joint resolution authorizing an extension. This amendment would replace the two-House negative veto on agricultural export controls that appears to have been rendered unconstitutional by recent Supreme Court decisions. In addition, the Dixon/Percy amendment would reverse a procedure included in the 1979 Export Administration Act that allowed Congress to veto agricultural embargoes after 30 days. The Supreme Court has since ruled congressional vetoes unconstitutional. A similar provision was approved in the House version of the Export Administration Act legislation.

This provision would not limit the President's authority to act when he can demonstrate that vital national interests are at stake, but it would require a review of any agricultural trade sanctions within a reasonable period. If the review indicates that the sanctions are achieving their stated purpose, Congress can vote to extend them. Unless Congress votes its approval, no agricultural embargo could last longer than 60 days.

Madam President, 2 months ago, the U.S. International Trade Commission published its long-awaited report, "U.S. Embargoes on Agricultural Exports: Implications for the U.S. Agricultural Industry and U.S. Exports." This very timely report describes the extreme dependence of U.S. agriculture on exports, and documents the effects of not less than five instances of agricultural commodity or product export restrictions on farmers, consumers, and taxpayers during the 7-year period 1973 to 1980: The soybean embargo of 1973; a 1974 moratorium on grain sales to the U.S.S.R.; a moratorium on grain sales to the U.S.S.R. in 1975; a moratorium on grain exports to Poland in 1975; and the 1980 embargo on agricultural exports to the U.S.S.R.

Some of the major findings of the Commission are:

1. Following the 1980 embargo, the United States share of the world market for grains, soybeans, and soybean products declined despite irregular overall increases in U.S. exports of these items over the period.

2. After the 1980 embargo, major countries that compete with the United States in the world grain and soybean markets expanded their production and exports of these commodities so as to capture a growing share of the world trade. Accordingly, consuming countries diversified their sources of supply.

3. The United States is viewed as an unreliable world supplier of agricultural commodities, particularly after the 1980 embargo.

4. The minimum cost to the U.S. Government for its attempt to ameliorate the effects of the 1980 embargo was the $475 million loss incurred by the Commodity Credit Corporation (CCC) as a result of its purchase and resale of commodity contracts. In addition, the USDA made direct purchases of corn and wheat from farmers and elevator operators at a cost of approximately $978 million and frozen whole broilers from U.S. producers at a cost of $5.5 million.

5. The 1980 embargo of agricultural exports was a major factor influencing the decline in the United States share of the Soviet wheat and coarse grain market after 1980. During 1977-78 to 1982-83, U.S. combined exports of wheat and coarse grains to the U.S.S.R. fluctuated downward from 11.2 million to 6.2 million tons; Canada's increased steadily from 2.1 million to 8.9 million tons; Argentina's increased from 1.4 million to 9.6 million tons, and the European Community's exports rose from 0.2 million to 3.8 million tons.

6. The 1980 embargo of agricultural products was a major factor affecting the lack of United States sales of soybeans and soybean products to the Soviet Union after the embargo. As the share of the Soviet market supplied by the United States declined, the share of soybeans supplied by Brazil and Argentina and the share of soybean meal supplied by Brazil and the European Community increased dramatically.

7. During and after the 1980 embargo, the Soviet Union entered into a number of long-term bilateral trade supply agreements for wheat, course grains, and soybeans and soybean products with countries which are major United States competitors in the world market.

Farmers and agricultural exporters are in support of America's foreign policy goals, but they should not be expected to bear an overwhelmingly disproportionate share of the heavy costs of embargoes such as the Carter embargo of 1981.

I urge my colleagues to support the Dixon-Percy amendment and to defeat the perfecting amendment.

I thank my distinguished colleague from Illinois for his diligence and his persistence in bringing this important issue to the Senate.

Mr. DIXON. Madam President, I thank my distinguished friend from Iowa.

It has been requested that we do not offer a motion to table. I think that is a reasonable request. So in due time we will vote up or down on the perfecting amendment.

I wish to announce that we have inquired of the American Farm Bureau Federation, and they definitely are opposed to the perfecting amendment. The National Wheat Growers also announced that they are opposed to the perfecting amendment.

Both take the position it simply weakens the amendment we are offering.

So I will be, of course, constrained, I say to my friend from Pennsylvania, to oppose the perfecting amendment, but I will not offer a motion to table.

Mr. HEINZ. Madam President, if the Senator will yield, I thank him very much for his consideration on the motion to table. We are trying to have as many up or down votes as we possibly can.

Mr. DIXON. I am delighted to hear that.

Mr. HEINZ. I do not intend to prolong the debate on either his amendment or my amendment.

Mr. DIXON. Madam President, I am proud of the fact that the chairman of the Argiculture Committee is a cosponsor of this amendment and the ranking minority member as well.

So I am pleased to yield so that the distinguished ranking minority member of the Agriculture Committee, who has done so much for the American and Kentucky farmers, my friend from Kentucky, DEE HUDDLESTON may be recognized.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kentucky.

Mr. HUDDLESTON. Madam President, I thank the distinguished Senator from Illinois. As he indicated, I am a cosponsor of the amendment that he has offered, and I have already spoken in support of the amendment. I wish to now express my opposition, and urge oppqsition of all members of the Senate, to the perfecting amendment offered by the distinguished Senator from Pennsylvania.

The net effect, of course, of the amendment of the Senator from Pennsylvania to the amendment of the Senator from Illinois would be to greatly weaken the basic provisions of the original amendment. The amendment of the Senator from Pennsylvania would essentially remove Congress from the process of reviewing embargoes, because it gives the President the opportunity to continue to send Congress certifications of extension, and the 60 days would never really expire. Any embargo would continue to remain in effect.

Madam President and Members of the Senate, as far as agriculture in the United States is concerned, the ox is in the ditch. We must make every effort to help America's farm producers. Farmers have suffered another devastating year, as evidenced by low net farm income for many producers. Debt is at an all-time high. Countless thousands of American farmers are facing bankruptcy or foreclosure because of their inability to meet their mortgage payments at this time.

One of the keys to prosperous agriculture in the United States is our ability to export. We have to sell a considerable amount of our grain production, abroad, or we will see continued surpluses, lower prices, and more economic hardship for our farmers. We need, in fact, to substantially increase our exports right now. We have seen something that has been unusual for the United States in recent times; namely, decline in our export sales. Both the value of those agricultural export sales and the volume of those sales have declined in the past 2 years.

We certainly have learned from experience that ill-advised embargoes do not benefit anyone. They do not serve the purpose for which they have been instituted, and serve to make the United States be considered by our foreign customers as something less than a dependable and reliable supplier. Past embargoes have opened the doors for our competitive producers around the world to take some of our markets, and the percentage of such markets that the United States enjoys has declined.

So I think we need to help get the ox out of the ditch and to make sure that in foreign trade we are as strong as we can possibly be. We must make every effort to enhance the opportunity for American agricultural producers to sell abroad.

The amendment by the Senator from Illinois is a step in the right direction, and we should not be weakening that amendment.

I urge that we reject the amendment by the Senator from Pennsylvania and move on to adopt the amendment by the Senator from Illinois.

I thank the Senator.

● Mr. NICKLES. Madam President, if we expect the agriculture community to thrive in a free market, then we must facilitate, not impede, a vigorous agricultural export policy and this legislation to limit Presidential embargo authority is a positive step.

The grain embargo imposed during the Carter administration in December 1979 undermined the integrity of American agriculture to be a reliable supplier. That embargo was a disaster for our grain producers, but had little negative impact on the Soviet Union. They just bought grain from other countries. Those countries have expanded their annual production, which is continuing to lower world prices today. Prior to the embargo we supplied about 74 percent of the Soviet Union's grain imports—after the embargo that figure dropped to about 24 percent.

Agricultural trade is critical to our economy, but as a result of past foreign policy decisions, nations which used to rely solely on the United States for an uninterrupted flow of food products have sought and found alternate suppliers.

The contract sanctity provision passed 2 years ago as part of the Futures Trading Act did help, but contract sanctity is not enough. We must restore to Congress a timely and effective role in the export control decisionmaking process if our Nation is ever to restore its reputation as a reliable supplier.

This amendment, which is supported by many national agriculture organizations, gives the President the authority to respond quickly to emergency situations around the world, but insures that Congress will be consulted in a meaningful manner before any decision is made concerning an embargo. Should the President impose future selective embargoes of agricultural products for foreign policy reasons it may last no longer than 60 days, unless extended by Congress. However, if the Congress does not approve the embargo, it automatically expires at the end of 60 days, and cannot be reimposed. American agriculture should not be singled out in a selective embargo. If there must be an embargo, items used to build that country's war machine should first be embargoed and agriculture products should be last.

This change in American foreign and farm policy is needed after an analysis of the facts shows that agricultural embargoes do more harm to the United States than good. While it might be good politics for a President to whip a grain embargo on another nation, it causes irreparable damage to American farmers.

Congress should have broader authority in this area of foreign policymaking because of its severe impact on the domestic economy.

I want to compliment Senator DIXON for his leadership on this issue which is a matter of grave concern for farmers across America.●

Mr. HEINZ. Madam President, I see no other Senator seeking time. So I think we are ready to put the question.

Mr. DIXON. Madam President, does my friend from Pennsylvania wish to close debate on this perfecting amendment? I wish to be heard briefly against it only for a moment.

Mr. HEINZ. The Senator from Pennsylvania, noting the extensive number of Senators here in the Chamber, has decided to abbreviate his closing remarks almost to the point of nonexistence.

Mr. DIXON. I thank my friend from Pennsylvania. I will be almost as brief in saying that we checked with a number of the important agricultural groups in the country, principally the Farm Bureau, the Wheatgrowers, and others. All have expressed opposition to the perfecting amendment as weakening the bill.

Those cosponsors of the amendment that I have offered with whom we have talked, including my distinguished friend, the ranking minority member of the Agriculture Committee, and Senator DOLE have all indicated to us that they feel that the amendment being offered by my friend from Pennsylvania is a weakening amendment.

I would only wish to point out very briefly that this amendment offered by my colleague from Pennsylvania uses certain terminology that would concern me on behalf of the American farmer. For instance, it requires the President to certify certain things. One is that "other exporters of comparable products are cooperating." An-

other is that other countries "are reasonably likely to cooperate in the controls." What does that mean? It is so subjective that I think it is almost at the whim of the person who certifies.

A third one says, "United States producers of the products subject to controls will not be seriously injured by the continuation of such controls for an additional 60 days."

What does it mean to say "not be seriously injured"? If corn drops 10 cents a bushel, is that serious injury?

What is the terminology employed in the perfecting amendment saying to the American agricultural sector? I think that the amendment is, in truth, a very serious weakening amendment. I ask my colleagues to vote against it.

My friend from Pennsylvania suggested the administration is opposed to this bill. I just want to point out——

Mr. HEINZ. Madam President, excuse me——

Mr. DIXON. This amendment.

Mr. HEINZ. The Senator is correct.

Mr. DIXON. I want to point out that we have as cosponsors of this amendment that we have offered Senator HELMS, the chairman of the Agriculture Committee, certainly a supporter of this administration; Senator PERCY, the chairman of the Foreign Relations Committee, certainly a supporter of this administration; Senator DOLE, the chairman of the Senate Finance Committee and a major force in the Agriculture Committee, certainly a supporter of this administration; Senator LUGAR, the chairman of the Republican Senatorial Committee, a supporter of this administration; and many others.

So I point out, in conclusion, there is broad bipartisan support on both sides. Frankly, every member of the Agriculture Committee of either political persuasion supports this amendment and opposes the perfecting amendment offered by my friend from Pennsylvania.

I would ask those who come to the floor now to oppose the amendment by my friend from Pennsylvania and vote no on the perfecting amendment so that we can then go to the amendment itself and adopt it as an integral and important part of the Export Administration Act.

I thank my friend from Pennsylvania.

Mr. HEINZ. Madam President, I am not going to rebut a single thing my friend from Illinois has said. I just want to state for the record that the committee position of the Banking, Housing, and Urban Affairs Committee—not just my own position—is that we oppose the Dixon amendment. I speak for Senator PROXMIRE and Senator GARN, our ranking minority member and chairman, respectively. We support the Heinz-Proxmire perfecting amendment.

The administration, as the Senator from Illinois has correctly pointed out, is opposed to his amendment, notwithstanding the fact that he has Republican support for it, and they strongly prefer, even though they are not supporters of, the Heinz-Proxmire amendment. The fact the administration does not even support my amendment must mean that we are doing something worth doing, I say to my good friend from Illinois. But, given a choice between the devil and the deep blue sea, they prefer our amendment over the amendment of the Senator from Illinois.

I hope our colleagues will support the perfecting amendment and, regardless of which way it goes, I imagine we could have a vote on whatever the survivor may be. So having said that, Madam President, I ask for the yeas and nays on the perfecting amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the second-degree amendment offered by the Senator from Pennsylvania (Mr. HEINZ). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER) is necessarily absent.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber wishing to vote?

So the result was announced—yeas 20, nays 74, as follows:

[Rollcall Vote No. 22 Leg.]

YEAS—20

Bradley	Humphrey	Randolph
D'Amato	Kasten	Rudman
Garn	Laxalt	Specter
Goldwater	Mathias	Stevens
Hatch	Moynihan	Tower
Hecht	Murkowski	Weicker
Heinz	Proxmire	

NAYS—74

Abdnor	Cohen	Heflin
Andrews	Danforth	Helms
Armstrong	DeConcini	Hollings
Baker	Denton	Huddleston
Baucus	Dixon	Inouye
Bentsen	Dole	Jepsen
Biden	Domenici	Johnston
Bingaman	Eagleton	Kassebaum
Boren	East	Kennedy
Boschwitz	Evans	Lautenberg
Bumpers	Exon	Leahy
Burdick	Ford	Levin
Byrd	Gorton	Long
Chafee	Grassley	Lugar
Chiles	Hatfield	Matsunaga
Cochran	Hawkins	Mattingly
McClure	Pressler	Stennis
Melcher	Pryor	Symms
Metzenbaum	Quayle	Thurmond
Mitchell	Riegle	Trible
Nickles	Roth	Wallop
Nunn	Sarbanes	Warner
Packwood	Sasser	Wilson
Pell	Simpson	Zorinsky
Percy	Stafford	

NOT VOTING—6

Cranston	Durenberger	Hart
Dodd	Glenn	Tsongas

So Mr. HEINZ' amendment (No. 2756) was rejected.

Mr. DIXON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I know there are other Senators who wish to offer amendments.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, I know of at least two Senators who are present and wish to offer amendments which I believe the committee can accept.

The pending business before the Senate is the Dixon amendment. I have discussed the matter with the Senator from Illinois and neither he nor I see any need to have a rollcall vote, so it would be this Senator's intention to ask the Chair to put the question as soon as the Senator from Illinois would like us to do that.

Mr. DIXON. Mr. President, I thank my colleague.

Mr. President, I ask unanimous consent of the Senate to join as cosponsors of this amendment offered by myself, Senator PERCY, Senator DOLE, and others, the following Senators: The distinguished Senator from Michigan (Mr. LEVIN), and the distinguished Senator from Iowa (Mr. GRASSLEY).

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

Mr. DIXON. At this time, Mr. President, I move the adoption of amendment No. 2755 to S. 979.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 2755.

The amendment (No. 2755) was agreed to.

Mr. DIXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2757

(Purpose: To prevent certain acquisitions of domestic petroleum companies by major international energy concerns)

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I send an amendment to the desk on behalf of myself, Mr. RUDMAN, Mr. PROXMIRE, Mr. RIEGLE, Mr. LEVIN and Mr. BUMPERS, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself, Mr. RUDMAN, Mr. PROXMIRE, Mr. RIEGLE, Mr. LEVIN, and Mr. BUMPERS, proposes an amendment numbered 2757.

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

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

The amendment is as follows:

At the end of the bill add the following:

PETROLEUM ACQUISITIONS

SEC. 19. (a) This section may be cited as the "Domestic Petroleum Company Acquisition Act of 1984".

(b) The Congress finds and declares that—

(1) major energy concerns have demonstrated an intent to allocate substantial financial resources to the acquisition of domestic petroleum enterprises;

(2) recent events in the oil producing areas of the world increase the importance of fully developing our domestic petroleum resource base for national security and domestic economic reasons;

(3) the allocation of billions of dollars to the acquisition of present domestic petroleum reserves is contrary to national policy to the extent that it does not add to our resource base but rather diverts capital resources which otherwise could have been used to explore for, and produce new domestic sources of energy; and

(4) acquisitions of domestic petroleum companies are likely to continue, resulting in the elimination of important competitive checks on the economic and political power of major energy concerns, and such acquisition are therefore against public policy.

(c) The Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting immediately after subsection 7A(j) the following new subsection:

"(k)(1) For purposes of this section—

"(A) the term 'major energy concern' means any person engaged in commerce in the United States—

"(i) whose average net production of crude oil in the previous calendar year exceeded 500,000 barrels per day worldwide, or

"(ii) which is under the control of one or more foreign persons;

"(B) the term 'domestic petroleum company' means any person engaged in commerce in the United States, who is not a major energy concern, and whose average net production of crude oil from sources within the United States in the previous calendar year exceeded 50,000 barrels per day;

"(C) the term 'foreign person' means (i) any individual who is not a citizen of the United States, (ii) any person organized under the laws of, or having its principal place of business in, a country other than the United States, or (iii) any other person owned or controlled directly or indirectly by one or more of such individuals or persons;

"(D) the term "affiliate', when used with respect to any major energy concern, means any person who controls, is controlled by, or is under common control with a major international energy concern;

"(E) the term 'control' means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person through ownership of voting securities or otherwise *Provided, however,* That control shall not arise solely out of a bona fide credit transaction. Ownership of, or the power to vote, 15 per centum or more of the outstanding voting securities of a person creates a rebuttable presumption of control. Ownership of, or the power to vote, less than 15 per centum of the outstanding voting securities of a person does not create a presumption of control or lack of control; and

"(F) the term 'person' includes (i) any individual, (ii) any corporation, company, association, firm, partnership, society, trust, joint venture, or joint stock company, and (iii) the government of any country or any political subdivision or agency thereof.

"(2)(A) It shall be unlawful—

"(1) for any major energy concern or any affiliate thereof, to acquire, directly or indirectly, by purchase, trade, or otherwise, direct or indirect ownership or control of another major energy concern or of a domestic petroleum company or of its affiliate; and

"(2) for any domestic petroleum company or any affiliate thereof, to acquire, own, or control either directly or indirectly any major energy concern or its affiliate.

"(B) Whenever it appears to the Attorney General, the Federal Trade Commission, or any other aggrieved person that a major energy concern, affiliate, or any agent thereof, or any comestic petroleum company, any affiliate or agent thereof has engaged, is engaged, or is about to engage in any act or practices constituting a violation of subparagraph (A), such person may bring an action in the appropriate district court of the Untied States to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted. For purposes of this paragraph, where some or all of the assets of an acquired major energy concern or domestic petroleum company are temporarily being held and operated independently, pursuant to a judicial or administrative agreement, a violation of this paragraph does not occur until the expiration of such temporary agreement. Any such permanent injunctive relief may provide for restitution of moneys.".

"(C) This paragraph shall not apply to any acquisition if—

"(1) the parties to the acquisition demonstrate that the transaction is likely to result in a material increase in new energy exploration, extraction, production, or conversion, and that such an increase cannot reasonably be achieved by means not prescribed in subparagraph (A); or

"(2) such parties demonstrates that the transaction is necessary in order to prevent one or both of the parties from having to file a petition with the bankruptcy court or from being declared bankrupt.".

Mr. METZENBAUM. Mr. President, the amendment that I have sent to the desk has to do with the question of oil company mergers. I do not think it is any secret that the Texaco-Getty merger is but the first of many mergers that are being comtemplated. As a matter of fact, we find in the media every day more and more talk about Arco moving into the Gulf situation, and other companies buying up each other. I believe it is time to call a halt. My colleague from New Hampshire, Senator RUDMAN, I know, agrees with me and will address himself to this issue shortly.

As a matter of fact, Mr. President, if you look at the news releases you see:

More oil business unheaval expected; experts say low stock prices key ingredient in takeover bids.

Merger fever sweeps through oil industry

in the Washington Post. The Wall Street Journal:

Speculators bid up energy issues amid signs of takeover boom, brighter industry future.

The Oil Daily reports:

This is almost like a witch hunt with independents and the smaller publicly held companies fair game—especially if they've built a strong position in proven reserves and undeveloped acreage. It probably will lead to the complete demise of the wildcatter, the guy who started it all.

The New York Times:

Oil industry's push to merge. Everybody is looking.

The Shearson/American Express weekly newsletter, printed in a number of papers, talks about the fact that:

Buyouts are attractive because they represent a compelling alternative to finding and developing oil from scratch.

They refer to major oil merger mania.

Mr. President, according to the chairman of Standard Oil of California, "Everybody is looking." Together these mergers will significantly increase concentration and reduce competition in the oil industry. J. Hugh Liedtke, chairman of Pennzoil, stated it as follows:

If the Getty-Texaco merger were to be permitted under the antitrust laws, then I think you're going to see a tremendous upheaval in the industry which would entail the few very large companies gobbling up all of the medium-sized and smaller companies . . . pretty soon you're only going to have half a dozen of them and you will have true monopoly.

Indeed, today's paper reports both Arco and Standard of California are amassing huge war chests to bid for Gulf Oil. Gulf has reportedly opened its books to Arco in hopes of receiving a bid.

When will this whole procedure end? We need prompt legislation to stop these mergers. This legislation proposal would put a halt to them for a period of 5 years. Therefore, I am introducing this amendment to the Export Administration Act which will prevent the major oil companies from merging with each other or with other midsized domestic concerns. The amendment will not apply where the

merging firms can demonstrate that the merger is necessary to the development of new energy. But it will provide a timely halt to wasteful and anticompetitive mergers.

This amendment would stop monopolies before they occur. Historically, both Congress and the Supreme Court have made it clear that the antitrust laws should stop monopolies before they occur. The FTC has shown that it does not care about the cumulative effect of the oil merger wave.

Now, why are we proposing this amendment? We propose the amendment because the assets and the dollars of the oil companies should be used for the purpose of finding new oil, for research, for development, for more drilling. But, no, they do not want to do that. They think that they can drill for oil cheaper on Wall Street than they can drill for oil in the fields of this country.

According to Shearson/American Express:

> Buyouts are attractive because they represent a compelling alternative to finding and developing oil from scratch.

Think what that means. The oil companies do not want to spend all those extra dollars that Congress permitted them to amass by giving them special tax privileges looking for oil. They want to spend those dollars buying up other oil companies. If these deals were outlawed, the majors would be forced to find needed oil on energy frontiers, not in the corporate board room. As a matter of fact, the mid-sized domestic companies are targeted by the majors, and that is the real issue. New energy exploration is going to have to occur in the frontier areas, not on Wall Street or in the marketplace. This legislation would impact upon the top 9 oil companies and the next segment of 11 majors who are not quite as large as the first group. They would say that the top 9 could not buy each other out, and they would say that the top 9 could not buy the 11 out, and the 11 could not buy any of the top 9 out.

Finding new oil is in this Nation's national interest. The major oil companies do not really care whether they get additional oil from merger or exploration, but the American people have a right to be concerned about that. The public interest in energy independence from unreliable foreign sources demands that our national policy should encourage new development, not new takeovers.

As a matter of fact, as the oil companies incur more and more debt in order to make these acquisitions, it provides less and less incentive for them to find the dollars in order to go out and look for new oil.

Majors are now using the best sources of capital at their disposal to buy up other companies, instead of using those dollars for the purpose of looking for new oil in this country.

These mergers force the independent service station dealers out of business. These are independent small business persons whose existence is important to our economy. Several majors have pursued a strategy of forcing out independent service station owners in favor of company-owned stations. The little neighborhood gasoline station dealer is crowded up against the wall by the major oil companies.

The acquisitions about which we are speaking only serve to accelerate that process, since fewer retailers are needed to sell the now-merged brands of gasoline. As independent retail outlets are eliminated, the major oil companies will be able more effectively to dictate the retail price of gasoline, all to the detriment of the American consumer and the American economy.

Independent service station dealers do something beside provide competition. They provide consumers with full service options often unavailable at company-operated outlets. Independent service station dealers are also a major competitive force in the automotive repair market. As the majors drive the independents out of business, services will be cut, consumer choices narrowed, and prices to the consumer will increase.

The Texaco-Getty deal is a good example of a harmful merger which should be stopped. It is not too late. But prompt legislative action is neccessary if we are to stop this merger before the Federal Trade Commission finalizes its do-nothing policy.

The Texaco-Getty deal is larger than Mobile-Marathon. That merger was held unlawful by the courts. The Texaco-Getty deal is the largest merger that has ever occurred in the history of this Nation. It will not enhance new energy development.

Texaco can hardly claim that its thirst for new oil will not be affected by a merger which doubles its reserves and saddles the company with at least $6 billion in debt. Texaco has been particularly active in pursuing a strategy of eliminating independent Texaco dealers and replacing them with company-owned outlets.

The FTC's proposed consent decree does not really deal with the competitive problems in the Texaco-Getty deal. They address themselves to the issue but fail to resolve the problems that result from that merger. In the California market, particularly, it results in a total abrogation of their responsibility.

This Senator believes that we ought to cause a halt to occur in these mergers, which add nothing to the economy of this Nation.

I hope this body will see fit to adopt this amendment.

I now yield the floor to the distinguished Senator from New Hampshire (Mr. RUDMAN).

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. RUDMAN. Mr. President, today we are offering, as an amendment to the pending measure, legislation which would halt mergers between large and medium-sized oil companies. I am conscious of the fact that some of my colleagues hesitate to adopt antitrust legislation targeted at specific industries, even if, as is the present case, the language would benefit consumers and increase exploration for new energy supplies. I admit to a degree of aversion to such attempts myself. However, I am convinced that facts in this situation warrant such action, and I urge my colleagues to support the amendment.

During recent years, we have witnessed a serious decline in enforcement efforts designed to prevent mergers among large corporations, even though many of the mergers substantially increased concentration in particular industries. Indeed, the guidelines issued by the Department of Justice in 1982 signaled to corporations and antitrust lawyers that the Federal Government had established an open season for mergers, whatever their economic consequences. As antitrust analysts predicted, the guidelines fostered a tidal wave of merger activity, and nowhere has the new attitude been more evident than in the petroleum industry.

Interestingly enough, the markets and the antitrust lawyers have received a real jolt recently. Paul McGrath, a breath of fresh air in the Justice Antitrust Division, has announced that the Government will seek to enjoin the LTV-Republic merger. The reaction has been swift. The March 5 Business Week reports that "antitrust lawyers who have nothing to do with either case say the decision is causing them to revise the advice they give business clients." Regrettably, the administration's response has been to lecture Mr. McGrath on the error of his ways, and, ostensibly, to suggest that he failed to consider the protectionist response sure to come from the Congress. This was done despite the fact, as I understand it, that Mr. McGrath examined the trade ramifications beyond the parameters of the merger guidelines. Thus, unfortunately, fresh air may again be subject to the cigar smoke of corporate merger strategy sessions.

I do not intend to enter into a general discussion regarding the inefficient use of capital in mergers between large corporations. Instead, I ask unanimous consent that a statement by Senator GORTON given in response to the circumstances of the attempted Bendix-

Martin-Marietta merger be printed again in the RECORD at the end of my statement. I think many of Senator GORTON's comments are relevant to this issue.

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

(See exhibit 1.)

Mr. RUDMAN. Mr. President, the point I emphasize today is that the U.S. Congress cannot stand by and let years of established, judicious law arising out of congressional initiative be cast aside without very careful consideration. We must establish a new signal for the markets that efficiency, the basis of capitalism, arises from competition, and not by prospecting for oil in lower Manhattan.

The smaller, medium-sized companies in the oil industry have consistently used their profits to increase their market size through exploration. It is well documented that domestic companies invest more in domestic exploration than the major international concerns.

Indeed, and I want to emphasize this point, the smaller companies, seeking new reserves, have been responsible for breaking the stranglehold of OPEC countries on oil supplies. The major international firms would prefer to support OPEC, but the exploration by domestic firms has helped to overcome our dependence on OPEC oil. Those of us who support such independence should maintain a strong stance in support of the continued existence and independence of those companies.

During hearings before the House Subcommittee on Fossil and Synthetic Fuels in December 1981, F. M. Scherer, professor of economics at Northwest University, observed that "modest structural changes could shift the delicate balance (in the petroleum industry) from rigorous competition to 'live and let live' attitudes in petroleum product markets." We are beginning to see the structural change with the tentative approval of the Texaco-Getty merger, and the change bodes an inauspicious result for consumers. Every analyst report I have seen states that the decision signals a major wave of mergers in the industry. Such increased concentration will mean less competition and almost certainly higher prices for consumers.

To be honest, I am not surprised by the recent interest in acquisitions versus exploration. For various reasons, stock prices for domestic oil companies are low. Cash-rich companies would prefer to acquire the companies rather than search for undiscovered reserves. It is much simpler to drill for oil at $5 a barrel on Wall Street than to invest $15 to $30 of retained earnings in speculative exploration. Indeed, Federal tax laws which provide an interest deduction but not a dividend deduction also encourage debt financing for merger acquisitions. However, this is not the type of activity that we in Congress should condone. These factors may form the basis for individual business merger activity, but they do not suggest that such mergers will enhance overall efficiency within our national economy. Quite the opposite is true. Increased concentration will mean increased prices for consumers and reduced exploration for future use.

What is good for one company, even "legal" for one company, is not necessarily good for the Nation. It is our job to make such judgments. I believe if you consider the issue objectively, you can come to no other opinion but to support this amendment.

EXHIBIT 1

CORPORATE WARS HARM U.S. ECONOMY

Mr. GORTON. Mr. President, much of America watched, as I did, the latest saga of the corporate wars. Indeed, it was difficult to miss since the entire struggle between the Bendix Corp. and Martin-Marietta was prominently reported on a daily basis by the press and television. The event was treated as drama. A leading news magazine aptly headlined its story, "Merger Theater of the Absurd."

Following in this vein, I feel compelled to add my review to the others that have appeared recently. Most of the public attention that was paid to this latest battle of the corporate wars has been devoted to the strategy and tactics of takeovers. Surely much more of national interest is involved in merger wars than who wins, who loses, and how they did it. Indeed, if I did not believe that much more of national significance was involved here. I would not be addressing the Senate on this subject today.

The media, in reporting the Bendix-Martin-Marietta struggle often treated it as a soap opera: A struggle between corporate titans involving billions of dollars, the clash of personalities, stunning victories followed by equally stunning reversals, unexpected alliances that quickly fell apart, and even a romantic interest. It was almost as if we should not take this struggle any more seriously than we do daytime TV.

The colorful argot that has evolved to describe the tactics of corporate takeovers—white and gray knights, bear hugs, crown jewels, golden parachutes, the Pac-Man strategy—suggests that corporate wars and star wars are of equal importance. They are not, and we are making a grave mistake if we do not take the merger wars and the merger movement seriously. While on the surface the Bendix-Martin-Marietta struggle appears to contain all the elements of a comic opera, a close inspection reveals the elements of tragedy fully deserving of a serious review. A serious review goes beyond a description of the performers' behavior—to an exploration of the reasons for that behavior. When we do this for the latest example of corporate wars, we discover a serious national problem.

Consider first the absurd results of Allied's takeover of Bendix, and of Martin-Marietta, thereby maintaining its independence. A basic premise underlying a competitive economy is that both parties should gain from a trade. The economic basis for a corporate merger is that the assets of the acquired firm will be more efficiently used by the new owner, so that the successor will be more productive and profitable than it had previously been. The buying firm can therefore offer the seller more than the firm was previously worth, but still less than the assets will be worth when more productively employed. The theoretical basis for a profitable trade thus exists where both the buyer and seller benefit.

Yet, this did not happen in the Allied-Bendix-Martin-Marietta struggle. On Monday, September 27, after the dust had finally cleared and the stocks of the three companies were opened for trading, the share price of two of the firms, Allied and Martin-Marietta, the declared winners, actually fell. Allied, which acquired Bendix, had its stock price fall by almost 8 percent, and the price per share for Martin-Marietta, the independence of what was retained, plummeted almost 20 percent.

This decline in the share prices reflected the financial wreckage left in the wake of the Allied-Bendix-Martin-Marietta struggle. Martin-Marietta finds itself with $900 million in new debt used to repurchase its own stock for substantially more than it is worth today. In order to reduce this debt the company is considering selling some of its assets. Standard and Poor's has placed Martin-Marietta on its credit watch list along with Bendix and even Allied. Allied's purchase of Bendix caused its debt to capital ratio to rise from 23 percent to 43 percent—a level which endangers its credit rating and continued access to financing. Allied is also reported to be thinking of selling some assets to reduce the giant debt it has acquired. Where a month ago three relatively strong companies stood, now two financially weakened concerns remain.

Clearly something is wrong here; except for the shareholders of Bendix, and those of Martin-Marietta who had sold out earlier, the stockholders were made worse off, not better off, by this corporate merger. Furthermore, had Bendix prevailed in its management's strategy I suspect that its shareholders would also have been rewarded with lower share prices.

This is not a unique result. Research into the behavior of stock prices after mergers shows that while the stock price of the acquiring firm often rises a little bit, it frequently falls instead. The only clear winners in corporate takeovers are the owners of the firm that is sold. If the owners of the buying firm do not always benefit, why are there so many mergers?

Perhaps the answer to this question lies with an investigation into the question of who are the clear winners in merger wars. Clear winners in the Allied, Bendix, Martin-Marietta conflict were the investment banks, and legal firms, whose questionable advice reportedly will earn $20 million, and the executives at both Bendix and Martin-Marietta who were voted "golden parachutes" by their respective boards of directors.

A "golden parachute" is a guaranteed employment contract for an executive in the event the company they work for falls victim to a hostile takeover. It is a kind of executive incompetence insurance. Martin-Marietta's directors passed out 28 of these security blankets soon after Bendix made its initial offer. This was a reward for managing a company in which three of its five divisions are losing money and which stock has fallen from $72 a share 2 years ago to $22. It was the free fall of the share price, after all, that made Martin-Marietta vulnerable to a takeover.

Bendix, the management of which was restructuring the company, did not allow its executives "golden parachutes" until it appeared that Martin-Marietta had turned the tables on them and might actually acquire Bendix. Then Bendix passed out 16 no cut contracts worth $15.7 million. The biggest contract went to the chief executive officer who received a guarantee of $805,000 a year for the next 5 years.

Clearly something is wrong when the management principals can protect themselves in this way during a merger war. The press has often painted these same corporate executives as big risk takers in the tradition of Horatio Alger. Yet it does not take much of a hero to start a takeover battle when the winner gets to manage a multibillion-dollar business and the loser rides a golden parachute into a $4 million safety net.

No wonder millions of Americans have decided that the stock market is not for them. The whole Bendix-Martin-Marietta fiasco demonstrates that shareholders generally do not control the companies they own. Nor can they necessarily trust either the board of directors or the executive management to act in the owners' best interest.

One of the salutary effects of mergers is said to be that they promote good management: A hostile takeover need be feared only if another company's leaders believe that they can manage the assets more productively and more profitably. An efficiently managed company need not fear a hostile takeover. But according to recent reports 15 percent of our largest companies have provided golden parachutes for some of their executives. Certainly the golden parachute phenomenon substantially reduces any such positive motivational effect since even if their jobs cannot be protected their compensation will be.

I do not at this point wish to propose a solution, but I do wish to recommend to my colleagues that we should explore the legal relationships between the shareholder, who is the owner and ultimate risktaker, and the corporate management which should work for the owners, to see if a means can be found to make their interests better coincide. This problem of separation of ownership and control of the corporation did not, of course, originate with our current merger wars; it has existed for as long as we have had corporations. The recent Bendix-Martin-Marietta comedy illustrates, however, that it remains a serious problem.

As important as is this split between the interests of the managers and that of the owners, it is not the most important problem revealed by the Bendix-Martin-Marietta battle. Even more important is the answer to the question of why Bendix tried to do what it did. Why did Bendix believe that it was in its interest to purchase a high-tech company rather than to create one? After all, the economy clearly gains less from a game of corporate musical chairs than it would from the new investment and new jobs that would flow from expansion.

Not only did the managements of Allied and Bendix attempt to expand by merger rather than internal growth, they did so relying heavily on borrowed funds. It is reported that Bendix arranged a billion-dollar line of credit to finance its offer for Martin-Marietta. Martin-Marietta fought back by borrowing $843 million. Finally Allied's $1.9 billion purchase of Bendix was partly financed by borrowed funds.

During the month-long struggle, literally billions of dollars were tied up which could not be used to finance expansion elsewhere. The cost to the economy of this merger is not confined to the damage done to the companies involved, but must include the benefits that were lost because this capital was not profitably employed elsewhere.

I agree with the frustrated industrialist quoted in the Wall Street Journal:

"Maybe there's something wrong with our system when those four companies line up large amounts of money in order to purchase stock, when it doesn't help build one new factory, buy one more piece of equipment, or provide even one more job."

I would only add that they were lining up to pay inflated prices for that stock, much more, as we have seen, than the ordinary investor was willing to pay.

There is clearly something amiss in an economy when corporate assets look more attractive to other corporations than to ordinary investors, and more attractive than internal expansion. It is not sufficient to try to explain all the mega-mergers which have occurred over the last 5 years by: Incompetent management, as we perhaps could in the case of the Bendix-Martin-Marietta fiasco. There have simply been too many. Rather, we should look at the woeful state of our general economy. It would be no surprise that mergers would be preferred to internal expansion during a recession when the economy has excess capacity. But our current merger movement has been going on for sometime now, during good times as well as bad.

There is a new development which probably helps explain the most recent surge in merger activity. The administration's chief antitrust officials have made numerous public statements indicating that they take a significantly narrower view of antitrust laws as applied to mergers than have previous Republican and Democratic administrations. These signals that bigness is not badness, and that the Federal enforcement approach will immediately reflect this new philosophy, have been received on Wall Street. It is the clear perception of the business community that some types of mergers which would have been prohibited in the past are now worth a try.

The major reasons, however, for the current merger movement and the motive for Bendix's aggressive behavior, as well as that of Occidental, American General. R. H. Reynolds, and others which have been involved recently in billion dollar mergers, lie in inflation and the accompanying stagnation which has afflicted our national economy for over a decade. Not only has inflation discouraged personal saving and reduced the supply of capital, it has redirected what capital was available to the purchase of high-interest-paying fixed securities rather than to the equity market. The price of corporate assets, as a result, have fallen to bargain basement levels. The urge to merge is a symptom of an ailing economy. When we restore the economic health of our Nation, as we are pledged to do, I believe the merger wave may well subside significantly through natural forces.

But can we afford to wait? Our country's industrial assets are becoming increasingly concentrated in the hands of a few giant corporations. Three decades ago less than half of our country's industrial assets were in the hands of the largest 200 corporations, today it is closer to two-thirds. Mergers clearly have been an important contributor to this increased concentration. It becomes extremely difficult to deconcentrate an already concentrated industrial structure.

I would submit that increased concentration and giant size that is brought about in response to an abnormal economy will prove to be contrary to the interests of our Nation. It is quite possible that when we have finally succeeded in returning the economy to prosperity, that we will possess an industrial structure that is well suited to survive inflation but ill-suited to function efficiently in a dynamic expanding economy.

If this possibility exists then we should at the very least be exploring ways of keeping this from happening. I will make some general suggestions along these lines. I offer them not as the ultimate solutions to this problem, but as preliminary ideas which I hope will foster open discussion in the Senate. I hope that such focus will lead to enactment of some reasonable type of corrective measure early in the 98th Congress. Reducing the attractiveness of mergers is obviously one way of attacking the problem. Corporate mergers are currently attractive because the stock market responding to an inflationary economy has placed an artificially low value on corporate assets. As a consequence, it is less expensive to buy corporate assets through mergers than to expand internally. The obvious solution is to raise the cost to a firm of acquiring another firm's assets.

One way to do this is through changes in the tax laws. One suggestion might be to remove the deductibility of interest on money borrowed specifically to acquire the assets of another firm. This would accomplish two desirable results: It would probably sharply reduce the number of mergers and at the same time free credit for more productive purposes. Those externally financed mergers that still occur would no longer be partially subsidized by the taxpayer as they are now. The tax deductibility of interest payments is a Government-granted benefit. If it encourages behavior that is not in the country's best interest, it should be repealed.

Another approach would be to establish a merger tax. Many mergers are financed by retained earnings, which if distributed to stockholders, would be subject to tax. In that sense the general taxpayer also subsidizes mergers. By subjecting all retained earnings used to acquire other companies to a minimum merger tax would eliminate this implicit subsidy.

Clearly, the adoption of these two tax measures would reduce the number of mergers, especially those with only marginal benefits. Yet mergers would not be prohibited. Any two firms willing to exchange stock or willing to pay the taxes could still merge. It might also be wise to tie the tax to the economic situation, allowing the taxes to disappear when prosperity and growth return.

In closing, let me say that like millions of my fellow citizens I was at first amused by the Bendix-Martin-Marietta struggle. This amusement soon turned to irritation when the "golden parachutes" were unfurled. Now I am disgusted by the clear disregard that boards of directors and the managements of all the firms involved have shown for the stockholders they represent and the Nation in which they live.

Above all, I am alarmed by the possibility that if the merger movement is allowed to continue unimpeded the result will be a highly concentrated industrial structure totally unsuited for the dynamic rapidly developing economy we in Congress are attempting to create.

Mr. LAUTENBERG. Mr. President, I am concerned about the impact of the Texaco-Getty merger on competition in the oil industry, and specifically on refining operations in my State. According to the proposed consent decree in the Texaco-Getty case, Texaco will have to divest itself of its Eagle Point Refinery West Deptford, N.J. While the decree mandates that the refinery be maintained as a viable entity, I am not persuaded that those safeguards are sufficient. At risk are over 500 jobs, and $1.8 million in tax revenues to the locality. The loss of the refinery would have a devastating effect on the local economy, and a harmful impact on competition.

I believe the Senate should waste no time in dealing with the increasing merger activity in the oil industry. Consequently, I am voting against tabling this amendment.

Mr. President, I also ask that a letter that I and Representative FLORIO have sent to the Federal Trade Commission, expressing some of our concerns about the Texaco-Getty merger, be printed in the RECORD.

The letter follows:

SUBCOMMITTEE ON COMMERCE,
TRANSPORTATION, AND TOURISM,
Washington, D.C., February 17, 1984.

Hon. JAMES C. MILLER III,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR CHAIRMAN MILLER: We are writing with respect to the recent tentative decision of the Federal Trade Commission approving a merger between Texaco and Getty Oil Company.

Serious questions have been raised in connection with this acquisition regarding its impact on competition, particularly on control of crude oil reserves and access of independent refiners. It has also been suggested that reduced viability of independents could affect price competition for the majors, with potentially harmful consequences for prices to consumers and the long term structure of the oil industry. Given the critical importance to the economy of adequate and affordable supplies of energy, these questions about the Texaco-Getty merger are of great importance to Congress and of great concern to us. For all these reasons, we urge the Commission to exercise the utmost care in reviewing public comment on this merger and in reaching its final decision.

Additionally, we have a specific concern regarding the proposed divestiture of Texaco's Eagle Point refinery in Westville, New Jersey. Failure of that facility to continue in operation at least at its present levels of production could have serious consequences for competition and cause harmful disruption of employment and of communities throughout the region. Accordingly, we request that if the Commission finally approves the consent agreement, any final arrangement approved by the Commission explicitly ensure that, both before and after divestiture, the Eagle Point refinery will continue to be operated at least at its present levels of production.

Please advise us as soon as possible of the steps you will take to implement our request.

Sincerely,

JAMES J. FLORIO,
Chairman, Subcommittee on
Commerce, Transportation, and Tourism.
FRANK R. LAUTENBERG,
U.S. Senator.●

Mr. JOHNSTON and Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I do not want to get into an extended debate on a nongermane amendment, and this amendment is about as nongermane to the Export Administration Act as you can get.

Let me say to my friends and colleagues that there is going to be an opportunity very shortly to debate this issue on a relevant piece of legislation. I do not know about the merits of Texaco and Getty. Neither one of them happen to be headquartered in Pennsylvania. I have the luxury of not having to choose up sides on one side or the other. I have not studied the antitrust implication of it. I have read the Washington Post editorials, and so forth, but not even being a lawyer, I claim that as a special dispensation.

But let me tell everyone in our Chamber, Mr. President, that we have on the calendar order No. 364, S. 1714, reported from the Committee on Commerce. It is a bill to amend the Federal Trade Commission Act, to provide authorization for appropriations.

Now, Mr. President, that is about as germane a bill to amend as there could be.

Some may say, "Senator, when is that coming up? Is it coming up soon?"

The answer is the majority leader has informed me that on that bill he has made a commitment, he has stated on the floor, that the bill is going to come up immediately upon the conclusion of our prayer debate, our prayerful debate, which is to start, as I understand it, next week.

So, Mr. President, in order to insure that we keep the Export Administration Act on track and so that we do not subject the Senate to two debates on this issue, I am going to move to table this and I am going to hold the floor until I do that.

Now, if there is someone who feels there is something that he has to positively, absolutely say, I will yield to him for a brief time without losing my right to the floor.

Does the Senator from Kansas wish to speak? I yield to him without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania to yield without losing his right to the floor?

Without objection, it is so ordered.

Mr. HEINZ. I thank my colleagues.

Mr. DOLE. Mr. President, I shall take a moment. I know we want to get on with this.

This amendment does touch a very sensitive issue in my State. The pending merger between Texaco, the Nation's third largest, and Getty, the Nation's 14th largest, threatens to have a severe impact on the State of Kansas. It is in that context that I wish to at least raise some question.

I am not certain the amendment is the answer, but some of us in some States have an interest, and we obviously should try to protect that interest if we can.

The FTC consent order in the Texaco-Getty merger requires as a condition of approval Texaco divest the Getty refinery now located in El Dorado, Kans., and the related pipelines and retail outlets. What the FTC seeks is to enhance competition in the Midwest by requiring that the package include the El Dorado refinery be divested in such a way as to insure the continuation of those assets as a viable ongoing petroleum refining and marketing business.

Certainly I have no quarrel with that objective. I think that is very appropriate.

But we are concerned, at least with respect to the refinery, that the objective may not be achieved. I am not yet convinced a buyer willing to continue the operations will be found.

Obviously, that is a matter of some concern. We are talking about in our State, not a large State, 1,000 jobs, 1,000 jobs in a city of 18,000 residents. Losing that refinery could have a devastating blow.

So I am seeking assurances where I can that we are not going to lose the refinery, not going to lose the 1,000 jobs, not going to lose the city.

I have yet to have those assurances. The company has advised me that there are interested buyers, that they would continue to operate the refinery if allowed to.

The consent order suggests that the overriding interest of the FTC is the continuing operation at El Dorado as a competitor with post-merger Texaco. Nevertheless, we are still troubled by the merger, by the problems and the threats the merger possesses.

So I suggest that you kind of wonder if these mergers are good policy. Obviously, we had a selfish interest. Obviously 1,000 employees had a very selfish interest.

It seems to me it is a matter that deserves very careful consideration. I will be meeting with officials of Texaco and others who may be able to shed some more light on this, but it would seem to me that we should raise these questions. I am not certain if I am going to vote to move to table or not, but at least I want our concerns on the public record.

I would hope that we would have some response, not just assurances, but some positive assurances that we are not going to be impacted upon as a result of this merger.

I thank the distinguished Senator from Pennsylvania for yielding.

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

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. HEINZ. The Senator from Pennsylvania has the floor. I would be pleased to yield if the Senator from Kansas has completed his remarks. Has the Senator from Kansas completed his remarks?

Mr. DOLE. Yes.

I thank the Senator from Pennsylvania.

Mr. JOHNSTON. Mr. President, will the Senator yield for some questions?

Mr. HEINZ. I am pleased to yield to my friend from Lousisiana.

Mr. JOHNSTON. Mr. President, I have a second-degree amendment in the nature of a substitute which I wish to put in at this time, discuss it not at great length, but discuss it, and have a little exchange with the Senator from Ohio, and then I wonder if the Senator would allow that to be done before he makes his motion to table.

Mr. HEINZ. Mr. President, will the Senator agree to a time limitation on his substitute?

Mr. JOHNSTON. Yes.

Mr. HEFLIN. Mr. President, I object to any time agreement.

Mr. HEINZ. That is my concern, I say to the Senator from Louisiana. He would not be precluded from offering his amendment after we dispose of the amendment of the Senator from Ohio.

Mr. JOHNSTON. I think it would be faster if we did it all at once. If the Senator prevails——

Mr. HEINZ. It might be; it might not be. I fear that we are going to end up spending a lot of time debating something that simply is not germane to the Export Administration Act. It strikes me that this entire exercise is an effort that will result in very little. This is the wrong bill at the wrong time, and at the wrong place.

The FTC authorization is coming down the track. There is no way that I can see that this amendment will survive the conference, and it strikes me as an exercise in frustration.

But no one is precluded from offering amendments to this at the conclusion of the consideration of the amendment of the Senator from Ohio. I reluctantly do take that position, but as the manager of this bill I just am obligated, as I said that I would be at the beginning of debate, to move to table nongermane amendments. This is just as nongermane as one can get.

I apologize to my good friend, and he is my good friend. He is such a good friend that he beats me on the tennis court most of the time and is a very good winner to boot. But I just have to say that I cannot make an exception in this case. I apologize.

Mr. President, I am pleased to yield without losing my right to the floor for not to exceed 4 minutes to the Senator from Alaska.

The PRESIDING OFFICER. Is there objection to the Senator from Pennsylvania yielding the floor under these conditions?

Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I have wanted the floor myself. I do not think it is proper for the Senator to keep it only for his own purposes.

Mr. HEINZ. Mr. President, I will not debate that matter. I will simply move to table. I do move to table the Metzenbaum amendment.

Mr. METZENBAUM. Mr. President, I wonder if the Senator from Pennsylvania might just withhold that temporarily in order that the Senator from Louisiana might have an opportunity to offer his amendment. I know the Senator from Pennsylvania has indicated he would want some time restraint. I think both the Senator from Louisiana and I could assure him that the total amount of time that we would consume in connection with his amendment would not be more than 20 minutes.

Mr. HEINZ. Mr. President, I appreciate that. But I am going to insist on my motion to table and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Pennsylvania (Mr. HEINZ) to table the amendment of the Senator from Ohio (Mr. METZENBAUM). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DECONCINI (when his name was called). Present.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Ohio (Mr. GLENN) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 61, nays 34, as follows:

[Rollcall Vote No. 23 Leg.]

YEAS—61

Abdnor	Boren	Danforth
Andrews	Bradley	Denton
Armstrong	Burdick	Dixon
Baker	Byrd	Dole
Bentsen	Chafee	Domenici
Bingaman	Cochran	Durenberger
Eagleton	Kasten	Quayle
East	Laxalt	Randolph
Evans	Long	Simpson
Garn	Lugar	Stafford
Goldwater	Mathias	Stevens
Grassley	Mattingly	Symms
Hatch	McClure	Thurmond
Hecht	Mitchell	Tower
Heflin	Moynihan	Trible
Heinz	Murkowski	Tsongas
Helms	Nickles	Wallop
Huddleston	Nunn	Warner
Inouye	Pell	Wilson
Jepsen	Percy	
Kassebaum	Pryor	

NAYS—34

Baucus	Hollings	Proxmire
Biden	Humphrey	Riegle
Boschwitz	Johnston	Roth
Bumpers	Kennedy	Rudman
Chiles	Lautenberg	Sarbanes
Cohen	Leahy	Sasser
D'Amato	Levin	Specter
Exon	Matsunaga	Stennis
Ford	Melcher	Weicker
Gorton	Metzenbaum	Zorinsky
Hatfield	Packwood	
Hawkins	Pressler	

ANSWERED "PRESENT"—1

DeConcini

NOT VOTING—4

Cranston	Glenn
Dodd	Hart

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BRADLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2759

(Purpose: To authorize appropriations to the Customs Service)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an amendment numbered 2759.

Mr. BRADLEY. I ask unanimous consent that further reading be dispensed with.

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

The amendment is as follows:

On page 53, after line 9, add the following:

AUTHORIZATION FOR CUSTOMS SERVICE

SEC. 19. (a) There are authorized to be appropriated to the United States Customs Service, Department of the Treasury, to carry out the purposes of the Export Administration Act of 1979, $12,000,000 for each of the fiscal years 1984 and 1985.

(b) The Commissioner of Customs shall notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives at least 90 days prior to taking any action which would—

(1) result in a significant reduction in force of employees other than by means of attrition,

(2) eliminate or relocate any office of the United States Customs Service,

(3) eliminate any port of entry,

(4) reduce the number of employees assigned to any office of the United States Customs Service or any port of entry, or

(5) reclassify or reassign employees of the United States Customs Service from traditional commercial functions.

Mr. BRADLEY. Mr. President, I propose this amendment to insure that our Customs Service is still able to handle its primary function—to monitor the flow of goods into and out of the country—as we give the Service expanded duties. This amendment is similar to one I offered and which was agreed to by the Finance Committee as part of the Customs Service authorization, S. 1295. Since that legislation seems unlikely to be enacted in this session and the survival of the Customs Service is so important to our economy, I am offering it today on the bill before us. My amendment will make certain that the pending legislation will not hamper the ability of the Customs Service to carry out its traditional commercial functions.

As my colleagues know, the Customs Service performs a most valuable function at our borders to make certain that tariff revenues are collected and our trade laws are enforced. If we do not give adequate resources to Customs, our trade laws cannot be enforced. We cannot permit that to happen.

The United States faces increased competition from abroad in all manufacturing industries and almost daily we read allegations that some of that competition is due to unfair trade practices by other countries. It is the Customs Service responsibility to enforce our trade laws on countervailing duties and dumping, to collect the data needed as an integral part of any investigations of unfair trade practices, and to monitor bilateral and multilateral agreements. Yet a 1981 GAO report concluded that Customs had insufficient resources to carry out those duties.

The workload of the Customs Service is likely to increase in the future as we try to stop the increased influx of counterfeit goods and new international trade agreements come into force. Additionally, the legislation before us would also increase the responsibilities of the Customs Service.

Renewal of the Export Administration Act, S. 979, calls for the transfer of enforcement authority under this act from the Commerce Department to the Customs Service. Although I do not oppose the transfer of the enforcement authority, it must not come at the expense of vigorous enforcement of our trade laws, the traditional commercial functions of the Customs Service. In order to maintain those capabilities, the Finance Committee agreed to provide an additional $5 million to the Customs Service. That is the amount CBO calculates it will cost to expand the enforcement capability at Customs. We are now told by committee staff that $12 million would be necessary to maintain all present positions and fund the new responsibility. My amendment provides the $12 million additional funds to maintain current levels of enforcement.

This amendment is consistent with the earlier markup of S. 1295, the Customs Service authorization, in the Finance Committee.

This action is necessary because, despite the anticipated increase in Custom's workload, the administration proposed reducing the number of import specialists. Their planned reorganization of the Customs Service also called for more bypass and ex-post audits rather than onsite inspections. The Finance Committee recognized that this would be a mistake and instead required more stringent notification requirements on Customs.

In order for Congress to have more adequate oversight of Customs, my amendment contains the text of section 2(b) of S. 1295 which requires that the Customs Service consult with Congress at least 90 days before any significant reorganization is to take effect.

Specifically, the Commissioner of Customs shall notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives at least 90 days prior to taking any action which would—

First, result in a significant reduction in force of employees other than by means of attrition,

Second, eliminate or relocate any office of the U.S. Customs Service,

Third, eliminate any port of entry,

Fourth, reduce the number of employees assigned to any office of the U.S. Customs Service or any port of entry.

This provision is intended to require reporting for any permanent change in the assignment of any authorized position or in the existence of any facility; for example, changing the number of import specialists at a particular port or discontinuing a regional office. This reporting provision will not interfere with management efficiency, but it will enable the Senate Finance and House Ways and Means Committees to supervise program changes proposed by the Service more closely.

To these four conditions which were included in section 2(b) of S. 1295 I have added a fifth—when personnel are reclassified or reassigned from traditional commercial functions.

I am disturbed by the pending reorganization of the New York customs region which, among other things, would reclassify and reassign the most senior import specialists—the national import specialists—to new duties—largely administrative duties. On September 22, I wrote to the Commissioner of Customs, William von Raab, voicing my concern that changes proposed for the New York region will almost certainly hamper the effectiveness of Customs in enforcing our trade laws. I requested a detailed explanation and justification of the planned reorganization in the New York region and for any other regions where changes are planned.

At the same time, I asked GAO to update its 1981 study "Assurance Needed that Import Classifications are Accurate," April 13, 1981, which concluded that the staff of import specialists at Customs was insufficient to carry out the mandate of our trade laws and I requested that Customs defer the planned reorganization at least until such a review could be completed.

What I received can best be described as a nonresponse. In a letter dated October 14, Assistant Commissioner Robert Schaffer responded to my request as follows:

Regarding the notification requirements included in S. 1295, we believe that the intent of the language was clearly applicable to the closing or consolidation of Customs offices and the transfer of personnel. To the extent that the reorganization of our New York operations does not result in any of the aforementioned circumstances and does not cause dislocation or hardships to any of our employees, we believe that S. 1295 is not applicable to the proposed reorganization in New York.

The amendment I propose would remove the ambiguity in the notification requirements so that Congress can have sufficient oversight over Customs.

I urge that my colleagues support the amendment and that they familiarize themselves with the issues surrounding the adequacy of the Customs Service in enforcing and administering our trade laws. Mr. President, I ask unanimous consent that my letters to Customs and the GAO, the Customs Service response, and the relevant portion of the committee report be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., September 20, 1983.

Hon. CHARLES A. BOWSHER,
Comptroller General, General Accounting Office, Washington, D.C.

DEAR MR. BOWSHER: It has come to my attention that the Customs Service is planning a reorganization which would reduce the number of import specialists and import expertise and which could make enforcement of our trade laws less effective. I studied with interest your 1981 report "Assurance Needed That Import Classifications Are Accurate" (April 23, 1981) which concluded that—

"Customs Service practices do not ensure that the billions of dollars in foreign products entering the United States are properly classified for the purpose of assessing duties. Proper classifications are also needed

to formulate trade policies and deal with the unfair entry of foreign merchandise into U.S. markets. An increasing volume of international trade will add to these concerns. The Service's problems have been aggravated by a relatively static classification work force and a sharply increased workload."

Apparently little has been done to remedy the situation since 1981 and now reductions in import expertise are planned.

Given the increasing competition facing U.S. industry, the reports of unfair trade practices abroad, the large volume of counterfeit products entering this country and the pending implementation of the Harmonized Customs code, I am concerned that the Customs Service may not have sufficient resources to carry out its responsibilities. In order to get an up to date reading of the situation, I request that the General Accounting Office again conduct a review of the adequacy of the Customs Services import monitoring capability. In addition, I would appreciate any recommendations that GAO may have to improve the operation of the Customs Service so that the American public can be fully certain that our trade laws are being effectively enforced.

Please keep my office fully informed of any developments related to this matter.

Sincerely,

BILL BRADLEY,
United States Senate.

U.S. SENATE,
Washington, D.C., September 22, 1983.

Hon. WILLIAM VON RAAB,
Commissioner of Customs, Department of Customs, Washington, D.C.

DEAR COMMISSIONER VON RAAB: It has come to my attention that the Customs Service is going to undertake a reorganization in the New York region which will reduce the number of import specialists and import teams and which will begin a reclassification of the national import specialists. Such changes will almost certainly hamper the effectiveness of Customs in enforcing our trade laws. In addition, the experimentation with bypass and audits in some ports of entry such as Chicago also hampers the enforcement of our laws and international agreements because it serves as an incentive for foreign exporters to shop around for points of entry in order to minimize the chances of inspection.

Our industries are facing the most intense competition in our history and we regularly hear new allegations of unfair trade practices. If import expertise at Customs is reduced, how can the American public be certain that its trade laws and international agreements are being adequately enforced? Congress clearly wants more vigorous enforcement of our trade laws. How can that be done if we are cutting back on the number of specialists and experimenting with bypass procedures?

Furthermore, recent developments and some pending trade policy changes will require more import specialists and expertise not less. During August the International Trade Commission held a public hearing which documented the extent of the counterfeit products which are entering this country illegally. The Executive Branch is now considering how to implement the international agreement on Customs harmonization and new ways to more fully implement the non-tariff barrier codes agreed to in the Trade Agreements Act of 1979. How will Customs handle these additional responsibilities with less personnel and expertise?

As you are undoubtedly aware, S. 1295 now pending before the Senate calls for maintenance of the current staffing levels at Customs and requires Customs to consult with the Senate Finance Committee 90 days in advance of any major reorganization. Although S. 1295 has not passed the Senate as yet, I respectfully request that you supply my office with a detailed explanation and justification of your planned reorganization in the New York region and for any other regions where changes are planned.

In the meantime I am requesting that the General Accounting Office update its 1981 study (Assurance Needed that Import Classifications are Accurate, April 23, 1981) which concluded that the staff of import specialists at Customs was insufficient to carry out the mandate of our trade laws (see enclosed letter). I hope that you will defer the planned reorganization until such a review can be completed.

Please keep my office informed of any developments on these matters.

Sincerely,

BILL BRADLEY.

U.S. CUSTOMS SERVICE,
Washington, D.C., October 14, 1983.

Hon. BILL BRADLEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BRADLEY: This is in response to your letter of September 22, 1983, in which you express a measure of concern regarding the Customs Service's ability to administer the tariff laws and trade policy directives for which it is responsible if present staffing levels are not maintained.

We share with you a keen appreciation of the plight of domestic industry as it seeks to maintain a competitive position in the marketplace in the face of aggressive and relentless competition from abroad. We are also cognizant of the support and protection provided by the trade laws and international agreements administered by the Customs Service. We can assure you that we will continue to carry out our responsibilities vigorously and effectively while striving to reduce operational overhead through the use of good management techniques supported by more sohpisticated and productive automated systems.

The management initiatives alluded to above have involved a review of our organizational structure, including New York, and the development of an automated commercial system that will give us greater flexibility in the use of selectivity concepts to process cargo more rapidly, efficiently and economically. We believe that the phase-in of this new system will result in substantial savings in operational overhead while maintaining quality, accuracy and uniformity of action in tariff administration.

The New York reorganization is a case in point. Customs Headquarters has collaborated closely with the Regional Commissioner of Customs in New York in a review of the regional organizational structure to determine the best alignment of personnel. This review has led to the reorganization of the import specialist staff at John F. Kennedy Airport and the upcoming restructuring of the import specialist work force at the New York Seaport. The new alignments have reduced the number of import specialist teams from 44 to 34 at John F. Kennedy Airport (JFK), and from 60 to 34 at the Seaport. It should be noted that the total number of import specialists at each location has actually been increased, although the number of GS-12 team leaders has decreased as the number of teams was reduced.

Concurrently, the function of the National Import Specialist Staff manning the Customs Information Exchange will also be restructured by the establishment of a Commercial Operations Division at the New York Seaport. The function of this group is to provide advice and assistance to import specialists throughout the country in all matters pertaining to the tariff classification, valuation and admissibility of imported merchandise. Heretofore, this group carried out its national duties together with entry processing responsibilities for importations entered at the New York Seaport. A 2 year study of the function shows that its effectiveness is reduced by this division of responsibility. Consequently, the pending reorganization will relieve the National Import Specialists from local responsibilities so that their entire time and expertise can be dedicated solely to supporting import specialists in the field appraisement centers.

Once again, the staff of the National Import Specialist group will actually be increased from the present 60 to a total of 90, together with the necessary managers, supervisors and supporting secretarial and clerical staff. Also, all proposed reorganization plans and staff changes have been communicated to the employees affected at each phase of the study. Local employee union representatives have been continuously informed of the progress of the reorganization plan and impact bargaining has resolved all outstanding issues.

We have tried to be both informative and responsive to your concerns regarding staffing of import specialists. The resource level required to carry out Customs responsibilities is constantly under review so that an optimum balance is maintained between operational requirements and prudent resource utilization. In essence, we want to have a sufficient number of people to do the job properly, but not more than what we need. These objectives will continue to be pursued judiciously, and decisions will be made based on factual management information.

We welcome a follow-up review by the General Accounting Office of the recommendations made in its 1981 report. As we have stated, both in our response to the report's findings and in subsequent reports to the concerned committees of the Congress, we are proceeding with deliberate speed to implement the remaining recommendations identified in the General Accounting Office's report.

Regarding the notification requirements included in S. 1295, we believe that the intent of the language was clearly applicable to the closing or consolidation of Customs offices and the transfer of personnel. To the extent that the reorganization of our New York operations does not result in any of the aforementioned circumstances and does not cause dislocation or hardships to any of our employees, we believe that S. 1295 is not applicable to the proposed reorganization in New York.

We hope that our response will allay your concerns regarding Customs administration of tariff laws and regulations, and we trust that our outline of the New York reorganization is sufficiently detailed and adequately descriptive of the actions contemplated.

Please let us know if we can be of futher assistance.

Sincerely,

ROBERT P. SCHAFFER,
Assistant Commissioner,
Office of Commercial Operations.

[From Report No. 89-125]

AUTHORIZATION OF APPROPRIATIONS TO THE U.S. CUSTOMS SERVICE (SECTION 2 OF THE BILL)

CURRENT LAW

Section 301 of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075) requires annual enactment of an authorization of appropriations to the U.S. Customs Service. The Customs Service's appropriation for fiscal year 1983 (assuming enactment of supplemental appropriations for pay increases of $17,617,000) is $571,317,000.

COMMITTEE BILL

The committee bill would authorize an appropriation of $611,749,000, or $33 million more than requested by the administration for fiscal year 1984. The committee bill also *(a)* requires the Service to report any significant internal reorganization to Congress at least 90 days before it is to take effect; and *(b)* requires that certain information about imports be made public.

REASONS FOR COMMITTEE BILL

The $611,749,000 authorized by the committee bill for fiscal year 1984 is an increase of approximately $40.4 million over the $571,317,000 authorized for fiscal year 1983 and $33 million more than the administration requested for fiscal year 1984.

The administration proposed significant changes, to begin in fiscal year 1984, in Customs Service operations. In general, the administration sought first to increase Customs Service operations aimed at the enforcement of the U.S. laws regarding the unlawful export of certain products and the importation of illicit drugs, and second to reduce substantially personnel devoted to Customs's traditional commercial responsibilities. The administration suggested that management efficiencies and the increased use of advanced technological equipment would prevent a curtailment in the current level of Customs Service activities.

While the committee sympathizes with these general objectives, it is premature to authorize an appropriation based solely on general objectives. The details of the budget submission did not well support the very significant operational changes the Service seeks to undertake. For example, in reply to a written request from the chairman of the committee's Trade Subcommittee and its ranking member, the Service was not able to explain in detail what effect the proposed personnel reductions would have on specific ports, districts, and regions, or on revenue collection. Furthermore, many of the programs said to replace these highly trained personnel were vague or incomplete. Finally, the basis on which some elements of the budget were prepared has changed, calling the budget estimates into question. This is the case, for example, with regard to part of the increase proposed for purchasing aircraft; after the budget was submitted, the Service arranged to procure the needed aircraft from the military services, and sought to use the money requested originally for this purpose if appropriated to pay for servicing and parts for aircraft.

Restoring the positions proposed to be cut would cost, in the aggregate, approximately $52.6 million, which the committee restored completely. The committee intends that current personnel levels would continue under the amount authorized in this bill.

The committee then reduced the administration's proposed authorization increases for the Service by $20 million to account for the lack of support for, or the demonstrated lack of need for, portions of the increases requested by the administration. The committee believes that many of the program increments recommended by the administration are worthy, particularly the struggle against illicit drugs and the attempt to upgrade the Service's electronic data processing equipment. Therefore, the committee intends that the remainder of the increase proposed by the President to be distributed most efficiently over those programs, leaving the specifics to the Commissioner in consultation with the committee. In addition, the committee agreed that $2 million of the administration's proposed increases should be spent to enforce customs laws against fraud involving trade in steel products.

The committee believes that closer supervision of the internal operations of the Service is appropriate as the Service attempts to refine its plans for reorganization and for undertaking new and different responsibilities. Therefore, it accepted an amendment to require the Service to report to the committee and to the Ways and Means Committee of the House of Representatives, in writing, any changes in internal organization not fewer than 90 days before such changes are scheduled to take effect. This provision is intended to require such reporting for any permanent change in the assignment of any authorized position or in the existence of any facility; for example, changing the number of import specialists at a particular port or discontinuing a regional office. This reporting provision will not interfere with management efficiency, but it will enable the committee to supervise program changes proposed by the Service more closely.

Finally, the committee adopted a provision to require the disclosure of more information than is presently available on imports. The committee is persuaded that such information will facilitate better public analysis of import trends, and allow port authorities and transportation companies, among others, more easily to identify potential customers and changes in their industry. The amendment retains sufficient protection for the business-confidential data of importing firms.

Mr. BRADLEY. Mr. President, this is a simple amendment which says that for the Customs Service to carry out the purposes of the Export Administration Act, it will take additional personnel. This allocates funds to provide that. In addition, it says that if the Customs department is going to change its method of operation in any way, reduce its force or some other thing, they shall notify the Finance Committee. I am told there is agreement on this side and the other side.

I ask Senator HEINZ if he agrees with that.

Mr. HEINZ. Mr. President, this amendment is very germane to this bill, because without it, we would not be able to authorize the funds for the Customs Service to do what they are required to do under the bill. I hope our colleagues will support Senator BRADLEY's amendment.

Mr. BRADLEY. Mr. President, I move the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2759) was agreed to.

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

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2760

(Purpose: To provide a time period for Congressional review of mergers involving substantial energy reserve holders)

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) for himself and Mr. METZENBAUM proposes an amendment numbered 2760.

Mr. JOHNSTON. I ask unanimous consent that further reading be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill insert the following:

"SEC. . The Mineral Lands Leasing Act of 1920, as amended, (30 U.S.C. 181 et. seq.) is further amended by inserting a new section as follows:

"'LIMITATION ON AUTHORITY WITH RESPECT TO MERGER PARTIES

"'SEC. 43. GENERAL PROHIBITION.—Notwithstanding any other provision of this Act, the Secretary is prohibited from issuing any lease or granting any right-of-way under the provisions of this Act to any person who is subject to the provisions of this section.

"'(a) APPLICABILITY.—The provisions of this section shall apply to any person—

"'(1) who is a party to a merger consummated after February 27, 1984, and prior to six months following the date of enactment of this section, and

"'(2) who is a substantial energy reserve holder.

"'(b) DEFINITIONS.—For purposes of this section, the term—

"'(1) 'merger' includes mergers, consolidations, or acquisitions whereby one person acquires control or a majority of the assets of any other person. A merger shall be deemed to have been consummated when preliminary approval has been received from the Federal Trade Commission and the purchase of controlling stock has taken place, regardless of whether such stock is held in a separate account pending final Federal Trade Commission approval;

" '(2) 'substantial energy reserve holder' means any person who, individually or together with his affiliates, owns or has an interest in, ten million barrels or more of proved reserves of crude oil, natural gas liquids equivalents, or natural gas equivalents.' ".

"SEC. . The Outer Continental Shelf Lands Act, as amended, (43 U.S.C. 1331-55) is further amended by inserting a new section as follows:

" 'LIMITATION ON AUTHORITY WITH RESPECT TO MERGER PARTIES

" 'SEC. 31. GENERAL PROHIBITION.—Notwithstanding any other provision of this Act, the Secretary is prohibited from issuing any lease or granting any right-of-way under the provisions of this Act to any person who is subject to the provisions of this section.

" '(a) APPLICABILITY.—The provisions of this section shall apply to any person—

" '(1) who is a party to a merger consummated after February 27, 1984, and prior to six months following the date of enactment of this section, and

" '(2) who is a substantial energy reserve holder, "(b) For purposes of this section, the term—

" '(1) 'merger' includes mergers, consolidations, or acquisitions whereby one person acquires control of a majority of the assets of any other person. A merger shall be deemed to have been consummated when preliminary approval has been received from the Federal Trade Commission and the purchase of controlling stock has taken place, regardless of whether such stock is held in a separate account pending final Federal Trade Commission approval;

" '(2) 'substantial energy reserve holder' means any person who, individually or together with his affiliates, own or has an interest in, ten million barrels or more of proved reserves of crude oil, natural gas liquids equivalents, or natural gas equivalents.' ".

Mr. JOHNSTON. Mr. President, what this amendment does is radically different from the Metzenbaum amendment dealing with mergers, although it is the same subject matter. First, this is an amendment to the Mineral Leasing Act, which provides that any company which merges or acquires another, for a period of 6 months prospectively, shall not have the benefit of Federal leases or Federal rights of way. It does not prohibit the merger.

Let me repeat that: It does not prohibit any merger. It does simply say, however, that any company which is a substantial energy reserve holder—meaning a company that has 10 million barrels of proven reserve—if it acquires or merges with another company, for a period of 6 months shall not have the extra benefit of Federal rights of way or Federal leases.

Mr. President, the obvious reason for this and the reason we put only a 6-month limitation on this amendment is that the horse will be out of the barn unless we do something now to stave off this flood, this hemorrhage of mergers which are in the works. I do not know how the Senate or how the Congress eventually will come down on the issue of merging oil companies or of acquiring oil companies for the purpose of getting additional reserves. I think, Mr. President, that Congress is going to find that it is economic inefficiency at its very worst.

I do know that if we do not act now, in a nongermane way, to be sure—and this is not the first time we have enacted a nongermane amendment on a piece of legislation—if we do not act now, we are going to have a whole spate of mergers with a large proportion of the available credit for energy purposes used not in acquiring new reserves, but in acquiring given reserves.

Mr. President, probably the best example I can give is the present situation with ARCO and Gulf. The Gulf stock, Mr. President, has gone from $30⅝ to $69 within in period of 1 year. The rumor has it that ARCO is prepared to offer $70 to $80 a share.

Mr. President, I am pleased that the Gulf stockholders or Mesa, whoever it is, are going to make a killing on the stock market; that is great. But I can tell you that the $13 billion-plus that ARCO is going to have to borrow is $13 billion-plus that is not going to go into exploration but is going to go to pay a windfall to holders of that stock.

I do not know why the stock is artificially low. Perhaps there are explainable reasons for that. But I do know, Mr. President, that when Gulf and ARCO do that and sop up $13 billion, and when all of these other merger candidates—Sun Co., Phillips Petroleum, Union Oil, Superior, ARCO Gas Co.—all of these companies that are rumored to be candidates for takeovers—if all of those takeovers occur, Mr. President, there is not going to be money left for any exploration.

To the contrary, there will not be much money left in the stock market for anything. It is all going to be used, all of that credit, simply for acquisition.

If I am dead wrong, Mr. President, if it is economically efficient for companies to acquire one another, then this amendment, I say to my colleagues, applies for only a period of 6 months. Indeed, during the 6-month period, they are free to merge. We do not stop any mergers, we do not stop any acquisitions, but we do say that, for that period of 6 months, during which time Congress ought to have a chance to look at this and hold hearings, they do not get any special Federal bonus in terms of Federal leases or Federal rights of way.

(Mr. JEPSEN assumed the chair.)

Mr. NICKLES. Will the Senator yield?

Mr. JOHNSTON. I will yield for a question.

Mr. NICKLES. I will be happy to ask a question.

I read the Senator's statement. I am trying to figure out where the cutoff would be because it is different from the amendment of the Senator from Ohio; his amendment would affect the top 20 oil companies. But as I understand the amendment of the Senator from Louisiana, the cutoff would be if you had more than what, 10 million barrels of reserves, anything more than that? If you had a merger of any type in the next 6 months, then you could not have any new Federal leases?

Mr. JOHNSTON. That is correct. Let me be clear about this. It does not have retrospective operation. It does not affect Texaco-Getty. Texaco-Getty is a done deed as far as I am concerned and as far as this amendment is concerned. This is prospective only. And again, it does not prohibit the merger at all. It simply prohibits having Federal leases or Federal rights-of-way during that period of 6 months.

Mr. NICKLES. So how many companies would be involved?

Mr. JOHNSTON. I do not know what the number of companies is, but to the majority of interested companies.

Mr. NICKLES. If the Senator will yield, I do not think it would be the majority of energy companies because there are thousands of energy companies.

Mr. JOHNSTON. Let me say the top 150. The top 150.

Mr. NICKLES. This is pretty far-reaching legislation. I am concerned——

Mr. JOHNSTON. It only reaches for 6 months.

Mr. NICKLES. It reaches for 6 months as introduced, but it might possibly be extended. We have a tendency to do that sometimes as well. But I am wondering what I can tell my constituents—we have several energy companies in the State of Oklahoma—as to whether or not they would be covered by the amendment. I am not sure if they would know.

Let me ask another question. Where is the cutoff? Is this strictly mergers between oil companies? Could a trucking company take over one of these companies that might fall into this amendment's category?

Mr. JOHNSTON. No; they could not. If the company has 10 million barrels of oil reserves, it prohibits—I say it does not prohibit the merger at all. It simply provides that the merged company will not be able to get rights-of-way or Federal leases during that period of time.

Mr. NICKLES. So let me say there are 150 companies. Any one of those 150 companies could not merge with any other company, regardless of how big or small?

Mr. JOHNSTON. They could merge. It does not prohibit the merger at all.

Mr. NICKLES. They could, but they would be prohibited from obtaining a Federal lease?

Mr. JOHNSTON. During that period of 6 months.

Mr. NICKLES. Let us say we have a big oil company, for example, Exxon, and they want to buy some little refinery out in wherever that is going upside down. They could not merge with that little refining company? Maybe that refining company is going bankrupt. They could not make that merger or, if they did, they would lose any new Federal leases, is that correct?

Mr. JOHNSTON. They can merge. During this period of 6 months, if they merge, then they are prohibited from getting the Federal lease or the Federal right-of-way. There is nothing that prohibits the merger. The refining company would have to have 10 million barrels of proven reserves.

Mr. NICKLES. I am not sure that is the way the Senator answered the first time. So if you had a big boy and he wanted to buy something that had less than 10 million barrels of reserve, could he do that? I think before the Senator said no, and I see the Senator's staff is——

Mr. JOHNSTON. If either of the companies has 10 million barrels of reserves, then they would not be entitled to get the Federal right-of-way or the Federal lease.

Mr. NICKLES. So if the company was bigger than this 10 million reserve floor, I guess, they could not merge with any company for any reason whatsoever within 6 months without losing the right to a new Federal lease?

Mr. JOHNSTON. That is correct.

Mr. NICKLES. Which would be deathly in this business if they are prohibited from Federal leases. It would severely curtail their competitiveness in the oil and gas industry.

Mr. JOHNSTON. It is intended, of course, to give us a period of 6 months within which to look at this, but it does not prohibit the merger at all. It simply takes away a very valuable right which most energy companies of any size are going to need. Many energy companies do not deal with offshore oil so some would say "Well, we are not giving up very much." I do not know. And some would not need rights-of-way. But it is intended for a period of 6 months to give us a looksee. As Senators can see by the press clipping that has been handed out, there is an overwhelming number that are being considered and are in the process of spending billions of dollars on attorneys and accountants and takeover specialists, lining up billions of dollars worth of credit before the Congress can take a look at it. I say we ought to have 6 months to take a look at it.

Mr. NICKLES. If the Senator will yield for one more question, if you had a major that did merge with another company, would they be forever prohibited from Federal leases?

Mr. JOHNSTON. During the period of 6 months, if they merge, the prohibition would be permanent; that is correct.

Mr. NICKLES. So if they did merge within the 6 months, they would be forever prohibited from any Federal leases?

Mr. JOHNSTON. That is correct.

Mr. NICKLES. I know the Senator has knowledge of the oil and gas business and the amount of land that the Federal Government has, the amount of leases that it has. That would basically be a severe, critical curtailment on their competitiveness in a very competitive market. It could be deathly to any of these companies that might have a merge even if the merger was outside of this 150 companies.

Mr. JOHNSTON. Yes, indeed. It is intended to be—but again, only during that period of 6 months.

Mr. NICKLES. But if they did merge during the 6 months, they would be forever prohibited from any Federal leases?

Mr. JOHNSTON. The answer is "Yes."

Mr. NICKLES. I appreciate the Senator answering my questions. I would hope that the floor leader would move to table at the appropriate time or this Senator will. I appreciate the Senator answering my questions.

Mr. HEINZ. If the Senator will yield without losing his right to the floor——

Mr. JOHNSTON. Yes.

Mr. HEINZ [continuing]. As I announced earlier, it will be my intention at the appropriate time to make a motion to table.

Mr. JOHNSTON. Yes; I understand that.

Mr. President, as I say, this is, of course, a nongermane amendment. I hope the Senator is not going to the posture of saying that the rule of the Senate which perfectly well permits nongermane amendments does not apply.

That is one of the two distinguishing characteristics of this body, the greatest legislative body in the world. One is nongermane amendments and the other is unlimited debate. Here we are, early in the legislative session in February, indeed on Leap Day, of all days, prohibiting nongermane amendments. I would think Leap Day would be the last day on which you would want to do that. We have an extra bonus of a day in which to consider a nongermane amendment and one that if not passed either today or very soon lets the horse out of the barn, just as it is, in my judgment, with Texaco and Getty. You are going to have consolidation, the use of billions of dollars in which to acquire not new reserves but somebody else's reserves already in being.

The situation with domestic production is pretty gloomy. In the last 10 years we have gone down in domestic production from 9.2 million barrels a day to 8.6 million barrels a day in the lower 48. Our reserves have gone down from 35.3 billion barrels to 29.4 billion barrels. Rigs in operation have gone way down. In 1981, there were 3,970. Now there are 2,200 or about maybe 55 percent as many as there were just 2 years ago. The same trend is true with natural gas.

So, Mr. President, if we do not want any new wells to be drilled, we will let them go out prospecting, drilling wildcat, if you will, not for oil wells but for somebody else's oil reserves and in the process, as I say, using up billions and billions of dollars.

Mr. President, I am not known to be a Senator who is antioil company. Indeed, I have been criticized in many quarters for being too much acclimated to the oil industry.

My interest, however, is getting wells drilled, getting production. That is the Nation's need. That is my own State's need, getting wells drilled, getting new production, getting new reserves. It is in nobody's interest other than the prospective windfall profit—you talk about a windfall profit—to the owners of some of this stock, seeing it doubled. For what reason? No reason other than that one of these Wall Street cowboys is out to lasso himself a filly at a cheap cost. They are out to do it, and they are going to do it. It is going to be done if we do not act quickly.

Mr. HEFLIN. Will the Senator yield for a question?

Mr. JOHNSTON. Yes; I, indeed, will yield for a question.

Mr. HEFLIN. If I understand correctly what the Senator has proposed, it is a 6-month moratorium on mergers. Furthermore, the penalty is a permanent deprivation of rights-of-way and leases if they merged during that period of time?

Mr. JOHNSTON. The Senator is correct.

Mr. HEFLIN. Accordingly, just 6 months remains. That is all the time he wants?

Mr. JOHNSTON. Six months will give us time enough to take a look at this and decide whether it is good policy or not. I hope we will hold hearings quickly. I hope the Congress will have a chance to look at it and see how many candidates are there. I mentioned just a moment ago a number of prospective candidates. I know you have Gulf, you have Superior, Sun, Ashland Gas, Union Oil. I do not know who else. Phillips I have heard talked about. I do not know who else is in the prospective category of candidates. It includes a lot of companies. Six months will give us a chance——

Mr. HEFLIN. The 6-month period is necessary to hold hearings?

Mr. JOHNSTON. That is right.

Mr. HEFLIN. In other words, the Senator believes the proposal he is advocating needs exploration and hearings to determine its' wisdom?

Mr. JOHNSTON. Frankly, I cannot conceive of a valid argument as to why it is in the national interest for these companies to acquire other companies for the purpose of getting reserves. But I know that there are many thoughtful Senators, such as the Senator from Alabama, who would want to take a more reasoned look at it and want to have the benefit of hearings, and I think that is a better way to legislate.

This is a situation in which if you do not act now, you are not going to have a chance to legislate and you are not going to have a chance to look at it. I think you might find that if we do not act, 6 months from now you will say, "Look what happened. There is no credit left for anybody else."

ArCO borrowed $13 billion and acquired Gulf. Not one new barrel of oil was produced, but $13 billion of credit was used up, and that is credit that did not flow back into the market. That is credit that went to artificially inflate the price of stock.

Mr. HEFLIN. The idea of a moratorium is to have hearings; however, the Senator does not think, for his viewpoint, that hearings are necessary.

Mr. JOHNSTON. To convince me, no. I would be ready to prohibit this. But I think all of us can benefit by a period of time in which to take a look at it.

If the Senator's point is that this is not the way to legislate, I would say yes. That is why I have made it only for a period of 6 months and not a permanent prohibition.

Mr. HEFLIN. The issue of hearings on antitrust legislation are under the jurisdiction of the Judiciary Committee, where there have been little or no hearings. Then there is the issue of the Energy Committee which is directly related to this. In the normal course of events, do you not go through hearings before you start dealing with penalties?

Mr. JOHNSTON. We are not talking about a penalty. We are talking about a benefit. In other words, you do not get the benefit of Federal Government leases of Federal Government rights of way if you merge within this 6-month period.

Mr. HEFLIN. That is a prohibition. That is not a benefit, is it? It is a deprivation of rights.

In other words, you cannot bid. You could not bid on a Federal lease, or you could not bid on a Federal right-of-way during that period of time. In other words, instead of the carrot approach, this is the penalty approach.

Mr. JOHNSTON. You can call it a deprivation, a penalty, or a deprivation of a benefit, and nobody has a right to a Federal lease. Clearly, it is withholding a benefit. It is designed to make it somewhere between inconvenient and impossible to merge within the 6-month period. It is certainly not impossible and it is certainly more than inconvenient, and it is meant to stop those mergers and acquisitions for a period of 6 months.

If the Senator says that we should never legislate without hearings, I can point out to the Senator many of his own votes, which were good votes, and in which we had to act on the floor because we could not get hearings or there was not time to do it.

All we are asking for is a period of time in which to take a look at this most important issue.

Mr. BUMPERS. Mr. President, will the Senator yield for an observation?

Mr. JOHNSTON. I yield.

Mr. BUMPERS. I point out to my colleagues that what the Senator is asking for is precisely what we did when we declared a moratorium on coal leasing until Congress could examine the Bureau of Land Management's coal leasing policies. The President appointed the Linowes Commission, which has reported, and we have 90 days to consider it and decide whether we should implement the changes that the Linowes Commission recommended.

I was opposed to the leasing policies outright, but in order to give a public airing to it, so that all my colleagues could get the benefit of all the facts, I was willing to support a coal leasing moratorium.

I do not know how the Senator from Alabama voted on that, but the Linowes Commission has reported, after holding extensive hearings, that our coal leasing policy has been an unmitigated disaster.

Now Congress will have an opportunity to take such action as it deems necessary. That is precisely what the Senator is asking for here. I do not see anything wrong with that. I would agree with it.

I would have voted for the Metzenbaum amendment, for arguments that I hope to get a chance to make in just a moment. In any event, I am going to vote for the Senator's amendment, which I think is the very minimum this body ought to address itself to, in light of this unbelievable merger between Texaco and Getty. That is what has precipitated all this.

Mr. JOHNSTON. I can say to the Senator that Texaco-Getty is just the most recent of these mergers. It really is the threat of future mergers that motivates me. Indeed, my amendment excepts Texaco-Getty. Of course, it does not apply to the United States Steel takeover by Marathon. Mobile was trying to take over Marathon, and ultimately United States Steel did, and there went a billion dollars. Mobil was trying to take over Conoco for $7.5 billion, and DuPont eventually did that.

Gulf was going to take over Cities Service, and then Occidental did that. That is another $5 billion transaction.

This does not affect any of those past ones. It does not affect Texaco-Getty. But where are we going to stop? That is the list of those that have already taken place. Where is the list going to stop in the future, and how much credit is it going to take?

The Senator's point is a very good one. The Linowes Commission pointed out that the coal-leasing policy was not good. I guess they are in the process of pointing that out. I do not know what Congress would find on this policy. I suspect that they can say there is not anything defensible, there is not anything that is in the national interest, and there is a lot against the national interest to have all these series of combinations and takeovers and acquisitions.

But one thing is for sure: The Nation does not lose anything by waiting for 6 months. That much is very clear.

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

Mr. JOHNSTON. I yield.

Mr. HEFLIN. Suppose you have your hearings. Suppose your moratorium were to be adopted and you were to have the hearings, a merger takes place, and there is a permanent deprivation of the right of leasing. Then your hearings are not fruitful; and it is determined that out of approximately 100 oil companies that you are prohibiting from merging and you say, "I am going to remove the penalty from those that merged in the meantime."

Mr. JOHNSTON. I do not think you will find anybody who will merge in this period of 6 months. If a company really wanted to merge, I think they would have their lawyers draw their instruments in such a way that the merger does not take place until the expiration date of this act.

Mr. HEFLIN. Then, the Senator would admit that he is closer to "impossible," rather than "inconvenient."

Mr. JOHNSTON. It depends on the size of the company. If it is not important to them, they might not. I am quite sure that Gulf and Arco would not merge during the period of 6 months.

Mr. HEFLIN. What about company No. 97 and company No. 98, which are prohibited by this; small companies that basically got over the figure the Senator from Louisiana has mentioned? They merge and take the chance and say, "I don't want any Federal leases now." Sometimes mergers by small companies are good competition for other companies. Would the Senator not admit that? If you have,

say, 18 small midsize companies and if you could increase that to 24 larger oil companies, you would have more competition.

Mr. JOHNSTON. I do not agree with that. You will find that most of the reserves that are acquired today in the United States—90 percent, if I am correct—are found by the independents, which are small companies, not major companies. I do not agree with that.

I say to the Senator that if they really want to merge, I can tell him how they can do it. They can make their offer contingent upon the expiration of 6 months within which to do it, if you want to put the sale over into the next taxable year. You can buy up the stock, but upon a contingency that his law expires, and that would be perfectly legal. So it would be possible to do that.

This is just like the Bumpers coal-leasing moratorium, for which the Senator from Alabama voted. I have been handed a note which states that the distinguished Senator from Alabama voted for it.

Mr. BUMPERS. A good vote it was, I must say.

Mr. HEFLIN. Well, I have had second thoughts.

[Laughter.]

Mr. BUMPERS. I would not be surprised if the Senator were elected next time as a result of that vote.

Mr. HEFLIN. It was largely related to Federal lands—which is different from this situation.

The Senator's amendment seems to me to be too broad from what my understanding is. This amendment is going to take, within his broad sweep, approximately 150 different companies.

Mr. JOHNSTON. That is correct. It is a broad sweep for a short period of time. And the thing that is going to be the broad sweep is the number of takeovers that is going to take place in the next 6 months if you do not act. If you want a broad sweep, you look at that. I mean, the trend is already there: Marathon, Conoco, Cities Service, Getty Oil, all down the drain now. Of course, Burlington-Northern also acquired El Paso Natural Gas; CSX Corp. just last year purchased Texas Gas Transmission Co.; Houston National Gas recently settled with Coastal for roughly $40 million to avoid a takeover.

Mr. BUMPERS. Who, in turn, was trying to take over Arkansas-Louisiana Gas Co.

Mr. JOHNSTON. That is right. Texas Gas settled with Coastal for roughly $18 million in order to avoid a takeover.

You have money that windfall profits—I mean windfall in the true sense of the word—that is being borrowed to pay these windfalls to people without producing 1 barrel of oil or 1 cubic foot of gas.

Look, 6 months is not too long for the Congress to take a look before it is too late.

Mr. BUMPERS. Will the Senator yield?

Mr. JOHNSTON. I yield for a question.

Mr. President, I wonder if the Senator from Pennsylvania will allow me to yield just a few minutes.

Mr. HEINZ. The Senator has no objection.

Mr. JOHNSTON. I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. Mr. President, I will be as brief as I can possibly be.

What the Senator from Louisiana is asking for is simply time to study a proposition that has great economic implications.

If this administration enforced the antitrust laws of this country we might not be here debating this. However, both the Federal Trade Commission and the Justice Department's Antitrust Division have virtually ignored that duty for the past 3 years. They did not want to touch the Texaco-Getty merger.

If we simply consider the element of concentration, the argument is fairly good. Yet, we have to consider a more complete policy view. When oil prices were decontrolled, we were promised that the increased profits would be used to explore for oil. What has happened since that time? I will not repeat what the Senator from Louisiana has said about our production figures, but I will tell you what has happened on mergers.

It is epidemic. Listen to these statistics.

Twenty-eight months prior to oil price decontrol, the 20 major oil companies acquired 32 other companies, which was an average of 1.2 companies per month.

In the 25 months following decontrol, when the oil companies started getting the OPEC price for oil and at a time when they promised to go out and find oil, in exchange for decontrol, they began to increase their acquisitions and mergers to 1.75 per month, almost a 50-percent increase in acquisitions.

But that is not all the story. Look at the differences in the sizes of the mergers before and after. In that 28-month period prior to decontrol, those 32 mergers cost an average of $225 million each, whereas in the 25 months following decontrol, each merger averaged $544 million, or about a 110-percent increase in the value of each merger.

So that is only an increase of $270 million per month to $952 million per month, essentially $1 billion a month by the top 20 oil companies not to find oil but to buy other companies.

Was that the promise? Is that what the people of this body believed when we were told that oil should be decontrolled? The answer is in the question.

As our late departed brother, Scoop Jackson, used to say, "Mobil just drilled and drilled until they hit Montgomery Ward."

Mr. President, there have been, since 1979, 11 oil acquisitions of greater than $1 billion each. Furthermore, those 11 totaled $50 billion. That is not exactly bean bags.

Business Week put this issue in perspective in the February 6 issue. It said that last year's total mergers were 2,533, a 9-year high. The total volume last year for those mergers was $73.1 billion compared to $53.8 billion in 1982, or roughly a 50-percent increase in the dollar volume for mergers.

Mr. President, Texaco-Getty has been exempted from the Senator's amendment. And well it should be. That is virtually a fait accompli.

Is it not strange, though, that Texaco was willing to incur an additional $12 billion in debt to acquire a company in order to get oil reserves? Some analysts say that Texaco could have found more oil by exploration, and there is absolutely no comparison in the economic and social benefit to this country if they had chosen to do that.

Even more, consider this last fact. In that merger, Texaco acquired $13 billion in assets. That is what Getty was supposed to be worth, $13 billion. So they got $13 billion in assets but they incurred $12.6 billion in debt to do it. That was an increase of 47½ percent in assets but a 94.6-percent increase in their debt. And Salomon Bros., says that the profit they will get from the acquired company is not enough to service the debt they have acquired. Now what kind of nonsense is that?

Mr. President, we are only considering a 6-month moratorium on mergers among approximately 150 companies, and the penalty is that if one defies Congress, goes ahead with a merger without regard for the 6-month period you are imposing on us, then we bar them from receiving any more Federal leases and any Federal easements for rights-of-way and so on. Now some people may be willing to go ahead and take that.

I am tempted to launch into my favorite subject, which is the outrageous, scandalous leasing policy of this Government on oil and gas lands that belong to the Federal Government.

Incidentally, the saga continues. About 3 months ago in my State, BLM leased 18,000 acres, a little lake down there that the Corps of Engineers owned. They leased it for $18,000. You can have all this Federal land you want for $1 an acre and all you have to do is ask for it. Naturally, someone leased 18,000 acres for $1 an acre and sold it the next day for $3 million. The

scandals just continue while we debate.

Finally, Mr. President, are these oil companies really going to be injured by the amendment? The Senator is asking for a 6-month moratorium and we have just finished a 4-month moratorium imposed by the Bureau of Land Management itself on all Federal leasing because of the Amos Draw scandal of last August out in Wyoming.

For those of you who are not current with that situation, we put 18 leases, roughly 25,000 acres, into a lottery, pulled out a winner and leased the 25,000 acres for $25,000.

Well, that is what happened. And 12 of those 18 tracts were renegotiated within 6 weeks for somewhere between $50 million and $100 million. People actually defend that system, but it will have to wait. I am not going to belabor that.

We should just realize that, because of that scandal, BLM again has put a little Band-Aid on the leasing program and said, "We have changed this or we have changed that."

Now, after a 4-month moratorium, we are back in the leasing business. The immediate point is we have just finished a 4-month moratorium, so oil companies are used to it. With the moratorium proposed here, Congress will have a chance to review the situation and decide whether these mergers are good or bad, or how seriously we want to curtail them. That is all the Senator's amendment does.

Mr. JOHNSTON. Mr. President——

Mr. HEINZ. Mr. President, I believe the Senator has lost his right to the floor.

Mr. JOHNSTON. Mr. President, I think I yielded with the permission of the Senator.

Mr. HEINZ. Mr. President, I do not yield. With all good deference to my good friend from Louisiana, let me explain why.

You have the floor on the floor of the Senate as long as you are standing on it. You do not have the right to the floor when you are sitting down. If you yield the floor to someone else and you sit down, you lose the floor and so does the person you yielded to. It is not my wish to preclude debate, but neither do I wish to see it prolonged.

My understanding, when the Senator from Louisiana yielded briefly to the Senator from Arkansas, was that it was to yield briefly, and I would ask everybody to consult their chronometers and see just how brief it was.

I would be happy to yield briefly to the Senator from Louisiana.

Mr. JOHNSTON. I think the Senator's point is well taken. I will briefly yield to the distinguished Senator from Ohio.

Mr. HEINZ. The Senator from Louisiana does not have that right. I will yield to him. I have the floor. But if the Senator from Louisiana has something he would like to say, I will yield to him.

Mr. JOHNSTON. I will not put the distinguished Chair on the spot as to who has the floor. In any event, I think the distinguished Senator from Ohio ought to have a few minutes. By the way, before he makes his motion, I hope he will explain where Arco is going to put the headquarters of Gulf after this merger.

Los Angeles is a marvelous place.

Mr. HEINZ. Mr. President, I must reluctantly, of course, decline to yield further to my good friend from Louisiana.

How long does the Senator from Ohio want to speak?

Mr. METZENBAUM. Less than 5 minutes.

Mr. HEINZ. Mr. President, I yield less than 5 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. I thank my friend from Pennsylvania.

Mr. President, I rise to indicate my support for what I consider to be an unusual or novel approach which the Senator from Louisiana takes to this issue. The bottom line is that it will put a halt for a period of 6 months to any further merger activity.

Frankly, I think, the period is short, but I think it is an indication of the Senate's will and, if we pass it, I think it will send a message to the marketplace that this body is concerned about more and more mergers that really add nothing to the oil supply of this Nation.

As a matter of fact, the Times, just a few days ago, reported the oil industry's push to merge and they talked about everybody is looking. They go on to say, " 'What happened in January was the catalyst' said John Olsen of Drexel Burnham Lambert. He and his colleagues have been compiling lists of takeover candidates that commonly include the Superior Oil Company, the Louisiana Land Co., the Sun Co., the Kerr-McGee Corp., and the Amerada Hess Corp."

Frankly, I think it is time to say, "Wait. Hold the fort. There is no reason to permit these continued mergers to take place."

My good friend from Alabama made the point there ought to be hearings. I hope he has enough influence in the Judiciary Committee to get those hearings. The Senator from Ohio has been speaking with the chairman of the committee day in and week out, asking for hearings on this subject, and as of this moment no such hearings have been set.

I think that the approach the Senator from Louisiana is making is a good approach. It may not be the same one I would favor. I have indicated that if we had had the floor and there had not been a motion to table, we were prepared to accept his amendment as an amendment to my amendment.

So I intend to support it and I hope that this body will see fit to approve it. I think that it will say, "Whoa. Hold it. Enough mergers for the time being." Let us take another look at this subject. I think the Congress will, in the 6-month period, take a look and see what our long-range policy should be.

That is less than 5 minutes. I yield back to the Senator from Pennsylvania.

Mr. HEINZ. I yield to the Senator from Oklahoma, briefly.

Mr. NICKLES. Mr. President, I think the amendment of the Senator from Louisiana is even more far-reaching than the amendment of the Senator from Ohio. The amendment of the Senator from Ohio touched the 20 largest companies and with the amendment of the Senator from Louisiana we are talking about possibly 150 companies. I am not sure that anybody really knows how many companies because of this arbitrary figure of 10 million barrels of reserves.

Quite frankly, when you get into the bottom of those 150, there are a lot of companies that you have probably never heard of. The penalties for someone merging—and quite frankly, there could be a very justifiable and much needed merger, possibly on the lower end of the range or scale—would be extreme because it prohibits him from any Federal leasing. That could really be deathly to the future of any oil company of significant size.

I would hope that our colleagues would join the Senator from Pennsylvania in the tabling motion, at least for no other reason than that we have not had hearings on this proposal. It is a proposal that could be very detrimental.

One final comment is that the oil industry is more diversified than the steel industry, than the auto industry, and than a lot of other industries that many have raised concerns about in the past. I would hope we would support the tabling motion of the Senator from Pennsylvania.

Mr. FORD. Mr. President, I rise to voice my support for this amendment, and I urge its passage.

Normally, I would feel uneasy about any proposal that represents further Federal intervention in our free enterprise system. I believe that, for the most part, our Nation is best served when private individuals and private enterprise are free to realize the limits of their potential without governmental encumbrance. But I also realize that the free enterprise system thrives only in the presence of healthy competition. Lacking such, Government's role materializes. This amendment is limited in its approach to the problem

as it merely provides a disincentive to mergers but does not prohibit them. Nevertheless, something must be done.

Right now we are seeing the dawn of what could very well become the greatest corporate merger wave ever to hit this country. Large energy companies are riding the crest. Earlier this month, the Federal Trade Commission conditionally approved the largest merger in corporate history—Texaco's $10.1 billion acquisition of Getty Oil Co.—by provisionally accepting a consent agreement with Texaco. Now other major oil companies are seeking takeover targets. Our energy industry is consolidating.

When considering this merger activity in the oil industry and whether or not Congress should put a stop to it, two questions come to mind. First, to what policies are we committing ourselves when we allow our regulatory structure not to enforce antitrust laws already on the books? And second, to what extent will we appease private corporations at the expense of our national energy policy?

Mr. President, my primary interest is seeing the vigorous enforcement of our antitrust laws. And in the light of the Texaco-Getty merger, the attempted acquisition of Marathon Oil by Mobil, and numerous other oil company mergers that are doubtlessly in the works, the need for such enforcement has become that much more important.

The energy industry is vital to the Nation's economic health, as the Sixth Circuit Court of Appeals noted when it agreed to stop Mobil's takeover of Marathon. The court considered other factors, such as the size of the industry in comparison to the size of the economy of the Nation, demand that is unresponsive to price, barriers to the entry of new participants in the industry, the many joint arrangements in which members of the industry engage, and the lack of benefits arising for the merger.

The court, in enforcing the mandate of the Clayton Act, also noted that the Mobil-Marathon merger could reduce the healthy competitive effect of independent dealers, as Marathon had been a source of supply to the independent sector of the industry. This same situation is present in Texaco's acquisition of Getty, as the Commission itself noted.

Yet the Federal Trade Commission has refused to take a hint from the Federal appeals court, and has approved the Texaco-Getty merger anyway. In the name of free enterprise, the Commission is taking a hands-off approach. But what the Commission fails to realize is that its failure to enforce our anititrust provisions is leading us down the road to monopoly and the end of competition. "Free enterprise" in the oil industry will become a thing of the past if such mergers are allowed to continue.

Indeed, this is why we have antitrust laws on the books—to preserve healthy competition. I am persuaded that the average American citizen is exactly right when he thinks that the strong, vigorous, and careful enforcement of the antitrust laws is as basic a bulwark as there can be to the maintenance of our free market system and, therefore, of our democratic institutions.

So, in and of themselves, our antitrust laws are worth enforcing—and the administration should begin making enforcement a top priority. But let's look at the reasons why antitrust enforcement becomes even more important an issue when it is applied to the energy industry.

I would like to think that this Congress has the welfare of the entire Nation in mind when it sets to formulate a national energy policy—one which will promote energy independence. But our past efforts in this area will be for naught if we allow mergers of the Texaco-Getty variety to continue.

Acquisition of Getty would give Texaco control over Getty's high domestic reserves of crude oil. The financial resources which enable Texaco to make this acquisition were augmented by various Government incentives—including tax incentives and decontrol of pricing. These incentives were originally designed—as part of our national energy policy—to hasten exploration for domestic crude oil by domestic oil companies and thereby expand supply.

When we deregulated oil, the major oil companies assured us that this would provide them with the incentives and resources to search for new reserves. But now we find they are not following through. Instead, they find purchasing undervalued stock in medium-sized oil companies with existing reserves a compelling alternative to the riskier proposition of finding and developing oil from scratch.

Clearly, this is not the direction Congress intended to steer the big oil companies. The oil company merger wave will undermine our vital national energy policies favoring the development of new domestic petroleum reserves, and it threatens to throw the entire industry into the hands of a few major corporations. Either prospect is obviously contrary to the public interest.

For these reasons, Congress must step in and prevent the situation from getting out of hand.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, with respect to the Proxmire amendment on nuclear agreements adopted earlier by the Senate, I want to make a clarification statement for the record and announce what the administration position is. At the time of the amendment, it was unclear. We did not have it one way or the other. I am now advised that the administration does in fact oppose the Proxmire amendment. The record should reflect that at this point.

Mr. President, I said at the beginning of this debate that I would move to table all amendments which were not germane to the subject matter in this bill. I move to table——

Mr. PROXMIRE. Before the Senator moves to table, will the Senator yield for 30 seconds?

Mr. HEINZ. Yes.

Mr. PROXMIRE. The Senator knows the high regard in which I hold this administration and all the support I have given the administration over the years. This is the kind of opposition I appreciate, after the fact. I hope they continue to oppose whatever I offer after it has been passed by the Senate.

Mr. HEINZ. What the Senator is saying is better never than late, but later is better than never.

Mr. PROXMIRE. Yes, or something like that.

Mr. HEINZ. Mr. President, I am not going to make a statement as to the merits of this amendment. It has never been considered in the Banking Committee. It never will be considered in the Banking Committee because it is not part or parcel or never would be referred to our committee. It is not part of the Export Administration Act. The Senator from Louisiana has properly said that it really is about the Mineral Leasing Act. He said that at the beginning.

I think everybody has said what they have to say. I move to table the amendment of the Senator from Louisiana, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from Louisiana. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DeCONCINI (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from South Dakota (Mr. PRESSLER) is necessarily absent.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Ohio (Mr. GLENN), and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 52, nays 42, as follows:

[Rollcall Vote No. 24 Leg.]

YEAS—52

Abdnor	Garn	Murkowski
Armstrong	Goldwater	Nickles
Baker	Grassley	Percy
Bentsen	Hatch	Quayle
Boren	Hecht	Randolph
Boschwitz	Heflin	Roth
Burdick	Heinz	Simpson
Chafee	Helms	Stafford
Cochran	Huddleston	Stevens
Danforth	Jepsen	Symms
Denton	Kassebaum	Thurmond
Dixon	Kasten	Tower
Dole	Laxalt	Trible
Domenici	Long	Wallop
Durenberger	Lugar	Weicker
Eagleton	Mathias	Wilson
East	Mattingly	
Evans	McClure	

NAYS—42

Andrews	Hawkins	Nunn
Baucus	Hollings	Packwood
Biden	Humphrey	Pell
Bingaman	Inouye	Proxmire
Bradley	Johnston	Pryor
Bumpers	Kennedy	Riegle
Byrd	Lautenberg	Rudman
Chiles	Leahy	Sarbanes
Cohen	Levin	Sasser
D'Amato	Matsunaga	Specter
Exon	Melcher	Stennis
Ford	Metzenbaum	Tsongas
Gorton	Mitchell	Warner
Hatfield	Moynihan	Zorinsky

ANSWERED "PRESENT"—1

DeConcini

NOT VOTING—5

Cranston	Glenn	Pressler
Dodd	Hart	

So the motion to lay on the table amendment (No. 2760) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. I introduced on January 31, S. 2239, a bill to amend the Export Administration Act. The bill would prohibit the exportation of fresh water in bulk by tanker without a license from the Secretaries of Commerce and Transportation. A license could not be granted without the agreement of the appropriate State and local governments. Local communities would be reimbursed for any water withdrawn.

I made this proposal in response to a problem occurring in the State of New York, but the issue is likely to be important in many regions of the Nation. Between 1977 and 1983, Exxon tankers withdrew some 3 million tons of fresh water from the Hudson River. The tankers transported the water to Aruba, where it was either sold to the Government or used in the Exxon refinery there. The tankers were not obliged to withdraw fresh water for navigation or safety; saline water from the estuary serves those purposes equally well. This export of fresh water provided an economic benefit to a private corporation, and some of the benefit should be shared with the communities whose water is taken.

It had been my intention to offer this bill today for inclusion in this year's amendments to the Export Administration Act. However, I quite accept that the proposal affects more than one river, and that hearings ought to be held before we legislate. For example, tankers serving refineries on upstream reaches of the Mississippi River have a legitimate need for fresh ballast water, and this must be considered. I believe we could learn much from local communities, tanker owners, and other interested parties.

My bill was referred to the Committee on Banking, Housing, and Urban Affairs, because it would amend the Export Administration Act. In my view, however, the Environment and Public Works Committee should also examine this issue, because it addresses concerns of water diversion and the economic value of water resources, issues often considered by that committee.

Despite the interest of the Environment Committee in this matter, it is not entirely clear to this Senator that a legislative response to the problem can be drafted that falls within the jurisdiction of the Environment Committee.

I, therefore, propose that the Banking Committee agree to hold hearings on my legislation and permit the Environment Committee also to examine this matter and consider holding hearings. Do my colleagues on the Banking Committee concur with this proposal?

Mr. HEINZ. I thank the distinguished Senator from New York for bringing this issue to the attention of the Senate. I agree that it deserves close scrutiny. The Subcommittee on International Finance and Monetary Policy of the Senate Banking Committee will hold hearings on the issue, and I have no objection to the Environment Committee reviewing the matter in hearings as well.

Mr. D'AMATO. I also share the interest of the senior Senator from New York in this issue, as a cosponsor of the Senator's amendment.

Mr. HEINZ. As matter of fact, Mr. President, in recognition of Senator D'AMATO's interest in and activities on this issue, and also in view of his membership on the Banking Committee, I would like to offer to my colleague that he chair the hearing on this issue in the subcommittee.

Mr. D'AMATO. I thank my good friend, and I would say to him that I would be glad for that opportunity.

Mr. MOYNIHAN. I thank my distinguished colleague from Pennsylvania and my friend from New York. Is this proposal also agreeable to the Senator from Vermont?

Mr. STAFFORD. I would be pleased to have the Committee on Environment and Public Works review this matter and consider holding hearings on the important issues raised by this legislation which fall within the jurisdiction of the Environment and Public Works Committee.

Mr. MOYNIHAN. I thank my colleague from Vermont.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, if Senators will listen, there will be no more RECORD votes tonight. If the managers are agreeable, I ask unanimous consent there now be a period for the transaction of routine morning business not past 6:45 p.m. in which Senators may speak.

The PRESIDING OFFICER. Is there objection to the request by the majority leader?

The Chair hears none, and it is so ordered.

THE FOLLY OF STEEL QUOTAS

Mr. CHAFEE. Mr. President, on January 24, the United Steelworkers of America and Bethlehem Steel Corp. jointly filed a petition with the U.S. International Trade Commission seeking the imposition of quotas to limit imports of foreign-made carbon steel to 15 percent of domestic consumption for 5 years.

This demand for protection is being pursued in conjunction with separate quota legislation already introduced by members of the House Steel Caucus. Similar legislation is expected to be introduced soon in the Senate.

Either alternative, Mr. President, would guarantee the domestic industry 85 percent of the domestic carbon steel market and 5 years of virtual freedom from world competition.

The ITC petition, like the Steel Caucus legislation, was submitted amidst a babble of rhetoric about unfair foreign trade practices. The steel industry justifies its demands by alleging subsidization by foreign countries and dumping by foreign companies.

Mr. President, I have never hesitated to support vigorous use of our trade remedies in response to unfair foreign practices; 27 suits against 11 countries have already been filed and according to U.S. Steel chairman, David Roderick, a tremendous number of additional unfair trade petitions are planned. But the steel industry's most recent demands for protection have nothing to do with unfair trade practices. Both the legislation and ITC petition call for slashing steel imports from all foreign producers—including fair trading countries that may be guilty of nothing more than greater efficiency than the U.S. industry. Furthermore, the quotas being sought for carbon steel could be imposed on top of any sanc-

tions taken to counteract unfair practices.

The Bethlehem/Steelworkers case was filed under the so-called escape clause of our trade statutes which requires no showing of unfair practices by foreign producers. The industry may be awarded comprehensive protection from all foreign producers in a single convenient package, without having to prove the use of unfair practices by any country.

Out of a sense that we should look out for our own interests, one might be tempted to shrug off the undeserved hardship quotas would impose on some foreign producers. Besides, what would it really cost to help our own industry? The answer, unfortunately is "Plenty."

First, steel quotas will mean by definition an increase in the cost of carbon steel available in this country. In fact, the Bethlehem/Steelworkers petition asserts, in support of its position "If all steel imports can be controlled, * * * the domestic steel producers would benefit * * * through higher and more profitable rates and process." By some estimates, this could amount to a 25-percent increase—as much as $10 billion in the first year.

But higher costs are only a part of the damage that quotas would impose upon the American economy. Equally important are the American jobs that would be lost in the many industries that fabricate steel products. Many of these industries have struggled to maintain their competitiveness. But because they will in effect be required to buy only higher priced U.S. steel, their competitiveness in domestic and foreign markets will be severely hurt.

Additionally, Mr. President, when quotas are imposed in escape clause cases—that is, in cases that do not involve demonstration of unfair practices—our trading partners, by international agreement, are entitled to compensation or even retaliation. This means that either the United States must make concessions at the expense of other domestic industries, or else our trading partners on their own can take action against our exports.

Mr. President, this fact is very important to keep in mind, because it means that when we support protectionism for one industry, we necessarily trade off the jobs and profits of other industries.

I have repeatedly made this argument in this Chamber, and unfortunately my fears over earlier escape clause actions are now coming true. Last summer, for example, the administration ordered protection for the specialty steel industry. As a result of this action, the European Community now plans to increase tariffs and impose quotas on an array of U.S.-made products including chemicals, plastics, alarm devices, and sporting goods. These products, unrelated to specialty steel, will essentially pay the price for specialty steel protection.

European retaliation against sporting goods is especially painful to me, for production of sports equipment has provided jobs for Rhode Islanders. The industry has competed profitably in the world markets, but its interests—and Rhode Island jobs—may now be the sacrifice paid for protection for specialty steel.

By shielding carbon steel producers from foreign competition, how many other American workers will be sacrified to support the carbon steel worker?

The domestic industry claims it is making improvements. Management points proudly to "capital investment," while the union claims "significant" wage concessions.

The trouble with these claims, from both sides, is that they represent too little, too late.

Clearly, far more capital investment is needed in the domestic steel industry. United States Steel, for example, should have poured its billions of dollars into boosting productivity in its aging plants rather than rushing out to buy Marathon Oil Co.

And steelworkers wage concessions have hardly been concessions at all. The average steelworker now earns $22.51 an hour in wage and fringe benefits, which puts them in direct competition with autoworkers for first place, worldwide, in manufacturing compensation.

Paul R. Lawrence of the Harvard Business School and Davis Dyer, a Boston College professor, note in their book, "Renewing American Industry," that because of generous wage concessions made by management to labor in the 1970's, the wages of steelworkers rose 119 percent between 1975 and 1979 compared with a 63-percent rise in the Consumer Price Index.

In short, Mr. President, the improvements both management and labor boast about are barely improvements at all—and they hardly justify the kind of protection the industry seeks now.

Foreign competition is not new, and the domestic industry has been seeking protection in one form or another for 15 years. Much of what it sought has been granted. The question is, What steps has the steel industry taken during those years that would lead us to expect that 5 future years of almost complete insulation from competition would produce greater responsiveness?

Mr. President, I cannot support a proposal that would sacrifice healthy, hardworking industries, and employees. These industries should not be forced to bear the brunt of the mistakes and myopia of the steel industry, both management and labor.

In closing, I would like to call the attention of my colleagues to a column by Robert J. Samuelson in the March 5, 1984, issue of Newsweek magazine entitled "The Economics of Self-Pity." It is a good commentary on the steel industry and the problems it faces, and Mr. Samuelson is correct in stating that the "industry's collapse springs not so much from imports as its obsession with imports."

I ask unanimous consent that Mr. Samuelson's column be printed at this point in the RECORD.

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

THE ECONOMICS OF SELF-PITY

(By Robert J. Samuelson)

The steel industry shows that trade protection provides no shelter from economic upheaval—and may make it worse. Despite more than a decade of protection, industry employment has fallen 200,000, or more than two-fifths, since 1979. But this collapse did not spring so much from imports, as the industry and its union argue, as from their obsession with imports.

Precisely because they thought they could shield themselves from the world market, companies and workers postponed dealing with the industry's basic problems: old and inefficient plants, lagging technology and high labor costs. As a result, the industry grew less competitive, and its retrenchment became a sudden shock rather than a gradual decline.

What makes this relevant is that so many other industries now see themselves suffering steel's fate: being ravaged by "unfair" foreign competition. Foreign practices that differ from ours automatically become suspect, and industries faring poorly think themselves hapless victims. But steel's experience underlines the perils of this economics of self-pity.

The industry's latest self-inflicted wound is the rejection of the proposed LTV-Republic Steel merger. True, global markets reduce the need for antitrust laws. But, as the Justice Department argued, mergers cannot reasonably be justified on the basis of import competition when quotas weaken imports' ability to limit price increases. So the import obsession may now cost the industry the needed efficiencies of sensible mergers. More fundamentally, the peculiarities of foreign trade and industrial practices—though sometimes "unfair"—represent only a secondary source of steel's troubles. The industry's fundamental problem is that global steelmaking capacity far exceeds steel demand. With a worldwide steel trade, this imbalance created downward pressures on prices, profits and wages.

ALLIANCE

Through protection, labor and management sought to insulate themselves from these pressures. As a political venture, the labor-management alliance succeeded. Beginning in 1969, when Europe accepted "voluntary" restraints, the industry has enjoyed various forms of protection. Formal and informal quotas now cover European and Japanese imports.

But the protection has never been an economic success, because any benefits were quickly dissipated. In return for a no-strike pledge, management guaranteed pay increases and generous cost-of-living adjust-

ments. Between 1970 and 1982, hourly labor costs ($23 in 1982, including fringes) rose nearly twice as fast as the average for all industries.

To argue (as steel executives do) that excess global capacity primarily reflects subsidized plants in developing countries is silly. Government does not automatically make plants uneconomic. Since 1973, world steel demand has fallen, but in developing countries it has roughly doubled. With new technology and low wages, these countries would be foolish to buy more expensive European or American steel.

If too many plants were built, one reason is that other countries listened to the optimistic American forecasts. Few industries have so misjudged their market; steel firms thought long-term demand in the United States was rising when it was falling. As recently as 1980, the industry's trade association put 1988 demand in the United States at 134 million tons against 1973's peak of 123 million. In 1983's depressed market, demand totaled 83 million tons. Charles Bradford of Merrill Lynch now estimates 1988 demand at 101 million tons.

Steel executives were late in seeing that cars would get smaller and that plastics and aluminum would substitute for steel; that steel wouldn't recapture the beverage-can market from aluminum, and that stronger steel and reinforced concrete would reduce the need for steel in construction. Believing that demand was growing—that, indeed, there might be a "shortage"—American firms retained inefficient plants, while abroad, new plants were built.

The social and economic consequences of these miscalculations were disastrous. Steel profits lagged, and cash-short firms delayed introducing new technology. In 1982, less than a third of American crude steel was produced with more efficient continuous casting, compared with four-fifths in Japan. When recession destroyed the mirage of a steel shortage, the resulting layoffs and plant shutdowns devastated many steel-dependent communities.

None of this means the industry's disappearance. Mini-mills (smaller mills using scrap metal) have lower costs, some large United States plants are highly efficient, and many domestic customers need speedy delivery or specialized products. But, without trade protection, the industry's inevitable shrinkage would have started sooner and left the remaining plants stronger.

What often goes unnoticed is government's complicity in this debacle: the moral is that doing less would be doing better. The industry's preoccupation with imports reflects trade laws that encouraged undesirable protection. The industry now wants five-year quotas limiting imports to 15 percent of American consumption, compared with 20.5 percent in 1983. A better policy would be to lighten import restrictions, permit efficient mergers and compel firms and workers to face global competition.

DANGEROUS DRIFT

No one denies that other countries do things differently or that their practices often discriminate against American firms. But these practices are not always an important cause of our industries' problems, and our practices can discriminate against foreigners. The need is to draw trade laws tightly: to provide relief only when foreign abuses are large and injuries clear.

But the drift is in the opposite direction. We risk repeating steel's mistakes in other industries, most prominently autos. The Reagan administration has been the most protectionist since World War II. Walter Mondale pledges to match foreign subsidies "product for product and dollar for dollar." The rhetoric panders to popular prejudice and, in an election year, makes politicians seem responsive. Sadly, the resulting policies often harm the people and companies they purport to help.

THE MYTH OF AUTO QUOTAS

Mr. CHAFEE. Mr. President, for years Detroit has been telling Congress and the American people that it can become competitive with the Japanese auto industry if only we will provide a breathing space in the form of temporary import quotas on cars made in Japan.

Give us some time, Detroit has said, and we will be able to produce better cars at a cheaper price and put Americans back to work once again.

That is the myth of auto quotas; the reality is much different.

Last year, General Motors, Ford, and Chrysler together posted record profits of more than $6.2 billion. American cars are selling at their fastest rate in over a decade.

Sadly, however, this spurt of production has not benefited the American worker—and it has cost the American consumer dearly.

Detroit, in short, has learned how to make more money by selling fewer cars. Rather than using the breathing space created by import quotas to cut prices, improve quality and regain the loyalty of American motorists, Detroit is selling its cars—all it can make—at a hefty premium for the simple reason that it is spared competition.

For the autoworker, however, this has not brought back all of the jobs: much of the extra production is now handled by overtime shifts, and in fact, General Motors is talking about further layoffs of 80,000 workers in the next 3 years, and Ford has already announced new layoffs.

So much for the myth that quotas would bring back jobs.

It is the American consumer, however, who has really taken a beating. The average cost of a new automobile sold in the United States this year will total more than $10,500—an increase of $2,000 in just 2 years.

The Japanese reacted to quotas by pushing their most expensive models and adding extra costs. Go into any Japanese automobile dealer and you will find the sticker price usually includes a premium cost of $1,000 or more labeled added dealer markup or, more euphemistically, market adjustment fee.

Because of the quotas, Japanese cars, which Americans first bought because of their quality and because they were inexpensive, often cost more than American cars. But rather than using the breathing space of quotas to vastly undersell the Japanese and thus regain their market share, Detroit has raised the price of its cars as well, although it tends to keep them just under the prices for restricted imports.

If ever there were a need for free enterprise, that need exists in the auto industry.

Quotas should be terminated and Detroit should be left to fend for itself. It is time the myth of import quotas is exposed for what it is: a hoax on workers and the American consumer.

Mr. President, an article in the February 27 issue of the Washington Post by Jerry Knight spells out precisely why quotas are damaging to workers and consumers. I commend it to my colleagues, and I ask unanimous consent that it be printed in the RECORD.

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

[From the Washington Post, Feb. 27, 1984]

IMPORT QUOTAS PUT CARS OUT OF REACH

(By Jerry Knight)

Anyone who can read the sticker on the window of a new car or the bottom line on a car maker's annual report should now begin to understand the impact of the so-called "voluntary" quotas on Japanese auto imports.

Car prices and car profits are at record levels. The Big Four U.S. car makers earned combined profits of $6.1 billion last year, almost a billion dollars more than the industry has ever before made in a single year.

General Motors earned $3.7 billion, Ford made $1.87 billion, Chrysler $700 million. American Motors lost $147 million for the year, but during the fourth quarter AMC made money for the first time in 14 quarters, turning a puny profit of $7.4 million.

Right now cars are selling at their fastest rate in 11 years—28,159 deals a day in mid-February—but the automakers' record 1983 profits were not made by the traditional method of selling more cars than ever.

The auto companies cleaned up last year by charging higher prices and making a fatter profit on every car sold. In Detroit they call that improving productivity. But it's clear the automakers owe much of their success to the almost total lack of price competition in the new car business and for that the credit goes to Washington.

The reason there is no price competition is that the government—the Democrats in Congress together with the Republicans in the White House—and the auto industry ganged up on the competitors and chased them away. After much arm twisting, the Japanese agreed to limit their U.S. shipments to 1.85 million cars a year.

To the surprise of no one, the Japanese responded to the "voluntary" quotas by trying to make as much money as possible on the limited number of cars they could sell.

Import quotas, price controls and other attempts to meddle with the market have a way of producing perverse effects when they try to defy the law of supply and demand. In the same way New York City's rent controls have created $1,000-a-month one-bedroom apartments, auto import controls have given us $10,000 economy cars.

Datsun, Toyota and Honda have not only raised their prices, they have revamped their model mix, replacing subcompact econoboxes with innovative, upscale ma-

chines—the Celica Supra, Nissan ZX and Isuzu Impulse.

No better example exists of how quotas change cars than the once-humble Honda. When the first Civic landed in California, Honda was still best known for its motorcycles and the Civic cost less than $3,000.

Drop into a Honda dealer today and you'll see Civics with stickers totaling upwards of $9,000—probably $1,000 more than any comparably sized car made in Detroit. Honda's slightly larger Accord has become the most expensive sedan of its size ($11,000 and up) and the Prelude has been transformed from a wimp-mobile into a stunning sports coupe.

Still Honda sells all the cars it can import. It is increasing the production capacity of its Ohio plant that builds Accords. It plans to produce a true luxuary car—an $18,000 model to compete with BMW. Honda has it made: it enjoys a production cost advantage over Detroit of $1,500 or $2,000 a car and it can sell its cars for higher prices than domestic models.

The Hondas that once helped pull down car prices by providing a low cost alternative to Detroit today are pushing up prices by setting new highs in quality and cost. Chevrolet can raise the price of its front-wheel drive Celebrity and still convince people the car is a bargain because it costs less than an Accord and is bigger to boot.

The transformation of the Japanese imports from loss leaders to price pace setters is one of the most important reasons why the auto industry is making so much money. Like the Japanese, Detroit has learned to make more money by selling fewer cars. Because of the lack of import price competition, the average new car sold in the United States this year will go out the door at $10,500 up nearly $1,000 in the last two years.

That extra cash has given the auto companies the greatest turnaround in the history of American business.

But quotas were supposed to do more than make the automakers rich, they were supposed to save the jobs of American workers and presumably benefit the public. On both counts, import quotas have failed.

General Motors' record profits were not matched by a record work force. Almost 50,000 GM workers are still laid off and the company admits it is considering cutting its staff by another 80,000 jobs in the next three years. Ford announced new layoffs the same week it announced record earnings. Chrysler executives will get bonuses for the first time in four years, but thousands of ex-Chrysler production workers will never punch their timecards again.

The people who buy cars are suffering along with the people who make them. Millions of Americans can no longer afford new cars now that the average sticker is into five figures. Higher car prices means consumers must borrow more, creating additional demand for funds that puts pressure on interest rates. Higher car prices plus higher interest rates equals inflation.

There is no reason to believe any of this upward pressure on auto prices will change this year. Cars are selling faster right now than anyone expected, providing additional opportunities to raise prices still higher.

The way to break this cycle is to return to a free market in cars. There is no better time to do so than right now, when the auto industry is booming and there is no excuse for protectionism that benefits neither workers nor consumers. The "voluntary" Japanese quotas are due to remain in effect until April, 1985, they could just as easily be ended this April.

The auto industry can afford price competition; American consumers deserve it.

SUPREME COURT DECISION ON LeSTRANGE—A VICTORY FOR THE DISABLED

Mr. DOLE. Mr. President, yesterday, the Supreme Court ruled in a 9 to 0 decision that employment is covered under section 504 of the Rehabilitation Act. This means in essence that disabled people are guaranteed protection against employment discrimination and that the Federal funds involved do not have to be specifically for employment purposes. This decision in Consolidated Rail Corp. against LeStrange represents a major victory for disabled individuals throughout this country. Any recipient of Federal funds will be prohibited from discriminating against the handicapped, and any disabled individual who is found to have been the victim of discrimination on the part of an employer is entitled to a private right of action and may receive backpay for damages. In essence, yesterday's Supreme Court decision endorses the 1977 regulations and 1978 amendments that Congress passed in conjunction with the Rehabilitation Act of 1973.

LEGISLATIVE HISTORY PREVAILS

Mr. President, the Supreme Court decision in Consolidated Rail Corp. against LeStrange, upholds the intent of the Congress with regard to section 504. Congress enacted section 504 as a broad prohibition of discrimination on the basis of handicap by recipients of Federal financial assistance. In this case, Conrail contended that the Rehabilitation Act limited an employment discrimination action against a Federal grantee to cases where the purpose of the Federal financial assistance was to provide employment.

Even without the elaboration of committee and conference report language, the language of the act clearly states its purpose:

> No otherwise qualified handicapped individual * * * shall, solely by reason of his handicap * * * be subjected to discrimination under any program or activity receiving Federal financial assistance * * *.

In order to further clarify the intent of the Congress, the Senate committee report on the 1974 amendment states:

> It was clearly the intent of Congress in adopting * * * Section 504 (nondiscrimination) that the term "handicapped individual" in that section was not to be narrowly limited to employment (in the case of Section 504.)

In fact, the entire legislative history pursuant to the enactment of the Rehabilitation Act and later amendments supports the assumption that employment discrimination is prohibited—this was part of a congressional effort to insure the effectiveness of the vocational rehabilitation programs which are provided for in the same act. References to the Rehab Act have always been underlined by the premise that Congress intended to prohibit employment discrimination.

COMPARISON TO GROVE CITY CASE

While I applaud the Supreme Court's decision in LeStrange, I am very disappointed by another decision handed down by the Supreme Court yesterday in the case of Grove City College against Bell. At issue in Grove City was the scope of title IX of the Education Amendments of 1972, which prohibits sex discrimination in educational programs receiving Federal aid. The Court held that title IX is "program specific," that is applies only to those specific programs directly affected by Federal moneys, instead of the entire institution benefiting from the Federal funds. Thus, for instance, if the only Federal aid received by a school is student financial assistance, only the school's financial aid office would be subject to title IX's antidiscrimination mandate. The school would apparently be free to discriminate in all other components of its program—admissions policies, academic counseling, job placement services, to name a few—and still reap the benefits of taxpayer's money.

Moreover, I fear that Grove City could open the door for Federal funding of institutions which discriminate on the basis of race and handicap, so long as the specific program affected by the Federal moneys was operated in a nondiscriminatory manner. The Federal statutes which prohibit race and handicap discrimination by recipients of Federal funds—title VI and section 504—contain language virtually identical to that contained in title IV. Thus, while LeStrange represents a step forward for disabled employees, Grove City may take them two steps back. For if Grove City is applied to section 504, the only disabled employees protected will be those working in those specific programs earmarked for Federal aid.

VICTORY FOR DISABLED

Mr. President, I was one of those Members of Congress who was very active in the move to strengthen the civil rights of handicapped Americans, and I am proud to have participated in this effort. Over the last decade, we have witnessed tremendous progress in the quality of services and training programs for the handicapped—In the removal of architectural and transportation barriers. But that final barrier—an attitudinal one—has been most difficult to erase.

This historic Supreme Court decision in Consolidated Rail Corp. against LeStrange will go far in assuring that disabled individuals have the right of participate in the work world without having to face discrimination on the basis of handicap. This protection in the law has now been endorsed unanimously by the Supreme Court. It is a

great step in the movement to enable our disabled citizens to participate in the mainstream of American community life. All they have ever asked is an equal chance to share their talents with the society which has always represented the promise of opening doors to allow individuals to achieve their full human potential.

The Senator from Kansas is pleased to have been among several distinguished colleagues who joined in an amicus brief on respondent's side of the Supreme Court case of Consolidated Rail Corp. against LeStrange. Those Members of the Senate who were amicae curiae along with myself are Senators CRANSTON, HATCH, KENNEDY, PELL, STAFFORD, and WEICKER. Having been somewhat personally involved in this case, I therefore applaud the Supreme Court's overwhelming endorsement of congressional intent with regard to section 504 and employment of the disabled—this is a major victory for their civil rights.

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 a message from the President of the United States submitting a sundry nomination which was referred to the Committee on the Judiciary.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 3:21 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 4956. An act to extend the authorities under the Export Administration Act of 1979; and

H.J. Res. 292. Joint resolution designating "National Theatre Week."

The enrolled bill and joint resolution were subsequently signed by the President pro tempore (Mr. THURMOND).

At 3:42 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 746. An act to establish the Illinois and Michigan Canal National Heritage Corridor in the State of Illinois, and for other purposes.

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

H.R. 3506. An act to authorize additional long-term leases in the El Portal administrative site adjacent to Yosemite National Park, Calif., and for other purposes.

At 6:28 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following joint resolutions, each without amendment:

S.J. Res. 161. Joint resolution designating the month of April 1984, as "National Child Abuse Prevention Month";

S.J. Res. 184. Joint resolution designating the week of March 4, 1984, through March 10, 1984, as "National Beta Club Week"; and

S.J. Res. 193. Joint resolution designating March 6, 1984, as "Frozen Food Day."

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 93. Concurrent resolution authorizing the rotunda of the U.S. Capitol to be used on April 30, 1984, for a ceremony commemorating the "Days of Remembrance of Victims of the Holocaust."

The message further announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 422. Joint resolution designating the week beginning March 4, 1984, as "Women's History Week."

MEASURE REFERRED

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

H.R. 3506. An act to authorize additional long-term leases in the El Portal administrative site adjacent to Yosemite National Park, Calif., and for other purposes; to the Committee on Energy and Natural Resources.

MEASURE HELD AT DESK

The following joint resolution was held at the desk by unanimous consent:

H.J. Res. 422. Joint resolution designating the week beginning March 4, 1984, as "Women's History Week".

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S. 2354. A bill to rename the "River of No-Return Wilderness" in the State of Idaho as the "Frank Church River of No-Return Wilderness".

By Mr. HEINZ, from the Special Committee on Aging:

Special Report entitled "Developments in Aging, 1983" (Rept. No. 98-360).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 764. A bill to assure the continued protection of the traveling public in the marketing of air transportation, and for other purposes (with minority views) (Rept. No. 98-361).

By Mr. STAFFORD, from the Committee on Environment and Public Works, without amendment and without recommendation:

S. 1546. A bill to amend the Deepwater Port Act of 1974, and for other purposes.

● Mr. STAFFORD. Mr. President, the Committee on Environment and Public Works is today reporting S. 1546, a bill which was reported earlier by the Commerce Committee. The bill makes several changes in the Deepwater Port Act and was referred to the Environment and Public Works Committee for consideration of section 4 because of our jurisdiction over the environmental aspects of deepwater ports.

The time for review under the sequential referral was quite limited. It did not allow for a hearing or extensive independent analysis of issues. Based on only a brief evaluation, we concluded that the provisions of section 4, the amendments to the liability provisions of the Deepwater Port Act, probably will not significantly reduce the environmental protection afforded by existing law.

I want to make clear that while the Environment and Public Works Committee found no immediately apparent problems with section 4, the cursory review we were afforded did not allow us to judge confidently that the provisions are environmentally sound. For this reason we report the measure without recommendation.

The Environment and Public Works Committee will carefully follow—and where appropriate, participate in—the remainder of the process for enacting this bill into law. We will also closely monitor implementation of the amendments and will act quickly to make appropriate changes to the Deepwater Port Act if the environmental aspects of the new provisions prove inadequate.●

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. ROTH (for himself and Mr. BAUCUS):

S. 2366. A bill to require custodians of public money to deposit funds not later than 3 business days after the date of receipt, and for other purposes; to the Committee on Finance.

By Mr. METZENBAUM:

S. 2367. A bill to provide a comprehensive program to enable economically disadvantaged youths to obtain employment through

the improvement of basic reading, writing, computational, and communication skills, community improvement work, and skills training program; to the Committee on Labor and Human Resources.

S. 2368. A bill to amend the Federal Food, Drug, and Cosmetic Act to require that the label or labeling of a food state the specific common or usual name of each fat or oil contained in such food and the amount of sodium and potassium contained in such food; to the Committee on Labor and Human Resources.

By Mr. RIEGLE:

S. 2369. A bill to amend the Social Security Act to provide for improved procedures with respect to disability determinations and continuing disability reviews and to modify the program for providing rehabilitation services to individuals determined under such act to be under a disability, and for other purposes; to the Committee on Finance.

By Mr. McCLURE (by request):

S. 2370. A bill to provide for distribution to the States of certain amounts resulting from enforcement of the Emergency Petroleum Allocation Act of 1973, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. DOLE:

S. 2371. A bill to provide for the distribution within the United States of the U.S. Information Agency film entitled "Peace, Friendship and Freedom"; to the Committee on Foreign Relations.

By Mr. TOWER (for himself and Mr. PROXMIRE):

S. 2372. A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders, to specify a private right of action for violations of margin requirements, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mrs. HAWKINS:

S. 2373. A bill to exempt from taxation by the District of Columbia certain property of the Jewish War Veterans, U.S.A. National Memorial, Inc.; to the Committee on Governmental Affairs.

By Mr. STAFFORD (for himself, Mr. EAGLETON, Mr. WEICKER, Mr. DODD, Mr. KENNEDY, Mr. RANDOLPH, Mr. PELL, Mr. RIEGLE, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. BURDICK, Mr. SARBANES, Mr. RUDMAN, Mr. HATFIELD, Mr. HOLLINGS, Mr. SASSER, Mr. TSONGAS, and Mr. CRANSTON):

S. 2374. A bill to extend the authorization for 5 years for the low-income home energy assistance program, for the community services block grant, and for the Head Start program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. WEICKER (for himself, Mr. BUMPERS, Mr. D'AMATO, and Mr. DIXON):

S. 2375. A bill to amend the Small Business Act to improve the operation of the secondary market for loans guaranteed by the Small Business Administration; to the Committee on Small Business.

By Mr. MOYNIHAN:

S. 2376. A bill to amend the Internal Revenue Code of 1954 to reform the taxation of options; to the Committee on Finance.

By Mr. BAUCUS:

S. 2377. A bill to set forth qualifications for the Offices of Attorney General of the United States and Deputy Attorney General; to the Committee on the Judiciary.

By Mr. ABDNOR (for himself, Mr. PELL, Mr. MOYNIHAN, Mr. SYMMS, Mr. STENNIS, Mr. PRESSLER, Mr. SARBANES, Mr. WARNER, Mr. BOREN, Mr. McCLURE, Mr. MATSUNAGA, Mr. TRIBLE, Mr. HUDDLESTON, Mr. D'AMATO, Mr. ZORINSKY, Mr. TSONGAS, Mr. LAUTENBERG, Mr. INOUYE, Mr. LEVIN, Mr. HEFLIN, Mr. MELCHER, and Mr. MATHIAS.

S. 2378. A bill to provide authorizations of appropriations for the impact aid program under Public Law 874 of the 81st Congress, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. INOUYE:

S.J. Res. 249. Joint resolution designating the week beginning March 4, 1984, as "National Weights and Measures Week"; to the Committee on the Judiciary.

By Mr. BAKER:

S.J. Res. 250. Joint resolution declaring the week of May 7 through 13, 1984, as "National Photo Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH (for himself and Mr. BAUCUS):

S. 2366. A bill to require custodians of public money to deposit funds not later than 3 business days after the date of receipt; to the Committee on Finance.

FEDERAL MONEY MANAGEMENT ACT OF 1984

● Mr. ROTH. Mr. President, today I am introducing the Federal Money Management Act of 1984. This bill is identical to H.R. 4837, which has been introduced in the House by Congressman BENJAMIN GILMAN. This legislation would require the timely deposit of public funds. It incorporates a basic recommendation of the Private Sector Survey on Cost Control, headed by J. Peter Grace, to improve the cash management practices of the Federal Government. The Grace Commission report cites numerous instances where the deposit of public funds has been delayed, and their analysis shows that minimizing this delay can effect 1-year savings from both cash acceleration and interest savings of $166.9 million.

I am proud to join with Representative GILMAN in introducing the first Grace Commission legislation. As I have said before, I believe the work of the Grace Commission is a tremendous contribution to the streamlining of the Government. Literally hundreds of individuals volunteered their time to work on the 47 reports with over 2,400 recommendations. I am determined that every consideration be given to the proposals generated by this historic effort.

The Federal Money Management Act represents an appropriate beginning for this consideration because it addresses a blatantly wasteful practice which was discovered by the Grace Commission. The American people must have the assurance that their tax dollars are being managed by the most efficient, state-of-the-art business practices which exist. I consider this bill to be the foundation for a host of broader reforms in the financial management area. In addition to the proposal I am introducing today, the Grace Commission has recommended a number of other financial management improvements and reforms. Their analysis indicates that $38 billion could be saved in this area each year. This is also an area in which the General Accounting Office has a great interest. The Comptroller General, Charles Bowsher, testified before my Committee on Governmental Affairs last year that the financial management system is in need of comprehensive reform. Mr. Bowsher told the committee then that GAO was undertaking a thorough evaluation of Federal financial management practices. I understand that GAO will report on their findings in this area in the near future.

The Treasury Department has already instituted a series of financial management reforms and pilot projects to improve cash management practices. I believe this legislation should be interpreted as encouragement for them to continue and broaden their efforts. I plan to work with the Grace Commission, the General Accounting Office and the administration to develop further improvements in Federal financial management efforts.●

By Mr. METZENBAUM:

S. 2367. A bill to provide a comprehensive program to enable economically disadvantaged youths to obtain employment through the improvement of basic reading, writing, computational, and communication skills, community improvement work, and skills training programs; to the Committee on Labor and Human Resources.

YOUTH EDUCATION AND TRAINING FOR EMPLOYMENT ACT

● Mr. METZENBAUM. Mr. President, what does it mean when a young person is unable to read, write, compute, or speak at adequate levels? It means personal tragedy for the individual and significant costs to society. Functional illiteracy contributes to unemployment for youth as well as adults. Low education levels are related to more welfare receipt, increased crime, teenage pregnancy, and other social problems.

The National Commission on Excellence in Education estimates that more than 23 million people in the United States are functionally illiterate. The Commission also found that 13 percent of all 17-year-olds are functionally illiterate. A study by the Department of Defense found that 7.2 million young people, 28 percent of the young adult population, were reading below the eighth grade level.

These low education and illiteracy problems are swelled by the nearly 1 million young people who drop out of school each year.

For the majority of these young people, the job search becomes virtually impossible because of their inability to read a help-wanted ad, follow instructions, or fill out a job application.

In addition, employers require, at a minimum, proficiency in basic skills as a condition of employment. In a survey conducted by the Center for Public Resources, employers cited the inadequacy of entry academic and work readiness skills as the primary problem of new workers. Companies indicated that they were spending millions of dollars for remedial training that should have been spent in high school. But, it is not reasonable to expect employers to remedy these deficiencies or to employ students seriously in need of remediation.

Today, I am introducing a bill which would provide resources to help correct some of the conditions which contribute to high youth unemployment. Funds would be made available for secondary schools in poor communities, for alternative education programs to assist dropouts and to prevent young people from dropping out of school, for work experience on projects which benefit the community, and for skills training. These resources are intended to complement those which exist in current education, employment and training systems.

To do this, first, this bill would provide $1 billion to secondary schools in designated low-income areas to improve competencies of students in basic skills such as reading, computation, and writing.

The largest Federal program of Federal assistance to elementary and secondary education is the program for education of disadvantaged children. While this program permits funds to be used at the preschool, elementary, and secondary school levels, a substantial proportion of school systems have chosen to concentrate services on preschool and elementary school pupils. The Department of Education has estimated that in the previous school year 79 percent of program funds were used at the preschool level.

Evaluations of pupils participating in these compensatory programs showed that the programs were effective in narrowing the gap between the educational abilities of children from poor families and those from more affluent families.

But while we do have an effective program, although not fully funded, at the elementary school level, currently, the funds necessary to continue these vital extra services into our secondary schools simply do not exist. By concentrating the same types of services at the high school level, it would be possible to eliminate the illiteracy that haunts so many of our young people.

Second, the bill recognizes that for many young people the traditional school setting has not worked, and these young people have left school prior to obtaining a high school diploma. Many other young people are in danger of leaving school precipitously due to problems such as below grade-level performance.

The bill, therefore, provides $400 million for remediation programs for dropouts and for dropout prevention programs.

The bill recommends that dropout remediation programs should be conducted by those agencies with previous experience in providing skills to young people for whom the traditional school setting has not been successful. These agencies, which include community-based organizations and locally affiliated nonprofits, have been an essential cog in the delivery of employment and training services for more than a decade. They are critical if we hope to reach the most difficult to employ. Strong alternative programs, offering quality services, should be included, where appropriate, in systems designed to help disadvantaged young people.

As stated in "Not Working," a publication of the Ford Foundation:

> Institutionally, we can no longer afford to think of education as the sole province of the schools. Improved versions of the Job Corps and various Department of Defense education programs should be available in a variety of nontraditional settings.

This bill envisions that organizations capable of reaching youth who have dropped out would be able to take advantage of proven resources in order to better prepare them for work.

Further, schools would be able to provide supportive services such as counseling, including peer-to-peer counseling to those young people for whom such services would be instrumental in keeping them in school.

Too often, we have trained or retrained people, youth and adults alike, only to return them to unemployment. We advise teenagers to get a high school diploma so they can get a good job. Yet, according to the Roosevelt centennial youth project, of the black teenagers who graduated high school in 1982, 58 percent are unemployed. The problem is simple: in many communities, there is a deficit of jobs.

Therefore, as a third activity, this legislation provides funds to entities established under the Job Training Partnership Act, to provide young people work opportunities in their own communities. Improvement efforts, such as minor repair of public facilities, such as public housing, educational and health institutions, and services needed by the elderly and young children could be undertaken with these funds. These activities improve the overall quality of life for community residents and give young people a greater stake in their own neighborhoods.

Building on the experience of past youth employment and training efforts, the bill requires that as a condition of employment the youth must enroll in a program to improve his or her basic academic skills.

The legislation recognizes that education and employment should be closely related to one another. The importance and relevance of the skills taught in an academic program should be made evident to the students both while they are in the program and while they are working. Similarly, the problems identified on the job should be, if possible, referred to the school so that problems can be remedied.

Finally, the bill recognizes that occupationally specific skills can make a young person more competitive. Therefore, as a fourth activity, the bill provides funds for skills training which can be provided either in the classroom, in a worksite, or in a combination of both. Preference should be given to opportunities to practice skills in a real work environment, since that experience can be invaluable for a young adult.

In addition, the training should involve a mentor relationship such as a teacher/trainee or journeymen/apprentice. Previous skills training programs have documented the importance of such a relationship in transmitting not only the technical skills, but the attitude and behavior skills, necessary for success on the job.

Mr. President, during the past several years, the youth unemployment problem in this country has reached epidemic proportions.

Currently, the unemployment rate among teenagers aged 16 to 19 is above 17 percent. Among black teenagers, the level is a staggering 50 percent. Young adults, under the age of 25, are unemployed at twice the rate of unemployment for all people in the work force. This is certainly not a new problem, but it has become increasingly more intransigent over the past two decades. As the Manpower Development Research Corp. has reported:

> In the mid 1950's, the rate for all 16 to 19 year olds was 11 percent; in the early 1960's, the rate had risen to 16 percent, and it was continuing to climb. Economic growth and a greatly expanded Federal effort in youth programing halted the increase in the late 1970's; but, by 1982, the unemployment rate had reverted to its long-term trend. In the last 4 years, American youth have lost more jobs than they gained in the previous 4 years.

According to the Council of Economic Advisers, even if the recovery from the most severe recession since the 1930's is strong and stable, the national unemployment rate is still projected

to remain at alarmingly high levels for youth populations.

Joblessness is a problem for all youth. It is a severe obstacle for members of minority groups, and for high school dropouts. Fewer than 20 out of every 100 black teenagers have part-time or full-time jobs. Only 6 of every 100 black teenagers is working full time.

These figures are particularly alarming because we know that a young person's success or failure in the adult world is often determined by his or her early work experience. And, the simple fact is that too many of our young people are reaching adulthood without ever having worked.

Mr. President, this bill I am introducing today would correct some of the problems contributing to staggering levels of youth unemployment. To do nothing to alleviate these conditions would be tragic.●

By Mr. METZENBAUM:

S. 2368. A bill to amend the Federal Food, Drug, and Cosmetic Act to require that the label or labeling of a food state the specific common or usual name of each fat or oil contained in such food and the amount of sodium and potassium contained in such food; to the Committee on Labor and Human Resources.

DIETARY INFORMATION LABELING ACT OF 1984

Mr. METZENBAUM. Mr. President, it is shocking to me that 8 years after the FDA held hearings regarding food labeling and consumers called for specific changes in the law, we are still in the dark as to the specific source of the shortening and the amount of salt present in the foods we eat.

Over 4 years after the FDA proposed mandatory quantitative declaration of sodium and potassium and stricter guidelines for fat and oil labeling, we still do not know how much salt we are ingesting, or whether the shortening in certain foods is animal or vegetable.

In 1982 I sent a letter to the FDA Commissioner asking if it were possible for the FDA to require more accurate labeling of the type of shortening used in certain foods. All I was given were lengthy and confusing letters citing current regulations and giving weak justification for the current law. Now, in 1984, the National Heart, Lung, and Blood Institute has released a study proving the importance of knowing what kind of shortening we are ingesting. The NHLBI's findings clearly link dietary cholesterol with the incidence of cardiovascular disease. This 10 year, $150 million study found that the risk of having a heart attack was reduced by as much as 50 percent when people lowered their blood cholesterol levels by 25 percent.

To the 43 million Americans who suffer from heart or blood disease, not to mention the countless others who are concerned about their blood cholesterol levels and its link with the incidence of heart attack, the knowledge of the type of fat present in the foods they eat is of extremely vital importance. To the 35 million Americans who suffer from hypertension, the amount of salt they eat is directly related to their ability to lower their blood pressure and reduce their risk of stroke. And yet these consumers, who unequivocally need to know this information, are not guaranteed that they will be able to find out how much salt and what kind of fat is present in packaged foods. My bill, the Dietary Information Labeling Act of 1984, will require food manufacturers to declare the specific source of the fat or oil present. It will force them to abandon the present and/or labeling practice which allows the manufacturer to label foods as containing one or more different types of shortening. As well, this bill will require the labeling of sodium and potassium content on all processed foods regulated by the FDA. This portion of the bill is a companion measure to H.R. 17 as introduced by Congressmen NEAL SMITH and AL GORE in 1983.

The American Heart Association tells us there are three factors we can control to reduce the risk of suffering from heart disease, heart attack, or stroke. These modifiable risk factors are cigarette smoking, high blood pressure, and elevated blood cholesterol.

The first factor, cigarette smoking, is one that has been—and I am sure will continue to be—a subject of extensive debate in Congress. The Heart Association's simple rule to remove this risk factor is this: Do not smoke cigarettes.

The second factor, high blood pressure, can be treated by a physician and involves restriction of sodium intake. A current diet statement released by the American Heart Association recommends reducing the amount of sodium in one's diet in order to reduce the risk of hypertension.

The final factor, blood cholesterol levels, can be lowered by following a diet low in saturated fat. The NHLBI study proved that dietary cholesterol is indeed a major contributor to the development of atherosclerosis, the No. 1 underlying cause associated with heart disease. This study has far-reaching implications for many millions of Americans and, if applied, has the potential to markedly reduce the large number of heart attacks presently experienced in this country and elsewhere.

My concern, Mr. President, is directed at decreasing the amount of cholesterol, saturated fats, and salt in our diet. And I do not think the American people should have to wait another 4 or 8 years before we can see something done about it. Whether it is because of concern over cholesterol levels, allergies to specific oils, the risk of hypertension, or for religious reasons, people are entitled to know whether the food they are ingesting contains a specific type of oil, and how much salt is present in the foods they eat.

I would like to add, Mr. President, that because February of each year has been declared by the Congress and the President to be American Heart Month, I would encourage all of my colleagues and their staffs to have their blood pressure checked, and to have their cholesterol levels checked. I would also like to express my appreciation to the American Heart Association and its two Ohio affiliates for the excellent work they have done in moving toward the goal of reducing cardiovascular deaths in the United States.

By Mr. RIEGLE:

S. 2369. A bill to amend the Social Security Act to provide for improved procedures with respect to disability determinations and continuing disability reviews and to modify the program for providing rehabilitation services to individuals determined under such act to be under a disability, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY DISABILITY DETERMINATION REFORM ACT

● Mr. RIEGLE. Mr. President, today I am introducing legislation to reform the social security disability insurance (SSDI) program. This legislation is designed to augment—not substitute—the ongoing legislative initiatives pending before Congress. Unlike the proposals which have been developed in both Houses of Congress where the primary focus has been to correct the difficulties in the SSDI program resulting from the continuing disability investigations (CDI's), my proposal is broader in perspective and more comprehensive in scope.

Clearly, reform legislation is urgently needed to address the specific problem of the wrongful termination of hundreds of thousands of SSDI beneficiaries from the disability rolls. I have been a strong supporter of such legislation. In the 97th Congress, I proposed legislation designed to correct this tragic situation. I have testified in front of the committees of jurisdiction on both sides of the Hill and have been an active participant in negotiations with the administration and other Members of Congress in attempting to stop the continuing practice of removing qualified disabled persons from our Federal disability insurance rolls.

While these efforts must continue and hopefully will achieve resolution in short order, the legislation I am introducing today has a different and much broader objective. S. 2369 is designed to accomplish a needed restructuring of the underlying basis of the

SSDI program. Let me explain why I believe such a restructuring is needed.

RETIREMENT VERSUS DISABILITY

The origins of the social security disability program demonstrate that the program was not designed to meet the unique needs of disabled persons. The legislative history shows that the first benefits for disabled persons—enacted in 1954 in Public Law 761, 83d Congress—were not disability benefits. Rather, provisions were enacted to protect retirement benefits for totally disabled persons who were forced to leave the work force prematurely. This was the so-called disability freeze provision.

Those opposing the creation of a new program specifically for disabled persons initially presented their proposal as a modification of the retirement program in the form of a reduction in the retirement age of disabled persons. In fact, the first cash benefits for disabled persons—enacted in 1955 in Public Law 880, 84th Congress—was part of a package to reduce the age that individuals become eligible for retirement benefits—disabled persons at age 50 and women at age 62.

In 1960—enacted as Public Law 88-778—the age limitation for cash disability benefits was eliminated. Nevertheless, the underlying basis of the program, that is, a cash benefit program providing for the early retirement of disabled persons, has never been modified. Although over the years amendments were added to the Social Security Act attempting to reorient the early retirement basis of the SSDI program, the underlying philosophical basis remains unchanged.

CURRENT SITUATION

Mr. President, the SSDI program is seen by many as an early retirement program for people too disabled to continue working. As I have mentioned, in June of 1980, Congress enacted Public Law 96-265 which included a provision—section 221(i)—requiring the ongoing review of disability beneficiaries, the CDI's. In part, many of the difficulties resulting from the CDI's result from the incompatibility of an ongoing review and the underlying early retirement orientation of the SSDI program.

Mr. President, because the modern SSDI program has evolved from an early retirement program for disabled workers, the concept and application of the CDI's is incompatible with the underlying originating principles of the program. Most individuals perceive retirement as a permanent condition not subject to external review. Before the statutory enactment of the CDI's, social security reviewed only those disabled beneficiaries to whom they told upon initial allowance that a reexamination would be scheduled. For the vast majority of beneficiaries, a review of their disability status was not envisioned. Before enactment of the CDI provisions, beneficiaries not scheduled or diaried for review were treated in the same manner as retired beneficiaries. The only procedural check utilized to determine the continued eligibility for benefits was the voluntary self-reporting on the part of the beneficiaries.

Again, for the nondiaried SSDI beneficiaries, both within the mind of the beneficiary and within the minds of the administrators of the program, entitlement was seen as lasting until death or until the beneficiary voluntarily reported a change in his or her condition, such as returning to work.

Mr. President, the political pressures that necessitated the early retirement orientation of the SSDI program have passed, and attempts to create a program providing benefits for disabled persons, as opposed to early retirees, will be hampered unless the underlying orientation is changed. I believe this can be done largely by modifying the determination process and without expanding the universe of individuals eligible for cash benefits.

In addition, a program truly geared to the needs of disabled persons, providing them with services—in addition to cash benefits—will result in many disabled beneficiaries voluntarily leaving the disability rolls to return to productive work. The result should be the savings of significant funds while directly meeting the needs of disabled persons.

A reoriented program should be designed along similar lines for disabled recipients of SSI benefits, and the bill I am introducing today accomplishes both of these objectives.

THE PROVISIONS OF S. 2369

Mr. President, as I have mentioned, the objective of this legislation is to redirect the SSDI program away from the retirement model and toward a program specifically designed to meet the needs of disabled workers. In doing this, we will more adequately address the needs of newly disabled Americans and reduce cash outlays, thereby helping to secure the financial integrity of the disability insurance trust fund.

The bill I am proposing does not entail a radical reworking of the existing program because Congress has in fact been moving in this direction through piecemeal reforms over the last three decades. I am simply proposing to integrate many of the previous reforms—which were just tacked on to existing procedure—into a unified system by altering the methods used for evaluating eligibility for benefits.

Under the current system, an individual applying for disability benefits is only evaluated from the narrow perspective of substantiating the existence of a medical disability. An applicant has an incentive to heighten the severity of the disabling conditions while the administrators have an incentive to minimize existing maladies. Under current practice, a very complex determination is made with regard to the severity and duration of the disabling condition, and then a benefit is either awarded or denied. At no point in the process is the Social Security Administration providing—nor is it expected to provide—assistance to these disability applicants beyond, of course, the cash benefit for those who are eligible.

Mr. President, the provisions of S. 2369 would alter the incentives contained in the current program by integrating a vocational rehabilitation evaluation into the initial and ongoing determination process. Even though such a determination is currently required under section 222 of the Social Security Act, it is not applied in practice. Since the beneficiary rehabilitation program (BRP) was essentially repealed in 1981, the State disability examiners have no incentives for evaluating the rehabilitation potential of SSDI applicants. Hence, all of the cost savings which the Social Security Administration has determined result from beneficiary rehabilitation are lost under the present evaluation procedures. It was in 1981 that the Social Security Administration found that savings to the DI trust fund ranged between $1.39 and $2.72 for every $1 spent on vocational rehabilitation services for DI beneficiaries. (Social Security Bulletin, February 1981/Vol. 44, No. 2, pp 1-8).

What I am proposing is an alternative that would require an initial evaluation of rehabilitation potential along with the medical determination of a disability.

Prospective beneficiaries would be divided into the following groups based upon the extent and duration of their disabling condition:

First, those with long-term or permanent disabilities (that is, those not subject to the mandatory CDI review under 221(i)); or

Second, those with disabilities that are anticipated to last more than 12 months but where it is reasonable to anticipate improvement or change in the disabling condition at some point after the 12-month period (that is, those subject to the mandatory CDI review under 221(i)); or

Third, those individuals under a disability albeit not sufficiently severe nor anticipated to last more than 12 months—that is, those individuals who would simply be denied cash benefits under the law.

This is similar to the procedure used under current law and is basically the method used for determining eligibility for cash benefits. However, before an applicant would be notified of eligibility for cash benefits, he or she would be assessed for rehabilitation

potential, and one of the three following determinations would be made:

First, rehabilitation services would be of little or no benefit to the prospective beneficiary; or

Second, rehabilitation services would be of benefit to the prospective beneficiary, albeit it is extremely unlikely to result in an effort to return to work and eventually in the cessation of cash disability benefits; or

Third, there is the possibility that rehabilitation services will result in an effort to return to work and eventually in the cessation of cash benefits.

Mr. President, under S. 2369 all individuals would be required to go through both the disability determination and rehabilitation evaluation before they would be notified of the results of either exam. The universe of individuals who would be eligible for cash benefits would include only those individuals who would be eligible under current law. The major difference with the current program is that for the first time there would be a workable requirement that applicants be evaluated for rehabilitation potential. Those for whom it was determined that rehabilitation would provide some benefit but not lead to an attempt to return to work would be directed to the State agency on Rehabilitation Services. For those individuals the State would provide—as required under current law—services with funds available through the State grant program (the section 101 program of the Rehabilitation Act).

For those individuals where there is a possibility that rehabilitation services will result in a successful return to work effort and therefore in the eventual cessation of benefits, social security will refer that individual to a rehabilitation provider, whether public or private, who can best meet the rehabilitation needs of the SSDI beneficiary. Because a judgment has been made that these individuals have the best chance of returning to work and dropping off of the disability rolls, the cost of rehabilitating these individuals would be financed out of the SS disability trust fund. Under this program and with the careful selection of rehabilitation candidates—as previous experience has demonstrated, the trust funds should experience a net surplus of dollars.

All of the cash beneficiaries in receipt of rehabilitation benefits would be exempt from the current CDI reviews and would be monitored by SSA through rehabilitation reports that all providers of rehabilitation services would be required by statute to provide. These reports would be required at a minimum of once every 3 years for all beneficiaries who were not permanently disabled. The rehabilitation report would include an assessment of the beneficiaries' progress in the rehabilitation program including any improvement that might affect the disability status of the beneficiary, including, but not limited to a return to work effort. The Social Security Administration would evaluate the rehabilitation report to determine whether a review of the disability status of the beneficiary would be appropriate. All of the beneficiaries not in a rehabilitation program are reviewed within the same intervals as under current law.

Mr. President, in addition to the above modifications in the determination process, S. 2369 amends the Tax Code to enhance the provisions under current law that encourage employers to hire SSDI beneficiaries capable of returning to work.

In an effort to remain consistent with the SSI program, and since similar principles apply to SSI disabled recipients, who in many cases are also in need of rehabilitation services, the modifications in the eligibility determination process are also extended to the SSI programs.

Mr. President, what I am proposing today represents a significant improvement in the social security disability program with only relatively minor modifications in the current program. S. 2369 takes the final step in completing a series of reforms which Congress initiated soon after the enactment of the original program. With the modifications I am proposing today, we can, for the first time, say we have a national disability program that is designed to address the unique needs of disabled Americans.

Mr. President, I ask unanimous consent that the full text of S. 2369 be printed in the RECORD at this point.

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

S. 2369

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 "Social Security Disability Determination Reform Act".

SEC. 2. (a)(1) Section 221(a)(1) of the Social Security Act is amended—

(A) by striking out "and of" and inserting in lieu thereof ", the disability category that best describes the condition of such individual, and";

(B) by striking out "(A)" each place it appears and inserting in lieu thereof "(i)";

(C) by striking out "(B)" each place it appears and inserting in lieu thereof "(ii)";

(D) by inserting "(A)" after the paragraph designation; and

(E) by adding at the end thereof the following new subparagraphs:

"(B) In making a determination with respect to whether an individual is under a disability (as defined in section 223(d)), the State agency making such determination or the Secretary, as the case may be, shall at the same time determine which of the following disability categories best describes the condition of such individual at the time such determination is made:

"(i) The individual is under a disability (as defined in section 223(d)) that is permanent and will not benefit from vocational rehabilitation services (as described in section 103 of the Rehabilitation Act of 1973 (20 U.S.C. 723)) or from comprehensive services for independent living (as described in title VII of such Act (29 U.S.C. 796 et seq.)).

"(ii) The individual is under a disability that is permanent, is unlikely to engage in substantial gainful activity (in the case of an individual making application for benefits under section 202(d) or 223) or any gainful activity (in the case of an individual making application for benefits under section 202 (e) or (f)) in the future, but will benefit from vocational rehabilitation services or comprehensive services for independent living.

"(iii) The individual is under a disability that is permanent, will benefit from vocational rehabilitation services, and may possibly engage in substantial gainful activity or any gainful activity, as the case may be, in the future as the result of such services.

"(iv) The individual is under a disability that is not permanent and will not benefit from vocational rehabilitation services.

"(v) The individual is under a disability that is not permanent, is unlikely to engage in substantial gainful activity or any gainful activity, as the case may be, in the future, but will benefit from vocational rehabilitation services or comprehensive services for independent living.

"(vi) The individual is under a disability that is not permanent, will benefit from vocational rehabilitation services, and may possibly engage in substantial gainful activity or any gainful activity, as the case may be, in the future as the result of such services.

"(vii) The individual is under a medically determinable physical or mental impairment that is not a disability (as defined in section 223(d)), but may possibly benefit from vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et. seq.).

"(viii) The individual is under a medically determinable physical or mental impairment that is not a disability, but will not benefit from vocational rehabilitation services.

"(ix) The individual is not under a disability or any other medically determinable physical or mental impairment.

"(C) Notice to an individual of a decision by the Secretary with respect to whether an individual is under a disability (as defined in section 223(d)) shall include, in addition to the matters required to be included in the notice of such decision under section 205(b)(1)—

"(i) an explanation, in understandable language, of the reasons why the State agency or the Secretary, as the case may be, has determined that a particular disability category described in subparagraph (B) best describes the condition of such individual; and

"(ii) in the case of an individual with respect to whom it is determined that vocational rehabilitation services or comprehensive services for independent living would be beneficial—

"(I) a statement that such individual is eligible for such services;

"(II) a brief explanation of the disability review provisions of subsection (i) and the application of such provisions to such individual; and

"(III) information with respect to how to apply for such services.".

(2) Section 221(c)(1) of such act is amended by inserting ", that a different disability category best describes the condition of such individual," after "(as so defined)".

(b) Section 221(i) of such Act is amended—

(1) by inserting "and such individual is not eligible for or is not (for any reason) receiving vocational rehabilitation services or comprehensive services for independent living provided in accordance with section 222," after "disability," in paragraph (1);

(2) by striking out all beginning with "; except that" through "administration of this title." in such paragraph and inserting in lieu thereof "in the case of an individual determined under subsection (a)(1)(B) to be under a disability that is not permanent, and at least once every 7 years in the case of an individual determined under such subsection to be under a disability that is permanent."; and

(3) by striking out paragraph (2) and inserting in lieu thereof the following new paragraphs:

"(2) In any case where an individual is or has been determined to be under a disability and such individual is receiving rehabilitation services or comprehensive services for independent living provided in accordance with section 222, the case shall be reviewed by the applicable State agency or the Secretary (as may be appropriate), for purposes of continuing eligibility, whenever such agency or the Secretary concludes, on the basis of a report made in accordance with section 222(b)(2) that such a review is warranted.

"(3) Reviews of cases under paragraphs (1) and (2) shall be in addition to, and shall not be considered as a substitution for, any other reviews which are required or provided for under or in the administration of this title.".

(c)(1) Section 222(a) of such Act is amended to read as follows:

"REFERRAL FOR REHABILITATION SERVICES

"(a)(1) Except as provided in paragraph (2), the State agency making determinations of whether an individual is under a disability (as defined in section 223(d)) or the Secretary, as the case may be, shall promptly refer any individual determined to fall within a disability category described in section 221(a)(1)(B) (ii), (iii), (v), (vi), or (vii), to the State agency or agencies administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) for necessary vocational rehabilitation services (as described in section 103 of such Act (29 U.S.C. 723)), or to the State unit (if any) designated under section 705 of such Act (29 U.S.C. 796d) to administer a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.), as may be appropriate.

"(2) If an individual is determined in accordance with paragraph (1) of section 221 (a) to be under a disability and to fall within a disability category described in subparagraph (B) (iii) or (vi) of such paragraph, the State agency or the Secretary, as the case may be, may refer such individual directly to a person who has been certified by the Secretary as a provider of vocational rehabilitation services and shall make payments directly to such person for vocational rehabilitation services furnished to such individual.".

(2) Section 222(b) of such Act is amended to read as follows:

"ELIGIBILITY FOR REHABILITATION SERVICES; REPORTING BY REHABILITATION FACILITIES, INDEPENDENT LIVING FACILITIES, AND CERTIFIED PROVIDERS

"(b(1) Individuals determined in accordance with paragraph (1) of section 221(a) to be under a disability or other medically determinable physical or mental impairment and to fall within a disability category described in subparagraph (B) (iii), (vi), or (vii) of such paragraph (other than individuals receiving vocational rehabilitation services from providers certified in accordance with the eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(2) Individuals determined in accordance with paragraph (1) of section 221 (a) to be under a disability and to fall within a disability category described in subparagraph (B) (ii) or (v) of such paragraph shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) or comprehensive services for independent living provided under title VII of such Act (29 U.S.C. 796 et seq.).

"(3)(A) a facility which—

"(i) is a rehabilitation facility (as defined in section 7(11) of the Rehabilitation Act of 1973 (29 U.S.C. 706(11)), and provides vocational rehabilitation services (as described in section 103 of such Act (29 U.S.C. 723)) to an individual described in paragraph (1) or (2) (other than an individual determined in accordance with paragraph (1) of section 221 to fall within the disability category described in subparagraph (B)(vii) of such paragraph) under a State plan approved under title I of the Rehabilitation Act of 1973, or

"(ii) provides comprehensive services for independent living to an individual described in paragraph (2) under a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.),

shall report promptly to the agency of such State which determines whether an individual is under a disability (as defined in section 223(d)) or the Secretary, as the case may be—

"(I) the termination of the provision of such services to such individual (and the reason or reasons for such termination); and

"(II) any significant change in the impairment of such individual and any change in the employment status of such individual that might warrant a review and redetermination with respect to the disability of such individual in accordance with section 221(i).

"(B) A rehabilitation facility which provides vocational rehabilitation services under a plan approved under title I of the Rehabilitation Act of 1973 to an individual determined in accordance with paragraph (1) of section 221(a) to be under a disability and to fall within the disability category described in subparagraph (B) (v) or (vi) of such paragraph shall, in addition to submitting any reports required under subparagraph (A) with respect to such individual, submit a report once every 3 years that evaluates—

"(i) the progress of such individual toward the achievement of the goals established with respect to such individual and included in the individualized written rehabilitation plan developed for such individual;

"(ii) the likelihood that such individual will engage in substantial gainful activity or any gainful activity, as the case may be, in the future as the result of such services; and

"(iii) any other matters that are relevant to determination or redetermination of the disability status of such individual.

"(C) Failure by a facility described in subparagraph (A) (i) or (ii) to report a change in the condition of an individual described in paragraph (1) or (2) (other than an individual determined to belong in the disability category described in section 221 (a)(1)(B)(vii)), that such facility knows or has reason to know would result in a determination that such individual is no longer under a disability, shall be a misdemeanor and, upon conviction thereof, shall be punishable by a fine of $10,000.

"(D) The provisions of this paragraph that are applicable to a rehabilitation facility shall also apply to providers of vocational rehabilitation services certified under paragraph (2) of subsection (a).".

(3) Section 222(d) is amended to read as follows:

COSTS OF REHABILITATION SERVICES FROM TRUST FUNDS

"(d)(1) For purposes of making vocational rehabilitation services and comprehensive services for independent living more readily available to disabled individuals who are—

"(A) entitled to disability insurance benefits under section 223,

"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60, or

"(D) entitled to widower's insurance benefits under section 202(f) prior to attaining age 60,

to the end that savings will accrue to the Trust Funds as a result of rehabilitating such individuals, the Managing Trustee shall transfer funds from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in the manner prescribed in paragraphs (2) and (3).

"(2) The Managing Trustee shall, from time to time during each fiscal year, transfer from the Trust Funds such sums as may be necessary to enable the Secretary to make advance payments to State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) and to persons certified under subsection (a)(2) as providers of vocational rehabilitation services for the reasonable and necessary costs of furnishing vocational rehabilitation services to individuals determined to be under a disability in accordance with paragraph (1) of section 221 (a) and to fall within a disability category described in subparagraph (B)(iii) or (B) (VI) of such paragraph (including services during their waiting periods). Payments made under this paragraph shall be subject to adjustment on account of underpayments or overpayments.

"(3) The Managing Trustee shall transfer from such Trust Funds each fiscal year such sums as may be necessary to enable the Secretary to reimburse State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 and State units designated under section 705 of such Act (29 U.S.C. 796d) to administer plans approved under title VII of such Act for the reasonable and necessary costs of furnishing vocational rehabilitation services or comprehensive services for independent living (including services furnished during waiting periods) under such a plan to individuals determined to be under a disability in accordance with paragraph (1) of section 221(a), to fall within a disability category described in subparagraph (B)(ii), or (v) of such paragraph, and to have engaged in substantial gainful activity or any gainful activity, as the case may be, or a continuous period of nine

months as a result of such services. The determination that such services contributed to the return of an individual to substantial gainful activity, or any gainful activity, as the case may be, and the determination of the costs to be reimbursed under this paragraph shall be made by the Commissioner of Social Security in accordance with criteria formulated by the Commissioner. Payments made under this section shall be subject to adjustment on account of underpayments and overpayments.

"(4) Money paid from the Trust Funds under this subsection for the reimbursement of the costs of providing services to individuals who are entitled to benefits under section 223 (including services during their waiting periods), or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as he may deem appropriate—

"(A) the total amount to be transferred for the cost of services under this subsection, and

"(B) subject to the provisions of the preceding sentence, the amount which should be charged to each of the Trust Funds.

"(5) For purposes of this subsection—

"(A) the term 'vocational rehabilitation services' shall have the meaning assigned to it in section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723); and

"(B) the term 'comprehensive services for independent living' shall have the meaning assigned it in title VII of such Act (29 U.S.C. 796 et seq.);

except that such services may be limited in type, scope, or amount in accordance with regulations of the Secretary designed to achieve the purpose of this subsection.".

(d) Section 222(c) of such Act is amended—

(1) by striking out "(3) and (4)" in paragraph (1) and inserting in lieu thereof "(3), (4), and (6)"; and

(2) by adding at the end thereof the following new paragraph:

"(6) In the case of an individual determined in accordance with paragraph (1) of section 221(a) to be under a disability (as defined in section 223(d)) and to fall within a disability category described in subparagraph (B) (iii) or (vi) of such paragraph, subparagraph (A) of paragraph (4) of this section shall be applied—

"(A) by substituting 'twelfth' for 'ninth'; and

"(B) by substituting 'twelve' for 'nine'.".

(e) The amendments made by this section shall apply to disability determinations and redeterminations made on or after the date that is 180 days after the date of the enactment of this Act.

SEC. 3. (a) Section 1614 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g)(1) In making a determination under paragraph (2) or (3) of subsection (a) with respect to whether an individual is a blind or disabled individual, the State agency making such determination or the Secretary, as the case may be, shall at the same time determine which of the following disability categories best describes the condition of such individual at the time such determination is made:

"(A) The individual is a blind or disabled individual whose impairment is permanent and who will not benefit from vocational rehabilitation services (as described in section 103 of the Rehabilitation Act of 1973 (20 U.S.C. 723)) or from comprehensive services for independent living (as described in title VII of such Act (29 U.S.C. 796 et seq.)).

"(B) The individual is a blind or disabled individual whose impairment is permanent, who is unlikely to engage in substantial gainful activity in the future, but who will benefit from vocational rehabilitation services or comprehensive services for independent living.

"(C) The individual is a blind or disabled individual whose impairment is permanent, who will benefit from vocational rehabilitation services, and who may possibly engage in substantial gainful activity in the future as the result of such services.

"(D) The individual is a blind or disabled individual whose impairment is not permanent and who will not benefit from vocational rehabilitation services.

"(E) The individual is a blind or disabled individual whose impairment is not permanent, who is unlikely to engage in substantial gainful activity in the future as the result of such services, but who will benefit from vocational rehabilitation services or comprehensive services for independent living.

"(F) The individual is a blind or disabled individual whose impairment is not permanent, who will benefit from vocational rehabilitation services, and who may possibly engage in substantial gainful activity in the future as the result of such services.

"(G) The individual is not a blind or disabled individual but is under a medically determinable physical or mental impairment, and may possibly benefit from vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et. seq.).

"(H) The individual is under a medically determinable physical or mental impairment, but is not a blind or disabled individual and will not benefit from vocational rehabilitation services.

"(I) The individual is not a blind or disabled individual and is not under any other medically determinable physical or mental impairment.

"(2) Notice to an individual of a decision under paragraph (2) or (3) of subsection (a) with respect to whether such individual is a blind or disabled individual shall include, in addition to the matters required to be included in the notice of such decision under section 1631(c)(1)—

"(A) an explanation, in understandable language, of the reasons why the State agency or the Secretary, as the case may be, has determined that a particular disability category described in paragraph (1) best describes the condition of such individual; and

"(B) in the case of an individual with respect to whom it is determined that vocational rehabilitation services or comprehensive services for independent living would be beneficial—

"(i) a statement that such individual is eligible for such services; and

"(ii) information with respect to how to apply for such services.".

(b) Section 1615 of such Act is amended to read as follows:

"REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

"SEC. 1615. (a)(1) Except as provided in paragraph (2), the State agency making determinations under section 1614 (a) (2) and (3) of whether an individual is a blind or disabled individual or the Secretary, as the case may be, shall promptly refer any individual determined to fall within a disability category described in section 1614(g) (1) (B), (C), (E), (F), or (G), to the State agency or agencies administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) for necessary vocational rehabilitation services (as described in section 103 of such Act (29 U.S.C. 723)), or to the State unit (if any) designated under section 705 of such Act (29 U.S.C. 796d) to administer a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.), as may be appropriate.

"(2) If an individual is determined in accordance with paragraph (2) or (3) of section 1614(a) to be a blind or disabled individual and to fall within a disability category described in subsection (g)(1)(C) or (F), the State agency or the Secretary, as the case may be, may refer such individual directly to a person who has been certified by the Secretary as a provider of vocational rehabilitation services and shall make payments directly to such person for vocational rehabilitation services furnished to such individual.".

"(b)(1) Individuals determined in accordance with subsection (a)(2) or (3) of section 1614 to be a blind or disabled individual or to have some other medically determinable physical or mental impairment, and to fall within a disability category described in subsection (g)(1)(C), (F), or (H) of such section (other than individuals receiving vocational rehabilitation services in accordance with the provisions of paragraph (2) of subsection (a)) shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(2) Individuals determined in accordance with subsection (a)(2) or (3) of section 1614 to be a blind of disabled individual and to fall within a disability category described in subsection (g)(1)(B) or (E) of such section shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) or comprehensive services for independent living provided under title VII of such Act (29 U.S.C. 796 et seq.).

"(3) (A) A facility which—

"(i) is a rehabilitation facility (as defined in section 7(11) of the Rehabilitation Act of 1973 (29 U.S.C. 706(11))) and provides vocational rehabilitation services (as described in section 103 of such Act (29 U.S.C. 723)) to an individual described in paragraph (1) or (2) (other than an individual determined to fall within the disability category described in section 1614(g)(1)(G), under a State plan approved under title I of the Rehabilitation Act of 1973, or

"(ii) provides comprehensive services for independent living to an individual described in paragraph (2) under a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.),

shall report promptly to the agency of such State that determines whether an individual is a blind or disabled individual or to the Secretary, as the case may be—

"(I) the termination of the provision of such services to such individual (and the reason or reasons for such terminations); and

"(II) the return to work of such individual.

"(B) The provisions of this paragraph that are applicable to a rehabilitation facility shall also apply to providers of vocational rehabilitation services certified under paragraph (2) of subsection (a).

"(c)(1) The Secretary is authorized to make advance payments to State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) and to persons certified under subsection (a)(2) as providers of vocational rehabilitation services for the reasonable and necessary costs of furnishing vocational rehabilitation services to individuals determined to be blind or disabled individuals under subsection (a)(2) or (3) of section 1614 and to fall within a disability category described in subsection (g)(1)(C) or (F) of such section (including services during their waiting periods). Payments made under this paragraph shall be subject to adjustment on account of underpayments or overpayments.

"(2) The Secretary is authorized to reimburse State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 and State units designated under section 705 of such Act (29 U.S.C. 796d) to administer plans approved under title VII of such Act for the reasonable and necessary costs of furnishing vocational rehabilitation services or comprehensive services for independent living (including services furnished during waiting periods) under such a plan to individuals determined to be blind or disabled individuals under subsection (a) (2) or (3) of section 1614, to fall within a disability category described in subsection (g)(1) (B) or (E) of such section, and to have engaged in substantial gainful activity for a continuous period of nine months as a result of such services. The determination that such services contributed to the return of an individual to substantial gainful activity, and the determination of the costs to be reimbursed under this paragraph shall be made by the Commissioner of Social Security in accordance with criteria determined by the Commissioner in the same manner as under section 222(d)(3). Payments made under this section shall be subject to adjustment on account of underpayments and overpayments.".

(c) Section 1614(a)(4) of such Act is amended—

(1) by striking out "(C) and (D)" in subparagraph (B) and inserting in lieu thereof "(C), (D), and (E)";

(2) by adding at the end thereof the following new subparagraph:

"(E) In the case of an individual determined in accordance with paragraph (2) or (3) to be a blind or disabled individual and to fall within a disability category described in subsection (g)(1) (C) or (F), subparagraph (D)(i) of this paragraph shall be applied—

"(i) by substituting 'twelfth' for 'ninth'; and

"(ii) by substituting 'twelve' for 'nine'.".

(d) The amendments made by this section shall apply to disability determinations and redeterminations made on or after the date that is 180 days after the date of the enactment of this Act.

SEC. 4. (a) DISABILITY BENEFITS RECIPIENTS DESIGNATED AS A TARGETED GROUP.—Subsection (d) of section 51 of the Internal Revenue Code of 1954 (relating to members of targeted groups) is amended—

(1) by striking out "or" at the end of paragraph (1)(I),

(2) by striking out the period at the end of paragraph (1)(J) and inserting in lieu thereof ", or",

(3) by adding at the end of paragraph (1) the following new subparagraph:

"(K) a disability benefits recipient.",

(4) by redesignating paragraphs (13) through (16) as paragraphs (14) through (17), respectively, and

(5) by inserting after paragraph (12) the following new paragraph:

"(13) DISABILITY BENEFITS RECIPIENT.—The term 'disability benefits recipient' means any individual who is certified by the designated local agency as receiving benefits based upon blindness or disability under title II or XVI of the Social Security Act for any month during the 1-year period ending on the hiring date.".

(b) AMOUNT OF CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 51 of such Code (relating to determination of amount) is amended to read as follows:

"(a) DETERMINATION OF AMOUNT.—

"(1) IN GENERAL.—The amount of the credit allowable by section 44B for the taxable year shall be the sum of—

"(A) 50 percent of the qualified first-year wages for such year, and

"(B) 25 percent of the qualified second-year wages for such year.

"(2) EMPLOYMENT OF MORE THAN 1 DISABILITY BENEFITS RECIPIENT.—If the taxpayer pays or incurs qualified first-year wages or qualified second-year wages to more than 1 disability benefits recipient during the taxable year, paragraph (1) shall be applied with respect to such wages of any disability benefits recipient by increasing each of the percentages specified in such paragraph by an amount equal to the product of—

"(A) 5 percentage points, multiplied by

"(B) the lesser of—

"(i) 10, or

"(ii) the aggregate number of disability benefits recipients—

"(I) with respect to whom qualified first-year wages or qualified second-year wages were paid or incurred by the taxpayer during the taxable year, and

"(II) who were hired by the taxpayer before such disability benefit recipient was hired.".

(2) LIMITATION ON WAGES TAKEN INTO ACCOUNT.—Paragraph (4) of section 51(b) of such Code (relating to qualified wages) is amended to read as follows:

"(4) LIMITATION ON AMOUNT OF WAGES TAKEN INTO ACCOUNT PER PERSON.—

"(A) IN GENERAL.—The aggregate amount of qualified first-year wages, and the aggregate amount of qualified second-year wages, which may be taken into account with respect to any individual other than a disability benefits recipient shall not exceed $6,000 per year.

"(B) DISABILITY BENEFITS RECIPIENTS.—The aggregate amount of qualified first-year wages, and the aggregate amount of second-year wages, which may be taken into account with respect to any disability benefits recipient shall not exceed $12,000 per year.".

(c) TERMINATION.—Paragraph (3) of section 51(c) of such Code (relating to termination) is amended by inserting "other than a disability benefits recipient" after "individual".

(d) CONFORMING AMENDMENT.—Clause (ii) of section 51(d)(12)(A) of such Code (relating to qualified summer youth employee) is amended by striking out "(as defined in paragraph (14))".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid or incurred after the date of enactment of this Act.●

By Mr. McCLURE (by request):

S. 2370. A bill to provide for distribution to the States of certain amounts resulting from enforcement of the Emergency Petroleum Allocation Act of 1973, and for other purposes; to the Committee on Energy and Natural Resources.

PETROLEUM OVERCHARGE RESTITUTION ACT

● Mr. McCLURE. Mr. President, at the request of the administration, I send to the desk for appropriate reference a bill to provide for distibution to the States of certain amounts resulting from enforcement of the Emergency Petroleum Allocation Act of 1973, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of Energy, and I ask unanimous consent that the bill, and the communication which accompanied the proposal from the Secretary of Energy be printed in the RECORD.

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

THE SECRETARY OF ENERGY,
Washington, D.C., February 29, 1984.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is draft legislation entitled the "Petroleum Overcharge Restitution Act."

The Office of Management and Budget advises that enactment of this legislation would be in accord with the program of the President.

BACKGROUND

For a number of years, there has been considerable dispute over the most appropriate means of distributing certain funds collected by the Department of Energy in settlement of overcharges resulting from alleged pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973. Approximately $1.189 billion of overcharges has been recovered through settlement agreements. Of this amount, approximately $575 million has been disbursed, of which approximately $101 million went to the U.S. Treasury.

The remaining funds, more than $600 million, have been held by the Government in deposit fund escrow accounts in the U.S. Treasury pending the determination of proper distribution. Of that amount, $200 million was distributed to the States last year for use in specific energy programs under the Warner amendment (section 155 of Public Law 97-377). As of December 31, 1983, there was more than $420 million (including interest) in the escrow accounts, of which $394 million is currently the subject of formal administrative proceedings to afford claimants an opportunity for a hearing as to whether they were injured. There are estimated potential additional recoveries of approximately $5 to $6 billion, either through settlements or litigation. In one pending case, a court has ordered nearly $1.7 billion disbursed to the States. In another, overcharges totaling more than $1 billion (including interest) have been found. That court has referred the case to the Department for findings of fact as to whether

injured claimants can be identified before the court fashions a restitutionary remedy.

The mandatory petroleum price control program was in effect until January 1981, when President Reagan ended price controls on petroleum products. In enforcing the program, the Department's Economic Regulatory Administration performed audits to identify violators of the regulations, and if it believed violations occurred, brought enforcement actions against them. The cases often were resolved through consent orders with the companies. The consent order might provide for various types of remedies, including direct cash refunds to customers. If it was difficult to identify the injured parties, the consent order might specify an amount to be paid into an escrow account, until a just and equitable method could be determined for distributing the funds to parties who were overcharged. Those determinations frequently have been very difficult because petroleum products may have been bought and resold several times with limited information available about the extent to which overcharges were passed on to subsequent purchasers.

Various types of factual situations, often extremely complex, have led to overcharges. When particular customers who bore the burden of demonstrated overcharges can be identified, we have a duty under existing law to direct refunds to them when it is practical. In cases where the overcharged customer was an enduser of the petroleum product, it generally is relatively easy to make restitution. More commonly, however, the overcharged customer is merely one link in the distribution chain and is likely to have passed on the overcharge. Under the "old oil" allocation (entitlements) program, for example, crude oil overcharges automatically and by operation of law first were passed on to all domestic refiners. The regulations then allowed the refiner to pass those costs down the distribution chain. Often, therefore, it may be impractical, if not impossible, to detemine whether and to what extent firms in the chain actually may have absorbed, rather than passed on, any of the overcharges.

In circumstances where the economically injured parties could not be identified or distribution to injured parties was not practical, the Department over the years employed a variety of forms of indirect restitution as a means of affording general compensation to persons thought to have been affected adversely by alleged overcharges. These remedies have included company administered claims funds, price rollbacks, payments in the form of crude oil provided to the strategic petroleum reserve, price reductions on fuel sold to utilities and transportation entities, payments to low-income heating oil consumers through charities, payments to State governments for general energy purposes, and payments directly to the U.S. treasury.

Adding to the difficulty in fashioning appropriate overcharge remedies is the fact that while the statutes from which the Department draws its authority concerning remedies speak generally in restitution terms, they do not provide policy guidance as to the specific forms restitution should take in cases in which it is not feasible to make restitution to the specific persons injured by an alleged overcharge. A majority of overcharge cases fit that description. Until the enactment in 1982 of the Warner amendment, which provided for a one time distribution of $200 million to the States for certain energy programs, there was no congressional guidance as to which remedies might be preferred as a matter of public policy. Disputes over the appropriate method for disbursing indirect restitution have resulted in protracted and costly litigation.

In one recent major case, known as the Exxon case, the court fashioned its own remedy. In that case (now being appealed by Exxon), the court ordered that the overcharge amounting to nearly $1.7 billion (including interest) be made available directly to the States for distribution to consumers under five specific federal energy programs. The court's decision in that case could be interpreted as a judicial assumption of a legislative and executive branch function—providing funds (more than eight times the amount covered by the Warner amendment) to carry out Federal programs without going through the normal legislative process.

We believe that indirect restitution resulting from overcharges should, as a matter of policy, be subject to congressional direction and processes. It is the Congress, rather than the courts, which should determine spending priorities for federal programs. We strongly support distribution of indirect restitution through the States in the manner set forth in the proposed legislation because the States are in a better position to ensure that their consumers affected by overcharges receive the benefits of the restitution and because the traditional congressional and executive roles in providing funds for federal programs would be preserved. Given the large amount of potential recoveries, the extreme difficulty in arriving at an appropriate remedy, and the protracted and costly litigation with uncertain results, congressional guidance in statutory form is both necessary and desirable. To that end, we strongly urge enactment of the enclosed draft bill.

WHAT THE BILL DOES

The draft bill resolves the problem of finding the most appropriate method of disbursing overcharge funds not needed for direct restitution. It does so by establishing a rational, orderly, restitutionary procedure for disbursing overcharges now held in escrow and to be received in the future. The bill would provide a single remedy to eliminate uncertainty and inconsistent results. It also would provide clear congressional guidance to the courts regarding indirect restitution and would reduce, if not eliminate, the time-consuming and costly litigation over appropriate remedies. In addition, the bill also would authorize continuation, during the interim period that the Department holds overcharges in escrow, of the placement of a portion of the escrow amounts with minority-owned banks and thrift institutions. To date, approximately $27 million has been placed with minority-owned institutions pending final disbursement of the escrow funds. This highly successful, short-term program provides capital for use in communities throughout the country that are served by these minority-owned institutions. To achieve those purposes the draft bill contains the following major provisions:

Establishes an orderly, step-by-step procedure for distributing overcharge amounts now held in escrow and amounts received in the future as a result of settlements, orders, and judgments.

In the first phase, the Department of Energy attempts to identify persons who sustained economic injury and to ascertain the amount of injury sustained in order to provide direct restitution.

It is contemplated that the Department's Office of Hearings and Appeals will perform this function using its special refund procedures (10 C.F.R. 205, Subpart V). This phase would not be used to duplicate prior proceedings where an existing order or judgment rests upon a determination that it is impossible or impractical to identify or make direct restitution to the persons who sustained economic injury.

In the second phase, amounts that exceed those needed for direct restitution, or amounts that cannot be refunded, are deposited in the Petroleum Overcharge Restitution Fund established in the U.S. Treasury by this Act.

In the third phase, beginning in fiscal year 1985, indirect restitution is provided by making Fund assets available to the States for distribution under three programs:

Low Income Home Energy Assistance Program administered by Department of Health and Human Services.

Weatherization Program administered by Department of Energy.

Schools and Hospitals grant program administered by Department of Energy.

Provides clear guidance to courts in pending and future cases.

Directs a court to require payment of restitutionary amounts to Department of Energy for distribution in accordance with this Act when the court finds for the government in an overcharge case.

Provides congressional direction and involvement.

Authorizes fiscal year 1985–89 appropriations for low income home energy assistance, weatherization, and schools and hospitals grants at fiscal year 1984 level.

Provides that appropriations made available for those programs shall be derived from the Fund to the extent amounts are available in the Fund; if the Fund assets are insufficient, the balance of appropriations will be made available from the general fund of the Treasury; and as additional amounts are placed in the Fund, they shall be used for repayment to the general fund.

Authorizes continued placement of escrow amounts with minority-owned banks and thrift institutions pending fiscal distribution under this Act.

BENEFITS OF DISTRIBUTING OVERCHARGES THROUGH THE STATES

A key feature of this legislative proposal is the disbursement by the States of indirect restitution for overcharges. In contrast with past and proposed alternative remedies, making the overcharges available to the States in the manner proposed would foster the restoration of the traditional balance among State, local, and Federal governments by returning authority responsibility, and revenue resources to the States. The States, being closer to the people, are in a better position to ensure that the end-use consumers within their jurisdictions, who had no opportunity to pass on the overcharges, receive the benefit of this indirect restitution.

Disbursement by the States under existing energy programs provides the most efficient and effective method of administering overcharge distribution. Moreover, the three earmarked programs generally benefit energy consumers by helping to reduce energy demand and energy costs through weatherization, finding alternative energy sources for schools and hospitals, and promoting energy conservation. This proposal continued the indirect restitution approach used successfully in several earlier consent

orders and under the Warner amendment. It does so subject to continuing congressional oversight and involvement without imposing heavier burdens on the taxpayer and the Treasury.

I believe that disbursing overcharge funds to the States in the manner set forth in this proposal is the best way of resolving a difficult problem that has caused much controversy. I look forward to working with the Congress in obtaining the earliest possible enactment of this legislation.

Sincerely,

DONALD PAUL HODEL.

S. 2370

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 "Petroleum Overcharge Restitution Act".

OVERCHARGE DISTRIBUTION PROCEDURES

SEC. 2. (a) In the manner provided by this Act, the Secretary of Energy shall distribute the following restitutionary amounts—

(1) amounts held in escrow on the date of enactment of this Act, and

(2) amounts received after the date of enactment of this Act,

which are held or received as a result of a settlement, order, or judgment (including a declaratory judgment) involving overcharges resulting from alleged petroleum pricing violations under the Emergency Petroleum Allocation Act of 1973.

(b) A settlement, order, or judgment described in subsection (a) that includes restitutionary amounts shall be referred to the Secretary of Energy who shall conduct a proceeding for the purpose of identifying and making restitution to persons who the Secretary determines sustained economic injury; however, in cases in which an administrative or judicial order or judgment entered before the date of enactment of this Act rests upon a determination that it is impossible or impractical to identify or to make direct restitution to the persons who sustained economic injury, a proceeding shall not be conducted under this subsection, and the restitutionary amounts not yet paid and distributed shall be deposited in the Fund established by section 3(a) of this Act.

(c) In cases in which a court has rendered or renders a judgment in favor of the Government for petroleum pricing violations under the Emergency Petroleum Allocation Act of 1973, the court shall order that any restitutionary amounts (including interest) not yet paid and distributed be paid to the Department of Energy to be held in escrow pending distribution in accordance with this Act.

(d) While the Department of Energy holds amounts in escrow pending the completion of the proceedings required by this section, the Secretary of Energy may place a portion of those amounts that the Secretary considers appropriate in the Department's minority-owned financial institution depository program.

PETROLEUM OVERCHARGE RESTITUTION FUND

SEC. 3. (a) There is established in the Treasury of the United States a fund to be known as the Petroleum Overcharge Restitution Fund (referred to in this Act as the "Fund").

(b) There shall be deposited in the Fund restitutionary amounts described in section 2 of this Act that the Secretary of Energy determines—

(1) exceed amounts needed for refunds to persons who sustained economic injury from overcharges; or

(2) cannot be refunded to persons who sustained economic injury because they cannot reasonably be identified, or because the amount of injury such persons sustained cannot reasonably be determined or is so small that distribution is not reasonably feasible.

(c) Deposits into the Fund shall be made as soon as practicable after completion of the proceeding under section two of this Act, or as otherwise provided by this Act; however, escrow amounts that have been invested shall be deposited in the Fund in a manner that avoids the payment of penalties for premature withdrawal.

(d) When appropriations are made for a program listed in section 4 of this Act, the amount provided shall be derived from the Fund to the extent that amounts are available in the Fund. If amounts in the Fund are not sufficient to cover the appropriation made for such a program, the remaining amounts shall be derived from the general fund of the Treasury and shall be returned to the general fund to the extent that amounts become available in the Fund.

AUTHORIZATION OF APPROPRIATIONS

SEC. 4. For each of the fiscal years 1985 through 1989 there is authorized to be appropriated for carrying out

(i) Part A of the Energy Conservation in Existing Buildings Act of 1976 (42 U.S.C. §§ 6861-6873),

(ii) Part G of title III of the Energy Policy and Conservation Act (42 U.S.C. §§ 6371-6371j), and

(iii) the Low Income Home Energy Assistance Act of 1981 (42 U.S.C. §§ 8621-8629)

amounts that do not exceed the amount appropriated in fiscal year 1984 by Public Law 98-146 for the programs in clauses (i) and (ii) and by Public Law 98-139 for the program in clause (iii). Amounts appropriated pursuant to this section may be made without fiscal year limitation.●

By Mr. DOLE:

S. 2371. A bill to provide for the distribution within the United States of the U.S. Information Agency film entitled "Peace, Friendship and Freedom"; to the Committee on Foreign Relations.

DISTRIBUTION OF A U.S. INFORMATION AGENCY FILM

● Mr. DOLE. Mr. President, I am introducing today a bill allowing the U.S. Information Agency (USIA) to release for distribution and use in this country the film, "Peace, Friendship and Freedom." USIA is prohibited from distributing films it produces in the United States unless Congress grants an exception through legislation. I believe this film justifies such a waiver.

"Peace, Friendship and Freedom" documents the 11-nation trip undertaken by President Eisenhower at the end of his second term of office. It is rare footage of this trip and is thus of considerable historical value. Beyond the political history recorded, it offers fascinating insight into the world of "The Flying White House"—the development of the Presidential jet and its impact on global politics. The film also records the transition from propeller to jet aircraft that greatly expanded that impact. I believe the release of this film for distribution and use will be of benefit to a wide range of historians and others interested in the era, and the people of the United States. I hope the Senate will act expeditiously on this bill so this film can be made available to the American people as soon as possible.

Mr. President, I ask unanimous consent that the 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. 2371

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461)—

(A) the Director of the United States Information Agency shall make available to the Administrator of General Services a master copy of the firm entitled "Peace, Friendship and Freedom"; and

(B) subject to paragraph (2), the Administrator shall reimburse the Director for any expenses of the agency in making that master copy available, shall deposit that film in the National Archives of the United States, and shall make copies of that film available for purchase and public viewing within the United States.

(2) The Administrator shall carry out his duties under clause (B) of paragraph (1) only after the United States Government has acquired, after the date of enactment of this Act, any remaining license or other rights which are not Government-held before such date and which are required for distribution within the United States of the film entitled "Peace, Friendship and Freedom" without use of funds appropriated or otherwise made available to any department, agency, instrumentality, or office of the United States.

(b) Any reimbursement to the Director pursuant to this section shall be credited to the applicable appropriation of the United States Information Agency.●

By Mr. TOWER (for himself and Mr. PROXMIRE):

S. 2372. A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States persons where such acquisition is financed by non-United States lenders, to specify a private right of action for violations of margin requirements, and for certain other persons; to the Committee on Banking, Housing, and Urban Affairs.

UNIFORM MARGIN REQUIREMENT ACT OF 1984

Mr. TOWER. Mr. President, I am introducing today with the distinguished ranking minority member of the Banking, Housing, and Urban Affairs Committee, Mr. PROXMIRE, a bill to amend the Securities Exchange Act of 1934 to provide uniform margin re-

quirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. lenders. In essence, the bill would require foreign investors in U.S. companies to meet the same limitation on the use of credit to buy stocks that the Federal Reserve Board sets for U.S. citizens and residents.

The current margin requirement limits borrowing to 50 percent of the purchase price of the stock. However, there is presently a loophole in the law which makes this 50-percent restriction inapplicable to foreign investors using foreign credit.

This anomaly in the law has been the subject of a great deal of scrutiny by the Congress in the past. In 1970, the Congress amended section 7 of the Securities Exchange Act to clarify that the use of foreign capital by American purchasers of securities is subject to the margin requirements. Prior to that time, a U.S. borrower could circumvent the margin requirements by obtaining credit from a foreign lender. Recognizing the threat to U.S. securities markets if this practice was not curbed, Congress took a first step in closing this loophole in the statute.

Unfortunately, the Congress did not go far enough. In making this needed revision in the statute, it failed to address a further inequity which permitted foreign investors using foreign credit to circumvent the margin requirements. In 1981, I authored a bill, similar to the one I introduced today, to close this gap in the law. Although the bill was never voted on by the full Senate, its companion in the House was passed by a voice vote.

The rationale for this bill remains the same today as it did in the last Congress: it is unfair and inequitable to treat foreign investors more favorably than American investors in the purchase of U.S. securities. With each passing day more U.S. securities are purchased by foreign investors under arrangements that would violate the U.S. margin requirements if domestic credit were used. I am concerned about the destabilizing effect that this situation has on our securities markets.

Furthermore, Mr. President, I doubt that there is a single Senator who, in the past few years, has not had some concern about the wave of foreign takeovers and takeover attempts and their impact on U.S. economic interests. I have had that concern, but at the same time I recognize that the acquisition of one company by another is a basic part of our free market system. This bill is not intended nor would its impact be to inhibit foreign investment in the United States. Instead the bill is designed to place American and foreign investors purchasing U.S. securities on equal footing. The margin requirements were enacted in order to regulate the availability of credit for the purchase of securities and to prevent the kind of intense speculation in the U.S. stock market that occurred during the 1920's. The use of uncontrolled foreign credit presents as similar potential as well as providing an unfair advantage to foreign purchasers of U.S. securities.

The bill Senator PROXMIRE and I introduce today has the following elements:

First, the bill amends section 7(f) of the Securities Exchange Act to make the Federal Reserve margin requirements applicable to foreign persons borrowing from foreign lenders.

Second, the bill provides a private right of action to issuers of securities and other injured parties against violators of the margin requirements.

Third, this newly created express right of action is limited to transactions involving the acquisition or carrying of 5 percent or more of an equity security or any tender offer if it would result in beneficial ownership of 5 percent or more of an equity security. The purpose of this bill is to reach large foreign speculators. Small foreign investors buying less than 5 percent of the stock of a U.S. company would not be affected.

Fourth, in following previous precedent on this legislation, the bill would apply to any transaction in which the borrowed funds are disbursed by the lender after the date of the bill's introduction. This provision is needed to ensure that consideration of this bill does not provoke anticipatory action which, if not consummated before the bill's enactment, would be unlawful.

Mr. President, I believe that enactment of this legislation is an absolute necessity and serves the broad objective of promoting and preserving equality of treatment for all investors in the marketplace. I urge my colleagues to support this measure and hope that the Senate Banking Committee would act quickly to report this bill favorably to the Senate.●

By Mr. STAFFORD (for himself, Mr. EAGLETON, Mr. WEICKER, Mr. DODD, Mr. KENNEDY, Mr. RANDOLPH, Mr. PELL, Mr. RIEGLE, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. BURDICK, Mr. SARBANES, Mr. RUDMAN, Mr. HATFIELD, Mr. HOLLINGS, Mr. SASSER, Mr. TSONGAS, and Mr. CRANSTON):

S. 2374. A bill to extend the authorization for 5 years for the low-income home energy assistance program, for the community services block grant, and for the Head Start program, and for other purposes; to the Committee on Labor and Human Resources.

HUMAN SERVICES REAUTHORIZATION ACT

Mr. STAFFORD. Mr. President, today I am introducing, on behalf of myself, Senators EAGLETON, WEICKER, DODD, KENNEDY, RANDOLPH, PELL, RIEGLE, MATSUNAGA, METZENBAUM, BURDICK, SARBANES, RUDMAN, HATFIELD, HOLLINGS, SASSER, TSONGAS, and CRANSTON, the Human Services Reauthorization Act. This bill will reauthorize the low-income home energy assistance program, the community services block grant program, and the Head Start program for fiscal years 1985 through 1989.

Title I of the bill reauthorizes the low-income home energy assistance program at $2.3 billion in fiscal year 1985; $2.5 billion in fiscal year 1986, and such sums as may be necessary for the 3 remaining fiscal years. The current appropriation for the low-income home energy assistance program is $1.85 billion. In addition to this amount, there is a strong possibility that Congress will appropriate an additional $200 million for this fiscal year. That would bring the total fiscal year 1984 appropriation to $2.05 billion.

Also, the bill will tighten up State program administration and gather additional data on the working of the programs in the States.

Title II of the bill reauthorizes the community services block grant program at $400 million for fiscal year 1985; $425 million for fiscal year 1986, and such sums as may be necessary for each of the 3 remaining fiscal years. Currently $352 million is appropriated for the community services block grant program.

Title II provides the States authority to increase eligibility for services to 125 percent of the OMB poverty guideline and reduces the pass through to 85 percent of grant funds instead of the 90 percent mandated by the appropriations law.

Title III of the bill reauthorizes the Head Start program at $1.2 billion in fiscal year 1985; $1.4 billion in fiscal year 1986, and such sums as may be necessary for the 3 remaining fiscal years. Congress has currently appropriated approximately $1 billion for the Head Start program.

The bill would continue the important training and technical assistance activities, strengthen designations of existing Head Start agencies, and maintains current program performance standards.

Mr. President, I ask unanimous consent that the summary of the human services reauthorization bill and the text of the bill be printed at the conclusion of my remarks.

Mr. President, this bill is being introduced so that we may keep our commitment to those low-income Americans who desperately need the assistance that these programs provide. These are proven programs which the Congress reauthorized in 1981 as part of the Omnibus Reconciliation Act.

There is no question about the need for these programs. The release last week of the Census Bureau report again brings to light the hard facts that life for low-income Americans is not getting better. I ask unanimous consent that two articles, one from the New York Times of February 24, 1984, and from the Washington Post of February 24, 1984, be printed in the RECORD at this point. The only question before the Congress is how best to provide these needed services.

The human services reauthorization bill continues the same format as in 1981 reauthorizations for these programs, while taking into account what we have learned since the 1981 law was enacted. The changes that we are proposing will help these programs run better and more effectively provide their limited resources to those most in need.

These are proven programs which are important to those low-income Americans struggling to break the cycle of poverty. They provide that additional help needed by many Americans to move up out of poverty.

Mr. President, the Census Bureau statistics on the increase in poverty for American families have shown these programs are even more desperately needed now. We as a society should not tolerate an increase in the number of families living at—or below—the poverty level as long as we have the means to help.

Mr. President, I recommend this legislation to my colleagues and ask for their support.

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

S. 2374

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 "Human Services Reauthorization Act".

TITLE I—LOW-INCOME HOME ENERGY ASSISTANCE AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (hereinafter in this title referred to as the "Act") is amended to read as follows:

"(b) There is authorized to be appropriated to carry out the provisions of this title $2,300,000,000 for the fiscal year 1985, $2,500,000,000 the fiscal year 1986, and such sums as may be necessary for each succeeding fiscal year ending prior to October 1, 1989.".

DEFINITION

SEC. 102. Section 2603(1) of the Act is amended by inserting before the period "and other household energy related emergencies".

ENERGY CRISIS INTERVENTION

SEC. 103. Section 2604(c) of the Act is amended to read as follows:

"(c) Not less than 5 percent of the funds available to each State under subsection (a) shall be reserved until March 15 of each program year by each State for energy crisis intervention, which shall be administered by public or nonprofit entities which have experience in administering energy crisis programs under the Low-Income Energy Assistance Act of 1980, or under this Act, experience in assisting low-income individuals in the area to be served, and the capacity to undertake a timely and effective energy crisis intervention program.".

APPLICATIONS AND REQUIREMENTS

SEC. 104. (a) The matter preceding subclause (A) of section 2605(b)(2) of the Act is amended by inserting before the hyphen the following: "and without any further limitation of".

(b) Section 2605(b)(8) of the Act is amended by inserting after "that" the following: "(A) the State will not discriminate against households described in clause (2)(B) of this subsection and (B)".

(c) Section 2605(b) of the Act is amended—

(1) by striking out "and" at the end of clause (12);

(2) by striking out the period at the end of clause (13) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new clauses:

"(14) describe the procedures by which households in the State are identified as eligible to participate under this title and the manner in which the State determines benefit levels; and

"(15) describe the amount that the State will reserve in accordance with section 2604(c) in each fiscal year for energy crisis intervention activities together with the administrative procedures (A) for designating an emergency, (B) for determining the assistance to be provided in any such emergency, and (C) for the use of funds reserved under such section for the purposes under this title in the event any portion of the amount so reserved is not expended for emergencies.".

(d)(1) Section 2605(f) of the Act is amended by inserting before the comma the first time it appears the following: "unless enacted in express limitation of this paragraph".

(2) Section 2605(f) of the Act is further amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provision of law unless enacted in express limitation of this paragraph, the amount of any home energy assistance payments or allowances provided to a household by a private nonprofit organization, or an entity whose revenues are primarily derived on a rate-of-return basis regulated by a State or Federal governmental body, if the appropriate State agency has certified that such assistance was based on need as determined by such organization or entity, shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.".

PAYMENTS TO STATES

SEC. 105. (a) The first sentence of section 2607(b)(2)(B) of the Act is amended—

(1) by striking out "25 percent" and inserting in lieu thereof "15 percent"; and

(2) by inserting before the period a comma and the following: "and in the case a State makes a transfer under section 2604(f) in the fiscal year in which the State makes a request under subparagraph (A) no amount may be held available for that State from a prior fiscal year to the extent such amount exceeds 10 percent of the amount so allotted".

(b) Section 2607(b)(2) of the Act is amended by adding at the end thereof the following new subparagraph:

"(C) The Secretary shall reallot amounts made available under this paragraph for the fiscal year following the fiscal year of the original allotment in accordance with paragraph (1) of this subsection.".

DATA COLLECTION

SEC. 106. Section 2610 of the Act is amended to read as follows:

"DATA COLLECTION; DEMONSTRATIONS

"SEC. 2610. (a) The Secretary shall provide for the collection of data on a State-by-State basis for each fiscal year, including—

"(1) for households in each income group, energy consumption information (collected after consultation with the Secretary of Energy) such as amount, cost, and type of fuels used;

"(2) the income levels of households assisted under this title;

"(3) for each type of assistance under this title, the number of households which receive such assistance;

"(4) for each type of assistance under this title, the number of households which receive such assistance and include one or more individuals who are elderly or handicapped;

"(5) for each type of assistance under this title, the number of households—

"(A) which receive such assistance; and

"(B) are described in paragraph (2)(A) of section 2605 (b);

"(6) the amount of State allotments under this title—

"(A) used for planning and administering the use of funds under this title; or

"(B) held available for the following fiscal year under section 2607 (b)(2);

"(7) the minimum, maximum, and average amounts of assistance under this title to any household;

"(8) for each type of assistance under this title, the methods of providing payments and other benefits, and the administering agencies used; and

"(9) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this title.

"(b) The Secretary shall provide for the collection of data on a State-by-State basis for the first four months of each fiscal year, including—

"(1) for each type of assistance under this title, the number of households assisted, the amount of such assistance, and the number of applicants; and

"(2) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this title.

"(c)(1) The Secretary shall, not later than June 30 of each calendar year, submit a report to the Congress containing a detailed summary of the data collected under subsection (a) with respect to the fiscal year ending in the preceding calendar year.

"(2) The Secretary shall, not later than February 28 of each calendar year, submit a report to the Congress containing—

"(A) a detailed summary of the data collected under subsection (b) with respect to the first four months of the fiscal year ending in such calendar year, and

"(B) projections, based on such data, for the remainder of such fiscal year.

"(d) The Secretary may use not to exceed $350,000 in any fiscal year for demonstration and analysis of effective ways to meet

the energy needs of low-income households.".

TITLE II—COMMUNITY SERVICES BLOCK GRANT AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Section 672 (b) of the Community Services Block Grant Act (hereinafter referred in this title referred to as the "Act") is amended to read as follows:

"(b) There is authorized to be appropriated $400,000,000 for the fiscal year 1985, $425,000,000 for the fiscal year 1986, and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1989, to carry out the provisions of this subtitle.".

POVERTY LINE

SEC. 202. Section 673 (2) of the Act is amended by inserting at the end thereof the following new sentence: "Whenever the State determines that it serves the objectives of the block grant established by this subtitle the State may revise the poverty line to 125 percent of the official poverty line otherwise applicable under this paragraph.".

REQUIREMENTS

SEC. 203. (a) Section 675(c)(2)(A)(i) of the Act is amended by striking out "only" and by inserting after "section 674" the following: ", and for fiscal year 1984 and for each subsequent fiscal year not less than 85 percent of such funds.".

(b) Section 675(c)(2)(A)(ii) of the Act is amended by striking out "not less than 90 percent of the funds allotted to the State under section 674" and inserting in lieu thereof "the remainder of the funds allotted to the State under section 674 after complying with the provisions of subclause (B) of this clause and subsection (i) of this section".

(c) Section 675 of the Act is amended by adding at the end thereof the following new subsection:

"(i) Whenever the State determines that a geographic area of the State is not served by an eligible entity, the State shall use funds described in division (ii) of subsection (c)(2)(A) to permit an existing eligible entity to serve such a geographic area within the State, or if the use of such eligible entity is not feasible, shall use such amounts to establish a new community action agency which is in substantial compliance with the requirements for an eligible entity described in section 673(1) to serve such an area.".

(d) Section 675 of the Act (as amended by subsection (c)) is further amended by adding at the end thereof the following new subsection:

"(j) The Secretary may waive the requirement of division (i) of subsection (c)(2)(A) of this section for any State applying for such a waiver if—

"(1) the State obtained a waiver of the requirements of section 138 of Public Law 97-276 with respect to appropriations for fiscal year 1983; and

"(2) the State submits, prior to the fiscal year for which the waiver is sought, an application under this subtitle, containing provisions for the use of assistance under this subtitle by political subdivisions.".

DISCRETIONARY PROGRAM

SEC. 204. (a) The matter preceding clause (1) of section 681(a) of the Act is amended—

(1) by striking out "is authorized" and inserting in lieu thereof "shall"; and

(2) by striking out "public and other organizations and agencies" and inserting in lieu thereof "public agencies and private nonprofit organizations" both times it appears.

(b) Section 681(a) of the Act is amended by adding at the end thereof the following new sentence: "In addition, grants, loans, and guarantees made pursuant to this subsection may be made to a nonprofit private organization applying jointly with a business concern.".

TITLE III—HEAD START PROGRAM ADMINISTRATION

SEC. 301. Section 638 of the Head Start Act is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsection:

"(b) The Secretary shall administer the program authorized by this subchapter through the Administration for children, youth, and families within the Department of Health and Human Services.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 302. Section 639 of the Head Start Act is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter $1,200,000,000 for fiscal year 1985, $1,400,000,000 for fiscal year 1986, and such sums as may be necessary for each succeeding fiscal year ending prior to October 1, 1989.".

RESERVATION OF FUNDS FOR TRAINING AND TECHNICAL ASSISTANCE

SEC. 303. Section 640(a)(2)(C) of the Head Start Act is amended by inserting before the semicolon the following: "described in section 648 of this subchapter, in an amount for each fiscal year which is not less than the amount expended for training and technical assistance activities under this clause for the fiscal year 1982".

DESIGNATION OF HEAD START AGENCIES

SEC. 304. (a) Section 641(a) of the Head Start Act is amended by inserting after "agency" the second time it appears "within a community".

(b) Section 641(c) of the Head Start Act is amended—

(1) by striking out "give priority in the designation of Head Start agencies to" and insert in lieu thereof "shall designate as Head Start agencies";

(2) by striking out "this Act" and inserting in lieu thereof "the Human Services Reauthorization Act";

(3) by striking out "giving such priority" in clause (1) and inserting in lieu thereof "making such designation"; and

(4) by striking out "give priority in the designation of Head Start agencies to" in clause (2) and inserting in lieu thereof "designate as Head Start agencies".

(c) Section 641 of the Head Start Act is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

"(d) If there is no Head Start agency or successor agency described in clauses (1) and (2) of subsection (c), and no other existing Head Start program serving a community, then the Secretary may designate a Head Start agency from among qualified applicants in the community. Any such designation shall be governed by the same program and fiscal requirements, criteria and standards as are applicable to existing Head Start programs.

"(e) The provisions of subsections (c) and (d) shall be applied by the Secretary in the distribution of any additional appropriations made available under this subchapter during any fiscal year as well as to initial designations of Head Start agencies.".

PARTICIPATION IN HEAD START PROGRAMS

SEC. 305. Section 645 of the Head Start Act is amended by adding at the end thereof the following new subsection:

"(c) Each Head Start program operated in a community may provide more than one year of Head Start services to children from age 3 to the age of compulsory school attendance in the State in which the Head Start program is located.".

TECHNICAL ASSISTANCE AND TRAINING

SEC. 306. Section 648 of the Head Start Act is amended—

(1) by striking out "may" and inserting in lieu thereof "shall"; and

(2) by inserting before the period at the end thereof a comma and the following: "including child development associate training and national assessment programs leading to the necessary child development associate credentials for such personnel; and resource access projects for personnel of handicapped children".

EVALUATION

SEC. 307. The second sentence of section 651(b) of the Head Start Act is amended to read as follows: "Any revisions in such standards shall not result in the elimination of nor any reduction in the scope or types of health, education, parent involvement, social or other services required to be provided under the standards in effect on November 2, 1978.".

SUMMARY: HUMAN SERVICES REAUTHORIZATION ACT

A summary of the Human Services Reauthorization Act, reauthorizing the Low-Income Home Energy Assistance Program, the Community Services Block Grant, and the Head Start program:

(1) LIEAP:

(a) authorizes $2.3 billion in fiscal year 1985; $2.5 billion in fiscal year 1986; and "such sums" for the three succeeding fiscal years. The current authorization of $1.875 billion has been frozen in place since fiscal year 1982, and the program is currently funded at full authorization.

(b) requires states to reserve at least five percent of their allotment until March 15 of each program year to assure funding for energy crisis intervention activities within the state.

(c) amends the provisions dealing with the categorically eligible to assure that the four categories are eligible without any further limitation.

(d) requires states to make assurances that they will not discriminate against the non-categorically eligible (the non-welfare poor).

(e) requires states, as a part of their application, to describe the procedures by which eligible households in the state are identified; to describe energy usage and the average cost of home energy in the state; and to describe their crisis intervention programs. These three reporting requirements were contained in LIEAP prior to 1981.

(f) amends existing law's prohibition against counting LIEAP benefits as income for the purpose of other income maintenance programs "unless enacted in express limitation of this subsection." This is intended to supercede the authority in the Social Security Amendments of 1983 that gave states permissive authority to count LIEAP benefits as income for purposes of AFDC.

(g) restricts the allowable carryover to fifteen percent, generally, and to ten percent

if a state transfers LIEAP funds to one of the other block grants.

(h) requires the Secretary of Health and Human Services to collect data from the states, describing with greater specificity the data to be included.

(2) CSBG:

(a) authorizes $400 million for fiscal year 1985, $425 milion for fiscal year 1986, and "such sums" for each of the succeeding three years. Current authorization is $389 million; current appropriation is $352,300,000.

(b) clarifies existing law to allow states to set eligibility for participation in the CSBG programs at 125 percent of poverty.

(c) modifies the existing passthrough to Community Action Agencies by reducing the required amount of passthrough from 90 percent to 85 percent; requires states to use a portion of the remaining funds whenever the state expands the service area of a Community Action Agency to cover a previously unserved area within the state or to establish a new Community Action Agency. The bill maintains existing law's four state waiver for those states in which 45 percent of their counties did not have Community Action Agencies.

(d) mandates the operation of a secretarial discretionary activity. Current law makes the discretionary activities permissive, and although HHS is currently funding them, there were initial indications that the Department did not wish to operate the program and would simply let the funds remain unspent. Past appropriation language has instructed the Secretary to operate the discretionary programs.

(e) clarifies that awards made under the discretionary program are to be made to public and private non-profit agencies, although non-profits may apply jointly with a for-profit organization.

(3) Head Start:

(a) authorizes $1.2 billion for Fiscal Year 1985, $1.4 billion for Fiscal Year 1986, and "such sums" for the succeeding three years.

(b) requires that the Secretary of Health and Human Services administer the Head Start program through the Administration for Children, Youth, and Families.

(c) requires that funding for training and technical assistance activities be maintained at least the Fiscal Year 1982 level. This requirement tracks direction in the Labor-HHS-Education appropriations bill with respect to training activities.

(d) strengthens provisions requiring designation of existing Head Start agencies.

(e) makes explicit the authority for Head Start programs to provide more than one year of Head Start services to children from age three to school admission age.

(f) requires the continuation of Child Development Associate training and assessment programs.

(g) requires that current program performance standards not be revised in such a manner as would result in the elimination or reduction in services. This is similar to the direction in the Fiscal Year 1984 appropriations bill report language with respect to current standards.

[From the New York Times, Feb. 24, 1984]

RISE IN POVERTY FROM 1979 TO 1982 IS FOUND IN UNITED STATES

(By Robert Pear)

WASHINGTON, Feb. 23.—The Census Bureau said today that there had been a rapid increase in poverty from 1979 to 1982, even if the value of food stamps, public housing, Medicare and Medicaid benefits was counted as income.

The Government does not include noncash benefits when it calculates the number of people whose income falls below the poverty level. Reagan Administration officials, including David A. Stockman, director of the Office of Management and Budget, have often asserted that the practice of not including the benefits inflated official poverty figures. Congress asked the bureau to compare poverty figures using both methods of calculation.

SHARPER INCREASE FOUND

Counting only cash income, there were 26.1 million poor people in 1979 and 34.4 million in 1982. But if the full market value of noncash benefits had been counted as income, there would have been 15.1 million poor people in 1979 and 22.9 billion in 1982, the bureau said.

The official poverty rate, counting only cash income, rose by 28.2 percent, from 11.7 percent in 1979 to 15 percent in 1982, the bureau said. But if the Government had expanded the definition of income to include the market value of noncash benefits, the poverty rate would have risen 47.1 percent, from 6.8 percent in 1979 to 10 percent in 1982, it said.

Census officials said the increases were the result of general economic trends, such as the recession and inflation, rather than the cutbacks in social welfare programs made by Congress at President Reagan's request.

Democrats have been predicting the cutbacks in social programs, which took full effect in 1982, would cause an increase in poverty. In a quick reaction to the report, they introduced antipoverty legislation in the House today that would increase benefits for some of the poor people who qualify for them under such programs as Aid to Families with Dependent Children, Medicaid and Supplemental Security Income. Democratic Congressmen, who had been working on the bill since October, estimated it would cost $10 billion the first year.

A family of four was classified as poor if it had cash income of less than $9,862 in 1982, or less than $7,386 in 1979. The official poverty level is adjusted each year to reflect changes in the Consumer Price Index.

Gordon W. Green Jr., assistant chief of the Census Bureau's population division, said the poverty rate showed "a more rapid increase when you bring the noncash benefits into the calculation." Moreover, he said, that "you get an upward trend in poverty over the period" from 1979 to 1982 regardless of whether noncash benefits are counted as income.

SENATE DIRECTED RESEARCH

The Government's official poverty statistics, issued last August, showed the extent of poverty in 1982, but they counted only cash income. Last April the bureau issued a report on noncash benefits received by poor people in 1979. Today's report was the first to show the extent of poverty after counting the value of noncash benefits over those years. The Senate in 1980 directed the bureau to start collecting and publishing data on noncash benefits.

Census officials presented the data on poverty at a news conference. Mr. Green agreed with a reporter's suggestion that the Government's noncash benefit programs appeared to be less effective in reducing poverty in 1982 than in 1979.

The bureau said that the average market value of noncash benefits received by poor families declined by 10.4 percent, from $3,715 in 1979 to $3,330 in 1982, after adjustment for inflation. In the same four-year period, noncash benefits increased but not enough to keep pace with inflation. There was a 33 percent increase in the Consumer Price Index.

The new report shows that if the market value of noncash benefits was counted as income in 1982, there would have been only 912,000 poor people 65 years old and older, as against the 3.8 million elderly classified as poor under the official definition. Counting noncash benefits as income, the Census Bureau said the incidence of poverty among the elderly declined from 1979 to 1982, mainly because they received large amounts of assistance under Medicare, the medical insurance program for the elderly, and Medicaid, the medical program for poor people, which also pays for large amounts of nursing home care.

OTHER GROUPS HAD INCREASES

However, there were substantial increases in the poverty rate for other groups. Under the official definition, the poverty rate for black people rose 15 percent from 1979 to 1982, but it would have risen 44 percent if noncash benefits were counted as income, the bureau said. The poverty rate for two-parent families rose 46 percent under the official definition of poverty, but 64 percent under the alternative definition, counting noncash benefits. This was more than the increase in the poverty rate for families headed by women. For them, the rate rose 16 percent under the official definition of poverty and 49 percent under the alternative definition.

[From the Washington Post, Friday, Feb. 24, 1984]

NUMBER LIVING AT POVERTY LEVEL RISING SHARPLY

(By Spencer Rich)

The share of the U.S. population living below the official poverty line has risen sharply over the last several years even when in-kind benefits like Medicaid and food stamps are counted as income and added to cash, the Census Bureau reported yesterday.

The bureau has traditionally used only cash income in computing the poverty rate.

Conservatives including a number of key officials in the Reagan administration have argued that this is misleading because it leaves out the in-kind programs which have been among the fastest growing in the federal budget in recent decades.

The new study shows that the rates are substantially lower when in-kind programs are counted but the trend has been the same; reckoned either way, poverty rose about a third or more from 1979 to 1982.

The Census confirms that in-kind benefits have increased dramatically, from $5.7 billion in 1982 dollars in 1965 to $99 billion in 1982. But in recent years this has been more than offset by a combination of high unemployment, inflation and budget cuts.

The official poverty line for a family of four in 1982 was $9,862. The line is higher for larger families and lower for smaller ones. The government raises it each year to account for inflation.

For an individual it is about half that for a family of four.

Counting cash only, the number of people living in poverty rose from 26.1 million people (11.7 percent of the population) in 1979 to 34.4 million (15 percent) in 1982.

If all in-kind benefits including Medicare and Medicaid are counted at market value, there were 15.1 million people in poverty in 1979 (6.8 percent of the population) and 22.9 million in 1982 (10 percent).

If in-kind benefits are counted but measured in a somewhat different way preferred by many economists, the number of poverty was 20.2 million (9 percent) in 1979 and 29.1 million (12.7 percent) in 1982.

From 1981 to 1983, largely at President Reagan's behest, Congress made cuts in a number of social welfare programs. The Census study shows that from 1981 to 1982, even though unemployment was rising, spending for both cash welfare programs dropped $1 billion in constant dollars, and spending for in-kind programs the same.

However, Census officials said budget cuts appeared to be smaller factor than recession and inflation in boosting poverty figures.

The report said that while the cash-only method remains the government's official measure of poverty, on which eligibility for many programs is based, the Census Bureau and Office of Management and Budget are convening a panel to work out ways to consider in-kind benefits as well.

On Capitol Hill, Reps. Charles B. Rangel (D-N.Y.), Harold E. Ford (D-Tenn.) and Henry A. Waxman (D-Calif.) responded to the report by introducing a bill to reverse some recent budget cuts and set minimum benefits for welfare, enlarge eligibility for many of the benefit programs, mandate health insurance for the unemployed and boost job programs. They estimated the annual cost at $10 billion.

The Census study showed that because they get Medicare, which constitutes half of the $99 billion in-kind total, the elderly show the greatest variation in poverty rates from the cash-only calculus to cash-plus-in-kind. Counting cash only, the poverty rate for people 65 and over in 1982 was 14.6 percent, but if in-kind medical benefits are included at market value, the rate drops to 3.5 percent; using the cash-equivalent method, it drops to 9.3 percent.

Some experts believe that medical benefits should not be counted as income because if they are, the sicker a person the richer he seems. Census officials said the medical benefits were included at their insurance value to help reduce this problem.

Mr. WEICKER. Mr. President, I am proud to join my good friends, Senator STAFFORD, Senator EAGLETON, and Senator DODD, as well as several of my colleagues on the Senate Committee on Labor and Human Resources, in introducing the Human Services Reauthorization Act today. This legislation would reauthorize three important Federal programs—the low income home energy assistance program, the community services block grant and the Head Start program. These programs help low income Americans meet basic human needs. Each has a proven track record of success and is well deserving of our collective attention this year.

This bill would authorize $2.3 billion in fiscal 1985 for the low income home energy assistance program (LIEAP), a program which enables the elderly and disadvantaged to cope with escalating energy costs. The amount authorized in the legislation for fiscal 1986 would be $2.5 billion and such sums as may be necessary for fiscal years 1987-89. LIEAP is currently funded at the authorized ceiling of just over $1.87 billion. An additional supplemental of $200 million currently moving through Congress would bring LIEAP to a funding level of about $2.1 billion in fiscal 1984. I believe that the authorization levels we are recommending today will allow us to hope that all Americans will be able to pass winters without deaths due to hypothermia and summers without fatalities related to heat exhaustion and heart attacks brought on by high temperatures.

Second, this legislation would reauthorize the community services block grant program at $400 million for fiscal 1985, $425 million for fiscal 1986 and such sums as may be necessary through fiscal 1989. Community action agencies across the Nation depend on this important block grant program for funds to deliver services to the most impoverished of our citizens, including food and shelter for the hungry and homeless. Numerous reports have shown the numbers of these Americans to be on the rise, so now more than ever it is important that Congress provide this program, which leverages other community resources, with an adequate authorization level.

Last, the Human Services Reauthorization Act would reauthorize the Head Start program at $1.2 billion in fiscal 1985, $1.4 billion in fiscal 1986, and at such sums as may be necessary for the remaining 3 fiscal years. Head Start, long recognized as one of the programs with the highest return to the Federal Government and to the future of America, provides low-income preschoolers with the basic educational tools they need to forge their futures.

In addition to reauthorizing these human service programs, the bill proposes important programmatic changes in each, including provisions for improved recordkeeping and money management. Several of these changes have already been instituted through the appropriations process, and so today take their more appropriate place in the authorizing statute.

Mr. President, I believe that the Senate should take prompt action and enact this bill before we recess this year. Only then can we be sure of providing those Americans who truly need our assistance with three programs intended to improve their lives.

Mr. EAGLETON. Mr. President, I am pleased to join with my colleagues, the Senator from Vermont (Mr. STAFFORD), the Senator from Connecticut (Mr. WEICKER), and the Senator from Connecticut (Mr. DODD), as a principal cosponsor of the Human Services Reauthorization Act, a bill which reauthorizes for 5 years the low-income home energy assistance program, the community services block grant, and the Head Start program.

Title I of the bill authorizes $2.3 billion in fiscal year 1985, $2.5 billion in fiscal year 1986, and such sums as may be necessary for the 3 succeeding fiscal years for the low-income home energy assistance program (LIEAP). The current authorization for LIEAP has been frozen at $1.875 billion since fiscal year 1982. Last year, the appropriations exceeded the authorization, but this year, under the fiscal year 1984 Labor-HHS appropriations bill we are once again at the fully authorized ceiling. I should add that there is every likelihood that supplemental appropriation for the bill will be forthcoming, but although the additional money is sorely needed in many parts of the country, its lateness in being allocated will make it more difficult for the States to use wisely to meet the many needs that are as yet unmet.

It is clear that, at its presently funded level, the low-income home energy assistance program does not come close to helping low-income and elderly households cope with soaring home energy costs. Only one-third of eligible households received any of the LIEAP funds distributed last year, and the average annual payment of $184 was woefully short of the amount necessary to cover many households' energy expenses. In 13 States, LIEAP benefits paid for less than 20 percent of the average annual home energy bill for low-income households and in 35 States, households that received LIEAP benefits were still left with energy bills ranging from $500 to $1,000.

Added to the fact that not all eligible households are served under the current funding, it is important to focus on the recent increases in home energy costs which make this type of assistance even more crucial to poor and elderly households. For example, the average cost of natural gas to residential customers rose an average of 21.4 percent last year alone. In some areas of the country, it increased by 40 percent. This dramatic increase in natural gas prices has a particularly hard impact on those people served under this program, since over 60 percent of elderly and low-income households heat with natural gas. A number of studies have provided statistics on households that have lost utility service. According to testimony by the Citizens/Labor Energy Council, 300,000 households lost service last year, an increase of 30 percent from the preceding year. Another study by the National Consumer Law Center, based on analysis of the record of 10 utilities around the country, showed that there had been a 46-percent increase in the number of shutoffs since 1980. In my home city of St. Louis, these dry statistics were dramatically

translated into human suffering in the case of Howard Spears. Mr. Spears, a 93-year-old blind man, was found near death in his apartment in January. The gas had been shut off for nonpayment, and the floors and walls were covered with ice. He died of hypothermia hours after arriving at a local hospital. This kind of grim reality is duplicated in case after case across the country, and it is out of this kind of tragedy that the Federal low-income assistance program grew and must continue to grow to meet the new reality of high energy costs for the elderly and the poor.

Title I of the bill seeks to address a number of concerns which have been raised with respect to the program under its present authority. Although the existing act requires that priority go to all households with low incomes and high proportional home energy bills, the permissive structure of the block grant has lead many States to adopt the administratively simple method of distributing benefits mainly to recipients of other categorical programs, largely AFDC and SSI. For the 60 percent of the poor under 125 percent of poverty not served by welfare programs, including the majority of the low-income elderly, this imposes often insurmountable burdens to securing assistance. Thus, the bill explicitly prohibits discrimination against those households not categorically eligible so long as they meet all other requirements. In addition, it strengthens the crisis programs in those States by requiring each State to reserve at least 5 percent of its funds until March 15 of each year for energy crisis intervention and by insuring that community based organizations have some share in such programs.

The bill also seeks to deal with the carryover problem. Under current law, States are permitted to carry over as much as 25 percent of their low-income energy funds. While the overwhelming majority of States keep only approximately 10 percent to enable timely fall startup activities as the fiscal year begins, a few routinely budget the full 25 percent carryover. In that the program is already covering a low proportion of home energy bills for a small segment of the eligible population, it seems inappropriate for States to carry over large amounts of funds. If States do not need their allotment, it should be reapportioned to other States that clearly do. Thus, the bill limits the permissive carryover to 15 percent, and for States that transfer LIEAP funds to other block grants, to 10 percent.

A third problem which has been raised relates to the Department of Health and Human Services' monitoring of the programs under the statute. Under current law, HHS must fund States upon receipt of a completed application. It cannot evaluate independently whether the States' application and plan meet the requirements of the act; it cannot monitor whether the funds are being spent according to the plan; it cannot require specific information in the State plan; and is only permitted to collect data at the end of the program year. It is our view that a program with an expenditure of roughly $2 billion should and can be more carefully monitored without imposing any undue reporting burden on the States. Thus, the bill requires States to report basic program data annually.

Title II of the bill reauthorizes the community services block grant at $400 million for fiscal year 1985, $425 million for fiscal year 1986, and such sums as may be necessary for each of the 3 succeeding years. In addition, the bill provides greater flexibility to the States by allowing them to increase eligibility under the community services block grant to 125 percent of poverty if the State feels that is necessary to achieve the purposes of the program. The bill also modified the requirement of existing law from 90 to 85 percent that must be passed through to eligible entities or community action agencies to operate programs under the block grant at the local level. A study conducted by the Institute for Local Government of Berkeley, Calif., revealed that, absent the passthrough provision, some States indicated that they would distribute funds to each local political jurisdiction, with little regard to targeting services to the poor. Other States indicated that they would use the funds to supplement State and local administrative costs. This bill will assure that community action agencies, with their 20-year history of proven effectiveness in delivering comprehensive services to low income individuals in their own communities, will continue to leverage a wide spectrum of services to aid low income families.

Title III of the bill extends the Head Start program for 5 years, with funding authorized at $1.2 billion in fiscal year 1985, $1.4 billion in fiscal year 1986, and such sums for the remaining 3 years. As my colleagues know, Head Start is a highly effective, comprehensive child development program designed to help economically disadvantaged preschoolers. Today, 430,000 children are enrolled in the Head Start program, including more than 43,000 handicapped children. Yet, these figures represent only 21 percent of the Nation's children living in poverty. A recent review of the Head Start research over more than the last decade indicates that Head Start children have higher achievement in school and are less likely to fail a grade, drop out of school or require special education classes than children not enrolled in the program. In addition to the educational services, Head Start has provided physical, dental, and mental health services to millions of preschool children since the program's inception. After receiving Head Start services, children generally improve in hemoglobin levels, motor control, and physical development. They are more likely to be of normal height and weight, to have fewer absences from school, and to perform better on physical tests. A number of elements in the Head Start program are widely credited with the effectiveness of the program, including the conversion from summer to full year programs, implementation of the Head Start program performance standards, initiation of the child development associate staff training program, and an increased emphasis on parent involvement.

This bill seeks to build on Head Start's record of success by assuring that training and technical assistance activities under the program are maintained, the child development associate activities aimed at improving the competence of classroom staff is maintained, and that existing performance standards are not in any way weakened.

Mr. President, all three of these programs meet essential human needs of low-income individuals and families, and their continuation and strengthening is vital to our Federal commitment to avert what can be literally life-threatening situations, and to provide opportunities to break the cycle of poverty.

I urge all of my colleagues to study this bill closely and to join us in seeking enactment of the Human Services Reauthorization Act.

Mr. KENNEDY. Mr. President. I am pleased to join my distinguished colleagues in support of the Human Services Reauthorization Act. I commend Senators STAFFORD, EAGLETON, WEICKER, and DODD for the work they have done in developing this important legislation.

The Human Services Reauthorization Act will extend for 5 years the community services block grant, the low-income energy assistance program, and the Head Start program and calls for modest increases in funding. These programs have proven to be successful in alleviating the burdens of poverty by delivering vital services to Americans who need help.

The services provided by communities to the poor and elderly through the community services block grant include a broad range of antipoverty activities. Not only do these programs benefit those individuals who are most in need, but each community as a whole shares in these benefits through neighborhood development. The issue of low-income energy assistance, which provides help to low-income households to meet the costs of home

heating or cooling, is crucial to the residents of my State and to millions of elderly and needy people throughout the Nation. And finally, the Head Start program has been very successful in providing quality education and other services to thousands of children and their families.

It is important that these programs that make vital contributions to the well-being of the poor and to the communities in which the poor reside continue. Today it is even more important that we renew our commitment to our Nation's poor who have unfairly borne the burden of the recent recession and the high unemployment rates. The administration has abandoned these citizens. Year after year, the President has called for either the elimination of or drastic reductions in these critical programs and, year after year, Congress has rejected those proposals. We must not yield any ground in the progress we are making in alleviating the problems of the poor.

I call on my colleagues to show their commitment to fighting poverty by supporting this act, and I urge Congress to take swift action on these proposals.

Mr. HATFIELD. Mr. President, I am delighted to join with my colleagues in the introduction of S. 2374, the Human Services Reauthorization Act. This act provides for the continued authorization of funding for three highly successful programs which have proven effective in addressing and assisting with the special needs of low-income individuals in a variety of areas.

The low-income energy assistance program provides grants to States and Indian tribes to aid low-income households in meeting the escalating costs of home heating or cooling. The bill authorizes $2.3 billion for fiscal year 1985, $2.5 billion for fiscal year 1986, and such sums as necessary the following 3 years. As evidenced by the current need for supplemental funding for this program, the present appropriation of $1.85 billion has proven inadequate in addressing that need.

The bill seeks also to clarify a number of program elements which include requiring States to reserve at least 5 percent of their allotment each year to assure funding for crisis intervention activities in the State, providing more explicit information to the Department of Health and Human Services regarding their plans for expenditure of low-income energy assistance funds, and limiting States allowable carryover to 15 percent of their allotment.

The community services block grant program is reauthorized for $400 million for fiscal year 1985, $425 million for fiscal year 1986, and such sums as may be necessary for the 3 succeeding years. The program's goals are: To provide block grants to States for a range of services and activities to alleviate the effects of poverty in communities within the States; and to provide a discretionary fund which supports programs designed to address the needs of low-income citizens in rural housing, economic development, special rural and urban needs, migrant and seasonal farmworkers assistance, and other purposes.

Finally, the bill would reauthorize the Head Start program for 5 years with reauthorization levels of $1.2 billion in 1985, $1.4 billion for 1986, and such sums as necessary for the remaining 3 years. The Head Start program was designed to foster the development of preschoolers from poor families and enable them to deal more effectively with their environment and later responsibilities in school and community life. This program has been extremely effective. Studies have concluded that Head Start children score better on standardized tests, achieve more in school, and are less likely to fail a grade, drop out, or require special education classes later on.

Each of these three programs has made a significant contribution to providing for the needs of those individuals in our society who are faced with the ravages of poverty. It is essential that these programs be reauthorized to include realistic funding levels reflecting the Congress strong support for such vital and necessary services to our citizens in need.

Mr. SASSER. Mr. President, I rise today as an original cosponsor of S. 2374, the Human Services Reauthorization Act.

S. 2374 reauthorizes for 5 years three programs that are proven success stories, and are vital to the continued well-being of this Nation's low-income families. They are the community services block grant; the Head Start program; and the low-income energy assistance program. As reports continue to show a frightening increase in the number of Americans living at or below the poverty line, Congress should take this opportunity to reaffirm our commitment to improving the plight of hundreds of thousands of poor Americans.

S. 2374 reauthorizes the community services block grant for 5 years. This reauthorization is essential since President Reagan, in his proposed budget for fiscal 1985, has requested that the community services block grant be abolished. Congress has rejected such efforts in the past. S. 2374 clearly rejects the administration's approach, and reiterates Congress commitment to the continuation of this vital program.

In Tennessee, community services block grant funds have been used successfully. The Tennessee Community Services Administration manages 22 community action agencies which operate 115 neighborhood service centers, serving over 200,000 households annually. The department reports that with Federal and local community services block grant funds, 562,000 volunteer man-hours are created each year. The department further estimates that these man-hours have a minimum value of $2 million. I believe these numbers show the importance, the success, and the efficiency of the community services block grant in Tennessee.

S. 2374 will raise the authorization level of this block grant to $400 million in 1985 and to $425 million in 1986, and shows congressional intent to continue sufficient funding for the program through 1989. The pass-through requirement included in the bill is particularly important to Tennessee community action agencies. This provision assures that local agencies will actually receive Federal dollars to operate their antipoverty programs.

The legislation also addresses the issue of impoverished children in America. Mr. President, sadly, 3.1 million children have fallen into poverty since 1979. Child services have been deeply cut since 1981, and this bill offers Congress the chance to restore part of these cuts.

S. 2374 reauthorizes and improves the Head Start program, which is vital to the quality of living experienced by hundreds of thousands of impoverished preschoolers. The Head Start program serves 425,000 preschoolers in full-time programs, but only 18 percent of all eligible children are actually enrolled.

In numerous studies, it has been shown that compared to other low-income children, Head Start children score better on standardized tests, and are less likely to drop out of school later in their lives. Moreover, these children are more likely to be of normal height and weight than are other low-income children. Indeed, the Head Start program provides a large dose of preventive medicine to low-income American children.

In addition, the Head Start program often serves as a volunteer opportunity for Head Start parents, and teaches them valuable skills. For every 15 children in Head Start, 10 parents volunteer their services to the program. In fact, Head Start has provided jobs for more than 415,000 Head Start parents and community residents since 1965.

In addition to raising the authorization level of the Head Start program, S. 2374 includes important language which insures the continuation of valuable technical assistance and training programs. The administration succeeded in cutting these funds by 50 percent in 1983. This bill restores these funds to 1982 levels. These training and technical assistance programs are criti-

cal to the Head Start program since it operates largely on the services of volunteers.

Mr. President, equally vital to this Nation's interest, is the reauthorization of the low-income energy assistance program. The steady and continued increases in energy prices have placed an unfair burden on those segments of our society least able to afford high energy bills. For the poor, the elderly, the handicapped, and the unemployed, the energy price crisis has already arrived. It is our responsibility, Mr. President, to bring a greater degree of equity to energy prices in this country. Reauthorization of the low-income energy assistance program is a crucial step forward in this regard.

Mr. President, I believe that the low-income energy assistance program needs to be reauthorized for several reasons.

First, funding for this program has historically been inadequate. It is the poor, the elderly, the handicapped, and the unemployed in this Nation who have borne the lion's share of increased energy prices.

These Americans spend as much as 30 percent of their already meager budgets on direct energy expenditures. Since the seventies, the loss of purchasing power from these groups of Americans has totaled some $9 billion. And, indeed, between 1978 and 1980, energy expenditures for the lowest income groups increased 48 percent, while costs for higher income groups increased only 17 percent.

Middle-income Americans have also felt the devastating results of increased energy prices. Last winter, as energy prices increased some 25 to 60 percent nationwide, middle-income Americans faced the shock of being unable to pay for their gas bills. Reauthorization of the low-income energy assistance program will allow many of these Americans to receive much needed help during specific energy crises.

Lastly, Mr. President, I believe that it is imperative for the Federal Government to unequivocably place itself on record as supporting adequate energy and fuel assistance funding.

As many of my colleagues no doubt are aware, the administration is drafting legislation which will fund the low-income energy assistance program, in whole or in part, from moneys collected as a result of the oil overcharge pricing investigation currently underway at the Department of Energy.

I believe that the commitment of moneys from the oil overcharge escrow account may indeed be laudable. Nonetheless, we must reauthorize the low-income energy assistance program to insure that the Federal Government will not lose sight of its commitment in this area.

In short, Mr. President, the low-income energy assistance program is not simply a luxury item in the budget. The low-income energy assistance program is an absolute necessity, one that must be allowed to continue.

The choice for the poor, the elderly, the handicapped, and the unemployed need not and, indeed, should not be one of food or fuel. By reauthorizing the low-income energy assistance program, we will send a clear message that the Federal commitment and responsibility to energy and fuel assistance remains strong.

Mr. President, I urge my colleagues to join in sponsoring S. 2374, and in seeking swift approval of the Human Services Reauthorization Act.

By Mr. WEICKER (for himself, Mr. BUMPERS, Mr. D'AMATO, and Mr. DIXON):

S. 2375. A bill to amend the Small Business Act to improve the operation of the secondary market for loans guaranteed by the Small Business Administration; to the Committee on Small Business.

OPERATION OF SECONDARY MARKET FOR SMALL BUSINESS ADMINISTRATION LOANS

● Mr. WEICKER. Mr. President, I am today introducing legislation along with Senator BUMPERS, to amend the Small Business Act to improve the operation of the secondary market for loans guaranteed by the Small Business Administration.

I am sure that no one would disagree with the vital role that small businesses play in this country's continued march toward economic health. As this Nation's leader in job creation, innovation and research and productivity, small businesses, if they are to continue to function efficiently and play a major role in the recovery, must have access to an adequate flow of debt capital at reasonable rates.

It is no secret that small businesses have traditionally had the most difficulty in obtaining needed capital through conventional financing channels. The record level of interest rates this country experienced in the last few years has made the economic life of small business one of uncertainty, not only because capital has been expensive, but in many cases difficult, if not impossible, to obtain.

In 1982, the Small Business Administration, under the direction of its Administrator, James C. Sanders, created a blue ribbon task force known as the Small Business Committee on Capital Access. Composed of individuals representing major private sector institutions involved in the process of financing small businesses, this committee was charged with the responsibility of making recommendations for implementing measures to enhance the small business community's access to capital markets and reduce its borrowing costs. As one of its recommendations to enhance the effectiveness of SBA's 7(a) general business loan guarantee program, the committee stated in its final report:

> This committee is convinced that encouraging development of the secondary market would attract much greater involvement in SBA loans from major financial institutions. Some of these institutions would be more interested in originating loans; others would only be interested in purchasing seasoned loans; but overall, this increased involvement, and the resulting competition among lenders, would ultimately increase the funds made available through SBA loans to small business borrowers and lower the cost to the borrower.

In 1983, when the General Accounting Office (GAO) issued its final report to Congress on SBA's 7(a) loan guarantee program: An assessment of its role in the financial market, GAO concluded not only that the SBA 7(a) guaranteed loan program helps lenders fill a critical credit gap for small businesses needing long term financing but also that the current SBA secondary market program for these loans has advantages for both lenders and small business:

It helps lenders with liquidity problems to make loans to small businesses that otherwise would not be made.

It enables lenders to leverage capital and make more small business loans than otherwise would be possible.

Although GAO also noted some deficiencies in the current administration of the SBA secondary market program and recommended that SBA institute certain reforms to improve its secondary market effectiveness, their findings left no doubt as to the actual and potential benefit of the secondary market program to small businesses:

> Lenders are able to obtain funds from investors such as insurance companies, pension funds, and money market funds which traditionally do not invest directly in small business. For some small banks, being able to gain access to these pools of managed capital is the difference between being able or unable to make an SBA-guaranteed loan. The secondary market process also has a leveraging effect, allowing lenders to reinvest the proceeds from sales in other small businesses. Lastly, the secondary market is used by some lenders to offer borrowers (1) the stability of fixed rate instead of variable rate loans and (2) lower interest rates.

As part of its recommendations to SBA to improve the effectiveness of SBA's secondary market program, GAO specifically recommended that SBA's finance and investment division and office of secondary market operations develop a strategy for using the secondary market to offer small businesses the option of fixed rate financing, and that part of this strategy should address the desirability of actions such as the use of loan pooling.

Mr. President, the legislation we are introducing today would do essentially three things. First, it would give statutory authority to the SBA secondary market program that SBA instituted administratively in 1972. Second, it

would permit the pooling of SBA guaranteed loans into larger lots. According to SBA, Wall Street brokers and many bankers, this would encourage major brokers to participate in the program and facilitate the more efficient sale of guaranteed loans in the marketplace, without, I might add, any additional cost to the Government. It would also attract larger institutional investors in SBA guaranteed loans, thereby encouraging investment in, and opening up new sources of capital for small business.

Third, the legislation would mandate that SBA institute certain administrative reforms in order to insure greater efficiency in the secondary market. Specifically, the bill would require SBA to provide for central registration of all SBA guaranteed loans sold and resold in the marketplace.

By insuring that the administration has a record of all sales, and the essential terms of each sale, central registration would enable SBA and the Congress to better monitor the market process to insure that it functions efficiently. The bill would also insure that any potential abuses in the secondary market would be minimized by requiring that the administration provide to purchasers of the loans sufficient information as the administration determines to be necessary and appropriate for investors to make a prudent investment decision. Both of these provisions would go a long way toward correcting the problems in the current administration of this program discussed in the GAO report.

Mr. President, the result of this legislation, in the final analysis, should be a more efficient Government program that ultimately lowers the cost of borrowing for small business without imposing any additional costs on the Government.

I hope my colleagues will support this legislation and ask unanimous consent that the full 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. 2375

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5 of the Small Business Act is amended by adding at the end thereof the following new subsections:

"(f)(1) The guaranteed portion of any loan made pursuant to section 7(a) of this Act may be sold by the lender, and by any subsequent holder, consistent with regulations on such sales as the Administration shall establish.

"(2) The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under section 7(a) of this Act.

"(g)(1) The Administration is authorized, upon such terms and conditions as it may deem appropriate, to guarantee the timely payment of the principal of and interest on such trust certificates or other securities as shall be—

"(A) issued by any issuer approved for purposes of this subsection by the Administration, and

"(B) based on and backed by a trust or pool approved by the Administration and composed of the portions of loans which have been guaranteed by the Administration under this Act.

"(2) The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection.

"(3) The Administration may collect from the issuer a reasonable fee for any guarantee under this subsection and may make such charges as it may determine to be reasonable for the analysis of any trust or other security arrangement proposed by the issuer and shall approve such charges as may be necessary to cover servicing and other costs.

"(4)(A) In the event the issuer is unable to make any payment of the principal of or interest on any certificate or security guaranteed under this subsection, the Administration shall make such payment when due in cash, and thereupon shall be subrogated fully to the rights satisfied by such payment.

"(B) The Administration may, in connection with any guarantee under this subsection, whether before or after any default, provide by contract with the issuer for the extinguishment, upon default by the issuer, of any redemption, equitable, legal, or other right, title, or interest of the issuer in any loan portion constituting a portion of the trust or pool against which the guaranteed certificates or securities are issued.

"(C) With respect to any issue of certificates or securities, which have been guaranteed under this subsection, in the event of default by the issuer and pursuant otherwise to the terms of the contract with the issuer, the portions of the loans which constitute such trust or pool shall become the absolute property of the Administration subject only to the unsatisfied rights of the holders of such loan portions.

"(D) No State or local law, and no Federal law, shall preclude or limit the exercise by the Administration of—

"(i) its power to contract with the issuer on the terms contained in subparagraph (B),

"(ii) its rights to enforce any such contract with the issuer, or

"(iii) its ownership rights, as provided in subparagraph (C), in the portions of loans constituting the trust or pool against which the guaranteed certificates or securities are issued.

"(5) The Administration shall develop such procedures as are necessary for the facilitation, administration, and promotion of secondary market operations.

"(6) All guaranteed obligations issued pursuant to this subsection shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"(7) All guaranteed obligations issued pursuant to this subsection shall, to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

"(h) The Administration shall—

"(1) provide for a central registration of all loans trust certificates and other securities sold pursuant to subsections (f) and (g) of this section; and

"(2) disclose to purchasers information describing the offer and sale of portions of loans or interests therein, which have been guaranteed by the Administration under this section, as the Administration determines to be necessary and appropriate for a prudent investment decision.".

(b) Section 4(c)(1)(B) and section 4(c)(2)(B) of such Act are each amended by inserting "5 (g)" before "7(b)(1)".●

● Mr. BUMPERS. Mr. President, I am pleased to join with Senator WEICKER, the chairman of the Senate Small Business Committee, and our colleagues on the committee, in introducing legislation that would statutorily establish a secondary market operation in Small Business Administration-guaranteed loans. In addition, to facilitate the growth and development of that secondary market, the legislation would permit SBA-guaranteed loans to be combined or pooled into large homogeneous packages for resale in the secondary market. While a secondary market in individual SBA-guaranteed loans has been operating under limited agency authority for some time, SBA lacks present authority to permit the formal pooling of loans.

This is the first major legislation that has been introduced and referred to the committee since I became the ranking Democratic member last October. I look forward to working with Senator WEICKER, the committee, and the Small Business Administration on the development of this important legislation.

Mr. President, for small business, there is no more significant issue than that of capital formation and retention. During much of my tenure of the Senate Small Business Committee, I have served on the Capital Formation Subcommittee. I know firsthand the critical role of capital to small business birth, expansion and development and the considerable work that our committee has done in this area. In addition, capital formation was the number one—and the top five—issue of the 1980 White House Conference on Small Business, and is rated as the most important issue in the view of countless witnesses before our committee.

Small business financing usually takes the form of debt financings from banks. According to the 1983 "President's Report on the State of Small Business," financial institutions are the primary source of credit to small business, and approximately 70 to 80 percent of all small businesses have borrowed from banks. Overall, according to that same Presidential report, small firms owe 20 to 30 percent of their total liabilities to banks. One of

the largest single sources of debt financing for small business is the SBA-guaranteed loan program administered in cooperation with private financial institutions. Under this program, SBA may guarantee up to 90 percent of a loan made to a small business by a financial institution. In the current fiscal year, through December 31, 1983, the agency has guaranteed a total of 4,420 loans, for a total of $735 billion. In the past 5 years, the agency's guaranteed program has made over $12 billion available to small business.

According to a recent extensive survey of the SBA 7(a) guaranteed loan program, the Geneal Accounting Office concluded that the program is assisting a significant segment of small business. GAO found that the 7(a) loan program benefits an important segment of small businesses in need of long-term debt financings. In addition to satisfying a significant portion of small businesses' long-term capital needs, the SBA guarantee also provides larger and longer term loans than banks normally provide to small business, according to GAO.

While this program is not perfect, it functions very well in the marketplace, and is well known by the small business community and by the banks. Our committee has reviewed the program, and over time has made slight modifications to it. Our committee has also had strong biparitsan support for a significant program level to insure the availability of this program. I am troubled by President Reagan's budget recommendation that this guaranteed program level be reduced over the next several years, so that by fiscal year 1987, he projects a total guarantee level of only $900 million. I am concerned about both the direct impact of such a program level on small business and the wrong signals that it sends about this Government's commitment to providing adequate financing to small business.

To enhance the benefits of the SBA-guaranteed loan program to both the small business borrowers and to the financial institutions making those loans, legislation to formally established a secondary market could be valuable. Essentially, a secondary market permits participating lenders to sell the SBA-guaranteed portion of a loan to an investor. Our committee, and the small business community, have been studying a variety of proposals and options that could provide access to the billions of dollars held by insurance companies and pension funds. A functioning secondary market with certain characteristics could provide an indirect but efficient means of permitting small business access to these major sources of institutional investors. For that reason, I have joined in this legislation and will carefully review the balance between investor protection and small business access.

In June 1982, SBA formed a Small Business Committee on Capital Access. According to their report issued in October 1982:

> The SBA has sought to develop an active secondary market in loans bearing its guarantees. Approximately 2 percent of the loans bearing SBA guarantees have been sold in the secondary market.
>
> This Committee is convinced that encouraging development of the secondary market would attract much greater involvement in SBA loans from major financial institutions.

In recent testimony before the House, SBA Administrator James Sanders noted that:

> We believe that the secondary market is an important component of our financial assistance programs. I personally place a high priority on improving our efficiency in this area. As we strive to perfect the programs, we look forward to a cooperative working relationship with the Congress.

The experience we have had with home mortgages using the secondary market operation of the Government National Mortgage Association (GNMA) provides the target we are trying to reach in results and the guideline for the legislation we are proposing. Two additions to that framework have been added, however.

The first would require a central registration of all transactions to be put into, or traded through, the secondary market. This provision will insure that the Small Business Administration can trace the status of any of its loans put into the secondary market. Such registration is a necessity for a variety of reasons, from congressional and agency oversight of the secondary market program to the possibility of individual loan defaults.

The second provision would require SBA to develop and make available a disclosure document which provides potential investors, and purchasers, with background information on the nature and operation of the secondary market, and the nature of the investment and the risk of SBA-guaranteed loans. In my view this broad disclosure document is not meant to be an SEC-type registration and disclosure document for each loan, or for each pool of loans created. But some minimum disclosure, to be required by statute, is necessary as SBA, the General Accounting Office, and our committee recognize.

Mr. President, I have found in my review of this proposal to date a number of benefits to small business that have been cited by a variety of commentators. These benefits have been summarized in GAO's recent report on SBA's 7(a) program:

> Sales of SBA-guaranteed loans in the secondary market benefit small businesses. Lenders are able to obtain funds from investors such as insurance companies, pension funds, and money market funds which traditionally do not invest directly in small businesses. For some small banks, being able to gain access to these pools of managed capital is the difference between being able or unable to make an SBA-guaranteed loan. The secondary market process also has a leveraging effect, allowing lenders to reinvest the proceeds from sales in other small businesses. Last, the secondary market is used by some lenders to offer borrowers the stability of a fixed rate instead of a variable rate loan, and lower interest rates.

It is incumbent on us as the sponsors of this legislation, and on the Small Business Committee during its hearings and development of this legislation, to insure that the program provides significant assistance to small business. This is one area, in particular, that I intend to pursue throughout the legislative course of this proposal. From the investors' point of view, I recognize the value of establishing a program as close to the GNMA proposal as possible. However, I also believe it is important to raise a number of questions regarding SBA's proposed operation and controls over the secondary market, and to determine with specificity the benefits and limitations of this program. I will ask many of the questions that I have about the operation of the present secondary market operation, and how the enhanced program using pooling will work during the Senate Small Business Committee's hearings on March 6. Additional statutory provisions may be necessary to make the agency's authority clear, and to start this statutory secondary market program on a firm base.

We know that small business plays a critical role in the Nation's economy. It is a leader in new job creation, and a source of employment. Small firms also produce 2½ times as many innovations per employee as large firms. The lifeblood of their growth and development is access to capital on reasonable terms and at affordable rates.

Mr. President, I look forward to the comments of potential investors, of the financial institutions, of the administration, and of representatives from the small business community on this important financial program. I also look forward to working with Senator WEICKER and my colleagues on the committee on this significant small business proposal.●

By Mr. MOYNIHAN:

S. 2376. A bill to amend the Internal Revenue Code of 1954 to reform the taxation of options; to the Committee on Finance.

OPTION TAX REFORM ACT OF 1984

● Mr. MOYNIHAN. Mr. President, I rise today to introduce legislation designed to provide a rational and consistent regime for the Federal income taxation of exchange traded options. This proposal covers options traded on both commodity exchanges and stock option exchanges but does not deal di-

rectly with stock options, options on stock indices, or options on stock index futures.

The legislation is offered as a substitute for section 112 of S. 2062, which deals with options on regulated futures contracts—RFC's—and cash settlement options. This legislative proposal would not affect section 111 of S. 2062, which would make exchange traded stock options subject to the antistraddle rules of section 1092, with an exemption for non-deep-in-the-money covered calls. Let me make it clear that I strongly endorse the inclusion of stock option straddles in the antistraddle rules, with an appropriate exception for non-deep-in-the money covered calls.

Section 112 currently provides that options on futures contract—options on futures—would be RFC's, thus qualifying such products for mark-to-market 60/40 tax treatment under code section 1256. Options on stock or securities and other options to acquire or sell an underlying product directly—"direct options"—would not be treated as RFC's, but rather would be subject to the antistraddle rules of code section 1092 and be taxed, generally as short-term gains and losses.

The legislation which I am proposing today has two parts: Part I relates to the tax treatment of options traded by investors; that is, by persons other than market makers and floor traders. Substantial head-to-head competition between options on futures and direct options currently exists and can be expected to expand in the near future. Treating options on futures as RFC's while treating competing direct options as non-RFC's would have a serious adverse impact on the markets for direct options. Part I of the legislation I propose today would provide for parity in the tax treatment of competing options products in the hands of investors.

Part II of the proposal relates to the tax treatment of professional option market makers in direct options and floor traders in options on futures—collectively "option market makers". It would extend to such persons the mark-to-market 60/40 tax treatment that applies today to futures traders.

PART I—TREATMENT OF INVESTOR OPTIONS

Under my legislation, the universe of exchange traded options held by investors would be divided into two classes: First, equity based options; and second, nonequity based options. Equity based options would consist of exchange traded stock options, options on stock indices, and options on stock index futures. Nonequity based options would consist of all other exchange traded options, including, for example, options on all futures contracts—other than stock index futures, options on Treasury securities, and options on foreign currencies. The Treasury would have the authority to promulgate regulations to distinguish between the two classes of options in cases of ambiguous products.

All nonequity based options would be treated as RFC's under code section 1256—subject to 60/40 tax treatment and marked-to-the-market at year-end. There would be recognition of gain or loss on exercise of these options to prevent 60/40 losses from being converted to short-term losses.

Trading of these options, whether it takes place on commodity futures exchanges or on stock options exchanges, is part of a zero sum system. Although there are winners and losers within the system, as a whole the system does not produce net income. Therefore, a 60/40 mark-to-market regime for taxing the trading of these options would tend to be revenue neutral.

Equity based options would not be treated as RFC's. They would be subject to the rules of code section 1234—subject to short-term capital gain or loss on short positions; long- or short-term gain or loss on long positions, depending on holding period. Gain or loss would be recognized on exercise of options on stock index futures to avoid transferring unrealized gain or loss to a 60/40 position.

The proposal that you have before you rests primarily on the principle that the same Federal income tax treatment should be applicable to directly competitive options products. Part I of this proposal accomplishes this objective in every instance. Moreover, it provides both a measure of fairness and an incentive to the taxpayers who risk their capital in the options markets, thus supplying these markets with needed liquidity.

Furthermore, the proposal has a distinct advantage from the viewpoint of the Internal Revenue Service. With the single exception of trading options on equity-based index futures against such futures themselves, it eliminates mixed straddles between options on various zero sum system products and the underlying products. For example, under the proposal, an option on a gold futures contract and the gold futures contract itself would both be marked-to-the-market at year end and taxed at the 60/40 rate. Therefore, a trader does not have the possibility of creating short-term losses in the present year and rolling long-term gains into the following year.

As noted, the proposal does not address the taxation of stock options, options on equity-based indices or on futures on equity-based indices. These options would not be taxed under the mark-to-market, 60/40 rule. This is because stock is not part of a zero sum system, and it is thought that the taxation of equity-based options should conform to the taxation of stock itself in order to eliminate as many mixed straddle problems as possible.

In summary, part I of the proposal before you seems to me to contain the best possible solution with regard to the taxation of the zero sum system options. It has the advantage to the Internal Revenue Service of avoiding many mixed tax straddles. It provides taxpayers with the incentive to risk their capital in these important markets so that these markets can perform their function of price discovery and provides those with a need to hedge with the ability to do so.

PART II—TREATMENT OF OPTIONS MARKET MAKERS

Part II of the proposal provides that option market makers would receive 60/40 mark-to-market treatment on all options acquired or sold in the course of their business of trading options. This would include equity based options—such as stock options and stock index options—as well as nonequity based options. Option market makers would not be entitled to a hedging exemption with respect to such options unless they were bona fide dealers in the underlying property. The hedging exemption would be amended to prevent hedging account losses attributable to their option positions from offsetting unrelated income. This same rule would, among other things, prevent a flow through of ordinary losses from dealer options to any limited investor, and is thus much tighter than the present syndicate rule of section 1256(e)(3).

Rules are also provided to prevent a flow-through of the market makers' and professional floor traders' 60/40 treatment on equity based options to investors through partnerships or otherwise.

I am also proposing a technical amendment to section 1092(b) which will give the Treasury the authority to prescribe regulations that allow a taxpayer to designate positions—whether or not offsetting—into a mixed straddle account. The rules governing such account should prevent deferral or conversion of income, and should permit a taxpayer to receive the treatment provided in section 1256(a)(3) to the extent net gains from regulated futures contracts in such account exceed net losses from nonregulated futures contracts in such account. This special mixed straddle account will be a major simplification in the operation of the antistraddle rules, particularly for taxpayers who have a substantial number of mixed straddles. It is the intent of this legislation that the basic rules governing this account be worked out by the staffs of the Treasury, the Joint Committee, the Senate Finance Committee, the House Ways and Means Committee, after hearing the views of industry representatives. These rules will be reflected in the committee report to this legislation. Taxpayers could rely on the

report pending promulgation by the Treasury of its regulations.

Effective date rules, transitional rules, and rules governing the pay-in period for tax imposed on deferred gain recognized as a result of the mark-to-market rules will need to be worked out with the staffs of the Treasury, the Senate Finance Committee, the House Ways and Means Committee, and the Joint Committee.

Part II of this legislative proposal is premised on the fact that both professional futures traders—who currently receive mark-to-market 60/40 tax treatment—and option market makers perform similar economic functions. They are members of, and follow the rules of, an exchange—board of trade. Only members may buy or sell options or futures contracts on the floor of the exchange. The contract is embodied in the rules of the exchange and the clearinghouse, and all transactions must be conducted on the floor of the exchange. The contracts are not transferable and are, therefore, not sold to customers. In conducting their daily activities, option market makers and professional futures traders, trading for their own accounts, provide the liquidity which enables their respective markets to function efficiently.

The similarity in the activities of option market makers and professional futures traders strongly suggests that the character of gain or loss arising from professional trading activities in these two products should be the same. The proposal would accomplish this by extending the present mark-to-market 60/40 tax treatment of section 1256 to all option market makers and floor traders.

I note that the Treasury Department has indicated that it favors mark-to-market taxation for all option market makers. I believe, however, that the adoption of a mark-to-market system at a 50-percent tax rate could put option market makers at a serious competitive disadvantage.

I ask unanimous consent that the full text of the legislation be printed in the RECORD.

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

S. 2376

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

This Act may be cited as the Option Tax Reform Act of 1984.

SEC. 101. DEFINITION OF REGULATED FUTURES CONTRACT.

(a) REGULATED FUTURES CONTRACT DEFINED.—Subsection (b) of section 1256 (defining a regulated futures contract) is amended by adding at the end thereof ", any dealer option, and any non-equity option."

(b) DEFINITIONS.—Section 1256 (relating to regulated futures contracts) is amended by adding at the end thereof the following new subsections:

"(h) DEFINITIONS.—

"(1) LISTED OPTION CONTRACT DEFINED.—For purposes of this section, the term "listed option contract" means any option (other than any right to acquire stock from an issuer) which is traded on a domestic exchange, a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission, or a similar foreign exchange or foreign board of trade which the Secretary determines has rules adequate to carry out the purpose of this section.

"(2) NON-EQUITY OPTION DEFINED.—For purposes of this section, the term "non-equity option" means any listed option contract other than (i) an option which settles in stock or an option the value of which is determined, directly or indirectly, by reference to stock or a stock index, or (ii) an option which settles in or whose value is determined directly by an item of property or an index, if the Secretary determines that the Commodity Futures Trading Commission (acting with the approval of the Securities and Exchange Commission) would be prohibited from designating a board of trade as a contract market for such item of property.

"(3) OPTIONS DEALER DEFINED.—For purposes of this section, the term "options dealer" means (A) a person registered with the Securities and Exchange Commission and an appropriate national securities exchange as a market maker or specialist in listed option contracts, and (B) a person registered with a domestic board of trade designated as a contract market by the Commodities Futures Trading Commission who, in or surrounding any pit, ring, post or other place provided by such board of trade for the meeting of persons similarly engaged, purchases or sells any option on any regulated futures contract which option is on, or subject to the rules of, such board of trade.

"(4) DEALER OPTION DEFINED.—For purposes of this section, the term "dealer option" means any listed option contract that is acquired or entered into by an options dealer for his account and that is listed on the national securities exchange or domestic board of trade on which such options dealer is registered."

"(i) COORDINATION WITH SECTION 1091.—This section shall not affect the determination of whether a taxpayer is engaged in the trade or business of trading the underlying property, or is a dealer in the underlying property, for purposes of section 1091."

"(c) TERMINATIONS.—Paragraphs (1) an (2) of section 1256(c) are amended to read as follows:

"(1) IN GENERAL.—The rules of paragraph (1), (2), and (3) of subsection (a) shall also apply to the termination (or transfer) during the taxable year of the taxpayer's obligation (or rights) with respect to a regulated futures contract by offsetting, by taking or making delivery, by exercise or being exercised, by assignment or being assigned, by lapse, or otherwise.

"(2) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY ON OR EXERCISES PART OF STRADDLE.—If—

"(A) 2 or more regulated futures contracts are part of a straddle (as defined in section 1092(c)), and

"(B) the taxpayer takes delivery under or exercises any of such contracts, then, for purposes of this section, each of the other such contracts shall be treated as terminated on the day on which the taxpayer took delivery."

(d) SPECIAL RULES.—

(1) IN GENERAL.—Paragraph (2) of section 1256(f) is amended to read as follows:

"(2) SUBSECTION (a) (3) NOT TO APPLY TO ORDINARY INCOME PROPERTY.—Paragraph (3) of subsection (a) shall not apply to gain or loss which, but for such paragraph, would be ordinary income or loss, provided, however, that paragraph (3) of subsection (a) shall apply to gain or loss of an options dealer from dealer options. In no case shall property underlying a dealer option be considered to be ordinary income or loss property in the hands of the taxpayer solely by reason of the fact that the taxpayer is an options dealer with respect to such options."

(2) LIMITED PARTNERS AND LIMITED ENTREPRENEURS.—Subsection (f) of section 1256 is amended by adding at the end thereof the following new paragraph:

"(3) SUBSECTION (A) (3) NOT TO APPLY TO LIMITED PARTNERS OR LIMITED ENTREPRENEURS.—Paragraph (3) of subsection (a) shall not apply to any gain or loan with respect to dealer options that is allocable to limited partners or limited entrepreneurs (within the meaning of section 1256(e)(3)) of an options dealer unless such gain or loss is attributable to non-equity options."

(3) LIMITATION ON HEDGING LOSSES ATTRIBUTABLE TO DEALER OPTIONS.—Subparagraph (e) of section 1256 is amended by adding at the end thereof the following new paragraph:

"(5) SPECIAL RULE FOR OPTIONS DEALERS.—In the case of an options dealer, any losses for the taxable year resulting from the sale, exchange or other disposition of dealer options which are part of a hedging transaction shall be allowed only to the extent of the ordinary income derived by the taxpayer in the conduct of the business to which such hedging transaction relates. Any disallowed losses may, pursuant to limitations set forth in regulations, be carried back or forward under principles similar to those in Section 172."

SEC. 102. TAX TREATMENT OF CASH SETTLEMENT OPTIONS AND COMMODITY OPTIONS.

Section 1234 (relating to options to buy or sell) is amended by adding at the end thereof the following new subsection:

"(c) TREATMENT OF GAIN OR LOSS IN THE CASE OF A CASH SETTLEMENT OPTION AND A COMMODITY OPTION.—

"(1) GENERAL RULE.—In the case of the grantor or purchaser of a cash settlement option or commodity option, gain or loss attributable to the sale, exchange, lapse, exercise, or failure to exercise shall be treated as gain or loss from the sale or exchange of a capital asset held not more than one year, provided, however, that in the case of a purchaser of such option, such gain or loss will be treated as gain or loss from the sale or exchange of a capital asset held for the period that such option was held by the taxpayer.

"(2) CASH SETTLEMENT OPTION DEFINED.—For purposes of this section, the term "cash settlement option" means any option (which is traded on a domestic exchange) which settles in (or could be settled in) cash or property other than the underlying property on exercise.

"(3) COMMODITY OPTION DEFINED.—For purposes of this section, the term "commodity option" means any option (which is traded on or subject to the rules of a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission) where the underlying property is a regulated futures contract (as defined in section 1256(b)).

"(4) NONAPPLICATION OF SUBSECTION.—This subsection shall not apply to an option

which constitutes property described in paragraph (1) of section 1221 or to any option acquired or granted in the ordinary course of the taxpayer's trade or business of acquiring and granting options."

"(5) NONAPPLICATION TO REGULATED FUTURES CONTRACTS.—This section 1234 shall not apply to an option which is a regulated futures contract as defined in section 1256(b)."

SEC. 103. APPLICATION OF SECTION 1092(b) TO MIXED STRADDLES.

Subsection (b) of section 1092 (relating to straddles) is amended by adding at the end thereof: "In the case of a straddle where one (but not all) of the positions of which are regulated futures contracts and where the mixed straddle election of section 1256(d) does not apply, the Secretary shall prescribe regulations that allow a taxpayer to designate positions (whether or not offsetting) to a special mixed straddle account. The rules governing such account shall prevent deferral or conversion of income, but shall in no case prevent a taxpayer from receiving the treatment provided in section 1256(a)(3) to the extent net gains from regulated futures contracts in such account exceed net losses from non-regulated futures contracts in such account."

SEC. 104. TAX COURT REVIEW OF SECRETARY'S DETERMINATION (OR FAILURE TO DETERMINE) UNDER SECTION 1256(h)(2)(ii).

"A new section 7479 is added immediately following section 7478, as follows:

"Section 7479. Declaratory Judgments Relating to Status of Certain Option Contracts as Regulated Futures Contracts."

(a) CREATION OF REMEDY.—In a case of actual controversy involving—

(1) a determination by the Secretary that an option would not qualify as a non-equity option by reason of section 1256(h)(2)(ii), or

(2) a failure by the Secretary to make a determination with respect to any matter referred to in paragraph 1,

then upon the filing of an appropriate pleading, the Tax Court may make a declaration whether or not such option would qualify. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

(b) LIMITATION.—A pleading may be filed under this section only by the exchange proposing to trade such option or by any domestic board of trade designated as a contract market by the CFTC."●

By Mr. BAUCUS:

S. 2377. A bill to set forth qualifications for the offices of Attorney General of the United States and Deputy Attorney General; to the Committee on the Judiciary.

ATTORNEY GENERAL QUALIFICATIONS

● Mr. BAUCUS. Mr. President, I am today introducing legislation that will prevent any individual who has held a leading partisan position in the election of a President from becoming Attorney General or Deputy Attorney General of the United States. This legislation would institute reforms suggested by the Watergate special prosecution force in their 1975 report and would go a long way to depoliticizing the Department of Justice.

The Members of this body have been asked too many times in the past to give their constitutional advice and consent to the nomination of an individual who served as the President's chief political adviser and campaign manager to become the chief law enforcement officer of the Nation. We will apparently be asked to do so again. We must stop viewing the job of Attorney General as a political plum to be awarded to the politically faithful. Instead we should view it as a position of responsibility. First this requires an individual who can assure that our laws are strictly and fairly enforced.

The Watergate special prosecution force put it in these words: The President should not nominate and the Senate should not confirm as Attorney General, or as any other appointee in high Department of Justice posts, a person who has served as the President's campaign manager or in a similar high-level campaign role. A campaign manager seeks support for his candidate and necessarily incurs obligations to political leaders and other individuals throughout wide geographical areas. If he then takes a high position in the Justice Department, he may take—or appear to take—official actions on the basis of those commitments rather than on appropriate legal and policy grounds. The Attorney General and other Justice Department appointees should be lawyers with their own reputations in the legal profession, with capacity and willingness to make independent judgments, and with the authority to choose similarly qualified persons for subordinate positions.

Mr. President, we in this body ought to insist that this advice be followed. In fact, the Senate has agreed to legislation similar to mine twice before, once in 1976 and once in 1977, when the Senate by unanimous consent agreed to exclude high Presidential campaign officials from serving as Attorney General. Unfortunately, the House did not agree to the legislation and it was never enacted into law. I believe it is now time to do so.

We need to avoid even the appearance of a conflict of interest when it comes to enforcing the laws of the Nation. The Attorney General, as chief law enforcement official, is in a particularly sensitive position and ought to be completely beyond any taint of conflict of interest or favoritism. Such simply cannot be the case if the Attorney General has incurred political debts as campaign manager of a Presidential campaign.

Unfortunately, too often in recent history Congress has been asked to confirm a political operative as Attorney General. I do not know how Mr. Meese will fare in the confirmation process. But as I review his past record, I have become convinced that the Senate should not be put in this position in the future.

Mr. President, this legislation can only help this Nation. We do not lack for well-qualified individuals who would be excellent Attorneys General. We need not ask high campaign officials to balance their political promises with impartial enforcement of the Nation's laws.●

By Mr. ABDNOR (for himself, Mr. PELL, Mr. MOYNIHAN, Mr. SYMMS, Mr. STENNIS, Mr. PRESSLER, Mr. SARBANES, Mr. WARNER, Mr. BOREN, Mr. MCCLURE, Mr. MATSUNAGA, Mr. TRIBLE, Mr. HUDDLESTON, Mr. D'AMATO, Mr. ZORINSKY, Mr. TSONGAS, Mr. LAUTENBERG, Mr. INOUYE, Mr. LEVIN, Mr. HEFLIN, Mr. MELCHER, and Mr. MATHIAS):

S. 2378. A bill to provide authorizations of appropriations for the impact aid program under Public Law 874 of the Eighty-first Congress, and for other purposes; to the Committee on Labor and Human Resources.

IMPACT AID PROGRAM AUTHORIZATION ACT OF 1984

Mr. ABDNOR. Mr. President, on behalf of myself, Mr. PELL, Mr. MOYNIHAN, Mr. SYMMS, Mr. STENNIS, Mr. PRESSLER, Mr. SARBANES, Mr. WARNER, Mr. BOREN, Mr. MCCLURE, Mr. MATSUNAGA, Mr. TRIBLE, Mr. HUDDLESTON, Mr. D'AMATO, Mr. ZORINSKY, Mr. TSONGAS, Mr. LAUTENBERG, Mr. INOUYE, Mr. LEVIN, Mr. HEFLIN, Mr. MELCHER, and Mr. MATHIAS, I am introducing today a bill to reauthorize through fiscal year 1989 the impact aid program.

Mr. President, we are proposing a simple, straightforward 5-year reauthorization of the impact aid program. Our bill increases from $565 million to $700 million the authority for Public Law 81-874 beginning with fiscal year 1985. Since this is a current—rather than a forward-funded program, federally impacted schools will begin to feel the positive affects of our bill during the 1984-85 school year.

Within the overall authority, our legislation also increases from $20 million to $30 million the authority for section 2, which reimburses eligible local educational agencies for revenues lost from federally owned, nontaxable property. Third, and of great importance to many of our Nation's federally impacted areas, our legislation repeals the final year of the 3-year phaseout of category B payments mandated by the Omnibus Reconciliation Act of 1981, continuing through fiscal year 1989 authority for section 3(b) at one-third of entitlement. Without this language, authority for category B payments will expire on September 30 of this year.

Mr. President, I intend to pursue swift consideration of this very necessary legislation and I urge my colleagues who are not now among the

list of cosponsors, as well as our colleagues in the other body, to join with Senator PELL and me in working to expedite enactment of this vital reauthorization measure.

Mr. President, last year, the Senate adopted an impact aid amendment the distinguished ranking member of the Senate Labor and Human Resources Subcommittee on Education, Senator PELL, and I offered to the Department of Defense authorization bill. Our amendment, as approved by the Senate, increased from $455 million to $625 million the funding authorized for Public Law 81-874 for each of fiscal years 1984 and 1985, increased section 2 authority from $10 million to $25 million, and reauthorized at one-third of entitlement through fiscal year 1984 payments for category B children. While the Senate conferees defended staunchly the Senate-passed funding levels, several of the House conferees insisted upon reducing the overall authorization level. Consequently, the conference committee agreed to provide $565 million for this program.

This year, Public Law 98-139, the fiscal year 1984 Labor-HHS, Education and related agencies appropriations statute, provides $565 million—the full amount authorized as a result of the amendment Senator Pell and I offered to the DOD bill—for Public Law 81-874. While we have succeeded in boosting Federal assistance for the impact aid program, many school districts nevertheless will sustain Public Law 81-874 payment reductions in fiscal year 1984.

The Omnibus Reconciliation Act of 1981 reduced drastically funding authority for impact aid. In contrast to other major education programs, which were reduced by 7 to 10 percent, impact aid was cut by more than 40 percent. If enacted, our proposal, which is endorsed by the National Association of Federally Impacted Schools, the National Parent Teachers Association of Federally Impacted Schools, the National Parent Teachers Association (PTA), and the National School Boards Association (NSBA), will restore to a roughly commensurate level support for federally impacted local educational agencies.

Mr. President, I understand that the other prime sponsor of this bill, the distinguished senior Senator from Rhode Island, is presently devoting a great amount of his time to the reauthorization of the Vocational Education Act. Although he is unable to join me on the floor today, I know that he shares my strong commitment to moving quickly our legislation. Again, I wish to urge our colleagues to join us in our efforts to address over the longer term the needs of our Nation's federally impacted schools.

Mr. MOYNIHAN. Mr. President, I am pleased to join my distinguished colleagues, Senator ABDNOR and Senator PELL, in introducing legislation to reauthorize the Federal impact aid program through fiscal year 1989. This fine program reimburses areas in which the tax bases have been reduced by a large Federal presence, in property and personnel, and has helped thousands of local educational agencies across the country, including some 150 school districts in my home State of New York.

The impact aid program, first enacted by Congress in 1950, provides financial assistance to school districts in "federally affected areas"—defined to include military bases, Indian lands, and Federal low-rent housing projects. Such property is typically exempt from the local tax levies that support education, and Congress decided to compensate the affected school districts unable to raise sufficient revenues.

The program has been an immensely important one to local school districts responsible for the education of children whose parents live and/or work on property producing no property tax. Highland Falls-Fort Montgomery School District, in the Hudson Valley of New York, exemplifies the plight of such federally impacted areas. Property taxes to support the school district have risen 155 percent in the last decade, in large part because the district is adjacent to the U.S. Military Academy at West Point and 93 percent of the district's land is owned by the Federal Government. The school district is forced to support its operation from property taxes on just 7 percent of the district's land, including the education of children whose parents live and work on the Academy's tax-free grounds.

The problems of school districts such as Highland Falls have been exacerbated by the Reagan administration's cuts in the Federal impact aid program. Between fiscal years 1980 and 1983, the program's authorizations fell from $707 million to $460 million, a reduction of 35 percent. New York State suffered even more severely; 150 school districts in the State received some $41 million in impact aid in fiscal year 1980, but fewer than 85 school districts received only an estimated $12.65 million in fiscal year 1983—a 3-year reduction of 69.4 percent.

This downward trend has been reversed, if ever so slightly, for the current fiscal year. On July 26, 1983, during consideration of the Department of Defense authorization bill, I offered an amendment on impact aid with Senator ABDNOR. This amendment, adopted by the Senate, raised the impact aid authorization to $625 million for fiscal year 1984. Although the House of Representatives approved a smaller increase, a compromise measure was signed into law which provided $565 million in overall program authority, as well as a 50-percent increase in the section 2 funding authorization. This legislation, I am pleased to report, is providing a modest increase in funding for school districts in New York State.

Despite the progress made last year, the overall program authorization still remains well below the fiscal year 1980 funding level. New York State still falls some $20 million to $25 million short of its fiscal year 1980 allocation, without even adjusting for inflation. It is time to rectify this situation, and we can begin to do so with this measure, raising total authorization to $700 million and section 2 authorization to $30 million. The authorization also would be extended for category B students, whose parents either live or work on Federal property. This provision, which unfortunately the administration has opposed, is a matter of equity and of particular importance to many New York districts, including Highland Falls.

I also would emphasize that this bill does not redress the damage done over the last 4 years. Even if approved, the measure will leave the overall impact aid program some $7 million below the fiscal year 1980 level. It does not restore the revenues lost by thousands of federally impacted districts. Nor does it, nor could it, rectify the loss of educational opportunity for thousands of students under the President's cuts in impact aid. But this legislation will move the Federal impact aid program in the right direction, and I would urge all of my colleagues to support it.

Mr. WARNER. Mr. President, I am pleased to join with my colleagues, Mr. ABDNOR and Mr. PELL, in introducing legislation to reauthorize through fiscal year 1989 the impact aid to education program.

School districts across this Nation are impacted adversely by students who reside on Federal facilities.

These districts are given the responsibility of educating these students without receiving adequate financial support through local property and often income taxes.

To assist these districts, the U.S. Government has in the past provided financial assistance through the impact aid program.

This program needs to be reauthorized if this responsible assistance is to be continued.

This legislation will meet many of the needs of the local school systems. It is fiscally responsible and should be supported by all our colleagues.

The Federal Government should endeavor to pay for Federal mandates. That is a key to a balanced Federal-State-local partnership.

I have worked, therefore, to assist local schools receive compensation since coming to the Senate. Each year

we have had to work hard to insure adequate funding of this program.

We cannot ask local taxpayers to educate the children of our military personnel without paying our fair share of the costs of their education. If we fail to provide this help, the alternative is to establish schools on Federal facilities at a much higher cost.

This program has been successful and should be continued.

I thank my colleagues for their past support and again urge that, in the spirit of fairness, Congress again reaffirm our backing for this necessary legislation.

Mr. McCLURE. Mr. President, I am pleased to lend my support as an original cosponsor of legislation being introduced today to reauthorize Public Law 81-874, the impact aid program. I commend my colleagues from South Dakota and Rhode Island, Senators ABDNOR and PELL, for the hard work they have done on this bill.

The purpose of Public Law 81-874 is to provide financial assistance for local educational agencies in areas affected by Federal activity. This act was a declaration of policy to provide financial assistance in recognition of the responsibility and obligation of the United States for the financial burden imposed on local educational agencies.

It seems, Mr. President, that every year we have to fight a battle to get adequate funding for impact aid. Every administration since Harry Truman has attempted to cut back or even eliminate this program and I stand in firm opposition to these attempts. Impact aid is a vital program to hundreds of school districts across the Nation and we would be remiss in our duties if we allow this program to expire.

With 66 percent of Idaho made up of Federal land, Idaho has the third highest percentage of Federal land to the total State area of the 50 States. It is only outranked by Alaska with 89 percent and Nevada with 86 percent. Of Idaho's 115 school districts, over 60 are currently receiving Public Law 874 funds. This represents nearly 20,000 of over 215,000 school children.

In the case of nonfederally affected parents there are usually two sources of property taxes that contribute to the support of their children's education. One is the residential property taxes paid by these parents. The second is the place of business or worksite property taxes paid by the employer. The Federal Government is exempt from these taxes and thus there is an erosion of the tax base which would have funded these school districts. Impact aid is one source that helps make up for the lost tax revenue.

Idaho has three schools districts that are severely impacted by Indian reservation and an airbase. The Blackfoot, Lapwai, and Mountain Home school districts literally would not be able to maintain their schools at all if it were not for impact aid. When the Federal Government has a facility or reservation that affects a school's revenue raising ability, then it has an obligation to make up for those lost revenues. There should not even be any discussion on this point—it is plain and simple. And yet, every year we go around and around about this issue.

With all the debate going on about how to improve education, there should not be a Member of this body who does not support helping school districts that depend on this money. Impact aid is essential and the program must be reauthorized. I urge my Senate colleagues to support the bill being introduced today.

Mr. PRESSLER. Mr. President, I am pleased to join with my colleagues in support of the Impact Aid Authorization Act of 1984. South Dakota has over 50 school districts which receive impact aid, and I think it is important that these schools be assured continued Federal funding.

Federally impacted school districts have suffered from underfunding long enough. This bill would increase impact aid funding to levels which will help these schools provide a basic education to their students. The time has come to fund these schools at levels which allow them to offer a fair and decent education to children in impacted school districts. This bill finally acknowledges the necessity of authorizing appropriations which parallel the rate of inflation. For too many years, impacted districts have been forced to operate with diminishing Federal funding.

We should not penalize school districts which educate children in federally impacted school districts. Mr. President, South Dakota's impact aid school superintendents are constantly faced with the problem of insufficient funding. I feel that this legislation will help to correct that problem. The Impact Aid Authorization Act of 1984 will increase the overall program authority through fiscal year 1989 to at least $700 million. Currently, those districts are required to function on $565 million.

As Members of Congress, we cannot forget our responsibility to the children who receive their education in impacted school districts. This legislation is essential and I urge my colleagues to give it speedy and favorable consideration.

Mr. D'AMATO. Mr. President, I am pleased today to join my distinguished colleagues in sponsoring this bill to reauthorize the impact aid program (Public Law 81-874). We must recognize the need for school assistance in federally affected areas: it is the obligation of Congress to help school districts when enrollment and the availability of sufficient revenue from local taxes has been adversely affected by the presence of Federal activities.

The mobile lifestyle of many federally connected children contribute to the additional cost school districts must bear. Unannounced relocation or change in Federal activity contribute to changes in the number of federally connected students within a school. Transfers and withdrawals complicate staffing, transportation, and facility utilization plans. Large numbers of students entering and leaving create difficulty in obtaining complete student records from previous schools, placing an additional administrative burden on the school. Such transitions increase testing loads and complicate the placement process.

Parents of some federally connected children do pay local taxes. However, their contributions are insufficient for the continued growth and development of our Nation's schools. Military families typically do not purchase their residences and tend to live in rental or temporary housing that may be assessed for tax purposes at less than the amount for the average residential unit. The availability of on-post medical, recreational, commissary, and commercial facilities makes it difficult for similar facilities to develop off-post and contribute to the local tax base. Personnel may declare another State as their residence, thereby escaping State and local income taxes; they often make many of their purchases on the military base, thereby also escaping sales and related taxes. Mr. President, these are only a few of the many reasons to authorize a program that is essential to so many of our Nation's schools.

The Congress must continue its commitment to our youth. We must show that we are committed to their education. Both federally connected and nonfederally connected children deserve a quality education. No child should be deprived of the very best education. The future of our country depends on it. Therefore, Mr. President, the Congress must demonstrate its support for the quality education of our children by passage of the Impact Aid Authorization Act of 1984.

By Mr. BAKER:

S.J. Res. 250. A joint resolution declaring the week of May 7 through 13, 1984, as "National Photo Week"; to the Committee on the Judiciary.

NATIONAL PHOTO WEEK

Mr. BAKER. Mr. President, it is often said that a picture is worth a thousand words, and if that cliche is even remotely true, then it must also be true that the Senate is a veritable warehouse of photographs, negatives, daguerrotypes, and reams of film awaiting exposure, for words are certainly the tools of our craft. It seems

most fitting then that we turn our attention to the instant resolution, declaring the week of May 7 to 13 to be the first annual National Photo Week.

My personal involvement in the field of photography is a matter well known to my colleagues, and I should not wish to dwell on it. I would, however, like to say that I have derived many many hours of enjoyment, indeed of therapy of a sort, from my pursuit of this hobby. It has provided me with a creative outlet of a different nature from that of my duties in the Senate, one which I value highly. In addition to bringing me into contact with a wide array of people and places which I might otherwise have never known, photography has given me an appreciation of art, light, color, and perspective. Having looked at the world through a lens, I must now look at the world differently, and for that, I am forever grateful.

But Mr. President, the contributions which I have gleaned from photography, though substantial, could hardly serve alone as the basis for the passage of this resolution, and it must be plainly evident that they do not. The 20th century has witnessed the invention and advancement of technologies which have forever changed the face of human life on our planet, but I sincerely doubt that any has had any greater impact than the successful creation of a photograph by Joseph Niepce in 1822. The subsequent development of his techniques over the past century and a half has altered our culture in so many ways that to imagine life without it is considerably difficult, if not impossible. Today we rely on photography in one form or another in fields as diverse as astronomy and communication, medicine and entertainment, and its role in cataloging our national heritage is indispensable. It is my honest opinion that it would not be possible to overstate its influence over our society or its importance in our lives.

Consequently Mr. President, it is with genuine sentiment and appreciation that I introduce this resolution declaring the week of May 7 to 13 to be National Photo Week, and I urge that the Senate act quickly to insure its passage.

ADDITIONAL COSPONSORS

S. 249

At the request of Mr. PACKWOOD, the name of the Senator from Maine (Mr. MITCHELL) was added as a cosponsor of S. 249, a bill entitled the "Employee Educational Assistance Extension Act".

S. 627

At the request of Mr. PACKWOOD, the name of the Senator from New York (Mr. D'AMATO) was added as a cosponsor of S. 627, a bill to authorize the establishment of a National Scenic Area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 1772

At the request of Mr. MATSUNAGA, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1772, a bill to amend title XVIII of the Social Security Act to provide for direct medicare reimbursement for services performed by registered nurse anesthetists.

S. 1935

At the request of Mr. HEINZ, the names of the Senator from Vermont (Mr. STAFFORD), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 1935, a bill to establish an interagency task force on cigarette safety.

S. 1975

At the request of Mr. BRADLEY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 1975, a bill to enact the Gifted and Talented Children's Education Act.

S. 1980

At the request of Mr. MURKOWSKI, the names of the Senator from Arkansas (Mr. PRYOR), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Oklahoma (Mr. NICKLES), and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 1980, a bill to recognize the organization known as the Polish Legion of American Veterans, U.S.A.

S. 2099

At the request of Mr. JEPSEN, the name of the Senator from Alabama (Mr. DENTON) was added as a cosponsor of S. 2099, a bill to delay for 2 years the mandatory coverage of employees of religious organizations under social security.

S. 2159

At the request of Mr. BAUCUS, the names of the Senator from Alabama (Mr. HEFLIN), the Senator from Maine (Mr. COHEN), and the Senator from New Hampshire (Mr. HUMPHREY) were added as cosponsors of S. 2159, a bill entitled the "Hazardous Air Pollutant Control Act of 1983."

S. 2165

At the request of Mr. DANFORTH, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 2165, a bill to amend the Internal Revenue Code of 1954 to increase research activities, to foster university research and scientific training, and to encourage the contribution of scientific equipment to institutions of higher education.

S. 2186

At the request of Mr. WARNER, the names of the Senator from Colorado (Mr. ARMSTRONG), the Senator from Georgia (Mr. MATTINGLY), and the Senator from Pennsylvania (Mr. HEINZ) were added as cosponsors of S. 2186, a bill to establish a State Mining and Mineral Resources Research Institute program, and for other purposes.

S. 2190

At the request of Mr. HUDDLESTON, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of S. 2190, a bill to amend the Agriculture and Food Act of 1981 to provide protection for agricultural purchasers of farm products.

S. 2207

At the request of Mr. BRADLEY, the names of the Senator from Maryland (Mr. SARBANES), the Senator from Connecticut (Mr. DODD), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 2207, a bill to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes.

S. 2295

At the request of Mr. QUAYLE, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 2295, a bill to amend title 23, United States Code, to provide that for purposes of determining the minimum allocation paid to any State, the amount of taxes treated as paid into the Highway Trust Fund with respect to gasohol and certain methanol and ethanol fuels shall be determined as if such fuels were taxed as gasoline.

S. 2349

At the request of Mr. METZENBAUM, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 2349, a bill to amend the Internal Revenue Code of 1954 to deny loss deductions for stock in corporations functioning in the nature of political action committees.

SENATE JOINT RESOLUTION 129

At the request of Mr. PRESSLER, the name of the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of Senate Joint Resolution 129, a joint resolution calling upon the President to seek a mutual and verifiable ban on weapons in space and on weapons designed to attack objects in space.

SENATE JOINT RESOLUTION 181

At the request of Mr. BENTSEN, the names of the Senator from Delaware (Mr. BIDEN), and the Senator from South Carolina (Mr. THURMOND) were

added as cosponsors of Senate Joint Resolution 181, a joint resolution to provide for the awarding of a gold medal to Lady Bird Johnson in recognition of her humanitarian efforts and outstanding contributions to the improvement and beautification of America.

SENATE JOINT RESOLUTION 198

At the request of Mr. PRYOR, the names of the Senator from Florida (Mr. CHILES), and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of Senate Joint Resolution 198, a joint resolution designating April 27, 1984, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 210

At the request of Mr. TRIBLE, the name of the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of Senate Joint Resolution 210, a joint resolution to designate the period commencing January 1, 1984, and ending December 31, 1984, as the "Year of Excellence in Education."

SENATE JOINT RESOLUTION 221

At the request of Mr. WEICKER, the names of the Senator from Connecticut (Mr. DODD), the Senator from Vermont (Mr. STAFFORD), the Senator from Ohio (Mr. METZENBAUM), the Senator from Idaho (Mr. SYMMS), the Senator from Utah (Mr. HATCH), the Senator from Illinois (Mr. DIXON), the Senator from Ohio (Mr. GLENN), the Senator from Michigan (Mr. LEVIN), the Senator from Maryland (Mr. SARBANES), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. PACKWOOD), and the Senator from California (Mr. WILSON) were added as cosponsors of Senate Joint Resolution 221, a joint resolution to honor the contribution of blacks in the American Revolution.

SENATE JOINT RESOLUTION 222

At the request of Mr. LAUTENBERG, the names of the Senator from Tennessee (Mr. SASSER), the Senator from Indiana (Mr. LUGAR), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Joint Resolution 222, a joint resolution designating the month of June 1984 as "Student Awareness of Drunk Driving Month."

SENATE JOINT RESOLUTION 223

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of Senate Joint Resolution 223, a joint resolution relating to the rehabilitation of shelters for the homeless.

SENATE JOINT RESOLUTION 236

At the request of Mr. MATSUNAGA, the names of the Senator from California (Mr. CRANSTON), the Senator from Colorado (Mr. HART), and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of Senate Joint Resolution 236, a joint resolution relating to cooperative East-West ventures in space as an alternative to a space arms race.

SENATE JOINT RESOLUTION 247

At the request of Mr. HUMPHREY, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Iowa (Mr. JEPSEN), the Senator from New Jersey (Mr. LAUTENBERG), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of Senate Joint Resolution 247, a joint resolution to designate March 25, 1984, as "Greek Independence Day: A National Day of Celebration of Greek and American Democracy."

SENATE CONCURRENT RESOLUTION 87

At the request of Mr. BAUCUS, the name of the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of Senate Concurrent Resolution 87, a concurrent resolution relating to the dismantling of nontariff trade barriers of the Japanese to the import of beef.

AMENDMENT NO. 2750

At the request of Mr. MATHIAS, the names of the Senator from South Dakota (Mr. PRESSLER), and the Senator from Colorado (Mr. HART) were added as cosponsors of amendment No. 2750 proposed to S. 979, a bill to amend and reauthorize the Export Administration Act of 1979.

AMENDMENTS SUBMITTED

EXPORT ADMINISTRATION ACT

HEINZ AMENDMENT NO. 2753

Mr. HEINZ proposed an amendment to the bill (S. 979) to amend and reauthorize the Export Administration Act of 1979, as follows:

On page 44, line 10, strike "technology" and insert in lieu thereof "tangible items".

On page 44, line 14, insert "tangible" before "property".

On page 44, line 14, strike "to facilitate the commission" and insert in lieu thereof "in the export or attempt to export that was the subject".

PROXMIRE AMENDMENT NO. 2754

Mr. PROXMIRE proposed an amendment to the bill S. 979, supra, as follows:

On page 53, after line 9, add the following:

AUTHORIZATION OF CERTAIN AGREEMENTS FOR COOPERATION

SEC. 19. (a) Section 123 of the Atomic Energy Act of 1954 (42 U.S.C. 2153) is amended—

(1) in subsection b., by inserting ", except as provided in subsection d.," after "approved and"; and

(2) by amending subsection d. to read as follows:

"d. the proposed agreement for cooperation (if arranged pursuant to subsection 91c., 144b., or 144c., or if entailing implementation of section 53, 54a., 103, or 104 in relation to a reactor that may be capable of producing more than five thermal megawatts or special nuclear material for use in connection therewith) has been submitted to the Congress, together with the approval and determination of the President and together with a Nuclear Proliferation Assessment Statement prepared by the Director of the Arms Control and Disarmament Agency, when required by subsection 123a., and referred to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, and in addition, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c., the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, but such proposed agreement for cooperation shall not become effective unless authorized by law.".

(b) Section 130a. of such Act (42 U.S.C. 2159(a)) is amended—

(1) in the first sentence—

(A) by striking out "123d."; and

(B) by striking out ", and in addition, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c., the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate,"; and

(2) in the proviso thereto, by striking out "and if, in the case of a proposed agreement for cooperation arranged pursuant to subsection 91c., 144b., or 144c., of this Act, the other relevant committee of that House has reported such a resolution, such committee shall be deemed discharged from further consideration of that resolution".

(c) The amendment made by subsection (a) shall apply to any agreement of cooperation which is described by such amendment and which was entered into after the date of enactment of this Act.

DIXON (AND OTHERS) AMENDMENT NO. 2755

Mr. DIXON (for himself, Mr. PERCY, Mr. DOLE, Mr. LUGAR, Mr. PRYOR, Mr. BOREN, Mr. MELCHER, Mr. BOSCHWITZ, Mr. BAUCUS, Mr. ANDREWS, Mr. HUDDLESTON, Mr. ABDNOR, Mr. COCHRAN, Mr. BENTSEN, Mr. BURDICK, Mr. EXON, Mr. EAGLETON, Mr. QUAYLE, Mr. JEPSEN, Mr. DURENBERGER, Mr. HELMS, Mrs. KASSEBAUM, Mr. PRESSLER, Mr. HEFLIN, Mr. RIEGLE, Mr. NICKLES, Mr. LEVIN, and Mr. GRASSLEY) proposed an amendment to the bill, S. 979, supra, as follows:

CONTROLS ON AGRICULTURAL COMMODITIES

SEC. . (a) Section 6 of the Export Administration Act of 1979 is amended—

(1) by adding at the end of subsection (a)(1) the following: "The President may impose or propose to extend export controls under this section on agricultural commodities, other than in connection with the prohibition or curtailment of all exports, in accordance with the procedures set forth in subsection (l) and the other requirements of this section."; and

(2) by adding at the end thereof the following:

"(l) AGRICULTURAL COMMODITIES.—(1) If the President imposes export controls or proposes to extend export controls which have been imposed, on any agricultural commodity to carry out the policy set forth in

subparagraph (B) or subparagraph (C) of paragraph (2) or paragraph (7) or (8) of section 3 of this Act, the President shall immediately transmit a report on such action to the Congress, setting forth the reasons therefor in detail and specifying the length of time the controls are proposed to be in effect which may not exceed six months.

"(2) In the case of export controls imposed by the President—

"(A) if the Congress, within 60 days after the date of its receipt of the report under paragraph (1), adopts a joint resolution pursuant to paragraph (4) approving the imposition of export controls, then such controls shall remain in effect for the period specified in the report, for six months after the close of the 60-day period, or until terminated by the President, whichever occurs first; or

"(B) if the Congress, within 60 days after the date of its receipt of such report, fails to adopt a joint resolution approving such controls, then such controls shall cease to be effective upon the expiration of such 60-day period.

"(3) In the case of export controls proposed to be extended—

"(A) if the Congress adopts a joint resolution approving a proposed extension of export controls prior to the expiration of the applicable period described in paragraph (2)(A) or this subparagraph, then such controls shall be extended for the period specified in the report, for six months after the date of enactment of the joint resolution of approval, or until terminated by the President, whichever occurs first; or

"(B) if the Congress fails to adopt a joint resolution approving a proposed extension of controls prior to the expiration of the applicable period described in paragraph (2)(A) or subparagraph (A) of this paragraph, then such controls shall cease to be effective upon the expiration of the applicable period.

"(4) (A) For purposes of this paragraph, the term 'resolution' means only a joint resolution the matter after the resolving clause of which is as follows: 'That, pursuant to section 6 (1) of the Export Administration Act of 1979, the President may impose, expand, or extend export controls as specified in the report to the Congress on.', with the blank space being filled with the appropriate date.

"(B) On the day on which a report is submitted to the House of Representatives and the Senate under paragraph (1), a resolution with respect to such report shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a report is submitted, the resolution shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session.

"(C) All resolutions introduced in the House of Representatives shall be referred to the Committee on Foreign Affairs and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing and Urban Affairs.

"(D) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction the committee shall be discharged from further consideration of the resolution or of any other resolution introduced with respect to the same matter.

"(E)(i) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the section shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

"(iii) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business shall be decided without debate.

"(iv) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

"(v) Except to the extent specifically provided in the preceding provisions of this subparagraph, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

"(F)(i) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between and controlled by, the majority leader and the minority leader or their designees.

"(iii) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(iv) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

"(G) In the case of a resolution described in subparagraph (A), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

"(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(ii) the vote on final passage shall be on the resolution of the other House.".

(b) Section 7(a)(1) of such Act is amended by adding at the end thereof the following: "The President may impose, expand, or extend export controls under this section with respect to agricultural commodities only as provided in section 6(l).".

HEINZ (AND OTHERS) AMENDMENT NO. 2756

Mr. HEINZ (for himself, Mr. PROXMIRE, and Mr. RIEGLE) proposed an amendment to amendment No. 2755 by Mr. DIXON (and others) to the bill S. 979, supra, as follows:

On page 2, line 14, strike out the period and insert in lieu thereof a comma.

On page 2, between lines 14 and 15, insert the following: "except that the President may renew such controls for succeeding 60-day periods if, prior to the expiration of any such 60-day period, he submits in writing to the Congress his certification that—

"(i) the circumstances that led to the imposition of controls continue to exist;

"(ii) other exporters of comparable products are cooperating or are reasonably likely to cooperate in the controls; and

"(iii) United States producers of the products subject to controls will not be seriously injured by the continuation of such controls for an additional 60 days.

On page 2, line 30, strike out the period and insert in lieu thereof a comma.

On page 2, between lines 30 and 31, insert the following: "except that the President may renew such controls for succeeding 60-day periods if, prior to the expiration of any such 60-day period, he submits in writing to the Congress his certification that—

"(i) the circumstances that led to the imposition of controls continue to exist;

"(ii) other exporters of comparable products are cooperating or are reasonably likely to cooperate in the controls; and

"(iii) United States producers of the products subject to the controls will not be seriously injured by continuation of such controls for an additional 60 days.

METZENBAUM (AND OTHERS) AMENDMENT NO. 2757

Mr. METZENBAUM (for himself, Mr. RUDMAN, Mr. PROXMIRE, Mr. RIEGLE, Mr. LEVIN, and Mr. BUMPERS) proposed an amendment to the bill S. 979, supra, as follows:

At the end of the bill add the following:

PETROLEUM ACQUISITIONS

SEC. 19. (a) This section may be cited as the "Domestic Petroleum Company Acquisition Act of 1984".

(b) The Congress finds and declares that—

(1) major energy concerns have demonstrated an intent to allocate substantial financial resources to the acquisition of domestic petroleum enterprises;

(2) recent events in the oil producing areas of the world increase the importance of fully developing our domestic petroleum resource base for national security and domestic economic reasons;

(3) the allocation of billions of dollars to the acquisition of present domestic petroleum reserves is contrary to national policy to the extent that it does not add to our resource base but rather diverts capital resources which otherwise could have been used to explore for, and produce new domestic sources of energy; and

(4) acquisitions of domestic petroleum companies are likely to continue, resulting in the elimination of important competitive checks on the economic and political power of major energy concerns, and such acquisitions are therefore against public policy.

(c) The Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting immediately after subsection 7A(j) the following new subsection:

"(k)(1) For purposes of this section—

"(A) the term 'major energy concern' means any person engaged in commerce in the United States—

"(i) whose average net production of crude oil in the previous calendar year exceeded 500,000 barrels per day worldwide, or

"(ii) which is under the control of one or more foreign persons;

"(B) the term 'domestic petroleum company' means any person engaged in commerce in the United States, who is not a major energy concern, and whose average net production of crude oil from sources within the United States in the previous calendar year exceeded 50,000 barrels per day;

"(C) the term 'foreign person' means (i) any individual who is not a citizen of the United States, (ii) any person organized under the laws of, or having its principal place of business in, a country other than the United States, or (iii) any other person owned or controlled directly or indirectly by one or more of such individuals or persons;

"(D) the term 'affiliate', when used with respect to any major energy concern, means any person who controls, is controlled by, or is under common control with a major international energy concern;

"(E) the term 'control' means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person through ownership of voting securities or otherwise *Provided, however,* That control shall not arise solely out of a bona fide credit transaction. Ownership of, or the power to vote, 15 per centum or more of the outstanding voting securities of a person creates a rebuttable presumption of control. Ownership of, or the power to vote, less than 15 per centum of the outstanding voting securities of a person does not create a presumption of control or lack of control; and

"(F) the term 'person' includes (i) any individual, (ii) any corporation, company, association, firm, partnership, society, trust, joint venture, or joint stock company, and (iii) the government of any country or any political subdivision or agency thereof.

"(2)(A) It shall be unlawful—

"(1) for any major energy concern or any affiliate thereof, to acquire, directly or indirectly, by purchase, trade, or otherwise, direct or indirect ownership or control of another major energy concern or of a domestic petroleum company or of its affiliate; and

"(2) for any domestic petroleum company or any affiliate thereof, to acquire, own, or control either directly or indirectly any major energy concern or its affiliate.

"(B) Whenever it appears to the Attorney General, the Federal Trade Commission, or any other aggrieved person that a major energy concern, affiliate, or any agent thereof, or any domestic petroleum company, any affiliate or agent thereof has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of subparagraph (A), such person may bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted. For purposes of this paragraph, where some or all of the assets of an acquired major energy concern or domestic petroleum company are temporarily being held and operated independently, pursuant to a judicial or administrative agreement, a violation of this paragraph does not occur until the expiration of such temporary agreement. Any such permanent injunctive relief may provide for restitution of moneys.".

"(C) This paragraph shall not apply to any acquisition if—

"(1) the parties to the acquisition demonstrate that the transaction is likely to result in a material increase in new energy exploration, extraction, production, or conversion, and that such an increase cannot reasonably be achieved by means not prescribed in subparagraph (A); or

"(2) such parties demonstrate that the transaction is necessary in order to prevent one or both of the parties from having to file a petition with the bankruptcy court or from being declared bankrupt.".

SOLID WASTE DISPOSAL ACT AUTHORIZATION

DURENBERGER (AND OTHERS) AMENDMENT NO. 2758

Mr. DURENBERGER (for himself, Mr. MOYNIHAN, and Mr. LAUTENBERG) submitted an amendment intended to be proposed by them to the bill (S. 757) to amend the Solid Waste Disposal act to authorize funds for fiscal years 1983, 1984, 1985, 1986, and 1987, and for other purposes, as follows:

S. 757 is amended by adding at the end thereof a new section as follows:

"SEC. . The Safe Drinking Water Act (title XIV of the Public Health Service Act) is amended by addding a new Part F as follows:

"PART F

REGULATION OF UNDERGROUND STORAGE TANKS CONTAINING SUBSTANCES OTHER THAN HAZARDOUS WASTE

"SEC. 1451. For the purposes of this Part, the term—

"(1) 'hazardous substance' means (A) any substance defined in Section (101)(14) (A), (B), (C) (other than hazardous waste), (D)-(F) of Public Law 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, (B) petroleum, including oil or any fraction thereof, and (C) natural gas liquids or gas liquids;

"(2) 'owner or operator' means (A) in the case of an underground storage tank, and (B) in the case of any abandoned underground storage tank, any person who owned, operated, or otherwise controlled activities at such tank immediately prior to such abandonment;

"(3) 'person' means an individual, firm, corporation, association, partnership, consortium, joint venture, commercial entity, United States Government, State, municipality, commission, political subdivision of a State, or any interstate body;

"(4) 'release' means any spilling, leaking, emitting, discharging, escaping, leaching, or disposing into groundwater, surface water or subsurface soils;

"(5) 'underground storage tank' means a stationary device and its connective piping, designed to contain an accumulation of hazardous substances which is constructed primarily of nonearthen materials (e.g., wood, concrete, steel, plastic, fiberglass) which provide structural support and which are partially or wholly under the ground. This term does not include (i) farm or residential underground storage tanks of 1,100-gallon or less capacity used for storing fuel for noncommercial purposes or (ii) underground storage tanks used for storing heating oil for consumptive use on the premises where stored.

"PRELIMINARY NOTIFICATION

"SEC. 1452. (a) OPERATIONAL UNDERGROUND STORAGE TANKS.—Within one hundred and eighty days of enactment, any person who owns or operates an underground storage tank used for storing hazardous substances shall notify the State or the Administrator of the existence of such tank, specifying the age, size, type, location, and uses of such tank and any previous releases and corrective action.

"(b) NONOPERATIONAL OR ABANDONED UNDERGROUND STORAGE TANKS.—Within one hundred and eighty days of enactment, any person who owned or operated an underground storage tank used for storing petroleum, including any fraction thereof and natural gas liquids or gas liquids at the time such tank was taken out of operation or abandoned underground, shall notify the State or the Administrator of the Environmental Protection Agency (unless the person knows the tank subsequently was removed from the ground) of the existence of such tank, specifying the date taken out of operation or abandoned, the age on the date taken out of operation or abandoned, the size, type, location of the tank and the type and quantity of substances left stored in such tank on the date taken out of operation or abandoned.

"(c) Within ninety days of enactment, the Administrator of the Environmental Protection Agency, in consultation with State and local officials, shall prescribe in greater detail the form of the notice and the information to be included in the notifications under subsections (a) and (b).

"(d) Within one hundred and twenty days of enactment, the Governors of each State shall designate the appropriate State agency or department and local agencies or departments to receive the notifications under subsections (a) and (b). The designated State agency or department shall compile the notifications into a comprehensive inventory and submit such inventory to the Administrator within twelve months of enactment.

"(e) Any owner or operator who knowingly fails to notify the State or the Administrator of the existence of a tank they own or operate or owned or operated shall, upon conviction, be fined not more than $5,000 for each tank for which notification is not given.

"RELEASE DETECTION, PREVENTION, AND CORRECTION REGULATIONS

"SEC. 1453. (a) Within twelve months of enactment, the Administrator, after consultation with State and local officials and opportunity for public comment, shall promulgate release detection, prevention and correction regulations for all operational underground storage tanks used for storing hazardous substances. The Administrator's regulations shall, at a minimum, include the following provisions—

"(1) the issuance of a certificate or registration to every owner and operator for

each operational underground storage tank for which notification was received pursuant to section 1452(a) and a periodic certificate or registration renewal process if deemed necessary by the Administrator for an effective program;

"(2) a requirement that every owner or operator maintain a leak detection or inventory system adequate to identify releases from their underground storage tanks;

"(3) a requirement that every owner or operator keep adequate records of any leak detection or inventory system and report any releases to the Administrator (such reports shall be available to the public);

"(4) a requirement that every owner or operator take appropriate corrective action in response to a release from their underground storage tank;

"(5) a requirement that every owner or operator comply with new underground storage tank standards promulgated by the Administrator pursuant to section 1454;

"(6) an adequate enforcement program including a requirement for periodic inspection of underground storage tanks and records;

"(7) a requirement that every owner or operator comply with closure standards that will ensure against any future release from an underground storage tank being closed or otherwise being taken out of operation; and

"(8) a requirement that owners and operators maintain evidence of financial responsibility for bodily injury and property damage to third parties caused by sudden and nonsudden accidental occurrences arising from operating their underground storage tank.

"(b) Any person who owns or operates an underground storage tank used for storing a hazardous substance and knowingly fails to comply with the release detection, prevention and correction regulations as promulgated by the Administrator or a State program approved under Section 1456, shall upon conviction, be subject to a fine of nor more than $25,000 for each tank.

"(c) If after January 1, 1986, a person knowingly deposits hazardous substances in an underground storage tank that does not have a Federal or State certificate or registration issued pursuant to this Part or such person does not assure that a tank without a certificate or registration will not allow release of the hazardous substances deposited in the tanks, such person shall, upon conviction, be subject to a fine of not more than $25,000 for each tank.

"TECHNOLOGY REQUIREMENTS FOR NEW UNDERGROUND STORAGE TANKS

"SEC. 1454. Within two hundred and seventy days of enactment, the Administrator shall propose and promulgate performance standards for any underground storage tank used for storing hazardous substances which is installed and used after promulgation of such standards. Such performance standards shall include but not be limited to—

"(a) design, construction and installation guidelines;

"(b) a prohibition of installation and use of bare steel tanks (steel tanks not treated to minimize corrosion) except where the Administrator finds there is minimal danger of corrosion;

"(c) a requirement that pressure piping systems be equipped with leak detection systems;

"(d) a requirement that each tank be equipped with a leak detection system; and

"(e) a requirement to notify the administrator within thirty days of installation of the new tank.

"INSPECTIONS

"SEC. 1455. (a) For the purposes of developing or assisting in the development of any regulation or enforcing the provisions of this Part, any owner or operator of an underground storage tanks used for storing hazardous substances shall, upon request of any officer, employer or representative of the Environmental Protection Agency, duly designated by the Administrator, or upon request of any duly designated officer, employee or representative of a State with an approved program, furnish information relating to such tanks or contents and permit such person at all reasonable times to have access to, and to copy all records relating to such tanks. For the purposes of developing or assisting in the development of any regulation or enforcing the provisions of this Part, such officers, employees or representatives are authorized—

"(1) to enter at reasonable times any establishment or other place where an underground storage tank is located;

"(2) to inspect and obtain samples from any person of any such hazardous substances.

Each such inspection shall be commenced and completed with reasonable promptness.

"(b) Any records, reports, or information obtained from any person under this section shall be available to the public.

"RESPONSE TO RELEASES

"SEC. 1456. (a) If a release is detected pursuant to section 1453, the Administrator is authorized to—

"(i) issue an order or request the Attorney General to commence a civil action pursuant to authorities delegated to the Administrator under section 106 of Public Law 96-510, and

"(ii) take response action pursuant to authorities delegated to the Administrator under section 104 of Public Law 96-510, if the Administrator deems such response action necessary to protect human health and the environment.

"(b) Any person who knowingly violates, or fails or refuses to comply with, an order of the Administrator under subsection (a)(i) may, in an action brought in the appropriate United States district court to enforce such order, be fined not more than $5,000 for each day in which such violation occurs or such failure to comply continues.

"(c) If the Administrator takes action pursuant to subsection (a)(ii), the owner or operator's liability shall be consistent with the liability provisions under section 107 of Public Law 96-510 except that liability shall extend to all hazardous substances as defined in section 1451(a).

"APPROVAL OF STATE PROGRAMS

"SEC. 1457. (a) Any State may submit an underground storage tank release detection, prevention, and correction program for review and approval by the Administrator. The State must demonstrate that the State program meets the requirements of Section 1453(a)(1)-(8) except that a periodic certificate or registration renewal requirement may not be required as a condition for approval of a State program if the State demonstrates comparable enforcement can be achieved without such a requirement.

"(b)(1) Within 90 days of the date of receipt of a proposed State program, the Administrator shall, after notice and opportunity for public comment, make a determination whether the State's program meets the requirement of Section 1453(a)(1)-(8).

"(2) If the Administrator determines that the State programs meet the requirements of Section 1453(a)(1)-(8), he shall approve the State program and the State shall have primary enforcement responsibility with respect to requirements related to control of underground storage tanks used to store hazardous substances.

"(c) Whenever the Administrator determines after public hearing that a State is not administering and enforcing a program authorized under this Part in accordance with the requirement of Section 1453(a)(1)-(8), he shall so notify the State, and, if appropriate corrective action is not taken within a reasonable time, not to exceed ninety days, the Administrator shall withdraw authorization of such program and reestablish enforcement of Federal regulations pursuant to this Part.

"FEDERAL FACILITIES

"SEC. 1458. Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government having jurisdiction over any underground storage tank as defined in subsection 1451(5) and used for the purpose of storing hazardous substances as defined in subsection 1451(1), shall be subject to and comply with all Federal, State, interstate, and local requirements, both substantive and procedural respecting construction, installation, operation, testing, corrective action, removal, and closure of underground storage tanks in the same manner, and to the same extent, as any persor. is subject to such requirements, including payment of reasonable service charges.

"STUDY OF EXEMPTED UNDERGROUND STORAGE TANKS

"SEC. 1459. Not later than twenty four months after the date of enactment, the Administrator of the Environmental Protection Agency shall conduct a study regarding the underground storage tanks exempted in Section 1451(5)(i) and (ii). Such study shall include estimates of the number and location of such tanks and an analysis of the extent to which there may be releases or threatened releases from such tanks into the environment. Upon completion of the study, the Administrator shall submit a report to the President and to the Congress containing the results of the study and recommendations respecting whether not such tanks should be subject to the preceding provisions of this Part.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1460. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this Part for each of the fiscal years 1985, 1986, 1987 and 1988.

● Mr. DURENBERGER. Mr. President, it is becoming increasingly apparent that pollution of the Nation's ground waters is a serious and growing problem. Although ground water remains an essentially pristine and uncontaminated resource throughout most of the United States, pollution is increasing, especially in urban areas. The bill which I am introducing today attempts to deal with one major source of contamination, underground storage tanks.

Gasoline is one of the most common causes of ground water pollution, and much of this may be attributed to underground storage tanks which are leaking. For example, Maine officials

have estimated that of the roughly 5,000 active service stations in that State, about 25 percent have leaking storage tanks. While Maine is in only the first stages of responding to this problem, other States such as California and Florida, have already acted to protect ground waters from leaking storage tanks.

Experts in the field have estimated that there are between 75,000 and 100,000 leaking tanks in the country, contamination from these leaking tanks is overwhelming. A leak of only 1 gallon a day from a single service station is enough to pollute the water of a 50,000-person community to 100 parts per billion, according to the Environmental Protection Agency.

The proposal which I am introducing is drafted as an amendment to S. 757, which is the comprehensive reauthorization of the Resource Conservation and Recovery Act. This proposal would amend the Safe Drinking Water Act by adding a new part F to deal with leaking underground storage tanks. A tank is defined so that smaller containers—those of 1,100 gallons or less—are excluded from the program, as are those tanks in which heating oil is stored for consumptive use on the premises. Although such tanks are not covered by the regulatory program of this proposal, the amendment does require the Environmental Protection Agency to conduct a study of the hazards created by such tanks.

The bill also requires that an inventory of both operational and abandoned storage tanks be prepared so that we can gage more accurately the full extent of the problem facing us. Tanks which are in operation would be required to register with the State in which they are located. Each tank owner or operator would be required to maintain either a leak detection system or an inventory system adequate to identify releases. Finally, the proposal would establish technology standards for new underground storage tanks. First, the installation of the common but less adequate tanks—those made of bare steel—would be prohibited unless the hydrogeology of the area is such that there is a minimal danger of corrosion. Second, all tanks installed after the effective date would be required to meet performance standards developed by the Environmental Protection Agency. At the very least, these standards must require that tanks and pressure piping systems be equipped with leak detection systems.

Mr. President, it is my expectation that this program will be run by the State governments with very little Federal involvement. The amendment is designed to assure that new tanks are built and installed as they should be and that old tanks are operated and maintained so that the possibility of leaks is minimized. Leaks which do occur should be detected quickly so that the chance of contamination is low.

I hope that this proposal can be offered as an amendment to the RCRA reauthorization when S. 757 is brought to the Senate floor. However, to assure that those with an interest in this proposal have the opportunity to comment on the bill, the Committee on Environment and Public Works will hold a hearing on March 1. I hope that at this hearing we can identify and correct whatever imperfections may remain in this proposal so that it can be offered and adopted in the near future.

Mr. President, I would ask unanimous consent that a study by the Congressional Research Service on underground storage tanks be printed in the RECORD.

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

LEADING UNDERGROUND STORAGE TANKS: A POTENTIAL ENVIRONMENTAL PROBLEM

(By Donald V. Feliciano, Analyst in Environmental Policy, Environment and Natural Resources Policy Division, January 11, 1984)

ABSTRACT

This report on leaking underground storage tanks examines the potential threat to groundwater, the lack of understanding of the extent of the problem, the existing regulatory controls for storage tanks, and the issues associated with the problem.

SUMMARY

An estimated 1.4 million underground tanks in the United States store gasoline. An unknown additional number of tanks store a variety of petroleum products, other chemicals, or chemical wastes. Of the 1.4 million underground tanks storing gasoline, approximately 85 percent are made of steel with no corrosion protection and were buried over 20 years ago. Although few data exist, some petroleum industry experts estimate that 75,000–100,000 of these underground gasoline tanks may currently be leaking their contents into the ground and groundwater supplies, and perhaps up to 350,000 tanks may be leaking within the next five years. Congress has identified groundwater contamination as a major emerging issue, particularly because half of the United States population depends primarily on groundwater for drinking water.

Underground storage tanks are seldom regulated. At present, Federal regulation of storage tanks covers only above-ground tanks containing chemical wastes. And, if a tank is leaking, the Federal Government cannot under Superfund authority respond or clean up a spill if it involves petroleum products. Most States have little idea of the number of storage tanks within their boundaries, and although the installation of storage tanks is regulated under some local codes (mainly for fire protection), this practice is not consistent. Most industry standards for storage tanks relate solely to their construction; few industry standards exist for preventing or detecting leakage from underground tanks. While several major petroleum companies sponsor spill prevention or tank replacement programs, these programs vary from company to company, and only an estimated 25–35 percent of the gasoline tanks in the United States are owned by major oil companies; far more tanks are owned by gasoline distributors or independent companies.

The Senate Environment and Public Works Committee recently held hearings investigating the problem of underground storage tanks. The issues include the need to better understand the extent of the underground tank leakage problem, and whether regulation of underground tanks is needed.

OVERVIEW OF LEAKING UNDERGROUND STORAGE TANKS

Groundwater contamination is an emerging environmental issue in the U.S. Congress. Because over 116 million people—half of the population—depend on groundwater for their primary source of drinking water, many members are concerned about the protection of this valuable resource from contamination. Furthermore, contamination of groundwater can result in substantial financial losses for those deprived of their potable water supply, rising difficult questions about liability and redress.

Further information on groundwater can be obtained in IB 83091—Groundwater Contamination and Protection.[1]

In its assessment of the extent of groundwater contamination, the U.S. Environmental Protection Agency (EPA) identified the most frequent contaminants of groundwater by spills or tank leaks to be organic chemicals, and especially hydrocarbons such as gasoline.[2] Several agency experts believe that one of the major sources of groundwater contamination is from leaking underground storage tanks and pipelines. In fact, an increasing number of incidents of underground tank leakage are being reported:[3]

Underground storage tanks owned by the Exxon Company were found in 1978 to be leaking gasoline at a service station in East Meadow, N.Y. An estimated 30,000 gallons of gasoline leaked into groundwater supplies, causing odor and safety problems for 27 families living in 25 homes. Exxon subsequently bought 23 of the homes at 150 percent of their market value and settled with two others, who remained, for $14,000 each. An Exxon summary said 21 of the families also accepted liability settlements of $8,000 per adult and $3,000 per child. With some suits still pending, Exxon's total costs to date are estimated to be between $5 million and $10 million.

A gasoline leak that resulted in a manhole cover being blown off was traced in 1980 to a Chevron station in the Northglenn suburb of Denver, Colo. A Federal court convicted the company in June 1981, forcing Chevron to purchase 41 of the homes in the affluent neighborhood at 2.2 times their appraised value. Estimated losses to Chevron are in the area of 10 million.

In Dover-Walpole, Mass., 23 private wells, 1 in Dover and 22 in Walpole, were found to be contaminated with gasoline in 1981. The responsible party, Texaco, has provided the residents with bottled water since then; filters have been installed in homes for nonpotable water use. Negotiations have been ongoing with respect to extending a town water line from Walpole.

In its growing understanding of groundwater contamination, Congress has also sought to learn more about leaking underground storage tanks and whether there is a need for regulating them. On November 29, 1983, the Subcommittee on Toxic Sub-

Footnotes at end of article.

stances and Environmental Oversight of the Senate Environment and Public Works Committee began hearings on groundwater contamination. Asked about underground storage tanks by Subcommittee Chairman David F. Durenberger (R.-Minn.), EPA officials acknowledged the problem and pointed out the lack of regulations in existence under which the agency could deal with the problem.

Extent of underground storage tank leakage

Underground storage tanks are used for the storage of petroleum products, other chemical products, and waste liquids. Although few estimates exist on the number of underground storage tanks used for all purposes, experts believe that there are over 1.4 million gasoline storage tanks buried underground, not including abandoned gasoline tanks. An unknown number of active and abandoned tanks store chemicals and chemical wastes. Of the 1.4 million gasoline tanks, an estimated 1.2 million are made of steel with little or no corrosion protection, less than 25,000 are steel tanks cathodically protected against corrosion, and about 100,000 are tanks made from fiberglass.[4] Some petroleum industry experts estimate that between 75,000 and 100,000 of the unprotected steel tanks are currently leaking, and perhaps up to 350,000 will be leaking within the next five years.[5]

Several States are actively assessing the threat to groundwater by underground storage tanks. The State of New York has estimated that 16,000 (19 percent) of its 83,000 active underground gasoline tanks are leaking, and that another 28,000 tanks may have been abandoned during the past 10 years. The State of Maine estimates that 25 percent of its 1,600 retail gasoline outlets have underground tanks that are leaking a total of some 11 million gallons yearly.[6]

The State of Michigan, believed by many to have one of the best groundwater protection programs in the country, has been investigating gasoline contamination for some time. One State survey found that at least 21 percent of 268 known groundwater contamination incidents involved petroleum product leakage from underground tanks.[7] Another State of Michigan survey showed that pollution of soils and groundwater by petroleum fuels from underground storage was reported 396 times during 1977-79. Nearly 35 percent of these incidents involved leakage from underground tanks or pipelines. One leak caused over 60,000 gallons of gasoline to enter the groundwater.[8]

Why underground tanks may leak

Underground tanks and pipelines may begin to leak as a result of external or internal corrosion (particularly in the case of unprotected steel tanks), or physical breakage, such as punctures or cracks (especially in fiberglass tanks). By far the biggest potential for leakage occurs with aging, unprotected steel tanks.[9] In the Great Lakes region, a typical tank may begin to leak within 7 years of installation; conversely, in an arid, non-corrosive region such as Arizona, a tank may remain intact for well over 30 years. Although data are scanty, experts estimate a typical steel tank's life expectancy to be about 15-20 years.[10]

To improve steel tank resistance to corrosion, the Steel Tank Institute developed a pre-engineered, cathodically protected steel storage tank system about 15 years ago. Basically, corrosion is prevented in these tanks because magnesium is electrically bonded to the tank, so the magnesium corrodes instead of the steel. The Steel Tank Institute claims that, since 1969, over 16,000 of these tanks have been installed without a single reported case of leakage.[11] Some petroleum industry experts note, however, that such tanks are not protected from corrosion from within.[12]

Another corrosion protection system used in steel tanks involves impressed current techniques. Basically, the system uses an electrical current around the tank to reverse corrosion. One problem to using both types of cathodic protection systems is they require maintenance to ensure that the electrical charge is working; another is that the wires leading to the tanks may break or be accidentally cut.

Fiberglass storage tanks are apparently the most popular type of tank because they are essentially corrosion-proof and require little maintenance. In fact, several of the major petroleum companies, such as Exxon, Shell, and Texaco, have programs to replace their steel tanks with fiberglass ones.[13] Fiberglass tanks, however, are subject to failure. They can crack if improperly installed, and an EPA report states that documented cases of tank leakage have occurred as a result of certain alcohol-blend gasolines weakening the polyester resins in the fiberglass.[14] One petroleum company study found no damage to fiberglass tanks filled with alcohol-based gasolines for six months.[15]

Hazards of gasoline contamination of groundwater

Gasoline is a refined product of crude oil and contains several hydrocarbons and often a variety of additive chemicals. Typical contents of gasoline include benzene, toluene, and xylene, and additives such as ethylene dibromide, tetramethyllead, and ethylene dichloride. Benzene and ethylene dibromide are suspected carcinogens, and other components may cause a variety of toxic effects; tetramethyllead, for example, is extremely toxic by any acute route of exposure.

Being less dense than water, gasoline that contaminates groundwater will float on top of the water table. Even at small concentrations of a few parts per million, some people can smell or taste its presence in water; while this level of gasoline does not seem to be toxic, it nevertheless makes the water containing it objectionable as a drinking water supply. Higher concentrations may become toxic, and when concentrations reach levels of around 10,000 parts per million in the air, the gasoline reaches an explosive threshold.

Preventing underground storage tank leakage

To prevent leakage, gasoline tank owners generally have three options: (1) replace existing unprotected steel tanks with fiberglass tanks or cathodically protected steel tanks; (2) retrofit existing steel tanks with cathodic protection; or (3) apply an internal lining to existing tanks. Reportedly, in most cases, tank owners decide to continue to use the existing steel tanks and gamble that they either will not leak, or if a leak develops that it will be detected before a significant amount of product is lost.[16]

Some leak detection devices are available; however, they usually are effective only at detecting leaks in pressure piping systems. Industry recommends the use of daily inventory control as a leak detection procedure, but its effectiveness is limited since it cannot detect all small leaks. Small leaks can magnify into large problems: an underground tank leaking two drops/second will release 1.2 gallons/day, or 36 gallons/month; a tank leaking a ¼-inch stream will release 931 gallons/day, or 27,936 gallons/month.

Only about 25-35 percent of the underground gasoline storage tanks in the United States are owned by the major oil companies; the rest are owned by gasoline distributors, independent service station owners, and businesses (such as those owning delivery trucks) that require on-site gasoline pumps. The major oil companies generally require dealers and employees to maintain accurate, daily inventory controls, but such controls may not be exercised by all tank owners. Some of the major companies also have leak or spill response programs to respond quickly to tank problems; for independent owners, such programs may not be financially feasible.[17]

Many of the major oil companies are currently replacing all of their unprotected steel tanks with fiberglass or cathodically protected steel tanks. Again, smaller companies may or may not even be in a position to know if their tanks are leaking, let alone be able to afford total tank replacement. Any tank owner must bear substantial costs, at times in excess of $70,000, to replace tanks and pipelines at just one service station.[18]

For a large oil company owning thousands of tanks, the chances of leaks occurring are fairly high; for the small owner who owns only a few tanks, the odds are much better, better to the point that it may be worth the gamble not to replace underground storage tanks. This choice, however, may backfire: in cases of ground water contamination by gasoline service stations, total liability for the owner has run over $1 million in fines and cleanup costs; legal costs for individual lawsuits or victim damage awards may push a tank owner's liability up even further.[19]

REGULATION OF UNDERGROUND STORAGE TANKS

Federal regulation of underground storage tanks

Although scanty, the Federal regulations that apply to storage tanks sometimes differentiate between above-ground and underground tanks. As far as the Federal Government is concerned, for purposes of environmental regulation the contents of storage tanks may be categorized as either chemicals or chemical wastes. Because it is not a waste, gasoline could only be classified as a chemical; in any case, no specific requirements exist for gasoline.

If a storage tank contains chemicals, its usage could be regulated under the Toxic Substances Control Act, specifically under Section 6.[20] This section gives the EPA administrator the authority to regulate the handling or use of a chemical when necessary to prevent an unreasonable risk. Although EPA has not currently regulated chemical storage tanks, an agency task force is studying the possibility of using the Toxic Substances Control Act to set standards for tank construction and to require monitoring for detection of leaks. Such regulation is expected to be delayed for at least two years while the agency compiles further information on the extent of the problem.[21]

If a storage tank contains hazardous wastes, EPA can regulate it under the Resource Conservation and Recovery Act regulations for hazardous waste facilities.[22] Under the interim status requirements (Subpart J), all facilities using tanks to treat or store hazardous wastes must insure that the tanks do not leak, overflow, or rupture, and that they are inspected periodically.[23] Reactive or ignitable wastes may only

be stored with certain precautions. The permitting standard requirements authorized by Section 3004 of the Act also refer to tanks treating or storing hazardous wastes. However, the requirements of Subpart J apply only to above-ground tanks and not to underground tanks.[24]

If a storage tank containing chemicals or hazardous wastes begins to leak, EPA can respond to the problem under the Comprehensive Environmental Response, Compensation, and Liability Act ("Superfund"). However, the Superfund law does not authorize EPA to respond to releases of petroleum products.[25] At the time of the Act's passage, several members wanted to include petroleum product spills in the Superfund Act, but the possibility that a prolonged debate would prevent enactment before the end of the Congress led these members to agree to the exclusion; they intended to propose a petroleum product superfund at a later time, but such a bill has yet to appear.

State Regulation of Underground Storage Tanks

Few State laws or regulations are directed toward prevention of leakage and groundwater contamination by underground storage tanks. In several cases, the laws or regulations refer mainly to the need for preventing fire or explosion hazards by the contents within the tanks. At present, however, several States and local governments are moving to address the problem of leaking underground storage tanks, and newer laws and regulations are being proposed.

State laws applying to underground storage tanks have been passed in California, Maryland, Michigan, and New York.[26] The States of Florida and Connecticut are considering regulations, and many county and local authorities, such as in Suffolk County, N.Y., Barnstable County, Mass., and Santa Clara County, Cal., have passed ordinances regulating underground storage tanks.[27] [28] Other authorities, such as the Los Angeles Region of the California Regional Water Quality Control Board, are currently investigating the number of leaking tanks within their jurisdictions as a basis for decisions on regulation.[29]

Other Regulation of Underground Storage Tanks

Several industry organizations have recommended practices or procedures that relate to underground storage tank installation or use. Most national fire code writing associations specify installation procedures and requirements for corrosion protection. Underwriters Laboratories (UL 58) is the standard for fabrication of underground steel tanks. The Steel Tank Institute has certain requirements with respect to the cathodic protection of steel tanks. Fiberglass storage tanks are built to performance standards from Underwriters Laboratories (UL 1316) and from the American Society for Testing and Materials (B4021). The American Petroleum Institute has issued reports on the installation of underground storage tanks, inventory control, cathodic protection of tanks, and treatment techniques for gasoline-contaminated groundwater.[30]

Several of the major oil companies are moving to replace their unprotected steel underground storage tanks and to be in a position to respond quickly to spills and leaks. Exxon Company, for example, claims to have spent over $100 million since 1979 to replace steel underground storage tanks, and the company expects to have replaced all of its old tanks by 1986; Chevron is involved in a five-year, $105 million replacement program.[31] [32] Some companies are experimenting with added protection against groundwater contamination from underground storage tank leakage by installing secondary containment systems around underground tanks.[33]

Most regulations used by the States that pertain to underground storage tanks have to do with preventing fires or explosions. Some 34 States abide by the National Fire Protection Association flammable and combustible liquids code (NFPA 30), several Western States follow the Uniform Fire Code for flammable and combustible liquids (Article 79, Section 70.603), and some Southern States used the fire prevention codes prescribed by the Building Officials and Code Administrators International (BOCA). Local ordinances in States, including Maryland, Pennsylvania, Illinois, Kansas, and Ohio, require periodic tank testing for leaks.[34]

ISSUES REGARDING LEAKING UNDERGROUND STORAGE TANKS

What is the extent of leaking underground storage tanks?

Although little information exists with respect to the number of underground storage tanks, some petroleum industry experts speculate that 75,000–100,000 of the estimated 1.4 million tanks containing gasoline may currently be leaking into potable groundwater supplies, indicating a potential threat to public health and the environment. The above estimates pertain only to gasoline tanks; a further area of concern is that few data are available for underground chemical or chemical waste storage tanks or for underground storage tanks that have been abandoned.

The concern for leaking underground storage tanks is further complicated by lack of sufficient knowledge to predict when tanks may leak. Even when tank owners practice accurate inventory control over the quantities of the fluids in their tanks as an early warning tool against leakage, in many cases they cannot determine the loss of small amounts.

Several Federal, State, and local agencies are now beginning to assess the extent on underground tank leakage by compiling inventories of the number of tanks in their jurisdictions, but this activity is expected to take several years. In the meantime, many underground tanks will presumably continue to leak, and most will presumably be unregulated.

Should underground storage tanks be regulated to prevent leakage?

Few laws under any authority exist specifically regulating underground storage tanks. The Federal Government only regulates above-ground storage tanks that contain chemical wastes, and can routinely respond only to chemical or chemical waste spills that do not involve petroleum products. The tank storage of one of the most common groundwater contaminants—gasoline—is unregulated because it is not a waste product (and thus not under the authority of the Resource Conservation and Recovery Act), and spills of the fuel cannot be cleaned up under the Superfund law because it is a petroleum product. Fewer than a dozen States have underground storage tank laws or regulations, and probably few local codes exist for storage tanks as well.

The petroleum industry is well aware of the potential liability leaking storage tanks may impose. Although most of the major oil companies have spill response plans and tank replacement programs, they control only 25-35 percent of all the underground storage tanks in the United States. The majority of storage tanks in use or abandoned are owned by independent businesses that may be unaware that their tanks are leaking, or do not have the finances to replace tanks before they leak.

EPA is currently moving to address the problem of leaking underground storage tanks as part of its pending groundwater strategy. Those pressing the action see regulations of non-waste underground storage tanks under Section 6 of the Toxic Substances Control Act as offering a significant step toward removing the environmental threat of leaking underground storage tanks. Further regulatory actions may include the development of specifications for tank testing, installation procedures, inventory collection, and spill cleanup actions. Opposition is likely to come from those seeing such regulation as another burden on small businesses, undertaken without conclusive evidence of a public health threat.

Finally, some consideration might be given to developing a system for compensating victims of leaking underground storage tanks. People have been deprived of their drinking water supplies because of groundwater contamination. Because the contamination sources are often difficult or impossible to detect, affected parties may face substantial losses in terms of property values.

FOOTNOTES

[1] U.S. Library of Congress. Congressional Research Service. Groundwater Contamination and Protection, by Donald V. Feliciano (continuously updated). Issue Brief 83091.

[2] U.S. Environmental Protection Agency. The Report to Congress: Waste Disposal Practices and Their Effects on Ground Water. Office of Water Supply and Office of Solid Waste Management Programs. January 1977. Washington, 1977. p. 421.

[3] Shaner, J. Richard. How Non-Detection Can Cost You: The Tank Leak Mess. National Petroleum News, vol. 74, July 1982: 36–40.

[4] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.

[5] Shaner, How Non-Detection Can Cost You, p. 37.

[6] U.S. Environmental Protection Agency, Storage Tank Fact Sheet [draft]. Office of Drinking Water. December 5, 1983. Washington, 1983. 3 p.

[7] Michigan Department of Natural Resources. Study on the Underground Storage of Gasoline. Water Quality Division. September 1981. p. 11.

[8] Michigan Department of Natural Resources, Study on the Underground Storage of Gasoline, p. 11.

[9] Larson, Dan. Subsurface Strategies. Super Service Station, vol. 107, February 1983. p. 17.

[10] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.

[11] Steel Tank Institute. A Specifier's Guide to Underground Storage Systems. 1983 advertisement in several magazines. Steel Tank Institute, Northbrook, Ill.

[12] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.

[13] Shaner, How Non-Detection Can Cost You, p. 37.

[14] U.S. Environmental Protection Agency, Region I. Underground Gasoline Storage Tank Leaks and Their Impacts on Drinking Water Supplies. Prepared by David Chim, David A. Fierra, and Jerome J. Healy, Water Management Division. October 25, 1983, Boston, Mass., p. 2.

[15] Compatibility of Fiberglass with Fuels Containing Oxygenates. Oxygenated Fuels Technical Bulletin, No. 8208, August 1982, Arco Chemical Company, Philadelphia, Pa., and Houston, Tex. 15 p.

[16] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.

[17] Ibid.

[18] Ibid.

[19] Ibid.
[20] P.L. 94-469.
[21] Regulation of Underground Storage Tanks At Least Two Years Away, EPA Officials Say. Environment Reporter, December 23, 1983: 1472.
[22] P.L. 94-500.
[23] 40 C.F.R. 265.190.
[24] 40 C.F.R. 264.190(b).
[25] P.L. 96-510, Subsection 101(14).
[26] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.
[27] Michigan Department of Natural Resources, Study on the Underground Storage of Gasoline, p. 109-128.
[28] Santa Clara County Board of Supervisors. An Ordinance to Add Chapter IX (Commencing with Section B11-301.01) to Division B11 of the Santa Clara County Ordinance Code, Relating to Hazardous Materials Storage Permit. November 15, 1983, Santa Clara County, Calif., 1983.
[29] California Regional Water Quality Control Board. Staff Report to the Board on the Problem of Underground Tank Leaks in the Los Angeles Region. Prepared by the Los Angeles Region staff. May 23, 1983, Los Angeles, Calif., 1983.
[30] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.
[31] 60 Minutes. Check the Water. December 18, 1983. CBS News, New York, N.Y.
[32] Larson, Subsurface Strategies, p. 60.
[33] Personal communication with Frederick Killmar, Killmar Associates, Great Falls, Va., January 5, 1984.
[34] Ibid.●

EXPORT ADMINISTRATION ACT

BRADLEY AMENDMENT NO. 2759

Mr. BRADLEY proposed an amendment to the bill S. 979, supra, as follows:

On page 53, after line 9, add the following:

AUTHORIZATION FOR CUSTOMS SERVICE

SEC. 19. (a) There are authorized to be appropriated to the United States Customs Service, Department of the Treasury, to carry out the purposes of the Export Administration Act of 1979 $12,000,000 for each of the fiscal years 1984 and 1985.

(b) The Commissioner of Customs shall notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives at least 90 days prior to talking any action which would—

(1) result in a significant reduction in force of employees other than by means of attrition,

(2) eliminate or relocate any office of the United States Customs Service,

(3) eliminate any port of entry,

(4) reduce the number of employees assigned to any office of the United States Customs Service or any port of entry, or

(5) reclassify or reassign employees of the United States Customs Service from traditional commercial functions.

JOHNSTON (AND METZENBAUM) AMENDMENT NO. 2760

Mr. JOHNSTON (for himself and Mr. METZENBAUM) proposed an amendment to the bill S. 979, supra, as follows:

At the appropriate place in the bill insert the following:

"SEC. . The Mineral Lands Leasing Act of 1920, as amended, (30 U.S.C. 181 et. seq.) is further amended by inserting a new section as follows:

"'LIMITATION ON AUTHORITY WITH RESPECT TO MERGER PARTIES

"'SEC. 43. GENERAL PROHIBITION.—Notwithstanding any other provision of this Act, the Secretary is prohibited from issuing any lease or granting any right-of-way under the provisions of this Act to any person who is subject to the provisions of this section.

"'(a) APPLICABILITY.—The provisions of this section shall apply to any person—

"'(1) who is a party to a merger consummated after February 27, 1984, and prior to six months following the date of enactment of this section, and

"'(2) who is a substantial energy reserve holder.

"'(b) DEFINITIONS.—For purposes of this section, the term—

"'(1) 'merger' includes mergers, consolidations, or acquisitions whereby one person acquires control or a majority of the assets of any other person. A merger shall be deemed to have been consummated when preliminary approval has been received from the Federal Trade Commission and the purchase of controlling stock has taken place, regardless of whether such stock is held in a separate account pending final Federal Trade Commission approval;

"'(2) "substantial energy reserve holder" means any person who, individually or together with his affiliates, owns or has an interest in, ten million barrels or more of proved reserves of crude oil, natural gas liquids equivalents, or natural gas equivalents.'".

"SEC. . The Outer Continental Shelf Lands Act, as amended, (43 U.S.C. 1331-55) is further amended by inserting a new section as follows:

"'LIMITATION ON AUTHORITY WITH RESPECT TO MERGER PARTIES

"'SEC. 31. GENERAL PROHIBITION.—Notwithstanding any other provision of this Act, the Secretary is prohibited from issuing any lease or granting any right-of-way under the provisions of this Act to any person who is subject to the provisions of this section.

"'(a) APPLICABILITY.—The provisions of this section shall apply to any person—

"'(1) who is a party to a merger consummated after February 27, 1984, and prior to six months following the date of enactment of this section, and

"'(2) who is a substantial energy reserve holder.

"'(b) For purposes of this section, the term—

"'(1) "merger" includes mergers, consolidations, or acquisitions whereby one person acquires control or a majority of the assets of any other person. A merger shall be deemed to have been consummated when preliminary approval has been received from the Federal Trade Commission and the purchase of controlling stock has taken place, regardless of whether such stock is held in a separate account pending final Federal Trade Commission approval;

"'(2) "substantial energy reserve holder" means any person who, individually or together with his affiliates, owns or has an interest in, ten million barrels or more of proved reserves of crude oil, natural gas liquids equivalents, or natural gas equivalents.'".

NOTICES OF HEARINGS

SUBCOMMITTEE ON SOIL AND WATER CONSERVATION, FORESTRY AND ENVIRONMENT

Mr. JEPSEN. Mr. President, I wish to announce that the Subcommittee on Soil and Water Conservation, Forestry, and Environment of the Committee on Agriculture, Nutrition, and Forestry has scheduled a hearing to receive testimony on the funding and operation of the U.S. Department of Agriculture's conservation programs.

More specifically, the topics of discussion will be the administration's fiscal year 1985 budget proposals for conservation, the Department's progress in implementing the national conservation program, and a discussion of USDA's current research activities in conservation, as well as future research plans.

The hearing will be held on Tuesday, March 6, 1984, at 1 p.m. in room 328-A, Russell Senate Office Building.

For further information please contact the Agriculture Committee staff at 224-0014 or 224-0017.

SUBCOMMITTEE ON PUBLIC LANDS AND RESERVED WATER

Mr. WALLOP. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Senate Subcommittee on Public Lands and Reserved Water.

On Friday, March 16, 1984, at 9 a.m., in the main courtroom of the Federal Building on Main Street in Bryson City, N.C., the subcommittee will hear testimony on S. 2183, a bill to designate certain lands in the Great Smoky Mountains National Park as wilderness, and for other purposes.

Those wishing to testify should contact the office of Senator HELMS, at P.O. Box 2944, Hickory, N.C. 28603, phone (704) 322-5170. Those wishing to testify should notify the subcommittee no later than March 14, 1984.

Because of the number of witnesses expected to testify, oral testimony will be limited to 3 minutes per witness. Written statements may be longer and will be printed in full in the hearing record. Witnesses will be placed in panels. Witnesses are requested to provide the subcommittee 15 copies of their tesitmony at the hearing.

For further information, please contact Subcommittee on Public Lands, Mr. Tony Bevinetto, (202) 224-5161.

SUBCOMMITTEE ON PUBLIC LANDS AND RESERVED WATER

Mr. WALLOP. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Senate Subcommittee on Public Lands and Reserved Water.

On Tuesday, March 27, 1984, at 10 a.m. in room SD-366 Dirksen Office Building, Washington, D.C., the subcommittee will hear testimony on S. 1947, to designate certain lands in the

Great Smoky Mountains National Park as wilderness; to provide for settlement of all claims of Swain County, N.C., against the United States under the agreement dated July 30, 1943, and for other purposes, and S. 2183, to designate certain lands in the Great Smoky Mountains National Park as wilderness, and for other purposes.

Those wishing to testify should contact the Senate Subcommittee on Public Lands and Reserved Water, room SD-308 DSOB, Washington, D.C., phone number (202) 224-0613. Those wishing to testify should notify the subcommittee no later than March 23, 1984.

Because of the number of witnesses expected to testify, oral testimony will be limited to 3 minutes per witness. Written statements may be longer. Witnesses will be placed in panels. Witnesses are requested to submit 35 copies of their testimony 24 hours in advance of the hearing to the subcommittee.

For further information, please contact the Subcommittee on Public Lands and Reserved Water, Mr. Tony Bevinetto, phone number (202) 224-5161.

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public oversight hearing before the Subcommittee on Energy Research and Development to consider the President's proposed budget for fiscal year 1985 for the Department of Energy's inertial confinement fusion program.

The hearing will be held on Thursday, April 5, beginning at 9:30 a.m. in room SD-366 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Subcommittee on Energy Research and Development, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Paul Gilman or Mr. Elliot Chakoff of the subcommittee staff at 224-4431.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, February 29, at 2:30 p.m., to hold a hearing to consider the nomination of John Keane to be Director of the Bureau of the Census.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet in closed session during the session of the Senate on Wednesday, February 29, at 2 p.m., to receive a briefing on intelligence matters.

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

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION AND GOVERNMENTAL PROCESSES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Energy, Nuclear Proliferation and Government Processes of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Wednesday, February 29, in order to hold an oversight hearing of GAO.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, February 29, to hold a hearing on foreign assistance.

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

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, February 29, to hold a hearing to consider S. 2166, a bill to reauthorize the Indian Health Care Act of 1976.

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

ADDITIONAL STATEMENTS

INDUSTRY LEADERS OUTLINE TRAVEL MARKETING PLAN

● Mr. SASSER. Mr. President, along with Senator WARNER, with whom I cochair the Senate Tourism Caucus, I want to direct the attention of my colleagues to an approaching landmark event in the history of our caucus and, indeed, in the history of the travel and tourism industry: that is, the expected release in April of an international competitive marketing plan by the travel and tourism industry.

Three industry representatives—William D. Toohey, president of the Travel Industry Association of America; James C. Collins, senior vice president for marketing of the Hilton Hotels Division of the Hilton Hotels Corp., and chairman of the international marketing plan development committee; and William Edwards, president of the Hilton Hotels Division of the Hilton Hotels Corp., and national chairman of the Travel Industry Association of America—made a presentation of an outline of the plan to a February 26 work session of the National Governors Association on international tourism.

I insert the report of Messrs Toohey, Collins, and Edwards in the RECORD at the conclusion of my remarks.

The overall goal of the plan is to increase—to recapture, really—the U.S. share of international tourism receipts. In order to do that, a top-to-bottom, broad-based, industrywide marketing plan is necessary.

Development of the plan has been carried out by a broadly representative industry group, which has consulted with various government entities that deal with travel and tourism issues.

Senator WARNER and I, as well as other members of the Senate Tourism Caucus, have followed the work of the development committee with great interest, as its final report will serve as an invaluable planning document for those of us in the Congress concerned with the future of this most important industry.

Since the formation of the Senate Tourism Caucus in 1980, there has been a growing awareness of the importance of the travel and tourism in this country. It is, in fact, either the first, second or third largest industry in 41 of our States.

Americans and foreign visitors spent $194 billion on travel and tourism in the United States in 1982.

Travel and tourism generate a $41 billion payroll in our country.

It employs 4.5 million Americans directly, and another 2.5 million in supporting jobs.

The industry means $20 billion in Federal, State and local tax revenues.

As a member of the Senate Small Business Committee, I am especially sensitive to the contribution of this industry to the American economy; 99 percent of the firms in travel and tourism are small businesses.

It is no small wonder, then, that the first competitive marketing plan which will incorporate a comprehensive, national strategy seeking to integrate the various interests of this diversity of businesses, is an anxiously awaited event.

In anticipation of this report, Senator WARNER and I commend to you the recommendations and observations outlined in the report given at the NGA work session.

The material follows:

INTERNATIONAL MARKETING PLAN DEVELOPMENT COMMITTEE, REPORT TO THE BREAKFAST WORK SESSION ON INTERNATIONAL TOURISM, NATIONAL GOVERNOR'S ASSOCIATION, MID-WINTER MEETING, FEBRUARY 26, 1984, WASHINGTON, D.C.

REMARKS OF WILLIAM D. TOOHEY, PRESIDENT, TRAVEL INDUSTRY ASSOCIATION OF AMERICA

Mr. Chairman and distinguished members of the National Governors' Association, it is an honor for us to meet with you today to discuss what we think is a landmark public-private sector development, a marketing

plan that will benefit the United States and, with further development, each of the States.

We think that with this plan we can improve the Nation's share of the growing international market, a market that this year represents approximately $135 billion in revenues to countries throughout the world and one that is anticipated to grow to twice that much over the next five years, depending on how quickly economically over-extended countries recover during that period.

Let me first give you some of the history of the international marketing plan.

The worldwide association of the past three years, now easing, has been shallower than the mid-1970's recession, but lasted longer. World trade growth in pre-recession 1979 was 6.5 percent, dropping to 1.5 percent, zero percent and −2.0 percent in 1980, 1981 and 1982 respectively. The extended length of the recession is attributed to industrialized nations' tightened monetary controls instituted to bring down inflation, according to many economists. While the composite international inflation rate has dropped by 1.3 percent from its peak in 1980, unemployment has increased worldwide by more than 3 percent as a result.

Fluctuations in the industrialized countries of the world have directly affected the developing nations. Developing countries, a relatively new source of international tourism potential, have been growing faster economically than industrialized nations since the late 1960's. However, even those that have had the highest growth rates have not been able to avoid the cyclical influence of the industrialized world or the effects of high interests rates. Many of these developing nations have been caught between stagnating foreign exchange earnings, accounting in part for their increasingly aggressive competition in the world tourism market, and soaring interest payments on their debt.

Middle-income developing countries that have pursued export oriented trade policies, mainly in Asia, have managed to maintain export expansion momentum and avoid serious new debt problems. Others, including several Latin American countries that borrowed heavily and adjusted less, or incorrectly, during the pre-recession years, have been impacted by high interest rates and have had to take drastic economic adjustment measures to respond to a liquidity crisis.

However, there have been encouraging signs since the beginning of 1983. Nominal interest rates internationally have dropped to levels well below their peak in 1981. The ratio of debt service to export earnings in 1984 is projected to drop below 17 percent, down from a high of 20.7 percent in 1982. Oil prices are down, helping ease a continuing economic burden on oil-importing developing countries.

International tourism receipts grew an average of 18.8 percent per year for the period of 1976 to 1980. While the depressed international economic environment dampened worldwide out-bound tourism to some extent, international tourism receipts still grew 15.9 percent in 1980, 11.3 percent in 1981 and then to an estimated 4.5 percent in 1982. Assuming that the international economy continues to falter as recovery moves forward, it can be expected that international tourism receipts will at a minimum grow at an annual average rate of 10 to 35 percent less than pre-1980 growth rates, depending on the speed of recovery of economically overextended countries.

International tourism arrivals, defined as people whose travel takes them across national borders and who stay in a foreign country for more than 24 hours, were estimated to be 294 million in 1982. While international arrivals increased at an annual rate of 5.5 percent for the 5 year period of 1976-1980, the increases during the recessionary years of 1981 and 1982 were only 3.9 percent and 1.5 percent respectively.

Assuming a continuing but relatively slow world economic recovery, it can be expected that international tourism arrivals will grow at a 4 to 5 percent rate for the remainder of the 1980's. This would place the size of the international market in the range of 390 to 415 million international tourism arrivals in 1988. If this growth actually occurs, the size of the world tourism market, in terms of arrivals, will increase by 30 to 40 percent during the next five years.

Should economic recovery produce a tourism receipts growth in the range expected over the next 5 years, the size of the international market, in terms of receipts, would reach $230 to $315 billion in 1988.

WORLD TOURISM MARKET SIZE

	1976	1980	1981	1982	1983	1984	1988
International tourism:							
Arrivals (millions)	221.6	279	290	294	318-324	331-340	387-414
Receipts (in billions of dollars)	44.9	95.3	106.1	119-124	132-145	148-170	232-317

In 1976, the U.S. held a 13 percent share of the world's then $45 billion tourism market. Since 1976, our competitive position has declined each year until today we account for only a 10 percent share. In the international tourism marketplace this is a significant drop.

It is no coincidence that the decline parallels reductions in funding for the Federal international promotion program

Even though the private sector and many States and cities increased budgets during this period in an attempt to keep up with the expanding competitive markets, they could not possible fill the void in declining Federal activities. It is important to note that it is the Federal Government that is the appropriate entity to serve as a catalyst for a national tourism program to promote the U.S.A. as a destination for foreign travelers.

With less than one-third of the potential promotional spending power it had in 1976, the United States Travel and Tourism Administration, the only Federal tourism promotion entity, has not been able to compete on an equal basis against other governments in the international marketplace.

Not only did the U.S. Government reduce promotional competitive funds, it has also lagged in increasing its marketing sophistication in the face of intensely growing competition from other developed nations and many of the less developed countries, including Third World nations.

Our growing concern about our ability to compete came to a head this last year when the Office of Management and Budget originally sought zero funding for the U.S. Travel and Tourism Administration. USTTA is constrained by administration policy to developing marketing plans based on predetermined recommended budget levels.

To date, annual marketing plans, required by the National Tourism Policy Act, had been drafted to fit the administration's recommended funding level for the agency.

The private sector, in observing this "catch 22" dilemma, thought that it would be more prudent to establish budget recommendations based upon acceptable marketing plans, rather than the reverse procedure which goes against traditionally recognized business marketing theories.

It was increasingly apparent that the most significant obstacle to marketing growth was the lack of a competitive marketing plan—a plan that suggested how the Federal Government should use proper funding and provide results expressed in terms of Federal Government concerns: The imbalance of international trade deficits, tax revenues, and unemployment.

With the encouragement of leading travel industry chief executive officers, the Travel Industry Association of America, TIA, undertook a significant private sector initiative to develop an international marketing plan that would return the U.S. market share of international travel receipts to 13 percent of the world market within five years.

To this end, TIA assembled a group of the country's top marketing executives from the major segments of the industry to serve as an international marketing plan development committee. The basis for TIA to take on this program rests with its charter to initiate with Federal entities the development of programs that are responsive to the needs of the industry affecting the facilitation and promotion of travel to and within the United States.

The international marketing plan development committee was structured by the Travel Industry Association of America to include top marketing executives from the following segments of the travel and tourism industry: (1) Hotels/Motels; (2) Airlines; (3) Attractions; (4) Recreation; (5) Ground Transportation, (a) auto, (b) car rental, (c) motor coach, (d) rail; (6) Travel Agents; (7) Tour Operators; (8) Food Services; (9) Sightseeing; (10) Gaming; (11) Cruise Lines; (12) Advertising; (13) Media/Public Relations; (14) Cities/Convention and Visitors Bureaus; (15) States; and (16) Regional Economic Development Tourism Organizations.

In addition, representatives of the United States Travel and Tourism Administration and the National Park Service were designated and have been kept abreast of the committee's deliberations and progress, step by step, and have made numerous and significant input to the planning process. Further, other Federal agencies which have a role in international tourism have been consulted and included in the plan development review process.

Mr. James C. Collins, senior vice president of marketing for Hilton Hotels Corporation

has served as chairman of the committee. Other members of the committee are:

J. Kay Aldous, Vice President, Public and Government Policy, American Automobile Association.

Roger Ballou, Senior Vice President, Vacation & Leisure Travel, American Express Company.

William Blaziek, Senior Vice President, Sales and Marketing, Resorts International Casino Hotel.

Chris Browne, Senior Vice President, Marketing, Holiday Inns, Inc.

Gordon L. Downing, Vice President, General Sales Manager, National Car Rental System, Inc.

Sig S. Front, Senior Vice President, Director of Marketing, The Sheraton Corporation.

Robert Giersdorf, President, Exploration Holidays and Cruises.

Edward N. Gilbert,[1] Director Florida Division of Tourism.

Charles Gillett, President, New York Convention and Visitors Bureau.

Elliot Heit, International Marketing Director, Tauck Tours, Inc.

James W. Hurst, Executive Vice President, Greater Los Angeles Visitors and Convention Bureau.

Samuel B. Jamieson, Jr., Vice President, Marketing, Short Line Tours.

Michael L. Jenkins, Director, Business Marketing, AT&T.

Thomas J. Koors, Executive Vice President, Sales and Marketing, Northwest Airlines, Inc.

Jack B. Lindquist, Executive Vice President, Marketing, Walt Disney Productions.

William S. Norman, Group Vice President, Marketing and Corporate Planning, Amtrak.

Malcolm D. Pynn, President, Holiday Americas.

Don Ryan, President, Camping Group, Kampgrounds of America, Inc.

Martin R. Shugrue, Jr., Senior Vice President, Marketing, Pan American World Airways, Inc.

William D. Slattery,[1] Vice President, Sales & Service International, Trans World Airlines, Inc.

Robert Smalley, Sr., President and Chief Executive Officer, American Land Cruisers.

Bradley Smith, Executive Director, Foremost West, Four Corners Regional Tourism Organization.

Brian Smith, Vice President, Marketing, Busch Entertainment Corporation.

John Stockton, Vice President, Marketing, Roy Rogers Restaurants.

John A. Ueberroth, President, Ask Mr. Foster, First Travel Corporation and Ask Mr. Foster Travel Service.

Terry L. Underwood, Vice President, Passenger Marketing, Greyhound Lines, Inc.

A. Russell Upshaw, Jr., Vice President, Governmental Affairs, Eastern Air Lines, Inc.

The committee's work was supported by task forces, committees, and other executives from the travel and tourism industry.

State travel offices, along with city and regional destination promotion organizations, provided important in-depth input and have reviewed the plan at every step.

In addition, industry organizations have made available senior staff to conduct research and prepare papers that have contributed to the committee's efforts. TIA and its affiliates, the travel and tourism government affairs council and the U.S. Travel Data Center, along with George Washington University, Cornell University and other industry organizations, have provided volunteer technical staff to assist the committee with details of the planning and day-to-day administrative support.

The appropriate committees in Congress, the House and Senate tourism caucuses, and the Office of the Secretary of Commerce have endorsed the concept and have been monitoring the progress of the committee and providing assistance where they saw a need.

With that background, I would now like to introduce Mr. James C. Collins, senior vice president marketing for Hilton Hotels Corporation and the chairman of the international marketing plan development committee. Jim, who has given his time and his leadership to further the plan, will review with you the development and recommendations of the proposed plan.

REMARKS OF JAMES C. COLLINS, SENIOR VICE PRESIDENT-MARKETING, HILTON HOTELS DIVISION, HILTON HOTELS CORP., AND CHAIRMAN, INTERNATIONAL MARKETING PLAN DEVELOPMENT COMMITTEE

Good morning, I am pleased to be here to discuss the work of our International Marketing Plan Development Committee, and to outline our recommendations to date.

As we meet with you, members of our committee are visiting tourism-generating markets abroad to gather information to sharpen our recommendations.

Our committee has had three major meetings since it was formed last summer, reviewing mountains of briefing materials and technical staff research, participating in numerous detailed briefings on Government tourism operations, doing their own research, in many cases with help from their own company's research and marketing staffs, and reviewing the findings from two industry-wide surveys conducted by the committee to solicit broad-based inputs to the planning process—in which State travel offices played a critical role.

An organizing task force, made up principally of members of the TIA International Committee, prepared a draft work program, an "introductory document," for plan development, prior to the creation of the International Marketing Plan Development Committee. The introductory document was circulated widely to leaders of the travel and tourism industry for review and comment.

The committee technical staff prepared a 300-page briefing book which was distributed to the committee prior to its first meeting on August 11, 1983. The first half of the committee's first all-day meeting was a general orientation session open to Government officials, the press and other observers. Presentations were heard on the committee's mission, historical and present Government involvement in international tourism, recent data on in-bound international visitors and how other governments were promoting tourism. Marketing plan goals and objectives were tentatively agreed to prior to the committee moving into three concurrent working sessions on the conceptual basis for:

Development and initial identification of the tourism product;

Identification of markets; and

The structure of an organizational mechanism appropriate to carry out the marketing effort.

A complete transcript was made of the meeting and its working sessions which were attended by committee members and technical staff only. A summary of the meeting findings was prepared, along with a questionnaire designed to clarify findings, fill gaps in the deliberations and collect further input to the planning process. The meeting summary, which included initial market plan concepts was disseminated during the weeks of August 29 and September 6, 1983 to:

(1) The committee members;

(2) USTTA, the National Park Service and other appropriate Government agencies;

(3) Travel and tourism industry advisory boards to the Department of Commerce, Senate and House;

(4) Selected Members of the Senate and House of Representatives;

(5) All major travel industry associations' chief executive officers and other industry association leaders;

(6) CEOS of the travel and tourism industry;

(7) All State travel directors;

(8) Members of the National Council of Area and Regional Travel Organizations;

(9) Members of the National Council of Travel Attractions;

(10) Members of the National Council of Urban Tourism Organizations; and

(11) Other private sector tourism industry leaders.

A rough draft marketing plan was developed based on the committees initial thinking at the August 11 meeting, survey results from the committee and the industry/Government review and comment process, individual committee member input and committee technical staff research. During the week of October 3, 1983, the rough draft marketing plan was distributed to the committee along with a compendium of market analysis data on all markets under consideration.

The committee met on October 13, 1983, in Washington, D.C. to continue its deliberations. The first half of the committee's second all-day meeting included a detailed review of the survey findings from the first industry questionnaire distribution and the review and comment process; a panel discussion with three former USTTA and USTS overseas office heads which focused on overseas operational considerations; and briefings by USTTA representatives on near term marketing plans, budget status and existing programs and operations germane to the marketing planning process. The committee was addressed at lunch by the Honorable Clarence J. Brown, Deputy Secretary of Commerce, who provided guidance on the administration's view of the appropriate role of Government in marketing the United States. The committee subsequently broke into three afternoon working sessions on:

Markets to be targeted;

Refinement of proposed structural elements of USTTA and the private sector needed to implement the proposed plan; and

Identification of USTTA programs necessary to implement and support the promotional effort.

Again, a complete transcript was made of the meeting and its working sessions, which were attended by committee members and technical staff only. A summary of the meeting findings was prepared, along with a second questionnaire to collect further in-

[1] During the planning process, Mr. Gilbert left the Florida Division of Tourism to work in the private sector and was replaced by the new director of the division, Dean Gaiser; Mr. Slattery became President and CEO of Braniff International and was necessarily replaced on the committee by Mr. Neil M. Effman, Senior Vice President, Marketing and Planning, Trans World Airlines, Inc.

dustry input to the planning process. The meeting summary and second questionnaire were disseminated during mid-November to approximately 2,000 tourism industry leaders including the group which received the first meeting summary and questionnaire.

A second rough draft marketing plan was developed, incorporating new committee and industry input and further committee technical staff research. The second rough draft plan (working paper) was distributed to the committee in early December.

Three task forces of the committee met on December 13, 1983, in Washington, D.C. to discuss steps necessary to finalize the draft plan.

These task forces were formed to discuss:

Findings from the second industry survey that suggested the need for further study of selected aspects of the draft marketing plan;

Recommendations that might be offered to USTTA on advertising agency selection criteria and procedures; and

Guidance which might be offered to USTTA on program direction and timing for 1984 to begin transition into the marketing plan, should it be adopted.

As a result of the first task force's recommendations it was decided not to release the final plan until spring of 1984 to allow the committee time to further investigate potential transition problems. The committee felt it could best gather the information it needed to sharpen the plan's recommendations by sending task forces to visit each USTTA office, selected existing visit USA committees and certain overseas travel suppliers.

In addition, at the request of the new under Secretary of Commerce for Travel and Tourism, the committee has formed task forces to work closely with USTTA to help develop plans for making the transition from the Agency's $8.1 million FY 1983 funding level to $12 million for FY 1984 and on into implementation of key elements of the plan itself. This increased funding for FY 1984 demonstrates that Congress recognizes what the committee is doing and the importance it places on returning the U.S. to a competitive international marketing position.

In developing the marketing plan, as with all business plans, we first needed to develop goals and objectives that were reasonable, attainable and, above all, measurable.

The principal goal of the plan is to provide the United States Travel and Tourism Administration with a marketing strategy to return the United States to a 13 percent share of the international tourism market.

The marketing plan should position USTTA to promote the United States as a tourism destination with the support and cooperation of the U.S. public and private sector in order to:

(1) Maximize the U.S. share of the international tourism market through increased promotional efforts;

(2) Work toward a consistent positive balance of payments in the U.S. international travel account by increasing in-bound tourism to offset expanding out-bound travel by U.S. residents;

(3) Increase employment for American workers by increasing demand for U.S. tourism-related services, goods and facilities;

(4) Increase tourism generated tax revenues for the U.S. Government and State and local governments, through increased export earnings from travel and tourism; and

(5) Improve the distribution of tourism economic benefits among States and cities of the United States by providing Federal Government leadership in the development and implementation of cooperative promotional programs which provide all parts of the United States an opportunity to participate.

The principal objective of the plan is to return the U.S. market share of international travel receipts to 13% of the world market by the end of 5 years.

Other objectives, which are necessarily secondary to the principal objective, have been established by the committee. These additional objectives can be expected to be met as a result of achieving the principal objective. In other words, it would likely be necessary to achieve these additional objectives in order to return the United States to a 13 percent market share. The principal utility of establishing additional objectives was to help guide the committee in its selection and mix of strategies, programs and approaches appropriate to attaining the principal objective. In addition, these objectives will provide further means of measuring and evaluating the plan implementation progress. The additional objectives of the plan are:

Increase the number of international visitors to the United States by 40 to 45 percent over 5 years;

Increase U.S. receipts (export earnings) from international tourism by approximately 100 percent over 5 years;

Increase domestic employment by 175,000 to 200,000 jobs over 5 years from increased international tourism to the United States, and

Increase Federal, State and local tax revenues from international tourism by 60 to 70 percent over 5 years through expanded earnings.

The plan should position USTTA to promote the United States as a tourism destination with the support and cooperation of the U.S. public and private sectors of the travel and tourism industry.

The committee has developed 27 tentative recommendations to accomplish its objectives.

(1) The U.S. international marketing effort should be undertaken as a partnership between the Federal Government and the private sector, cities, States and regions;

(2) A USA promotion council should be created by the private sector to assist the marketing effort by:

Advising USTTA on marketing activities;

Developing, coordinating, and guiding private sector programs in support of the marketing effort;

Aiding USTTA in recruiting private sector, city, State, and regional participation in cooperative and tandem promotional programs;

Guiding efforts to expand and strengthen membership in private sector visit USA committees in each generating market;

Providing marketing technical assistance to USTTA; and

Assisting USTTA in other areas related to marketing and public/private partnership activities.

(3) The private sector should become actively involved in establishing new private sector visit USA committees in countries where they do not now exist and in strengthening these committees where they do exist and these committees should, in turn, support USTTA overseas staff by:

Organizing and facilitating product inspection trips to the U.S.;

Hosting travel trade meetings, educational seminars and other trade functions;

Organizing participation in country travel trade shows;

Operating speakers' bureaus;

Implementing in-country promotions;

Facilitating trade missions; and

Assisting USTTA with public relations program activities;

(4) The private sector should convene an annual national conference of international marketing executives from cities, States, regions and the private sector to review and provide input to the USTTA annual marketing plan and to coordinate the private sector partnership role in promotions;

(5) The existing industry advisory board to USTTA should become more substantively involved in guiding USTTA efforts to implement the marketing plan;

(6) The chief operating officer of USTTA should be a general manager who is not subject to changes of administrations who would be in charge of day-to-day operations but retain the Office of Under Secretary;

(7) There should be two principal divisions in USTTA headquarters reporting to the general manager: (1) marketing and (2) policy, planning and research;

(8) At the international level, USTTA should operate through 4 regional offices: (1) a London office for a Europe and Africa region: (2) a Tokyo office for an Asia and the Pacific region; (3) a Miami office for a South America and the Caribbean region; and (4) a Washington, D.C. office for a North American region;

(9) USTTA should establish small country offices in each of the 34 markets targeted by the committee with assigned country offices in each to work under the direction of the four regional offices;

(10) A unifying creative approach to USTTA promotions, most simply expressed in terms of an umbrella theme, should be developed to promote the U.S. as a destination;

(11) USTTA should retain a top U.S. advertising agency to develop an umbrella theme and creative direction as part of an overall international advertising and promotional strategy;

(12) The U.S. promotional strategy should focus on a phased program to be implemented in 34 targeted markets including:

Targeting Japan, Germany, Australia/New Zealand, Italy, Israel and the Netherlands for promotion beginning in year one; and

Targeting Canada, the United Kingdom, Taiwan, Sweden, Norway, Denmark, Finland, Korea and Spain for promotion beginning in year two;

(13) USTTA Federal funding should be between $15 million and $17 million for year one of the marketing plan and $25 million and $27 million in year two depending on funding needed for overseas activities not considered by the committee;

(14) USTTA should rely heavily on cooperative public/private promotion campaigns with the private sector to match Federal expenditures on such programs with at least $2 of non-Federal funds for each $1 of Federal funds in years one and two and approaching $3 to $1 in years 3 and beyond as private sector funding goals;

(15) USTTA should be promoted generically and as 14 regions defined as groups of States and principal cities and USTTA promotional/information literature and display materials should be reformated to reflect the 14 proposed U.S. regions.

(16) USTTA literature distribution should be regionalized and handled by contractors to respond to trade and consumer inquiries;

(17) USTTA should establish USA planning centers in 34 targeted countries to distribute literature and service consumer inquiries through private sector travel suppliers;

(18) USTTA should foster, with private sector support, the creation of USA houses (U.S. trade promotion centers);

(19) USTTA should retain public relations contractors in the 34 targeted markets to carry out phased image development programs with support from private sector visit USA committees;

(20) USTTA should revive its tour development program to provide "seed money" incentives to tour packagers for creation of new tour offerings to the U.S.;

(21) Responsibility for facilitating sales missions (U.S. Travel Trade Missions) in target markets should be shifted to the private sector to the extent feasible;

(22) Organization and coordination of U.S. participation in travel trade shows should be primarily the responsibility of the private sector;

(23) USTTA should develop and implement a marketing effectiveness measurement system to evaluate major programs, monitor progress toward the marketing plan objectives and measure return on investment;

(24) Responsibility for trade and consumer education programs should, to the extent feasible, be shifted to the private sector;

(25) USTTA should become more centrally involved in U.S. trade policy deliberations on international travel facilitation and travel barrier issues;

(26) USTTA should continue to expand port reception services and shift the responsibility for these services to non-federal entities as soon and in as many cases as possible; and

(27) USTTA should consider reestablishing the previous USTS matching funds program to encourage more cities and States to invest in international promotion.

However, above all, the marketing effort must be regarded as a partnership between the Federal Government and the public and private sectors.

We have outlined some new responsibilities for the public and private sectors to support the marketing program. And, in turn we have outlined recommendations dealing with USTTA operations that are intended to strengthen the marketing orientation of the agency.

Recommendations that potentially affect States call for a multi-phased program that would be implemented in 34 targeted markets. That program takes into account the need to promote a mix of generating countries that will tend to balance inbound visitors as much as possible so the whole country benefits. For instance, Pacific markets have been identified that will potentially benefit the Western U.S. after many years of focusing almost exclusively on European markets. In all cases the plan attemps to focus on groups of markets that will allow all States to benefit from international tourism.

The plan calls for a U.S.A. promotion council that includes State, city and regional representation.

An annual national international marketing conference is being recommended to give marketing executives from States, cities, regions and the private sector an opportunity to help shape national efforts, identify individual opportunities to capitalize on national efforts, and identify opportunities to participate in voluntary cooperative promotions with the Federal Government in markets in which each would be individually interested.

The plan encourages the Government to create public/private cooperative promotion campaigns that will reduce the cost to each of us in getting exposure in viable markets. Only 29 States now promote in foreign markets with promotional investments ranging from $1,000 to over $1 million. New cooperative promotional opportunities will allow more States to enter the competition for international visitors.

The committee is proposing a new grouping of States designed to regionalize the U.S. for international promotion. This scheme is intended to help cities and States to get more visibility in foreign markets through Federal efforts as well as to group States and cities in such a way as to facilitate individual promotional investment decisions on markets likely to benefit each of us the most. Less well known States and cities could benefit from traffic generated by the more established cities and States.

We have recommended that States and cities be given more technical assistance in developing promotional materials in languages for the markets they are most interested in cultivating.

The committee will probably urge the Government to reestablish a matching funds program that would encourage more cities and States to invest in international promotion.

While the entire marketing plan is being developed to more effectively promote the U.S. generally, the committee has made every effort to create opportunities for all of us in the public and private sectors to participate more fully in the expected expansion of the U.S. share of the international tourism market in new partnership arrangements with the Federal Government.

We are convinced that we are on the right path, that our efforts will help develop a program that will be increasingly effective in attracting international tourists to the U.S.

Now, to discuss with you what we think the States should be doing to prepare to participate in these efforts, I would like to introduce Mr. William H. Edwards, national chairman of the Travel Industry Association of America and president of Hilton Hotels.

REMARKS OF WILLIAM H. EDWARDS, PRESIDENT, HILTON HOTELS DIVISION, HILTON HOTELS CORP. AND NATIONAL CHAIRMAN TRAVEL INDUSTRY ASSOCIATION OF AMERICA

Thank you, Jim.

First, as the chairman of the Travel Industry Association, I'd like to thank Governor Ariyoshi for inviting us to participate in this workshop. This form of interaction between public and private sectors at this level greatly enhances the partnership relationship that is so necessary to the continuation of the dynamic growth of tourism in our country.

You have heard from Jim what the recommended marketing plan is designed to accomplish at the Federal level. This plan, when completed early this spring, will go to the President and Congress for consideration.

As the plan is implemented at the Federal level, we need to begin planning at the State level to take advantage of the Federal plan and of the increased international tourism to each State.

The far-reaching effect of this form of marketing initiatives will generate a stronger economic climate in State after State and will stimulate other tourism portions of the business spectrum to also grow as they experience the growing wave of the tourism dollar.

Some States are already aggressively promoting themselves and are reaping the resulting economic benefits.

Those that are taking advantage of the international market will need only to make course adjustments. Others will need to revamp existing plans to take advantage of initiatives presented through the USTTA programs.

In my own State of California, Governor Deukmejian reviewed the California tourism program, and realized that though we had the highest tourism revenues in the Nation, they had declined last year along with our market share.

Even with tourism revenues of $27 billion it was evident that much more was available and that a paltry State tourism budget of $600,000 wasn't going to make a dent in potential markets.

The Governor met with travel industry officials and evaluated tourism operations and promotion programs. Just as in the Federal case, California had no advertising budget. The studies recognized that California's foremost industry comprises thousands of small, family-oriented businesses and only a few major companies could mount far-reaching advertising campaigns.

Our Governor, therefore, is working on developing a multimillion dollar promotion program for the California office of tourism for fiscal year 1984-85, and the world is going to hear and see why it's great to "visit California." Moreover, the program will mean new revenues, jobs and increased tax revenues for the State.

Other States are also moving to capture this expanding market and increased tourism dollars. Hawaii, Washington, Colorado, Nevada, Utah, all are inceasing their planning and budgets to attract tourists.

Nevada had an annual tourism budget of $40,000, but faced with competition from Atlantic City, it established a new budget of $2.2 million and hired one of New Jersey's top tourism officials. I hope I'm not giving any trade secrets away!!!!

Meantime, New York developed one of the most widely recognized and successful promotion efforts ever launched—the "I Love New York" campaign with a $12.1 million dollar State tourism budget in 1982-83; Florida is ranked second, with State tourism spending at $9.2 million annually and, Florida counties are estimated to spend that much again. In both cases the economic benefits are astounding.

But to allocate funds isn't the whole answer.

Just as the Federal Government has a new comprehensive plan for spending its tourism promotion dollars, so must State governments.

This morning, Jim Collins outlined for you basics of the national marketing plan. We will send you a copy of the final marketing plan as soon as it comes off the press. We think you should use it as a guide for your State, piggyback on it, if you will—take advantage of the work that has been done to develop your own plan.

The national plan doesn't sell your State, it sells the United States. Therefore, we recommend that you call together a group of travel industry leaders from within your State and charge them with establishing a set of growth objectives, objectives that will stimulate and expand economic growth to the State.

Have the State Planning Committee analyze the State product, study the market potential—the national plan will be very helpful in this area—and develop a list of target markets that will guarantee the best return for promotion dollars spent.

The national plan calls for developing an umbrella theme to promote the country as a whole. States need to decide how they can tie into the umbrella theme with their own "sell-lines."

Advertising programs will need to be a key part of the promotional strategy, and the State plan should call for steps to stimulate cooperate advertising programs with the private sector and with other States in your marketing region.

Your State plan should call for working closely with local chambers of commerce, convention and visitors bureaus, and State private sector tourism promotion organizations, especially in developing State promotional brochures, and marketing programs such as participating in travel agent, tour operator, and consumer shows, plus trade missions to international markets.

The national plan calls for possibly providing matching funds programs to States and cities for international promotion, tour development and other areas of international marketing. Your plan should develop ways to take advantage of these possible funding sources.

We also suggest that your plan look carefully at the structure of the State tourism office, to see it is organized to carry out a marketing function, a function that is foreign to many government organizations, and that it is managed by travel industry professionals.

We also feel that as you begin to develop the plan you will see the need for legislative initiatives that will call for a State tourism policy, which already exists at the Federal level, to provide a stable State tourism program.

In developing your plan an important element that I touched on earlier is the relationship to multi-State promotional regions. International travelers do not spend all of their vacation time in one city or in one State—at least, not usually. The national plan recommends that USTTA identify the U.S. tourism product by geographic regions. It will involve, in some cases, several entire States working together. Regions will play an important part in the marketing plan, and your State should be developed to incorporate the most effective regional mixes.

In the interest of both reinforcing the strengths of primary destinations and fostering the growth of less well-known destinations, defining regional areas as groups of States clustered around ports of entry or principal cities appears to be the most accommodating. Pragmatically, ports of entry tend to define tourism regions because the international visitor generally must arrive in one of the gateway cities before exploring any other city or State. Secondly, ports of entry historically translate into primary destinations, providing a logical basis for promoting focal points.

The public and private sectors, have, on many occasions in the past, attempted to develop regional schemes for both domestic and international marketing purposes. None of these schemes have been totally satisfactory. When the number of regions are held to a minimum, they tend to be larger than most countries of the world, unacceptably large for promotional purposes and too complex to reduce to a manageable size for tourist information brochures. On the other hand, when the size of regions are reduced too far, they become too numerous to promote in an orderly fashion.

The marketing plan proposes one possible scheme to regionalize the country for international marketing purposes. The regional proposal does not and should not affect existing regional arrangements that work well for domestic marketing purposes.

Your State plan should include how you wish to relate to the USA promotion council that Jim mentioned earlier, and you may wish to fashion the same type of organization to relate on a State basis to your State's plan. You will want to be prepared to participate in the annual international marketing conferences, and again, at the State level, organize conferences to review marketing strategies for the coming year. These State conferences could be part of the annual Governor's conferences on tourism that many of you now hold.

What I'm really driving at, is that with well-thought-out planning at the national, State, and local levels, through public/private partnerships, we can only succeed and in succeeding provide for economic growth that will be beyond our wildest dreams.

Also, let me say for all my colleagues in the private sector, we stand ready to work with you. We know it can work, we know the markets are out there, and we are convinced that travel and tourism can make a difference economically in the United States.

I hope you will agree that comprehensive tourism marketing stands to benefit everyone, and that it is a worthwhile investment.

Again, Governor Ariyoshi, we appreciate you allowing us to be a part of your meeting. Thank you.●

RULES OF PROCEDURE—COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

● Mr. STAFFORD. Mr. President, Senate rule XXVI requires that by March 1, standing committees of the Senate publish their rules in the CONGRESSIONAL RECORD.

The rules of the Committee on Environment and Public Works, of which I am chairman, have not changed since their publication last year. They remain quite similar to those under which the committee has operated productively and, in general, harmoniously for several years.

Mr. President, for myself and Senator RANDOLPH, I ask that the current rules of the Committee on Environment and Public Works be included in the RECORD at an appropriate point.

The rules follow:

RULES OF PROCEDURE OF THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Rule 1. *Regular Meeting Days.*—The regular meeting day of the Committee shall be the first and third Thursday of each month at 10:00 A.M., except that if there be no business before the Committee, the regular meeting shall be omitted.

Rule 2. *Committee Meetings.*—Subject to section 133(a) of the Legislative Reorganization Act of 1946, as amended, Committee meetings for the conduct of business, for the purpose of holding hearings, or for any other purpose, shall be called by the Chairman, after consultation with the ranking Minority Member. Subcommittee meetings shall be called by the Chairman of the respective subcommittee, after consultation with the ranking Minority Member. Notice of a meeting and the agenda of business to be discussed by the Committee will be provided to all Members not less than twenty-four hours in advance of such meeting. Additions to the agenda after that time may be made with the concurrence of the ranking Minority Member. Such 24-hour notice may be waived in an emergency by the Chairman, with the concurrence of the ranking Minority Member.

Rule 3. *Open Committee Meetings and Legislative Mark-up Sessions.*—Meetings of the Committee, including hearings and legislative mark-ups, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the Committee determines by record vote of a majority of the members of the Committee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(2) will relate solely to matters of committee staff personnel or internal staff management or procedure; or

(3) constitute any other grounds for closure under paragraph 7(b) of rule XXV of the Standing Rules of the Senate (as amended by Senate Resolution 9, 94th Congress.).

Rule 4. *Presiding Officer.*—(a) The Chairman shall preside at all meetings and hearings of the Committee except that in his absence the ranking Majority Member who is present at the meeting shall preside.

(b) Subcommittee Chairmen shall preside at all meetings and hearings of their respective Subcommittees, except that in the absence of the Subcommittee Chairman, the ranking Majority Member of the Subcommittee who is present at the meeting shall preside.

(c) Notwithstanding the rule prescribed by subsections (a) and (b), any Member of the Committee may preside over the conduct of a hearing.

Rule 5. *Quorums.*—(a) Except as provided in subsections (b) and (d), five Members, two of whom shall be Members of the Minority party, shall constitute a quorum for the conduct of business, except for the purpose of reporting any measure or matter.

(b) Quorums for the conduct of business by the Subcommittees shall be a simple majority of the Membership of the Subcommittees with at least one Minority Member present.

(c) Once a quorum as prescribed in subsections (a) and (b) has been established for the conduct of business, the Committee may continue to conduct business.

(d) Notwithstanding the rule prescribed in subsection (a), one Member shall constitute a quorum for the purpose of conducting a hearing.

Rule 6. *Proxy Voting.*—(a) Proxy voting shall be allowed on all measures, amendments, resolutions, or any other issue before the Committee or any Subcommittees. Any Member who is unable to attend the meeting may submit his vote on any such issue, in writing or through personal instruction; however, proxies shall not be voted for the purpose of reporting any measure or matter except when the absent Committee Member has been informed of the matter on which he is being recorded and has affirmatively requested that he be so recorded. A proxy

given in writing shall be valid until revoked, while a proxy given orally or by personal instructions is valid only on the day given.

(b) At the discretion of the Chairman, after consultation with the ranking Minority Member, members who are unable to be present and whose vote has not been cast by proxy may have their positions recorded on any vote on the same business day so long as the vote will not change the outcome.

Rule 7. *Public Announcement of Vote.*—Whenever the Committee, by rollcall vote, reports any measure or matter, or acts upon any measure or amendments thereto, the report of the Committee on such measure or matter shall include a tabulation of the votes cast in favor of and the votes cast in opposition to such measure or matter by each Member of the Committee.

Rule 8. *Announcement of Hearing.*—The Committee, or any Subcommittee thereof, shall make public announcement and provide notice to Members of the date, place, time, and subject matter of any hearings to be conducted on any measure or matter, at least one week in advance of such hearing, unless the Committee Chairman, or Subcommittee Chairman, with the concurrence of the ranking Minority Member, determines that there is good cause to begin such hearing at an earlier date, in which event not less than twenty-four hours notice shall be given.

Rule 9. *Statements of Witnesses at Hearings.*—(a) Each witness who is scheduled to testify at any hearing of the Committee, or any Subcommittee thereof, shall file a written statement of his proposed testimony not later than noon of the last business day preceeding the day on which he is scheduled to appear. At the time of his appearance, he shall supply for the use of the Committee or Subcommittee, 25 copies of his prepared testimony or such greater number as may be requested in the letter of invitation. Except for witnesses from the Federal Government, this rule may be waived with regard to field hearings.

(b) The presiding officer at a hearing may have a witness confine his oral presentation to a summary of his statement.

Rule 10. *Regularly Established Subcommittees.*—The Committee shall have six regularly established Subcommittees as follows:

Subcommittee on Environmental Pollution.

Subcommittee on Nuclear Regulation.

Subcommittee on Water Resources.

Subcommittee on Transportation.

Subcommittee on Toxic Substances and Environmental Oversight.

Subcommittee on Regional and Community Development.

Rule 11. *Subcommittee Membership.*—Following consultation with the Majority Members and the ranking Minority Member of the Committee, the Chairman shall announce selections for membership of the Subcommittees referred to in Rule 10.

Rule. 12. *Environmental Impact Statements.*—No project or legislation proposed by the Administration shall be approved or other action taken on such project or legislation unless the Committee has received a final environmental impact statement relative to it, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1970, and the written comments of the Administrator of the Environmental Protection Agency, in accordance with section 309 of the Clean Air Act. This rule is not intended to broaden, narrow, or otherwise modify the class of projects or legislative proposals for which environmental impact statements are required under section 102(2)(C).

Rule 13. Whenever the Committee authorizes a project, under Public Law 89-298, Rivers and Harbors Act of 1965, Public Law 83-566, Watershed Protection and Flood Prevention Act, or Public Law 86-249, Public Buildings Act of 1959, as amended, the Chairman shall submit for printing in the CONGRESSIONAL RECORD, and the Committee shall publish periodically as a committee print, a report that describes the project and the reasons for its approval, together with any dissenting or individual views.

Rule 14. *Naming of Public Facilities.*—No building, structure or facility authorized by the Committee, shall be named for any living person, except former Presidents or former Vice Presidents of the United States, or former Members of Congress over 70 years of age.

Rule 15. (a) The Committee shall act on all prospectuses for construction (including construction of buildings for lease by the Government), alteration and repair, or acquisition submitted by the General Services Administration in accordance with section 7(a) of the Public Buildings Act of 1959, as amended, and such action shall be completed by the date of May 15 during the same session in which such prospectuses are submitted to Congress. The Committee may consider prospectuses submitted for alterations or repairs necessitated by emergency building conditions at any time during the same session of the Congress in which they are submitted. Prospectuses rejected by majority vote of the Committee or not contained in any bill reported to the Senate shall be returned to the GSA and must then be resubmitted in order to be considered for action by the Committee during the next session of the Congress.

(b) Reports of building projects surveys submitted by the General Services Administration to the Committee under section 11(b) of the Public Buildings Act of 1959, as amended, shall not be considered by the Committee as being prospectuses subject to approval by Committee resolution in accordance with section 7(a) of that Act. Projects described in such survey reports shall be considered for Committee action only if they are submitted as prospectuses in accordance with section 7(a) and they shall be subject to the provisions of subsection (a) of this rule.

(c) Proponents of Committee resolutions shall submit appropriate evidence showing need for review or reports on river and harbor and flood control projects.

Rule 16. *Broadcasting of Hearings.*—Public hearings of the Committee, or any Subcommittee thereof, may be televised or broadcast, or recorded for television or broadcast, upon notification in advance to the Chairman through the Chief Clerk. During public hearings, photographers and other reporters using mechanical recording or filming devices shall position and use their equipment in such fashion as will not interfere with the seating, vision, or hearing of Committee Members or Staff on this dais, nor with the orderly process of the hearing.

Rule 17. *Amendment of Rules.*—The rules may be added to, modified, amended, or suspended by a majority of the Committee Membership.●

HELPING OTHERS TO HELP THEMSELVES

● Mr. DIXON. Mr. President, today I would like to bring to the Senate's attention the story of an individual who stands as a monumental example of the success one can achieve in this country using the ambition and dedication to pursue a goal and getting a simple helping hand from the community.

The story of Barbara Proctor, Mr. President, is a classic rags-to-riches tale that warms my heart and, I believe should restore our confidence in the American free enterprise system and the integrity of American individual spirit.

Today, Barbara Proctor is the president of her own advertising agency, Proctor & Gardner, in Chicago; an agency with $13 million a year in billings and the second largest in the country aiming at the black consumer market. Her clients include Kraft Foods, Sears, Jewel Food Stores, a leading Midwest supermarket chain, and TCB, a hair products division of Alberto Culver.

But to speak only of what Barbara Proctor has achieved tells little of her origins and her valiant struggle to become a success.

Not that Barbara Proctor would want to hide her origins. In fact, she takes great pride and satisfaction in tracing her outstanding achievements and professional integrity to her formative years.

She was raised in poverty in Black Mountain, N.C., by her grandmother; a grandmother who acted as her primary role model, and provided her with the principles and character that gave Ms. Proctor the self-assurance and confidence to know she could do anything she set her mind to do.

These values, established so early in life, have now given Barbara Proctor the opportunity to stand as a role model for others reared in poverty, demonstrating that their lives also can be changed for the better.

Indeed, to talk about Barbara Proctor's material success is to miss her character and integrity as an individual. Is success complete, after all, if it is not tempered by sound principles and compassion.

As the president of her agency, she is honest and forthright about the errors and obligations of her own industry, especially in the way it treats women. She will not accept clients selling cigarettes, liquor, or products she thinks reinforce black stereotypes. In addition, she has committed herself and her agency to donate time and money to at least one charity a month.

Now, Mr. President, many of my colleagues may recall that President Reagan referred to Ms. Proctor in his State of the Union address describing her as a woman "who rose from a

ghetto shack to build a multimillion-dollar advertising agency."

She naturally appreciated the plug, but points out that while she was "used" by the President because he stressed her story as part of his emphasis on the need for individual initiative, she could not have gotten her agency off the ground without Government support.

That support was in the form of an $80,000 Small Business Administration loan in 1970, which Ms. Proctor is quick to point out, is increasingly rare under the current administration.

The President has made a good point, one on which this country prides itself; that self-help is a wonderful thing. I think, however, that Barbara Proctor's story also makes a valid point—a little boost for self-help is wonderful too.

Mr. President, Barbara Proctor is indeed an outstanding individual, who, I believe, serves as an example to all Americans who yearn to escape the grip of poverty.

More importantly, however, Barbara Proctor stands as an example to all of us in Congress who seek to promote those ideals to which we adhere strongly. We would do well to remember that there are many Barbara Proctors out there who need only that single helping hand. We should keep that in mind when we address many of those programs that seek to tap into that most valuable of our Nation's resources—our people.●

GEN. "CHAPPIE" JAMES: A PROFILE IN EXCELLENCE

● Mr. DOLE. Mr. President, every once and a while a man comes along with the gift of excellence. We recognize this rare gift because such a person inspires us all, a man of vision and determination who leads by example and is not deterred by long odds or disappointments.

Such a man is the late Gen. Daniel "Chappie" James, a four-star symbol of achievement. His life story is a story for all Americans to emulate.

The Senator from Kansas was a friend of his and so was pleased to receive a profile of "Chappie" by Dick Capen, publisher of the Miami Herald, and a longtime admirer of the man.

The word "hero" is easily tossed about these days, but this Senator suggests that if you read Mr. Capen's article, you will agree that General James was indeed an extraordinary man.

The Senator from Kansas requests that the profile by Mr. Capen be printed in its entirety in the RECORD.

The article follows:

EXCELLENCE: NOBODY CARES ABOUT ITS COLOR

(By Richard G. Capen, Jr.)

Chappie James was an extraordinary human being. Born in Pensacola and the youngest of 17 children, he fought incredible odds and obstacles to become one of the most dynamic inspirations of our time. He was well known in South Florida, having spoken here frequently during his Air Force career. He also had strong family ties in town. Bob Simms (who recently retired as director of the Community Relations Board) and his wife, Aubrey, are Chappie's in-laws, and Judge Leah Simms, their daughter, is his niece.

General James and I were close friends and colleagues during our respective Pentagon tours in the late 1960s, when I was an assistant to then-Secretary of Defense Melvin Laird. I deeply valued my association with Chappie. Today, his picture and the above quotes from some of his speeches are on display in my office as a constant reminder of his commitment to excellence.

Lamentably, the memory of Chappie James is fading fast. As far as I'm concerned, he should head the list of salutes during Black Heritage Month (which we are currently celebrating). But if the recent past is any pattern, most will overlook the legacy of General James, and that's a disgrace.

As the highest-ranking black in the military, Chappie James walked with Presidents. He served as a key adviser to Cabinet officers, especially Secretary Laird, who quickly became his mentor. He was the first black ever to address the Daughters of the American Revolution in Constitution Hall, and he had them cheering in the aisles. A highly decorated fighter pilot, he flew 179 combat missions in the Korean and Vietnam wars. At 6'4" and 220 pounds, he didn't climb into the plane—he strapped it on.

He plowed through anti-war crowds on college campuses to give patriotic speeches and sang Negro spirituals at black-tie dinners. He was immensely proud to be black, but his personality and energy were so overwhelming that one soon forgot his color.

As a kid, he earned quarters washing planes at a civilian airport near Pensacola. He dreamed of flying—while Navy aircraft thundered over Pensacola. When World War II broke out, he refused to join the Navy, as many local blacks did, because, "I didn't want to wind up as another black cook." Instead, he signed up for the Army Air Corps (later to become the U.S. Air Force) and was assigned to a segregated squadron at Tuskegee, Ala.

His first instructor was Jim Plinton, who later became the first black executive of a major airline and who now lives in Miami as a retired Eastern Airlines officer. "Chappie James was such an imposing figure," Plinton told me, "and yet he could bend his knees, be humble, and have fun. He could be gentle as a lamb and yet as a fighter pilot he was tough as nails."

The "colored" public schools in Pensacola left much to be desired, so Chappie's mother started one of her own. The tuition was 5 cents a week, or whatever you could afford to attend the Lillie A. James School. Mrs. James taught her son the eleventh commandment: "Thou shalt not quit."

General James spoke often about how his mother urged him to prepare for the future. "I was told to eliminate one by one all the reasons some bigot might say I was not capable of standing beside him or deserving of equal opportunity. If he says you are dirty, make sure you are clean. If he says you are dumb, make sure you learn. If he says you are scared, make sure you are brave. And when the door of opportunity finally opens, be prepared with your bags of knowledge, your patriotism, your honor—and then charge in."

Another distinguished Floridian—Reubin Askew—grew up with Chappie James in the same neighborhood. "At least my end of Alcaniz Street was paved and had lights," Florida's former governor recalled. Governor Askew describes General James as one of our country's "authentic heroes. In everything he did, Chappie reflected a deep-seated love of country. He was proud to be black, but he was an American first. He was constantly trying to challenge young people."

Before it was all over, General James had collected more medals, awards, and plaques than all the generals combined. He received a fourth star and capped off his active service with the vital post as commander-in-chief of the North American Air Defense Command (NORAD) at Cheyenne Mountain outside Colorado Springs. He was a driven, committed man who lived life to the fullest. In 1977, he suffered a mild heart attack and was forced to retire for health reasons on February 1, 1978. Twenty-five days later, he was dead.

It has been six years since the voice of Chappie James was silenced. The memory of his record is frozen indelibly in history, and there are a few token monuments that bear his name—a Federal building in Pensacola, a street at Tinker Air Force Base, and an elementary school in Brooklyn. His picture is part of the Smithsonian Air and Space Museum's salute to black aviators. But what about his dynamic spirit? Why has no one chosen to capture that spirit as a living monument of hope?

How can we use General James's legacy as a means to inspire today's young people who, like him, must struggle to overcome handicaps in their own pursuits? We in Florida have a special responsibility in that regard. After all, he was a native son.

Why not a Chappie James Scholarship program to fund college education for deserving blacks? The state already offers a variety of state aid for minorities. Why not elevate its importance and prestige by naming the grants in honor of one of Florida's most inspiring blacks?

Why not establish a statewide Chappie James oratorical contest open to all high-school students? It would be a winner, I'm sure.

Tuskegee Institute is already at work. Chappie's alma mater is completing plans to become the first predominantly black college to offer a bachelor's degree in aerospace engineering. President Reagan has signed a bill authorizing funds to establish the program and erect a building that will be named the General Daniel "Chappie" James Center for Aerospace Science and Health Education. However, Federal funding has been repeatedly delayed, and private contributions are urgently needed.

In the meantime, our community has come together to salute Black Heritage Month with an impressive series of programs ranging from teacher workshops and salutes to black pioneers, to tours and fashion fairs. Among the many local exhibits is a fascinating display at The Herald featuring popular black entertainers. The public exhibit, which will run through Feb. 27, was unveiled last week at a reception here for more than 400 community leaders. It was made possible through the generosity of Clyde Killens, an Overtown businessman.

In my book, though, no celebration of black heritage here—or anywhere else in America—can be considered complete without a salute to Chappie James.

"This is your nation, and don't get so busy practicing your right to dissent that you forget your responsibility to contribute. If she has ills, you hold her hand until she is well and then work for constructive change within the system."

"Don't stop to argue with the ignoramus who calls you nigger. You don't have time. Press on. Perform. Perform. Excel. Excel. And when you drive back by in the limousine of success, that ignoramus will be standing there on the corner wrapped in his hate."

"The power of excellence is overwhelming. It is always in demand, and nobody cares about its color."—Gen. Daniel "Chappie" James USAF (1920-1978).●

PROFESSOR JAFFA'S VIEWS ON THE MIDDLE EAST

● Mr. EAST. Mr. President, Prof. Harry V. Jaffa is one of our Nation's outstanding political philosophers. He expresses his views on the Middle East with force and clarity in an article in the Washington Times of February 28, 1984.

I recommend his article to my colleagues and ask that it be printed in the RECORD.

The article follows:

[From the Washington Times, Feb. 28, 1984]

AMERICAN POLICY IN LEBANON—WHAT NEXT?

(By Harry V. Jaffa)

In order to know where we are going, we should first take note of where we have been. American policy went awry in the spring and summer of 1982, when the Israeli defense forces had smashed the Palestine Liberation Organization in Lebanon, and had driven the Syrian forces in the Bekaa Valley in disarray toward Damascus, with the Soviet SAMs destroyed.

Instead of allowing the Israelis to finish the job, we insisted that they withdraw from Beirut. We acted as if they were aggressors, and had not acted in legitimate self-defense of their borders—as indeed they had.

In fact, we behaved toward them as we had toward the British in Greece in 1944, the French in Indo-China in 1954, and the British, French and Israelis in Suez in 1956. We treated the defense of fundamental Western interests from a hypothetical, allegedly impartial, anti-imperialist, point of view. Yet in every case we were later drawn into a vacuum we had ourselves helped to create.

In 1956 we voted in the United Nations on the side of our deadliest enemy, the U.S.S.R., to condemn our friends and allies. We did this, moreover, at a time when the U.S.S.R. was engaged in the bloodiest suppression of political freedom in Eastern Europe since World War II—in Hungary. The American president and secretary of state said we could not contenance a double standard in international relations. As if unilateral actions in defense of their own interests must be accepted when done by totalitarian regimes, but not when done by democratic regimes! When the Israelis crossed the borders into Lebanon in 1982, the official American response was that "force was no solution" to the problem of the security of Israel's northern borders.

But hostile force has threatened Israel's existence from the moment of its birth in 1948. And the successful application of force in its own defense is the only reason for Israel's continued existence. There has never been a moment when the tiny state could await the invasion of its borders to take defense action. Even in the wake of the Six Day War of 1967 those borders have been too narrow.

The assault upon the Gemayel regime which seems now to be upon the point of consummation has no doubt several motives—among them the design for an imperial Syria embracing all of Lebanon, all of Jordan, and all of Israel. But the Syrian initiative is sustained within the Arab world by the grievance against the Lebanese government for its agreement of Sept. 17, 1983, with Israel.

And again, it is not so much the details of that agreement as its implied recognition of Israel as a legitimate state. It was this recognition that earned Anwar Sadat first execration, then assassination. And let us not forget the assassination of Amin Gemayel's brother, Bashir, either. For he was on the point of assuming the presidency of Lebanon—having stated firmly his intention of reaching an agreement with Israel—when he and his entire staff were blown to bits.

The plain truth is that the Arab world will not recognize Israel's right to exist, and that it will not do so in any foreseeable future: except, perhaps, as an extorted concession to superior force. There is not the slightest reason to distinguish "moderate" from nonmoderate, extremist, or whatever, Arab states.

What, then, are our options? We can of course cut and run, abandoning Lebanon to its fate. And that fate—for the moment—is to be partitioned between Israel and Syria. However, as the U.S.S.R. continues to pour billions in new armaments into Syria (paid for by the Saudis)—with ever larger numbers of Soviet "instructors" manning the ever more complicated weapons systems—a military showdown with Israel must come. We may, moreover, be reasonably sure that if there is any prospect of Syrian victory, Egypt will join the ranks of the vultures.

Another alternative is that we land several crack divisions in Lebanon, and take direct military control of the ground, installing the Gemayel (or some other) government that meets our political requirements. From the point of view of the future security of our alliances—and of our own security—this is undoubtedly the best choice. But it is also the one choice that will never be chosen, or even seriously considered. The cry of "No more Vietnams" would drown out all reason. And, we must add, not without reason! For no attempt, worthy of the name, has been made to educate the public in the strategic arguments that would support such a policy.

But the third, and final option is to attempt to restore the shattered morale of the state of Israel, with unstinting economic and military aid, and to somehow assist in bringing back the political combination represented in 1982 by Menachem Begin and Ariel Sharon. Mr. Begin, it would seem, is forever gone from political life. But Gen. Sharon is not. If Israel waits until the Syrian position in Lebanon is consolidated, and until the U.S.S.R. has poured in every last gun, bomb, plane, tank, mortar and SAM that it can cram into that country, it may have waited too long. The U.S.S.R. has never forgotten how Israel—America's client state—defeated Syria—the U.S.S.R.'s client state—in 1982. Nor has it forgotten the worldwide assessment of the superiority of American weapons to Soviet weapons. It is itching to have the world reverse that assessment.

It may sound strange to say that it must be our policy to have Israel attack Syria at the earliest convenient moment. I do not suggest that anyone in authority should announce that policy. But the public mind must be prepared for it. And the policy itself must be pursued. We cannot abandon Lebanon—or Israel—or the Middle East to Soviet imperial domination. For that is what a Syrian victory over Israel would mean in the end. We will not do the necessary dirty military task ourselves. There is no fourth option: Let the Israelis do the dirty work. Dirty it is, but there is nothing dirtier than the failure to survive. The nation that represents the survivors—and the non-survivors—of the Holocaust knows that.

One delusion there is, however, that is absolutely fatal: That is the delusion that—with the exception of Israel—there are parties and governments that can negotiate reasonable compromises.

The Arab world is ungovernable except by force. The only apparent exception to naked authoritarianism in the Arab world is—or was—Lebanon. The fate of Lebanon marks the fate of any democracy in the Arab world. Israel is hated as much for being democratic as for being Jewish. If Israel disappeared tomorrow, the hatred of Iraq for Syria would remain; and the hate of Syria for Jordan would remain. And the war between Iran and Iraq would go on. The internecine slaughter of the religious denominations seems to be limited only by the supply of victims.

Israel is, among other things, an island of religious freedom in the Middle East. Israel is so far from being the cause of the disarray in the Middle East that it is the only basis of such stability as there is. At the very least, it moderates the hatreds among the Arabs themselves.

It is not the policy in Lebanon that has failed. What has failed is the fantasy that has deluded the Reagan administration for so long, the fantasy represented by the AWACS deal—the fantasy of building an anti-Soviet barrier by means of "moderate" Arab states.

Let us be done with that, and all other fantasies, once and for all.●

U.S. IMMIGRATION POLICY AND THE NATIONAL INTEREST

● Mr. HUDDLESTON. Mr. President, as one who has worked for immigration reform for years, I am always pleased to learn of new efforts that focus on this extremely important problem. In the fall of 1983, the Center for Strategic and International Studies (CSIS) at Georgetown University launched an immigration policy project to study U.S. immigration policy as it relates to national security and other related matters. CSIS is highly respected for the outstanding work it had done in the past, and I am confident that it will bring a new and valuable perspective to the immigration debate.

The CSIS immigration policy project recently released an excellent paper prepared by Dr. Georges Fauriol, director of the project, entitled "U.S.

Immigration Policy and the National Interest."

I highly recommend this paper, and I ask that an executive summary of it be printed in the RECORD.

The summary follows:

JANUARY 1984.

U.S. IMMIGRATION POLICY AND THE NATIONAL INTEREST

IMMIGRATION POLICY PAPER NO. 2—EXECUTIVE SUMMARY

The Problem

1. The need for immigration policy reform should be recognized, and this reform be carried out within the parameters of the national interest of the United States. The security of the United States has suffered in the past as a result of the government's impotency in the face of massive illegal immigration, and it will continue to suffer as increasingly the situation worsens. Employment levels, domestic political cohesion, national resources, and the global standing of the United States can all be adversely affected by the current state of U.S. immigration policy. If these dangers are not addressed soon, there is a real possibility that relative government inaction will be followed by public overreaction.

2. Opposition to "open borders," or support for immigration reform, has for too long been erroneously characterized as representative of a return to "nativism," of an emerging racism. This has led to an unwillingness to examine the more serious and important aspects of U.S. immigration policy. The long-run implications of our current "head in the sand" attitude about maintaining de-facto open borders are serious. They go to the heart of our security as a nation, our domestic political unity, our economic prosperity, and our role in the international system.

3. The international push factors generating illicit and illegal immigration are some of the most powerful contemporary factors in international affairs. Thus, the context in which traditional or historical migration to the United States has occurred is no longer relevant to the current global situation—the myths of the past must be discarded for the realities of the present.

First, U.S. international economic policy, and success in competing overseas, will depend in large part upon increases in U.S. economic productivity, including a highly trained work force, and increased business investment. Immigration, both legal and illegal, may in the future create a permanent underclass of unskilled workers, many of whom will remain unemployed. This could require high levels of transfer payments to maintain the population, resulting in continued high budget deficits as taxes paid are foregone and benefits provided by law are paid out.

Second, there is a concern that the growing use of racial or ethnic political power blocs in the United States will foster a divisiveness within American society. Since the 1970s, for example, bilingualism has become a highly visible public agenda in schools, governments, and media. Its relationship with present trends of large migration flows of people from Spanish-speaking countries is obvious. Ethnic power group manipulation of U.S. foreign policy is nothing new. But the question still needs to be asked, if only to assure ourselves of a positive or negative answer. Will a nation divided along ethnic or linguistic lines be a united nation, able to carry on a bipartisan and consistent foreign policy?

Finally, uncontrolled immigration is resulting in foreign countries' use of migration as a foreign policy weapon. Cuba and Vietnam, most notably, have sent their political dissidents, criminals, and subversives to the United States in the knowledge that the U.S. Government is currently unable to control immigration into this country. Furthermore, hostile governments are patently aware of the destabilizing effects such influxes may have on the recipient countries, thereby enabling them to create a massive liability for their opposition.

The new migration: The population bomb rediscovered

The Brandt Commission and the Global 2000 report have warned of the growing incompatibility between increased numbers of people, the supporting natural resource base, and environmental deterioration. Endemic poverty, historically unprecendented levels of unemployment, and related political and civil unrest are emerging as major world forces, with massive international migration a prominent result. The annual growth in the populations of the Third World nations from which illegal and legal immigrants are coming has not receded—in fact, the annual increase in both overall population and the labor force has continued to increase in gross numbers throughout this period. For example, the region of Central America and the Caribbean as well as South America is adding 4½ million people to its labor force every year. Though the region's GNP is only one-third that of the United States, it adds twice as many workers to its working age population every year.

Furthermore, there is undisputed evidence that the flow of both legal and illegal immigration, including border crossings and overstays, is increasing dramatically. For example, twenty years ago, the total number of apprehended aliens seeking admission to the United States was under 40 thousand per year. By 1970, that number had grown to in excess of 1.3 million. It is indicative of the unfortunate state of current U.S. immigration policy that the number of agents on duty at any one time actively seeking to stop illegal migration has gone up marginally throughout this same period.

Legal immigration has continued to grow as well, with Mexican migration more than doubling from 70,000 in 1973 to 150,000 in 1983. Overall legal immigration reached the 800 thousand mark in 1980, and has since topped 600,000 in each of the following years, a fifty percent increase over the average increase in population attributed to immigration for the decade of the 1970s.

The massive impact immigration can have on the ultimate size of the U.S. population can be seen when projected out to the year 2080, a century hence: without immigration exceeding emigration the U.S. population would be about 250 million and declining; with immigration at 2 million a year, the population would be 558 million and growing rapidly.

National Political Cohesion

There are unique dimensions to current immigration that have the potential to complicate considerably the political cohesion of the country. Illegal immigration, by virtue of its current size, and because of its concentration among the Hispanic population, is leading to three fundamental points of friction within American society.

First, the push for bi-lingual education has centered on the interest and needs of the Hispanic population in the United States. This issue raises a much broader issue. As columnist and political commentator Tom Braden has written: "Do we want a country unified by a common tongue? Or do we want a country made separate but equal by having to deal in two?"

Second, there is increasing recognition of the potential political clout of the Hispanic population. Clearly, this is simply democracy at work. But to the extent to which this political clout is fueled by open ended illegal immigration, sovereignty over U.S. borders can conceivably be influenced by the political expediency of ethnic politics.

Third, because political representation and the disbursement of substantial amounts of federal funds is based upon population, the 1980 Census made major efforts to include illegal immigrants. To the extent that illegal immigrants increase the population of any particular state, their relative political representation is increased, as is the receipt of federal dollars by states. This suggests a skewed system where there might be little incentive for states to work against the inclusion of illegal immigrants or for the reform of immigration statutes if by the presence of large numbers of illegal immigrants they gain in tax revenues and political clout.

The viability of the nation depends upon an informed electorate and the absence of deep cultural or lingual divisions among its people.

Immigration and Employment: Disquieting Trends

Immigration has become a complicating factor in American economic life: although 2 million new jobs were created each year during the 1970s, half of them went to legal and illegal immigrants; at the same time, unemployment among Hispanics, blacks, teenagers, and women climed to between 12 and 22 percent.

There is much convincing evidence that illegal immigrants are holding jobs which many Americans would gladly take. For example:

In one survey in Chicago, illegal immigrants were found to average $9,000 a year, while in Denver the average wage was over $13,000. These people work in "electronics and plastic companies, foundries, meat packing plants, rubber products manufacturers, snack food and candy producers and the like" attests John Crewdson of the New York Times.

One-third of all the workers in commercial construction in Houston have been found to be illegally employed, earning from between $4 and $9.50 an hour, or up to $20,000 annually.

If but 2 million workers are displaced, the annual cost (in transfer payments alone) is estimated to be $14 billion. If indeed up to 3½ percentage points of our national unemployment rate stems from the presence of illegal immigration, then much of the immigration debate appears shallow and beside the point—if any other single factor in American society could be identified with unemployment of such magnitude, it would be at the top of the national policy agenda.

Free lunch mythology: Taxes and immigration

Recent evidence strongly suggests that the extent of the use of transfer payment services is far greater than was previously assumed. First, displaced American workers cost the U.S. Treasury substantial amounts of revenue, both in lost taxes and transfer payment benefits. Second, a certain percentage of illegal immigrant workers work com-

pletely off the books and avoid paying taxes altogether. Third, to the extent that illegal immigrant workers are paid below the minimum wage, tax receipts that are collected are reduced. Fourth, a certain percentage of the income of illegal immigrants is sent to their native lands, which results in a reduction in purchases and spending in the United States and consequently, a further reduction in tax revenues. Finally, many illegal immigrant workers have been found to file fraudulent tax returns, claiming dependents in excess of the number allowed and receiving refunds when taxes are already underpaid.

Illegal immigrants incur other costs to society as well. For example:

Health care costs are escalating as illegal immigrants bear children in U.S. hospitals: in 1981, 81 percent of all children born in Denver were to illegal aliens; the total for Los Angeles County was 67 percent. The total number of children born to illegal aliens in 1981, estimated from these figures, totals 27,000. The associated health care amounts to nearly $50 million.

In Florida, following the enormous influx of Cuban and Haitian refugees, it was estimated that fully 40 percent of the crime in the area could be attributed to the influx; $500 million annually from the State of Florida's social service budget was devoted solely to the social needs of the massive influx. The cost of 130,000 Haitian and Cuban refugees for fiscal year 1980-82 has been put at $1.117 billion, including education, food stamps, public health and entitlements. This is over three times the entire amount the United States spent for immigration law enforcement that same year.

For every 1 million Americans that are unemployed, it costs the Federal Government nearly $25 billion in lost tax revenues, lost economic activity, and increased expenditures for such things as unemployment compensation, food stamps, and welfare. With only three million illegal immigrants considered employed in positions which could eventually be opened up to unemployed Americans, the cost to the American taxpayers would be $75 billion. Professor Donald Huddle of Rice University estimated that for every 100 illegal immigrants in the United States employed, 70 U.S. workers are displaced. Every displaced U.S. worker costs $7,000 in transfer or support payments.

U.S. foreign policy, national security and the new immigration

1. Immigration policy is an important component of foreign policy, although it is not generally viewed as such. As the success or failure of a nation's foreign policy depends to a large extent on its ability to project a purposeful international presence, the United States cannot afford to have its image distorted or tarnished by perceptions of an irresponsible and ineffective immigration policy.

2. The issues of immigration and refugee policies have acted as substantial destabilizing forces in the already precarious North-South relationship. Poverty, hunger, unemployment and illiteracy remain serious problems, primarily as a result of an explosive growth in population far beyond the capacity of the Third World nations to handle. Add to this archaic political institutions, external ideological influences, and a poor natural resource base, and the ingredients for turmoil and civil conflict are abundent.

3. Uncontrolled immigration may be undermining U.S. foreign policy in three critical areas: (1) the inability of the United States to control its national borders directly weakens its national security; (2) the failure of the United States to adopt an enforceable immigration policy is leaving it open to international coercion; and (3) tragically, the traditional ability of the United States to provide a haven for victims of political oppression is impaired by the massive trend in illegal immigration, the bulk of which is seeking to improve its economic status. (There lies a crucial distinction between refugees and immigrants, between the victims of political oppression and the victims, or escapees from, economic circumstances.) The foreign policy of the United States requires that this country be able to extend to those politically persecuted a safe haven. This is a traditional and humanitarian aspect of U.S. policy which most Americans associate with the best aspects of U.S. society. In order to preserve this essential aspect, however, there is a need to maintain a foreign policy which has as one of its objectives "the protection of its frontiers from excessive illegal immigration."

4. The national security of this country implies an ability to control national borders, the maintenance of an independent foreign policy, a prosperous economy and a cohesive domestic political environment. Uncontrolled migration is undermining this strength. Its impact, because of its sheer numbers and because of its illegality, affects the very fabric of American society: cultural, political and linguistic unity; economic well-being; and international standing; and thus fundamentally, the nation's security.●

JEWS OF SYRIA

● Mr. LAUTENBERG. Mr. President, even against the backdrop of general tension in the Middle East and continued turmoil and death in Lebanon, there are specific cases of brutality and violations of basic human rights that command our attention. Senate Concurrent Resolution 94, relating to the rights of Jews in Syria, addresses such an instance. I am pleased to join in cosponsoring this resolution.

Senate Concurrent Resolution 94 expresses the sense of the Congress that President Assad of Syria should immediately permit all members of the Syrian Jewish Community to emigrate from Syria. This resolution expresses the outrage all of us feel at the historic mistreatment, systematic restrictions on travel, discrimination in employment, and patterns of violence visited on the Jews of Syria. Most recent in the appalling and brutal, but yet unprosecuted, murder of a Jewish mother, Lillian Adabi, and her two young children in Aleppo on December 28, 1983.

With regard to human rights, there are few international norms not already broken by the authoritarian government in Syria which is committed to brutal repression of dissent, subversion of its neighbors and clear support for terrorists of every kind. The discrimination and harassment facing the more than 4,000 Jews in Syria, including restrictions on travel abroad and an official ban on emigration, are part of what can only be described as a consistent pattern of gross violations of basic human rights.

We have recognized this horrible record in Syria, Mr. President, for years. In September 1983, the Senate voted to deobligate any U.S. aid funds that were still authorized for Syria, about $130 million in all. We voted to add Syria to the so-called terrorism list, which compels U.S. representatives to insure that U.S. Government contributions to international organizations will not be used in Syria.

Now is the time for the Senate to go on record again in defense of the human rights of the Jews in Syria. We must continue to press for improvements in the record of the ruthless Assad regime. The recent murders in Aleppo must be investigated. Those responsible must be punished. Observance of the basic right of all people to emigrate can bring immediate relief to those families that wish to leave.

I commend Senate Concurrent Resolution 94 to my colleagues and urge its prompt consideration by the Senate.●

TURKEY—AMERICA'S CRITICAL ALLY AGAINST DRUGS

● Mrs. HAWKINS. Mr. President, the Committee on Foreign Relations has begun hearings on the administration's foreign aid proposal for fiscal year 1985. A vital component of that request concerns economic and military assistance to Turkey. Such funds will be among the very finest investments the United States can make in its own security, and I applaud the President for placing Turkey on such a high priority status.

Turkey stands at the gateway between Europe, Asia, and Africa. All natural routes—land, sea, and air—between the strategically crucial areas of these continents lead across Turkey, making her a hub of supreme significance. As such, Turkey plays a vital role in the containment of Warsaw Pact forces. In addition, she acts as a insulator between the Soviet Union and the petroleum rich Middle Eastern States.

Turkey is the easternmost bastion of NATO's defense capability. Apart from Norway, whose border with the Soviet Union runs 12 miles, Turkey is the only NATO ally to have a common boundary with the U.S.S.R. In Turkey's case, however, the border measures 300 miles on land and 900 miles along the Black Sea. For centuries, Turkey has been a barrier to Russian expansionism. The czars of Russia successfully extended their rule to the east. The Communists of Russia aggrandized power to the west. Neither could move south to subjugate Turkey.

Today, Turkey is responsible for the defense of two vital operational areas in NATO's southern flank: The Bal-

kanic and Caucasian approaches to the Bosphorus Straits. The straits stand between the Black Sea, which is home to a huge Soviet fleet, and the Mediterranean. As in the past, Turkey contains Russia's capacity to expand to the south.

Turkey's armed forces comprise some 700,000 active duty troops. Next to the United States, this is the largest concentration of forces in NATO. Their courage and ferocity are legendary. Turkish troops occupy the attention of numerous Soviet and Warsaw Pact divisions. Were Turkey not in the military equation, a redeployment of these forces against other NATO targets would ominously shift the balance of power in Europe.

Nevertheless, the Turkish armed forces badly require modernization. Indeed, Gen. Bernard Rogers, NATO's top commander, has put Turkey's minimum military assistance needs at $1 billion annually. The massive obsolescence of the Turkish Air Force is the main focus of the modernization program, although many other areas also need upgrading.

In response, the administration has required $755 million in military assistance for Turkey. Because a strong Turkey contributes so clearly to our own security, I reiterate that these funds are a good investment for our people. It is critical that the modernization program be completed with all deliberate speed. Accordingly, I will press in committee and on the floor that the full amount of the President's request be authorized.

Turkey's critical defense relationship with the United States must continue to have high priority for our military preparedness. We must also do all we can to continue helping Turkey with its successful efforts to control opium cultivation and to assist the United States in drug intelligence gathering.

Recently with my colleague Senator ABDNOR, I visited Turkey and met with the then Prime Minister-elect Ozal, Prime Minister Ulusu, and Foreign Minister Turkmin. Our Turkish hosts expressed their belief in continued aggressive drug enforcement and the hope the United States would continue to provide additional customs and drug enforcement training.

We were very much encouraged by the Government of Turkey's efforts to stockpile and safeguard illegal opiates and to dedicate a significant proportion of their law enforcement agencies in every province to specialized narcotics enforcement. To date, the Government has stockpiled nearly 70,000 tons of poppy capsules, with 49,000 tons buried in the ground. Among the 78,000 officers in the Turkish National Police (TNP) more than 1,000 are dedicated to drug enforcement. The Government firmly agrees that terrorists are financed through narcotic profits and, through its very thorough drug enforcement capability, it is contributing to the war on terrorism.

Legal opiates produced in Turkey are strictly regulated and controlled by the Turkish Government. Because of this careful oversight, diversion from processing in Turkey is nonexistent and excess planting by licensed farmers is rare. The Turkish success is possible only due to the strong commitment of Turkey's leaders and its commitment of extensive financial resources and personnel.

When I returned from Turkey in November, I was deeply impressed by the obvious human concern and strong stand that the Government of Turkey has made to ending the savage and lethal traffic in narcotics. Drug abuse is not only a problem on American shores but it is a worldwide poison among all countries that produce or traffic in illegal drugs. The United States must continue to maintain this partnership with Turkey to once and for all win the war against drugs.

All the American investments we have in Turkey, economic, military, and on behalf of drug enforcement, will pay very high dividends to our own country. I strongly urge my colleagues in the Senate to join me in continuing to give our investment in Turkey the highest possible priority.●

RULES OF PROCEDURE FOR THE SELECT COMMITTEE ON INTELLIGENCE

● Mr. GOLDWATER. Mr. President, I submit for the RECORD the Rules of Procedure for the Select Committee on Intelligence.

The rules follow:

RULES OF PROCEDURE

RULE 1. CONVENING OF MEETINGS

1.1 The regular meeting day of the Select Committee on Intelligence for the transaction of committee business shall be every other Wednesday of each month, unless otherwise directed by the chairman.

1.2 The chairman shall have authority, upon proper notice, to call such additional meetings of the committee as he may deem necessary and may delegate such authority to any other member of the committee.

1.3 A special meeting of the committee may be called at any time upon the written request of five or more members of the committee filed with the clerk of the committee.

1.4 In the case of any meeting of the committee, other than a regularly scheduled meeting, the clerk of the committee shall notify every member of the committee of the time and place of the meeting and shall give reasonable notice which, except in extraordinary circumstances, shall be at least 24 hours in advance of any meeting held in Washington, D.C., and at least 48 hours in the case of any meeting held outside Washington, D.C.

1.5 If five members of the committee have made a request in writing to the chairman to call a meeting of the committee, and the chairman fails to call such a meeting within seven calendar days thereafter, including the day on which the written notice is submitted, these members may call a meeting by filing a written notice with the clerk of the committee who shall promptly notify each member of the committee in writing of the date and time of the meeting.

RULE 2. MEETING PROCEDURES

2.1 Meetings of the committee shall be open to the public except as provided in Senate Resolution 9, 94th Congress, 1st session.

2.2 It shall be the duty of the staff director to keep or cause to be kept a record of all committee proceedings.

2.3 The chairman of the committee, or if the chairman is not present the vice chairman, shall preside over all meetings of the committee. In the absence of the chairman and the vice chairman at any meeting the ranking majority member, or if no majority member is present the ranking minority member present shall preside.

2.4 Except as otherwise provided in these rules, decisions of the committee shall be by majority vote of the members present and voting. A quorum for the transaction of committee business, including the conduct of executive sessions, shall consist of five committee members, except that for the purpose of hearing witnesses, taking sworn testimony, and receiving evidence under oath, a quorum may consist of one Senator.

2.5 A vote by any member of the committee with respect to any measure or matter being considered by the committee may be cast by proxy if the proxy authorization (1) is in writing; (2) designates the member of the committee who is to exercise the proxy; and (3) is limited to a specific measure or matter and any amendments pertaining thereto. Proxies shall not be considered for the establishment of a quorum.

2.6 Whenever the committee by roll call vote reports any measure or matter, the report of the committee upon such measure or matter shall include a tabulation of the votes cast in favor of and the votes cast in opposition to such measure or matter by each member of the committee.

RULE 3. SUBCOMMITTEES

Creation of subcommittees shall be by majority vote of the committee. Subcommittees shall deal with such legislation and oversight of programs and policies as the committee may direct. The subcommittees shall be governed by the rules of the committee and by such other rules they may adopt which are consistent with the rules of the committee.

RULE 4. REPORTING OF MEASURES OR RECOMMENDATIONS

4.1 No measures or recommendations shall be reported, favorably or unfavorably, from the committee unless a majority of the committee is actually present and a majority concur.

4.2 In any case in which the committee is unable to reach a unanimous decision, separate views or reports may be presented by any member or members of the committee.

4.3 A member of the committee who gives notice of his intention to file supplemental, minority, or additional views at the time of final committee approval of a measure or matter, shall be entitled to not less than three working days in which to file such views, in writing with the clerk of the committee. Such views shall then be included in the committee report and printed in the same volume, as a part thereof, and their inclusion shall be noted on the cover of the report.

RULE 5. NOMINATIONS

5.1 Unless otherwise ordered by the committee, nominations referred to the committee shall be held for at least 14 days before being voted on by the committee.

5.2 Each member of the committee shall be promptly furnished a copy of all nominations referred to the committee.

5.3 Nominees who are invited to appear before the committee shall be heard in public session, except as provided in rule 2.1.

5.4 No confirmation hearing shall be held sooner than seven days after receipt of the background and financial disclosure statement unless the time limit is waived by a majority vote of the committee.

5.5 The committee vote on the confirmation shall not be sooner than 48 hours after the committee has received transcripts of the confirmation hearing unless the time limit is waived by unanimous consent of the committee.

5.6 No nomination shall be reported to the Senate unless the nominee has filed a background and financial disclosure statement with the committee.

RULE 6. INVESTIGATIONS

No investigation shall be initiated by the committee unless at least five members of the committee have specifically requested the chairman or the vice chairman to authorize such an investigation. Authorized investigations may be conducted by members of the committee and/or by designated committee staff members.

RULE 7. SUBPENAS

Subpenas authorized by the committee for the attendance of witnesses or the production of memoranda, documents, records or any other material may be issued by the chairman, the vice chairman, or any member of the committee designated by the chairman, and may be served by any person designated by the chairman, vice chairman or member issuing the subpenas. Each subpena shall have attached thereto a copy of Senate Resolution 400, 94th Congress, 2d session, and a copy of these rules.

RULE 8. PROCEDURES RELATED TO THE TAKING OF TESTIMONY

8.1 *Notice.*—Witnesses required to appear before the committee shall be given reasonable notice and all witnesses shall be furnished a copy of these Rules.

8.2 *Oath or affirmation.*—Testimony of witnesses shall be given under oath or affirmation which may be administered by any member of the committee.

8.3 *Interrogation.*—Committee interrogation shall be conducted by members of the committee and such committee staff as are authorized by the chairman, vice chairman, or the presiding member.

8.4 *Counsel for the witness.*—(a) Any witness may be accompanied by counsel. A witness who is unable to obtain counsel may inform the committee of such fact. If the witness informs the committee of this fact at least 24 hours prior to his appearance before the committee the committee shall then endeavor to obtain voluntary counsel for the witness. Failure to obtain such counsel will not excuse the witness from appearing and testifying.

(b) Counsel shall conduct themselves in an ethical and professional manner. Failure to do so shall, upon a finding to that effect by a majority of the members present, subject such counsel to disciplinary action which may include warning, censure, removal, or a recommendation of contempt proceedings.

(c) There shall be no direct or cross-examination by counsel. However, counsel may submit in writing any question he wishes propounded to his client or to any other witness and may, at the conclusion of his client's testimony, suggest the presentation of other evidence or the calling of other witnesses. The committee may use such questions and dispose of such suggestions as it deems appropriate.

8.5 *Statements by Witnesses.*—A witness may make a statement which shall be brief and relevant, at the beginning and conclusion of his testimony. Such statements shall not exceed a reasonable period of time as determined by the chairman, or other presiding member. Any witness desiring to make a prepared or written statement for the record of the proceedings shall file a copy with the clerk of the committee, and insofar as practicable and consistent with the notice given, shall do so at least 72 hours in advance of his appearance before the committee.

8.6 *Objections and Rulings.*—Any objection raised by a witness or counsel shall be ruled upon by the chairman or other presiding member, and such ruling shall be the ruling of the committee unless a majority of the committee present overrules the ruling of the chair.

8.7 *Inspection and Correction.*—All witnesses testifying before the committee shall be given a reasonable opportunity to inspect, in the office of the committee, the transcript of their testimony to determine whether such testimony was correctly transcribed. The witness may be accompanied by counsel. Any corrections the witness desires to make in the transcript shall be submitted in writing to the committee within 5 days from the date when the transcript was made available to the witness. Corrections shall be limited to grammar and minor editing, and may not be made to change the substance of the testimony. Any questions arising with respect to such corrections shall be decided by the chairman. Upon request, those parts of testimony given by a witness in executive session which are subsequently quoted or made part of a public record shall be made available to that witness at his expense.

8.8 *Requests to Testify.*—The committee will consider requests to testify on any matter or measure pending before the committee. A person who believes that testimony or other evidence presented at a public hearing, or any comment made by a committee member or a member of the committee staff may tend to affect adversely his reputation, may request to appear personally before the committee to testify on his own behalf, or may file a sworn statement of facts relevant to the testimony, evidence, or comment, or may submit to the chairman proposed questions in writing for the cross-examination of other witnesses. The committee shall take such action as it deems appropriate.

8.9 *Contempt Procedures.*—No recommendation that a person be cited for contempt of Congress shall be forwarded to the Senate unless and until the committee has, upon notice to all its members, met and considered the alleged contempt, afforded the person an opportunity to state in writing or in person why he should not be held in contempt, and agreed, by majority vote of the committee to forward such recommendation to the Senate.

8.10 *Release of Name of Witness.*—Unless authorized by the chairman, the name of any witness scheduled to be heard by the committee shall not be released prior to, or after, his appearance before the committee.

RULE 9. PROCEDURES FOR HANDLING CLASSIFIED OR SENSITIVE MATERIAL

9.1 Committee staff offices shall operate under strict security precautions. At least one security guard shall be on duty at all times by the entrance to control entry. Before entering the office all persons shall identify themselves.

9.2 Sensitive or classified documents and material shall be segregated in a secure storage area. They may be examined only at secure reading facilities. Copying, duplicating, or removal from the committee offices of such documents and other materials is prohibited except as is necessary for use in, or preparation for, interviews or committee meetings, including the taking of testimony, and in conformity with Section 10.3 hereof.

9.3 Each member of the committee shall at all times have access to all papers and other material received from any source. The staff director shall be responsibile for the maintenance, under appropriate security procedures, of a registry which will number and identify all classified papers and other classified materials in the possession of the committee, and such registry shall be available to any member of the committee.

9.4 Whenever the Select Committee on Intelligence makes classified material available to any other committee of the Senate or to any member of the Senate not a member of the committee, the clerk of the committee shall be notified. The clerk of the committee shall maintain a written record identifying the particular information transmitted and the committee or members of the Senate receiving such information.

9.5 Access to classified information supplied to the committee shall be limited to those committee staff members with appropriate security clearances and a need-to-know, as determined by the committee, and under the committee's direction, the staff director and minority staff director.

9.6 No member of the committee or of the committee staff shall disclose, in whole or in part or by way of summary, to any person not a member of the committee or the committee staff for any purpose or in connection with any proceeding, judicial or otherwise, any testimony given before the committee in executive session including the name of any witness who appeared or was called to appear before the committee in executive session, or the contents of any papers or other materials or other information received by the committee except as authorized by the committee in accordance with section 8 of Senate Resolution 400 of the 94th Congress and the provisions of these rules, or in the event of the termination of the committee, in such a manner as may be determined by the Senate.

9.7 Before the committee makes any decision regarding the disposition of any testimony, papers, or other materials presented to it, the committee members shall have a reasonable opportunity to examine all pertinent testimony, papers, and other materials that have been obtained by the members of the committee or the committee staff.

RULE 10. STAFF

10.1 For the purpose of these rules, committee staff means employees of the committee, employees of the members of the committee assigned to the committee, consultants to the committee, employees of other government agencies detailed to the committee, or any other person engaged by

contract or otherwise to perform services for or at the request of the committee.

10.2 The appointment of committee staff shall be confirmed by a majority vote of the committee. After confirmation, the chairman shall certify committee staff appointments to the financial clerk of the Senate in writing.

10.3 The committee staff works for the committee as a whole, under the general supervision of the chairman and vice chairman of the committee. Except as otherwise provided by the committee, the duties of committee staff shall be performed, and committee staff personnel affairs and day-to-day operations, including security and control of classified documents and material, shall be administered under the direct supervision and control of the staff director. The minority staff director and the minority counsel shall be kept fully informed regarding all matters and shall have access to all material in the files of the committee.

10.4 The committee staff shall assist the minority as fully as the majority in the expression of minority views, including assistance in the preparation and filing of additional, separate and minority views, to the end that all points of view may be fully considered by the committee and the Senate.

10.5 The members of the committee staff shall not discuss either the substance or procedure of the work of the committee with any person not a member of the committee or the committee staff for any purpose or in connection with any proceeding, judicial, or otherwise, either during his tenure as a member of the committee staff or at any time thereafter except as directed by the committee in accordance with section 8 of Senate Resolution 400 of the 94th Congress and the provisions of these rules, or in the event of the termination of the committee, in such a manner as may be determined by the Senate.

10.6 No member of the committee staff shall be employed by the committee unless and until such a member of the committee staff agrees in writing, as a condition of employment to abide by the conditions of the nondisclosure agreement promulgated by the Senate Select Committee on Intelligence pursuant to section 6 of Senate Resolution 400 of the 94th Congress, 2d Session.

10.7 No member of the committee staff shall be employed by the committee unless and until such a member of the committee staff agrees in writing, as a condition of employment, to notify the committee or in the event of the committee's termination the Senate of any request for his testimony, either during his tenure as a member of the committee staff or at any time thereafter with respect to information which came into his possession by virtue of his position as a member of the committee staff. Such information shall not be disclosed in response to such requests except as directed by the committee in accordance with section 8 of Senate Resolution 400 of the 94th Congress and the provisions of these rules, or in the event of the termination of the committee, in such manner as may be determined by the Senate.

10.8 The committee shall immediately consider action to be taken in the case of any member of the committee staff who fails to conform to any of these rules. Such disciplinary action may include, but shall not be limited to, immediate dismissal from the committee staff.

RULE 11. PREPARATION FOR COMMITTEE MEETINGS

11.1 Under direction of the chairman and the vice chairman, designated committee staff members shall brief members of the committee at a time sufficiently prior to any committee meeting to assist the committee members in preparation for such meeting and to determine any matter which the committee member might wish considered during the meeting. Such briefing shall, at the request of a member, include a list of all pertinent papers and other materials that have been obtained by the committee that bear on matters to be considered at the meeting.

11.2 The staff member shall recommend to the chairman and the vice chairman the testimony, papers, and other materials to be presented to the committee at any meeting. The determination whether such testimony, papers, and other materials shall be presented in open or executive session shall be made pursuant to the rules of the Senate and rules of the committee.

RULE 12. LEGISLATIVE CALENDAR

12.1 The clerk of the committee shall maintain a printed calendar for the information of each committee member showing the measures introduced and referred to the committee and the status of such measures; nominations referred to the committee and their status; and such other matters as the committee determines shall be included. The calendar shall be revised from time to time to show pertinent changes. A copy of each such revision shall be furnished to each member of the committee.

12.2 Unless otherwise ordered, measures referred to the committee shall be referred by the clerk of the committee to the appropriate department or agency of the Government for reports thereon.

RULE 13. COMMITTEE TRAVEL

13.1 No member of the committee or committee staff shall travel abroad on committee business unless specifically authorized by the chairman and vice chairman. Requests for authorization of such travel shall state the purpose and extent of the trip. A full report shall be filed with the committee when travel is completed.

13.2 When the chairman and the vice chairman approve the foreign travel of a member of the committee staff not accompanying a member of the committee, all members of the committee are to be advised, prior to the commencement of such travel, of its extent, nature and purpose. The report referred to in rule 13.1 shall be furnished to all members of the committee and shall not be otherwise disseminated without the express authorization of the committee pursuant to the rules of the committee.

13.3 No member of the committee staff shall travel within this country on committee business unless specifically authorized by the staff director as directed by the committee.

RULE 14. CHANGES IN RULES

These rules may be modified, amended, or repealed by the committee, provided that a notice in writing of the proposed change has been given to each member at least 48 hours prior to the meeting at which action thereon is to be taken.●

THE BUDGET DEFICIT

● Mr. SYMMS. Mr. President, the media has finally discovered the Federal budget deficit. Now, you will see the subject of the monster deficit on the cover of Time magazine and lengthy editorials in the pages of the New York Times. What you will not see is the slightest understanding of what the deficit means.

With the Federal Government eating up about one quarter of the national wealth, it is surprising that few in the national media are focusing-on spending as the problem. Instead, all we hear about is the deficit. We could, of course, balance the budget overnight by raising enough taxes to match expenditures. And you could be certain that such a move would bankrupt thousands of businesses and put millions of workers on the streets in short order.

Of course, the deficit causes severe economic disruption and fluctuations. But the deficit itself is not the cause of our woes: It is the failure of Congress to address overspending. As a result, long-term capital markets are nonexistent and the recent recovery is gravely threatened. I promise my colleagues that if they do not address the problem of excessive Government spending, your children will know a far different world than you live in today. It will not be pretty.

Mr. President, I ask that the following editorial by William F. Buckley, Jr., be printed in the RECORD.

The editorial follows:

ARE WE UNDERTAXED?

(By William F. Buckley, Jr.)

My brother George Will is sometimes tempted by the opportunity to commit heterodoxy, a temptation I am familiar with, though more often I am overcome by the exotic temptation to commit orthodoxy. I refer most conspicuously to his oft-quoted statement that we are an "undertaxed" nation. Of course one must make way for personal predilections: the skinny man who says we are a nation of overeaters, the regular jogger who says we are a nation of flabby muscle fiber. On the other hand, it is pleasant to hear the statement made by someone who would stand to lose from its being taken seriously.

During the Second World War, at a time when taxation reached as much as 90 percent and it was routine to expect Americans to give their lives, never mind their earnings, to the war effort, we were paying an aggregate tax of 29 percent of our gross national product. The figure today is 39 percent.

There are those—Friedrich Hayek, for instance, whose book ("The Constitution of Liberty") George Will once said he would hope American legislators would read if they were reduced to reading only a single volume—who profoundly believe that the progressive income tax is both immoral and subversive of democracy. But never mind that, for the moment. We should inquire into its usefulness.

Although the rate of taxation grew steadily until the third of President Reagan's tax clips, beginning in July of last year, the tax base did not. This is so because an estimated $700 billion to $900 billion is deployed not with reference to productivity but with ref-

erence to tax exposure. If taxes were 25 percent rather than 50 percent—or 70 percent, as they were until recently—people would agitate less to decrease their taxable income than to increase their gross income. And this is to say nothing of the growing number of people who contrive to pay no tax at all.

There is a direct correlation between high taxation and tax evasion. They speak of anywhere from $50 billion to $200 billion lost in revenue by those who prefer running the risk of being caught in criminal activity to paying the cost of abiding by the law.

But of course the focus now is on the deficit, which prominent Democrats are treating like their only child. Much attention is given to any conservative who proposes more taxation, e.g., Martin Feldstein, chief economic adviser to the president, and Federal Reserve Chairman Paul Volcker. But not enough attention was paid to testimony Volcker gave before Congress two weeks ago: "If you cannot do it on the spending side, you have got to do it on the revenue side."

What Volcker went on to say was paraphrased as follows by Time magazine: "Volcker said that the economy could absorb a tax increase of about $35 billion without danger to the recovery." Thirty-five billion. And we are running a deficit of about $200 billion. Why didn't the headlines read, "Volcker Warns Tax Increase Over $35 Billion Would Damage Economy. Federal Reserve Chief Sees Extra Taxation Bringing On Only 15 percent Relief from Deficit"?

Meanwhile, pollsters Yankelovich, Skelly & White reveal that the most popular form of increased taxation is on the sale of tobacco, which is okay by 77 percent of Americans including all nonsmokers. The least popular is a rise in income taxes (22 percent). Sixty-three percent would not object to higher taxes on business. It would be interesting to inquire how many of those 63 percent fall also into the 44 percent who were unaware that, under Reagan, inflation has reduced (from 12.4 percent to 3.8 percent). It is a lovely paradox that almost exactly the same number (74 percent and 72 percent) (a) oppose any reduction in Social Security programs, and (b) any rise in taxes.

So, then, where are we? Very nearly asphyxiated by all the contraditions, but still with just enough breath left to say: if you want to solve the deficit problem, lower the top tax to 25 percent. Then get out of the way of the avalanche of dollars that will flow in.●

S. 627—THE COLUMBIA RIVER GORGE ACT OF 1983

● Mr. D'AMATO. Mr. President, I rise today to cosponsor and express my support for S. 627, the Columbia River Gorge Act of 1983, introduced by my distinguished colleague, the Senator from Oregon. This bill would establish a partnership among Federal, State, and local governments for development of a single management plan for the gorge. The plan will supplement existing State and local land use plans, while guarding critical land areas and allowing for development consistent with the gorge's rural character.

Mr. President, the Columbia River Gorge is a masterpiece of nature. Its scenery is stunning, but natural beauty is only one of its resources. The great variety of weather conditions gives the gorge a unique array of plants and animals. There are four plant species that live only in the gorge and it contains others that are endangered. Among its rare birds are the Northern bald eagle and the arctic peregrine falcon.

This bill would protect these natural values, as well as the rights of property owners. Environmental protection need not stifle economic growth. Indeed, these goals are intertwined, because it is far less costly to prevent environmental harm than to repair it—even when it can be repaired.

I urge my colleagues to support this measure.●

STUDENT AWARENESS OF DRUNK DRIVING MONTH

● Mr. LAUTENBERG. Mr. President, on February 1, I, along with Senators PELL and DOLE, introduced Senate Joint Resolution 222, a resolution to designate June 1984 as "Student Awareness of Drunk Driving Month." I am pleased to report to my colleagues two important developments as regards this measure.

The House is shortly expected to vote on House Joint Resolution 443, the House companion measure. House Joint Resolution 443 has 234 cosponsors at last count. In addition, I am pleased to report that as of today Senate Joint Resolution 222 has 25 sponsors. The support for this measure is from both parties and across the country. It is my hope that we can take expeditious action to approve this measure so that adequate time can be provided to distribute it to the many students, teachers, and parents across the country who are combating drunk driving in their schools and communities.

I greatly appreciate the support shown this measure by my colleagues. Student awareness of drunk driving and their efforts to end it can save many lives.●

NATIONAL NURSING HOME RESIDENTS DAY

● Mr. GLENN. Mr. President, Senate Joint Resolution 198 has been introduced by Senator DAVID PRYOR to designate April 27, 1984, as "National Nursing Home Residents Day." I would like to take a few moments to draw your attention to this resolution and to urge my Senate colleagues to join me in cosponsoring it.

Many nursing home residents are active and vital resources in our communities. Although physical limitations may inhibit independent living, nursing home residents continue to carry out important community services. They often run telephone reassurance programs for the elderly who are at home alone, they prepare crafts and run fairs to raise funds for community organizations, and they are rich resources on local history. And, most important, they continue to share their concern for and devotion to friends and loved ones.

Unfortunately, not all nursing homes residents reside in homes that permit this continued participation in community affairs. Some residents are mistreated; they are left alone to face the realities of death and dying. The physical and emotional pain borne by some nursing home residents is a national disgrace.

We must insure that all elderly and disabled people, including those individuals residing in nursing homes, are able to enjoy life to its fullest. Family members and friends have an important role to play in assuring high-quality care. Ombudsman programs in many communities serve as advocates for residents, assuring that their rights are protected. The nursing home industry has also accepted responsibility for educating and assisting their members in implementing programs that will encourage residents to be active participants in community life.

We in Congress have an important responsibility to nursing home residents. In 1982, I joined my colleagues on the Senate Committee on Aging in recommending modifications in the administration's proposed rule changes for nursing home inspection. Due to widespread concern for the safety of nursing home residents, Congress and the administration did agree last summer to postpone implementation of the new rules. A major study of the nursing home regulatory process is now underway under the auspices of the Institute of Medicine. No final changes will be made in nursing home regulations until Congress has had an opportunity to review the Commission's recommendations.

We are currently at an important crossroads in this country, one that will determine our ability to understand what quality of care and quality of life mean for nursing home residents. Both for humane reasons and due to the fact that more and more Americans are living to an age where nursing home care might be the most appropriate long-term care alternative, this must remain an important priority.

Support for Senate Joint Resolution 198, "National Nursing Home Residents Day," is a signal to all nursing home residents, to their families and friends, and to those who provide care that we place a value on their lives. Again, I urge my colleagues to join me in cosponsoring this resolution.●

COSPONSORSHIP OF S. 2363, TO OVERTURN THE SUPREME COURT DECISION IN THE "GROVE CITY" CASE

● Mr. KENNEDY. Mr. President, I am dismayed by the Supreme Court's decision in the Grove City College case. The Court has rejected the consistent interpretation by all prior administrations that title IX prohibits sex discrimination in schools that receive Federal funding. Instead, the Court has undercut title IX by stripping its protection from thousands of students who attend schools which receive Federal funding only in the form of student aid. Inevitably, this result will lead to an enormous and wasteful commitment of Government enforcement resources to tracing Federal money into specific school programs, at the expense of eradication of disrimination in education.

I hope that Congress will act at the earliest opportunity to overturn this decision and restore the full effectiveness of title IX against discrimination that we intended when we passed this law in 1972.●

ESTONIAN INDEPENDENCE DAY

● Mr. MOYNIHAN. Mr. President, on February 24, Estonians throughout the world commemorated the 66th anniversary of the Declaration of Estonian Independence.

On February 24, 1918, after generations of domination by the Russian empire, the Estonian people declared their independence and embarked on a noble effort to build a self-determining and democratic nation. On February 2, 1920, the Soviet Union signed a peace treaty with Estonia, recognizing the independence of the young republic.

For 20 years, the people of Estonia lived peacefully, governed by a constitutional government which upheld human rights and nurtured Estonia's rich cultural heritage. But, as my colleagues well know, in 1939, the democratic aspirations of Estonians were shattered by the invasion of Soviet troops. In violation of the 1920 bilateral treaty, the Soviet Union forcibly annexed Estonia, along with the neighboring Baltic States of Latvia and Lithuania. For 44 years now, the courageous people of Estonia have struggled under the brutal rule of the Soviet Union. Estonians have been denied basic human rights and cruelly persecuted for their brave efforts to sustain their cultural and national values.

Quite properly, the United States has never recognized the forced Soviet annexation of the Baltic States. By commemorating Estonian Independence Day, we remind the Soviet Government that we will not forget the legitimate aspirations of the Baltic peoples.

Estonians retain their spirit of independence and their love for democracy. We mark this anniversary in support of Estonians still suffering under Soviet repression and those who now live in the United States and in other free nations around the world. Their unshakable commitment to freedom is an inspiration to us all.●

UNITED STATES HUNGARIAN RELATIONS

● Mr. D'AMATO. Mr. President, I recently received a copy of the following memorandum, produced by the American Hungarian Federation, pertaining to U.S.-Hungarian relations. As a member of the Commission on Security and Cooperation in Europe, I am particularly concerned over the continued denial of the basic human rights and civil liberties of Hungarians, including those living in Romania.

I ask that the text of this memorandum be printed in the RECORD and I encourage my colleagues to review this valuable document.

The memorandum referred to follows:

MEMORANDUM OF THE AMERICAN HUNGARIAN FEDERATION ON UNITED STATES-HUNGARIAN RELATIONS AND THE SITUATION OF THE HUNGARIANS IN TRANSYLVANIA (ROMANIA)

The present situtation of the Hungarian nation is characterised by two salient features: the Soviet occupation of Hungary and the presence of a large Hungarian minority in Transylvania (Romania) and sizeable Hungarian minorities in Czechoslovakia, Yugoslavia and the Soviet Union. Hungary is ruled by the Hungarian Socialist Workers' Party, basing its rule upon the principle of Marsism-Leninism, which has been rejected by the Hungarian people in the elections of 1945 and 1947 and in the national revolution of 1956.

Within the narrow parameters prescribed by the above geopclitical, historical and political situation, the Hungarian nation, more by persistence and ingenuity than active resistance after 1956, obtained a measurable amount of economic reforms and freedoms since 1956. There has been also a loosening of the airtight cultural and political control of the Party and the Hungarians enjoy a living standard not obtained by other East Central European countries.

The price the Hungarian national pays for these concessions is their government's support of the international policies of the Soviet Union and close cooperation between the two military and intelligence units.

Economic progress brought the Hungarian government into close contact with Western governments, banks and some of the leading manufacturers. By now, the Hungarian economy is substantially dependent upon continued Western loans. In contradistinction to other Soviet-bloc nations, the Hungarian government continued its debt servicing to the West during the present recession (although this meant a serious depletion of foreign exchange reserves) and, therefore, succeeds in floating bonds on Western financial markets despite the fact that its per capita indebtedness is the highest in the Soviet bloc.

The economic ties established (there are a considerable amount of Western-Hungarian joint ventures in Hungary, the Third World and few even in the United States) and the dependency they had created, exercise a subtle effect upon Hungarian policies at home and abroad. Domestically, despite its reining in the "dissidents" and applying strict limits to the discussion of the Romanian treatment of the Hungarians in Transylvania, the government is careful, despite the Demszky case, to undertake police actions that would result in adverse publicity in the West. Criticism of the West remains moderate, when Moscow speaks *fortissimo*, Budapest follows in *piano* tones.

While there is now some attention paid on the Transylvanian Hungarians by referring in historical terms to the Romanian invasion of the First Hungarian Soviet Republic in 1919 reminding the Romanians that they have not been always peace-loving, the government is bound by the U.S.S.R. to observe restraint as the Soviet Union itself houses over 127 nationalities in its last colonial empire.

As far as future trends are concerned, there is a reawakening of the national consciousness among scholars, writers and students. This will have a more far reaching, though subtle, effect than the oft-heralded activities of the "dissidents," who are mostly Marxists, but deviating from Party orthodoxy. Their number is limited to Budapest and they provide more philosophical stimulus than represent a potent political force.

I. UNITED STATES-HUNGARIAN RELATIONS

The American Hungarian Federation urges the United States Government to keep constantly in mind the unsatisfactory condition of the Hungarian people as a result of Soviet presence, Communist one-party rule and the plight of Hungarian minorities, especially in Romania. The American Hungarian Federation appeals to the Administration to use its economic leverage in order to promote a more complete observance of human rights in Hungary, including an evolution toward democratic practices on local and county levels, and thus help loosen the ties which bind Hungary, economically, politically and militarily to the Soviet Union.

Therefore, we support the policy of "differentiation" toward the various Soviet-bloc countries in Central and Eastern Europe by the Administration. The strengthening of the Western ties by these governments has beneficial effects both for the United States and the peoples of East Central Europe living under totalitarian regimes. Such policies are also designed to weaken the strangle-hold of the Soviet Union over these countries.

The American Hungarian Federation must, however, express concern about some of the remarks by Vice President Bush in Vienna following his visit to Budapest and Bucharest. While we see some reason for recognizing the improvement of policies relating to human rights and economic freedoms in Hungary, we were surprised by the inclusion of President Nicolae Ceaucescu of Romania into the same category. Admitted, on the international scene, he makes statements blaming both superpowers for armament policies (making sure that the United States is also included), his domestic policies are more repressive than of any other Soviet bloc country, except for Czechoslovakia. Therefore, Vice President Bush's remarks were without any factual base. They were ill-advised.

In regard to United States-Hungarian relations in particular, the American Hungarian Federation encourages further loans and joint ventures to and with Hungary, as long as the principles of equity are observed. We also support the MFN status for Hungary and expect the Administration to monitor Hungary's human rights and emigration procedures year by year under Section 402 of the Trade Act of 1974.

We urge the Administration to reiterate its position regarding the recent breakdown against writers and intellectuals in Hungary. This includes the reprisal against the Kossuth-price winning author, Alexander Csoori, who is now barred from publication for one year. His offense has been to write a foreword to the autobiography of a Hungarian author in Czechoslovakia which exposed the sufferings of the Hungarians in that country. The book was published in New York. Recent police brutality against the young Hungarian sociologist Demszky, who is now being tried in court (instead of putting the offending policemen on trial) demonstrates that the Hungarian government is again ready to violate the human rights of its citizens. This must be protested in unequivocal terms by the Administration and our NATO allies.

The aim of American policy should continue an expansion of the parameters of freedom in Hungary. This would include a better human rights observance by the Hungarian authorities, more freedom for the government to represent Hungarian national interests in international forums.

The American Hungarian Federation welcomes the appointment of a former Hungarian national, Nicholas Salgo, to the position of a United States ambassador to Hungary. His economic expertise should help promote closer cooperation between the public and private sectors both in the United States and on the part of the Hungarian state enterprises.

We also appeal to the Administration for understanding and promotion of the reawakening of national consciousness in Hungary. The writers, historians and sociologists are now trying to describe the sufferings of the Hungarian minorities are not nationalist extremists. Their only desire to save the ethnic identity and the cultural and community rights of these Hungarians from forced assimilation. These several million Hungarians are entitled to these rights by numerous international agreements signed by their host countries, banning discrimination based on national origin.

II. THE SITUATION OF THE HUNGARIANS IN TRANSYLVANIA (ROMANIA)

Nowhere is the situation of the Hungarian minorities worse than in Transylvania where the overwhelming majority of Hungarians in Romania reside.

The 2.5 million Hungarians of Transylvania were attached to Romania after a millennium of close association with the Kingdom of Hungary by the 1920 Trianon Peace Treaty. The Second Vienna Award, requested in 1940 by the Romanian government, restored northern and eastern Transylvania where most Hungarians live, to Hungary.

In 1947, the Paris Peace Treaty, overruling American objections, reattached northern Transylvania to Romania.

While, on ethnic and cultural grounds, the situation of the masses of the Hungarian minority was tolerable between 1947 and 1958 despite the tragic plight of the Hungarian middle classes together with their Romanian counterparts, the situation deteriorated rapidly after 1958, following the removal of Soviet troops from Romania.

The Romanian government interfered grievously with the cultural and community rights of the Hungarians in Transylvania between 1958 and 1980. The measures taken included:

(1) The Hungarian Bolyai University (named by the Romanian government honoring the Hungarian mathematical genius of Transylvania) was merged with the Romanian Babes University and soon Hungarian courses were reduced substantially. By now, the department of Hungarian language and literature is the only refuge for Hungarian-language courses, except for sporadic courses in Marxism-Leninism and chemistry. By 1978 only 9.2 of the courses at the University were given in Hungarian, although the student body was a least one-third Hungarian.

(2) The Hungarian elementary and secondary school systems were abolished and the Hungarian schools were merged with their Romanian counterparts as "sections," without any administrative structure of their own.

(3) The Magyar Autonomous Province, which was created in 1952, was redistricted and renamed Mures-Magyar Autonmous Province. As a result, the percentage of the Hungarian population of the province declined from 87 to 63 per cent.

These measures were followed by a general restriction of the scope of education in Hungarian on the specialized college and secondary school levels.

The situation continued until the Soviet occupation of Czechoslovakia which frightened President Ceaucescu into make concessions to the Hungarian minority. The annual reduction of Hungarian school sections was halted and a Hungarian Workers' Council was established to "explain" the great work of the Communist Party in Hungarian. The Council was to have offices on regional and county level as well.

The Mures-Magyar Autonomous Province, however, was dissolved and two purely Hungarian counties (Covasna and Hargita) and a mixed-Hungarian-Romanian county (Mures) were established and a new wave of industrialization in the region was to limit the exodus of Hungarian workers into the "Old Kingdom" and the Romanian areas of southern Transylvania.

This improvement lasted only four years and was again followed by a new Romanization drive, culminating in the educational reform; the removal of Hungarian historical and church documents and other relics of Transylvania's Hungarian history. The drive paused only temporarily after the letters of the former Party Secretary of Hargita County, Károly Király to the Central Committee and the Prime Minister were published in the West and presented to the Belgrade Review Conference of CSCE.

Hungarian schools were again the target. Administrative regulations now demanded the presence of twenty-five Hungarian students on the primary level and thirty-six on the secondary level in order to open a Hungarian section. Romanian sections however, had to be opened even if only three Romanian students were present. These classes had then to be filled up with Hungarian students forced to study in Romanian only.

Next the Pharmaceutical-Medical College at Tirgu Mures (Marosvásárhely) and the Graduate School for Teachers in the same city were integrated together with the College for Primary School Teachers at Odorhei (Székelyudvarhely). By 1983 only about thirty percent of the courses are taught in Hungarian and many Romanian students also attended, although the two Teachers Colleges were designated to train Hungarian-section teachers only. The only college-level institution in Romania which had instruction in Hungarian only, the Szentgyörgyi Speech and Drama Academy at Tirgu Mures (Marosvásárhely) was also "integrated," although it had only 40 students.

The greatest damage occurred in the Hungarian sections of the secondary schools. In the *Lycées* (college preparatory schools) about 8.5 percent of the sections were still taught in Hungarian, while only 1.8 percent of the vocational high schools in 1974 were given in Hungarian. The educational reform, implemented between 1974 and 1977, reduced the *lycés* by two-thirds and replaced them with specialized vocational high schools. The result was a great decline in educational levels and an inevitable compulsion for the Hungarian students to attend vocational schools and become skilled workers and technicians. At the present, only about one-third of the Hungarian students in Transylvania can attend lycées and the other two thirds are attending vocational schools with an inadequate number of Hungarian sections. Only one-third of those attending are registered in Hungarian "sections."

During the visit of the Secretary of International Relations of the American Hungarian Federation to Romania in May 1976 (at the suggestion of the then Ambassador Henry Barnes and the Romanian Foreign Ministry), and especially during his 1978 visit, even the Hungarian sections in the vocational schools turned out to be inadequately staffed and provided with Hungarian-language textbooks. According to Edgar Balogh, the *doyen* of the Transylvanian Hungarian writers, many of the sections lacked Hungarian textbooks (this was admitted by vocational high school principles in Cluj-Napoca (Kolozsvár)) and were using Romanian textbooks with a Hungarian glossary. In addition, according to Balogh, some of the teachers have never learned technical terms in Hungarian as engineers and could only teach the course in Romanian, although these were supposedly Hungarian sections.

While the textbook situation improved slightly, the destruction of the *lycée* system eliminated the mainstay of Hungarian secondary education in Romania.

Primary education up to the sixth grade is less restricted despite by repeated Romanian attempts to reduce the number of Hungarian sections by school mergers in the rural communities. In the Romanian sections, it is forbidden to speak Hungarian even during the recesses. Junior high school education in the Hungarian language was reduced in the past decade by school mergers, but not as substantially as in the secondary system.

Not only the educational, but also the cultural institutions are being "integrated." Only two Hungarian-language theaters and one opera house remain in Transylvania; the other four Hungarian theaters became "sections" of the Romanian theaters during the 1970s. The programming of Hungarian plays by writers from Hungary remains fraught with danger. For producing a play by Gyula Illés the director of the theater of Sfintu Gheoorghe (Sepsiszentgyörgy) was arrested in February 1983. Generally, the theaters produce two plays by Hungarian authors (mostly those from Transylvania),

two or three Romanian plays and two Western or Soviet plays.

The hopes for an effective Hungarian Workers Council came to naught. Information received from its leaders in 1976 and 1978 by the Secretary of International Relations of the American Hungarian Federation revealed that it meets only a few times annually and its regional and county branches have been dormant since the early 1970s. The Király letters of 1978 and 1980 also confirm the inability of the Council to represent Hungarian interests in the Romanian Communist Party.

While in some respect the Király letters attained a slowing down of the assimilation drive, the industrialization surge by the Romanian state had resulted between 1978 and 1982 in the planned settlement of large number of Romanians in the almost purely Hungarian southeast Transylvanian "Székely" counties of Hargita and Covasna. In the towns in the Hungarian share of the population was diluted from 85–90 per cent to about 65 per cent.

The economic crisis of 1982–83 resulted also in discrimination of food deliveries to the Hungarian areas of Transylvania, embittering many of the Hungarians. While until 1981 the slogan has been to survive within the system by appealing to the Leninist principles of nationality policy and to curry favor with President Ceaucescu, it had become clear that the approach did not work.

The last influential spokesman of the Transylvanian Hungarians, Janos Fazekas was purged in 1981 and Hungarian writers and scholars began a samizdat publication *Ellenpontok* (Counterpoints) in which they appealed for a new policy of national equality and sent their appeal to the Madrid Conference of CSCE in 1982.

Their appeal resulted in gross police brutality against the presumed authors and their suspected followers in four cities. Although international pressure, including a letter by Representative Don Ritter (R., Pa.) to President Ceaucescu signed by 59 other House members effected the release of the originally arrested and badly beaten suspects, others are still missing or have been tried *in camera* for "offenses against the State," and Attila Ara-Kovacs was expelled to Hungary in April 1983.

Education, cultural and settlement policies are not the only areas of oppressions against Hungarians in Transylvania. Riding a crest of Romanian nationalism, President Ceaucescu uses it as a means for keeping his power despite the catastrophic economic situation. The government's textbooks almost totally eliminate one-thousand years of Hungarian history of Transylvania, mentioning only a few events either connected with the "class struggle," or Romanians after the 1598. The government just dismissed the most able Hungarian cultural expert in Romania, Geza Domokos, from his position of chairmanship of the only Hungarian publishing house in Romania, *Kriterion*.

Furthermore, the government ensures the inaccessibility of historical documents (even church registries have been collected and placed into the State Archives) and are closed to all but the most trusted historians of the Party. When this state of affairs was protested by our Secretary of International Relations, he was given a tour of the State Archives in Cluj-Napoca (Kolozsvar) in 1978 but even the Romanian Foreign Ministry officials with him could not give him permission to enter. Permission had to be obtained from the Ministry in charge of administering the State Archives, after half a day of waiting.

Hungarian-language churches are under more pressure than the Romanian Orthodox Church which is utilized to blunt public opposition to Ceaucescu. The Uniate Church was forcibly merged with the Orthodox Church in 1948 and Roman Catholic bishops are not allowed to visit the Vatican. The last Franciscan monk at Csiksomlyo, the most revered Marian shrine in Transylvania, a secular priest as the orders had been dissolved in Romania in 1948, fell victim to an "auto accident" in 1982 because his pilgrimages amassing 20,000 people at every Pentecost became a nuisance to the Communist rulers.

Religious instruction survives only in rural communities, if at all. Of the two Hungarian Reformed bishops, Bishop Gyula Nagy of Cluj-Napoca (Kolozsvár) is completely intimidated by the Ministry of Cults representatives. Bishop László Papp of Oradea (Nagyvárad) is more government politician than bishop. Hungarian members of the Catholic and Reformed churches are harrassed and even arrested. One Reformed minister in Dej (Dés) was even beaten to death by the police in 1982. Others are simply transferred to mountain villages from the towns.

The complaints concerning housing, job and educational discrimination against the Transylvania Hungarians would fill volumes. The above facts are recalled only for overview purposes.

CONCLUSIONS

The American Hungarian Federation appeals to the United States Government to raise the ill-treatment of the national minorities, particularly the 2.5 million Hungarians, in its talks with the Romanian government. The Transylvania Hungarians from the largest national minority in Europe outside of the Soviet Union.

We are aware of the letter of the State Department of July 22, 1982 to Representative Don Ritter (R., Pa.) responding to his letter signed by 220 other House members on this subject which promised continued further consideration of the situation of the Hungarians in Romania in talks with the Romanian Government. The reply was couched in terms of human rights violations only.

May we respectfully remind the Administration that the ill-treatment of the Transylvanian Hungarians involves more than human rights violations. The Romanian Government is implementing a preconceived plan of forced Romanization, depriving the Transylvanian Hungarians of most of their cultural and national self-determination rights which was still partially in existence until 1968 (Autonomous Province) at least for 40 per cent of the Transylvanian Hungarians. In 1957 there was still a Hungarian school system, a Hungarian university and five theaters and an opera house were functioning.

Today there are no Hungarian schools, no Autonomous Province, only two Hungarian theaters and an opera house, no Hungarian university and two-thirds of the Hungarian students in secondary schools attend Romanian sections. Yet the cultural and community rights of the Transylvanian Hungarians are guaranteed in the Romanian Constitution to which the Romanian Government sanctimoniously refers when someone raises the issue of ill-treatment of the Hungarian minority. Even a generous implementation of the Constitutional guarantees would ameliorate the situation greatly.

The Administration has strong economic leverage over Romania. Romania has already defaulted twice on its CCC credits in 1983 (paid by the Treasury of the United States to avoid formal default) and was saved from international default in 1983 only by the friendly intervention of the United States. Our awarding MFN treatment to Romania secures them $200 million exports to the American market annually. We should exercise our leverage as we did with the Romanian education tax in 1983 to effect an end to the forced Romanization policies in violation of many of Romania's international treaties and agreements and Romania's own Constitution.

The situation in Romania continues to deteriorate. A population deprived of economic necessities and their ethnic dignity and cultural institutions could ultimately take the road to active resistance. The beginnings of this process may be discerned in Transylvania since late 1982. Will the United States expend every effort to secure a peaceful resolution of the emerging nationality conflict, or remain uninterested? For if the conflict occurs, there would be only losers, Romanians and Hungarians. And American interests in Romania would be seriously impaired.●

LANE KIRKLAND AND THE 75TH ANNIVERSARY OF THE NAACP

● Mr. MOYNIHAN. Mr. President, on February 12, I had the good fortune of attending the ceremonies marking the 75th anniversary of the National Association for the Advancement of Colored People. Set in a church in Harlem, the events of February 12 marked an important milestone in the history of not only the NAACP, but the civil rights movement as well. Three-quarters of a century's worth of work came to a close, yet it was clear that there are many more years of work ahead of us.

I was particularly taken by a speech given by Lane Kirkland, president of the American Federation of Labor and Congress of Industrial Organizations. Mr. Kirkland's speech quite eloquently characterized the state of the civil rights movement in the Nation today and the dedication of the labor movement to the cause of civil rights.

Mr. President, I ask that, Lane Kirkland's remarks be printed in the RECORD.

The material referred to follows:

NAACP 75TH ANNIVERSARY FEBRUARY 12, 1984

I am delighted to be with you today and to convey to you, on behalf of the AFL–CIO, our heartiest congratulations on your 75th Anniverary.

It is a cause for celebration for all who take seriously America's promise of equal rights, equal justice and equal opportunity.

But promises are redeemed through struggle, as A. Philip Randolph taught us.

He said: "At the banquet table of nature there are no reserved seats. You get what you can take, and you keep what you can hold. If you can't take anything, you won't get anything; and if you can't hold anything

you won't keep anything. And you can't take anything without organization."

The NAACP, like the labor movement, has well understood the meaning of these words. And acting in their spirit, generations of NAACP members since 1909 have transformed life in the United States.

Millions of youngsters are growing up without ever having seen a "white only" sign over a public drinking fountain or a fellow citizen turned away from a restaurant or an employment office or college admission desk soley because of race.

To that extent, these youngsters live in a different world, and a better one, than their fathers and mothers knew—and that is a lasting tribute to the NAACP.

But while discrimination is no longer sanctioned by law, it has not disappeared from our land.

Twenty years after the passage of the Civil Rights Act, inequality still blights the hopes and stunts the lives of black youngsters, but with this difference:

Now that the statutory props of inequality have been swept away, its economic roots are exposed.

School desegregation and quality education have a price tag. Decent housing and nutrition cost money. Full employment—the key to stable family life—calls for economic investment of a high order.

These remain the goals of the labor movement and the civil rights movement, as they were the goals of John F. Kennedy and Lyndon Johnson, who put them on the national agenda as the New Frontier and the Great Society.

But these are not the goals of Ronald Reagan.

He yearns for "the good old days" before the Civil Rights Act, before the Fair Housing Act and Voting Rights Act, before the Occupational Safety and Health Act, before the Social Security Act, before the National Labor Relations Act.

He apparently believes that poverty builds character, and that affirmative action, job training, and even unemployment compensation deprive workers of their self-reliance.

His sympathies are reserved for the rich, upon whom he has lavished massive tax cuts.

He favors decent health care, higher education, and legal counsel—for those who can afford to pay for them. No others need apply.

It will take years to recover from the damage he has done. But if he gets four more years, recovery could elude us until the next century. Just think of the Supreme Court vacancies that are likely to occur by 1988.

The important thing about the democratic system is not that the people never make mistakes, but that mistakes can be corrected. There's always another chance, another election.

We have the opportunity next November 6 to elect a new President and a new Congress that will restore the federal government to its proper role as an instrument of, by and for the people.

And we in the AFL-CIO intend to do everything in our power to bring that about.

Those of you who marched with us on Solidarity Day in each of the last three years know that there is a new spirit in the labor movement, a spirit of hope and determination that I see growing also in the NAACP and throughout the civil rights movement.

It is reflected in the voter registration drive which the NAACP is conducting with the support of the A. Philip Randolph Institute and many of our affiliates and state and local central bodies.

Based on the last three years, I am convinced that we don't have to tell workers, minorities, the jobless and the poor how to vote. We have to tell them where to vote.

Our goal in 1984 is to involve as many of our members as possible in every stage of the political process and, together with our allies, to make our voices heard loud and clear.

At stake in this critical election are all of the goals we have fought for during the last one hundred years.

They are goals which we have shared with the NAACP, which has been at our side in every battle for social progress, for jobs, for fairness and opportunity for all.

No organization in America has a richer heritage of courage, of determined membership and inspiring leadership.

Men like the Springarn brothers, W.E.B. DuBois, Walter White, Roy Wilkins, Clarence Mitchell, Gloster Current, and Thurgood Marshall have brought honor to the NAACP and to their country over the last 75 years—and that tradition is sustained with distinction by Ben Hooks.

Like the labor movement, the NAACP is built for the long haul. Our work is never truly finished. I have not the slightest doubt that we, and those who succeed us, will be walking together and working together for the next 75 years.

Thank you, and good luck to you all.●

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have two items that appear to be cleared by the minority leader. They bear his initials.

ORDER FOR HOUSE JOINT RESOLUTION 422 TO BE HELD AT THE DESK

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate receives House Joint Resolution 422, Women's History Week, from the House of Representatives, it be held at the desk pending further disposition.

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

IRISH WILDERNESS

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 64.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 64) entitled "An Act to establish the Irish Wilderness in Mark Twain National Forest, Missouri", do pass with the following amendment:

Page 1, strike out lines 8 through 10, inclusive, and insert: "mately fifteen thousand five hundred acres, as generally depicted on a map entitled 'Irish Wilderness—Proposed', dated July 1983, are hereby designated as".

Mr. BAKER. Mr. President, I move that the Senate disagree to the House amendment and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Messrs. MCCLURE, WALLOP, HATFIELD, JOHNSTON, and BUMPERS conferees on the part of Senate.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I inquire of the minority leader if he would be prepared to consider certain items on today's Executive Calendar, by unanimous consent.

I especially invite his attention to all those nominations beginning with item No. 469 on page 2, all those nominations on page 3, on page 4, on page 5, on page 6, on page 7, on page 8, and on page 9, as well as all the nominations placed on the Secretary's desk in the Air Force, Coast Guard, Foreign Service, Marine Corps, Navy, Air Force, and NOAA, on page 10, with the exception of the Foreign Service nominations beginning with Philip Birnbaum and ending with Ronald Allen Witherell, and all those nominations on the Secretary's desk on page 11.

Mr. BYRD. Mr. President, I have been importuned by the distinguished Senator from Alabama (Mr. HEFLIN) to look for two nominations. One is named William Jackson, brigadier general, and Ivan R. Smith. I note that they are on the calendar. So, for the record, let me say that I have examined the calendar for that purpose and find that those two names are on there.

May I say further, in response to the distinguished majority leader's question, that we are ready on this side to proceed with all nominations on the Executive Calendar, with the exception of the one nomination under Department of State on page 1.

Mr. BAKER. I thank the minority leader.

Mr. President, when we match up what the minority leader has just indicated he can clear, and when I consult my calendar on what we can clear, this is what I have:

I ask unanimous consent that the Senate go into executive session for the purpose of considering nominations 469 through 489 and all those nominations placed on the Secretary's desk on pages 10 and 11, with the exception of the Foreign Service nominations appearing on page 10, beginning with Philip Birnbaum and ending with Ronald Allen Witherell.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations just described be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

SECURITIES INVESTOR PROTECTION CORPORATION

James G. Stearns, of Nevada, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 1985 (reappointment).

DEPARTMENT OF EDUCATION

Maureen E. Corcoran, of California, to be General Counsel, Department of Education, vice Daniel Oliver, resigned, to which position she was appointed during the last recess of the Senate.

DEPARTMENT OF TRANSPORTATION

Charles G. Hardin, of Maryland, to be an Assistant Secretary of Transportation, vice Judith T. Connor, resigned.

Jim J. Marquez, of Kansas, to be General Counsel of the Department of Transportation, vice James H. Burnley IV.

DEPARTMENT OF STATE

David C. Jordan, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

AMBASSADOR

Richard H. Imus, of California, a Foreign Servcie Officer of class 1, for the rank of Ambassador during his tenure of service as U.S. Negotiator on Textile Matters.

U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Priscilla L. Buckley, of Connecticut, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1986, vice Leonard Silverstein, term expired.

Richard M. Scaife, of Pennsylvania, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1985, vice Mae Sue Talley, term expired.

Herbert Schmertz, of New York, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring April 6, 1985, vice Olin C. Robison, term expired.

DEPARTMENT OF DEFENSE

Pringle P. Hiller, of Virginia, to be an Assistant Secretary of the Army, vice Joel E. bonner, Jr., resigned.

Robert H. Conn, of Virginia, to be an Assistant Secretary of the Navy (new position—Public Law 98-94 of September 24, 1983).

IN THE AIR FORCE

The following-named officer for appointment in the U.S. Air Force under the provisions of sections 624, title 10 of the United States Code:

To be regular major general

Lt. Gen. Larry D. Welch, [redacted], Regular Air Force.

IN THE ARMY

The U.S. Army Reserve officers named herein for appointment as Reserve Commissioned Officers of the Army, under the provisions of title 10, United States Code, sections 593(a), 3371 and 3384:

To be major general

Brig. Gen. Max Baratz, [redacted]
Brig. Gen. Roy C. Gray, Jr., [redacted]
Brig. Gen. Daniel C. Helix, [redacted]
Brig. Gen. John P. Henderson, Jr., [redacted]
Brig. Gen. Robert Q. Jones, [redacted]
Brig. Gen. Warren A. E. Magruder, [redacted]
Brig. Gen. Harold J. Wages, [redacted]

To be brigadier general

Col. Marvin G. Back, [redacted]
Col. George E. Barker, [redacted]
Col. James T. Craig, [redacted]
Col. Wilson T. Dreger III, [redacted]
Col. James E. Haught, [redacted]
Col. Lewis M. Helm, [redacted]
Col. Robert G. Hope, [redacted]
Col. Merwyn L. Jackson, [redacted]
Col. Charlton B. McArthur, [redacted]
Col. Richard H. MacMillan, Jr., [redacted]
Col. Robert M. Overbey, [redacted]
Col. Antone F. Remich, [redacted]
Col. Roger W. Sandler, [redacted]
Col. Anthony S. Sarbanes, [redacted]
Col. Walter R. Schellhase, [redacted]
Col. James R. Sims, Jr., [redacted]
Col. Dennis A. Wilkie, [redacted]

The following-named Army Medical Department officers for appointment in the U.S. Army to the grades indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent major general

Brig. Gen. Frank F. Ledford, Jr., [redacted], Medical Corps, U.S. Army.

Brig. Gen. Lewis A. Mologne, [redacted], Medical Corps, U.S. Army.

To be permanent brigadier general

Col. Alcide M. LaNoue, [redacted], Medical Corps, U.S. Army.

The following-named officer for appointment in the U.S. Army to the grade indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent brigadier general

Col. William K. Suter, [redacted], Judge Advocate General Corps, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Edward C. Peter II, [redacted], U.S. Army.

The Army National Guard of the United States officers named herein for appointment as Reserve Commissioned Officers of the Army, under the provisions of title 10, United States Code, sections 593(a), 3385, and 3392:

To be major general

Brig. Gen. Joseph W. Griffin, [redacted]
Brig. Gen. Kenneth W. Himsel, [redacted]
Brig. Gen. William A. Jackson, [redacted]
Brig. Gen. Hubert M. Leonard, [redacted]
Brig. Gen. Lloyd M. Price, [redacted]
Brig. Gen. Ivan R. Smith, [redacted]

To be brigadier general

Brig. Gen. Alvin D. McArthur, [redacted]
Brig. Gen. Teddy E. Williams, [redacted]
Col. Ronald Bowman, [redacted]
Col. Charlie D. Brackeen, [redacted]
Col. Bille J. Brinkley, [redacted]
Col. Lytle Brown III, [redacted]
Col. Donald Burdick, [redacted]
Col. Glen R. Chapin, [redacted]
Col. Richard L. Chastain, [redacted]
Col. Irwin K. Cockett, Jr., [redacted]
Col. Richard D. DeMara, [redacted]
Col. Norman E. Duckworth, [redacted]
Col. Carl G. Farrell, [redacted]
Col. James H. Garner, [redacted]
Col. Thomas R. Hearn, Jr., [redacted]
Col. Marion H. Kinon, [redacted]
Col. Howard I. Manweiler, [redacted]
Col. Bobby L. Matthews, [redacted]
Col. Amedeo C. Merolla, [redacted]
Col. Wafford H. Merrell, Jr., [redacted]
Col. William K. McDaniel, [redacted]
Col. Max V. McLaughlin, [redacted]
Col. Russell E. Summerlin, [redacted]
Col. Richard D. Sylvain, [redacted]
Col. David J. Thomas, [redacted]
Col. Mel C. Thrash, [redacted]
Col. Robert C. Thrasher, [redacted]
Col. George W. Treadwell, [redacted]
Col. Richard G. Weinberg, [redacted]
Col. Stanley J. Wilk, [redacted]

IN THE NAVY

The following-named captains of the U.S. Navy for promotion to the permanent grade of commodore, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

MEDICAL CORPS

Robert Paul Caudill, Jr.
Henry James Tipp Sears
James Knox Summitt

SUPPLY CORPS

James Benjamin Whittaker
Rodney Kaye Squibb
Robert Avery Phillips

CIVIL ENGINEER CORPS

Federick Guyer Kelley

DENTAL CORPS

Robert Wayne Koch

The following-named captains of the line of the Navy for promotion to the permanent grade of commodore, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

UNRESTRICTED LINE OFFICER

Thomas James Johnson
Robert Heber Ailes
Stanley Earl Bump
Norman Dean Campbell
Harry Stillman Quast
John Weldon Koenig
Charles Reynolds Mcgrail, Jr.
John Warren Adams
Leslie Nelson Palmer
Ralph Whitaker West, Jr.
Gary Francis Wheatley
Stephen Francis Loftus
Grant Alexander Sharp
Edward William Clexton, Jr.
Michael Christian Colley
Raynor Andrew Kent Taylor
John Richard Seesholtz
Thomas Robert Fox
Jeremy Dolph Taylor
Denis Thomas Schwaab
Anthony Albert Less
Richard Corbett Gentz
Roger Lee Rich, Jr.
James Donald Cossey
Robert Lee Toney
Richard Fay Pittenger
Francis Raymond Donovan
Salvatore Frank Gallo
Raymond Guy Zeller
John McKay Kersh
Richard Harrison Truly
Paul David Miller

ENGINEERING DUTY OFFICER

Lowell John Holloway
Roger Bigelow Horne, Jr.

AERONAUTICAL ENGINEERING DUTY OFFICER

Richard Del Friichtenicht
John Henry Kirkpatrick

SPECIAL DUTY OFFICER (INTELLIGENCE)

William Olvier Studeman

IN THE MARINE CORPS

The following-named brigadier generals of the Marine Corps for promotion to the permanent grade of major general, pursuant to title 10, United States Code, section 624:

John I. Hudson
William G. Carson, Jr.
Edwin J. Godfrey

The following-named colonels of the Marine Corps for promotion to the permanent grade of brigadier general, pursuant to title 10, United States Code, section 624:

Frederick E. Sisley
James D. Beans
Joseph P. Hoar
Royal N. Moore, Jr.
Donald E. P. Miller

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, COAST GUARD, MARINE CORPS, NAVY AND AIR FORCE, NOAA

Air Force nominations beginning Stanley L. Betts, and ending William S. Skellenger, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Raymond M. Ross, and ending John R. Mulnix, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Thomas N. Gallagher, and ending Edwin B. Morgan, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Maj. Robert T. Cates, and ending Maj. Anis A. Khan, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Lewill C. Smith, and ending Walter M. Harris, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Nicholas Abate, and ending Dan O Yoshii, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Coast Guard nominations beginning Joseph P. Cooley, Jr., and ending Tad D. Kelley, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of January 27, 1984.

Coast Guard nominations beginning Keith R. Colwell, and ending Robert J. Papp, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Coast Guard nominations beginning Paul E. Burke, and ending Kim N. Rose, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Coast Guard nominations beginning Carl T. Alam, and ending Vann J. Young, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 22, 1984.

Marine Corps nominations beginning Thomas G. Avey, and ending David J. Wolf, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Marine Corps nominations beginning John L. MacFarlane, and ending Paul E. McEvoy, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Marine Corps nominations beginning Mark A. Davis, and ending Aurel E. Lafreniere, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Navy nominations beginning George S. M. Cowan, and ending Stanley B. Young, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Navy nominations beginning Otis E. Butler III, and ending William H. Williams, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Navy and Air Force nominations beginning Comdr. Daniel C. Brandenstein, and ending Maj. Brewster H. Shaw, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

NOAA nominations beginning Walter F. Forster II, and ending Clifford C. Wilson, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of January 27, 1984.

Mr. BAKER. Mr. President, I ask unanimous consent that the vote en bloc by which the nominations were confirmed be reconsidered.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

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

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

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

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11 a.m. tomorrow.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, it is the hope of the leadership on this side that we can get a relatively early start on this bill, S. 979, tomorrow. There are no special order requests at this moment, for which I thank Senators.

I ask unanimous consent that after the recognition of the two leaders under the standing order, the time remaining until 11:30 a.m. be devoted to the transaction of routine morning business in which Senators may speak for not more than 5 minutes each.

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

SENATE AGENDA

Mr. BAKER. Mr. President, at 11:30 a.m., after the time for the transaction of routine morning business, the Senate will resume consideration of S. 979, which is the pending measure. I expect tomorrow to be a long day, if necessary, in order to complete action on this bill, and we may be in late tomorrow evening. It is still the hope of the leadership on this side that we can reach the reciprocity bill and/or the FTC authorization bill this week. But it is the determination of the leadership on this side, to the extent that the Senate will agree, to finish the Export Administration bill this week.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow, the Senate will convene at 11 a.m., pursuant to its recess over from today.

After the recognition of the two leaders under the standing order, there will be a period for the transaction of routine morning business during the remaining time before 11:30 a.m., in which Senators may speak for not more than 5 minutes each.

At 11:30 a.m., the Senate will resume consideration of the unfinished business, which is the Export Administration bill, S. 979.

It is anticipated that tomorrow may be a late day, a late evening. It is hoped that we may finish the bill tomorrow, but if we do not, we will continue with the consideration of this measure on the following day, as necessary, to complete Senate consideration of it.

Mr. President, I have nothing further. If the minority leader has nothing else, I am prepared to ask the Senate to stand in recess.

RECESS UNTIL 11 A.M. ON THURSDAY

Mr. BAKER. Mr. President, I see no other Senator seeking recognition. I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. tomorrow.

The motion was agreed to; and, at 6:45 p.m., the Senate recessed until Thursday, March 1, 1984, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate February 29, 1984:

DEPARTMENT OF JUSTICE

John W. Stokes, Jr., of Georgia, to be U.S. Marshal for the middle district of Georgia

for the term of 4 years, vice Dwayne W. Gilbert, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 29, 1984:

SECURITIES INVESTOR PROTECTION CORPORATION

James G. Stearns, of Nevada, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 1985.

DEPARTMENT OF EDUCATION

Maureen E. Corcoran, of California, to be General Counsel, Department of Education.

DEPARTMENT OF TRANSPORTATION

Charles G. Hardin, of Maryland, to be an Assistant Secretary of Transportation.

Jim J. Marquez, of Kansas, to be General Counsel of the Department of Transportation.

DEPARTMENT OF STATE

David C. Jordan, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

AMBASSADOR

Richard H. Imus, of California, a Foreign Service officer of class 1, for the rank of Ambassador during his tenure of service as U.S. Negotiator on Textile Matters.

U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Priscilla L. Buckley, of Connecticut, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1986.

Richard M. Scaife, of Pennsylvania, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1985.

Herbert Schmertz, of New York, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring April 6, 1985.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF DEFENSE

Pringle P. Hillier, of Virginia, to be an Assistant Secretary of the Army.

Robert H. Conn, of Virginia, to be an Assistant Secretary of the Army.

IN THE AIR FORCE

The following-named officer for appointment in the U.S. Air Force under the provisions of sections 624, title 10 of the United States Code:

To be regular major general

Lt. Gen. Larry D. Welch, [redacted], Regular Air Force

ARMY

The U.S. Army Reserve officers named herein for appointment as Reserve Commissioned Officers of the Army, under the provisions of title 10, United States Code, sections 593(a), 3371 and 3384:

To be major general

Brig. Gen. Max Baratz, [redacted]
Brig. Gen. Roy C. Gray, Jr., [redacted]
Brig. Gen. Daniel C. Helix, [redacted]
Brig. Gen. John P. Henderson, Jr., [redacted]
Brig. Gen. Robert Q. Jones, [redacted]
Brig. Gen. Warren A. E. Magruder, [redacted]
Brig. Gen. Harold J. Wages, [redacted]

To be brigadier general

Col. Marvin G. Back, [redacted]
Col. George E. Barker, [redacted]
Col. James T. Craig, [redacted]
Col. Wilson T. Dreger III, [redacted]
Col. James E. Haught, [redacted]
Col. Lewis M. Helm, [redacted]
Col. Robert G. Hope, [redacted]
Col. Merwyn L. Jackson, [redacted]
Col. Charlton B. McArthur, [redacted]
Col. Richard H. MacMillan, Jr., [redacted]
Col. Robert M. Overbey, [redacted]
Col. Antone F. Remich, [redacted]
Col. Roger W. Sandler, [redacted]
Col. Anthony S. Sarbanes, [redacted]
Col. Walter R. Schellhase, [redacted]
Col. James R. Sims, Jr., [redacted]
Col. Dennis A. Wilkie, [redacted]

The following-named Army Medical Department officers for appointment in the U.S. Army to the grades indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent major general

Brig. Gen. Frank F. Ledford, Jr., [redacted], Medical Corps, U.S. Army.

Brig. Gen. Lewis A. Mologne, [redacted], Medical Corps, U.S. Army.

To be permanent brigadier general

Col. Alcide M. LaNoue, [redacted], Medical Corps. U.S. Army.

The following-named officer for appointment in the U.S. Army to the grade indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent brigadier general

Col. William K. Suter, [redacted], Judge Advocate General Corps. U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Edward C. Peter II, [redacted], U.S. Army.

The Army National Guard of the United States officers named herein for appointment as Reserve Commissioned Officers of the Army, under the provisions of title 10, United States Code, sections 593(a), 3385, and 3392:

To be major general

Brig. Gen. Joseph W. Griffin, [redacted]
Brig. Gen. Kenneth W. Himsel, [redacted]
Brig. Gen. William A. Jackson, [redacted]
Brig. Gen. Hubert M. Leonard, [redacted]
Brig. Gen. Lloyd M. Price, [redacted]
Brig. Gen. Ivan R. Smith, [redacted]

To be brigadier general

Brig. Gen. Alvin D. McArthur, [redacted]
Brig. Gen. Teddy E. Williams, [redacted]
Col. Ronald Bowman, [redacted]
Col. Charlie D. Brackeen, [redacted]
Col. Billie J. Brinkley, [redacted]
Col. Lytle Brown III, [redacted]
Col. Donald Burdick, [redacted]
Col. Glen R. Chapin, [redacted]
Col. Richard L. Chastain, [redacted]
Col. Irwin K. Cockett, Jr., [redacted]
Col. Richard D. DeMara, [redacted]
Col. Norman E. Duckworth, [redacted]
Col. Carl G. Farrell, [redacted]
Col. James H. Garner, [redacted]
Col. Thomas R. Hearn, Jr., [redacted]
Col. Marion H. Kinon, [redacted]
Col. Howard I. Manweiler, [redacted]
Col. Bobby L. Matthews, [redacted]
Col. Amedeo C. Merolla, [redacted]
Col. Wafford H. Merrell, Jr., [redacted]
Col. William K. McDaniel, [redacted]
Col. Max V. McLaughlin, [redacted]
Col. Russell E. Summerlin, [redacted]
Col. Richard D. Sylvain, [redacted]
Col. David J. Thomas, [redacted]
Col. Mel C. Thrash, [redacted]
Col. Robert C. Thrasher, [redacted]
Col. George W. Treadwell, [redacted]
Col. Richard G. Weinberg, [redacted]
Col. Stanley J. Wilk, [redacted]

IN THE NAVY

The following-named captains of the U.S. Navy for promotion to the permanent grade of commodore, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

MEDICAL CORPS

Robert Paul Caudill, Jr.
Henry James Tipp Sears
James Knox Summitt

SUPPLY CORPS

James Benjamin Whittaker
Rodney Kaye Squibb
Robert Avery Phillips

CIVIL ENGINEER CORPS

Frederick Guyer Kelley

DENTAL CORPS

Robert Wayne Koch

The following-named captains of the line of the Navy for promotion to the permanent grade of commodore, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

UNRESTRICTED LINE OFFICER

Thomas James Johnson
Robert Heber Ailes
Stanley Earl Bump
Norman Dean Campbell
Harry Stillman Quast
John Weldon Koenig
Charles Reynolds Mcgrail, Jr.
John Warren Adams
Leslie Nelson Palmer
Ralph Whitaker West, Jr.
Gary Francis Wheatley
Stephen Francis Loftus
Grant Alexander Sharp
Edward William Clexton, Jr.
Michael Christian Colley
Raynor Andrew Kent Taylor
John Richard Seesholtz
Thomas Robert Fox
Jeremy Dolph Taylor
Denis Thomas Schwaab
Anthony Albert Less
Richard Corbett Gentz
Roger Lee Rich, Jr.
James Donald Cossey
Robert Lee Toney
Richard Fay Pittenger
Francis Raymond Donovan
Salvatore Frank Gallo
Raymond Guy Zeller
John McKay Kersh
Richard Harrison Truly
Paul David Miller

ENGINEERING DUTY OFFICER

Lowell John Holloway
Roger Bigelow Horne, Jr.

AERONAUTICAL ENGINEERING DUTY OFFICER

Richard Del Frichtenicht
John Henry Kirkpatrick

SPECIAL DUTY OFFICER (INTELLIGENCE)

William Oliver Studeman

IN THE MARINE CORPS

The following-named brigadier generals of the Marine Corps for promotion to the per-

manent grade of major general, pursuant to title 10, United States Code, section 624:

John I. Hudson
Edwin J. Godfrey
William G. Carson, Jr.

The following-named colonels of the Marine Corps for promotion to the permanent grade of brigadier general, pursuant to title 10, United States Code, section 624:

Frederick E. Sisley
Royal N. Moore, Jr.
James D. Beans
Donald E. P. Miller
Joseph P. Hoar

IN THE AIR FORCE

Air Force nominations beginning Stanley L. Betts, and ending William S. Skellenger, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Raymond M. Ross, and ending John R. Mulnix, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Thomas N. Gallagher, and ending Edwin B. Morgan, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Maj. Robert T. Cates, and ending Maj. Anis A. Khan, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Lewill C. Smith, and ending Walter M. Harris, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Air Force nominations beginning Nicholas Abate, and ending Dan O Yoshii, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

IN THE COAST GUARD

Coast Guard nominations beginning Joseph P. Cooley, Jr., and ending Tad D. Kelley, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of January 27, 1984.

Coast Guard nominations beginning Keith R. Colwell, and ending Robert J. Papp, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Coast Guard nominations beginning Paul E. Burke, and ending Kim N. Rose, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Coast Guard nominations beginning Carl T. Alam, and ending Vann J. Young, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 22, 1984.

IN THE MARINE CORPS

Marine Corps nominations beginning Thomas G. Avey, and ending David J. Wolf, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Marine Corps nominations beginning John L. Macfarlane, and ending Paul E. Mcevoy, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Marine Corps nominations beginning Mark A. Davis, and ending Aurel E. Lafreniere, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

IN THE NAVY

Navy nominations beginning George S. M. Cowan, and ending Stanley B. Young, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

Navy nominations beginning Otis E. Butler III, and ending William H. Williams, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

IN THE NAVY AND THE AIR FORCE

Navy and Air Force nominations beginning Commander Daniel C. Brandenstein, and ending Maj. Brewster H. Shaw, Jr., which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of February 21, 1984.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

NOAA nominations beginning Walter F. Forster II, and ending Clifford C. Wilson, which nominations were received by the Senate on February 16, 1984, and appeared in the CONGRESSIONAL RECORD of January 27, 1984.