HOUSE OF REPRESENTATIVES—*Tuesday, April, 10, 1984*

The House met at 12 o'clock noon.

Rev. Albin Sowinski, St. Helen's Catholic Church, Milwaukee, Wis., offered the following prayer:

Father of all mankind, we offer You prayers of praise and thanksgiving. You have fashioned us into a nation as our fathers envisioned us, where people may live in peace, justice, equality, and freedom.

Father, we ask You to bless our country and this world with peace that is a reality—where all people see You as our common Father and each other as brothers in loving care for each other's needs and sharing each other's abundance.

Father, give us a moral sense of justice and equality for all on which our country was founded.

Father, give us the true freedom we long for: That our poor may be free from hunger, that our wealthy be free from indifference. May our aging citizens be free of neglect and loneliness, our young free of selfishness. May the weak live free of oppression and the strong live free of power that enslaves.

Father, bless and enlighten our President, our Congress, and all civil officials to guide this Nation with vision to continue to be the greatest country on Earth where peace, justice, equality, and freedom truly reign in the hearts of all who enjoy its security.

Father, we ask this in Your name.

THE JOURNAL

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

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 102. Concurrent resolution to correct the enrollment of H.R. 4169.

COMMUNICATION FROM THE CLERK OF THE HOUSE

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

WASHINGTON, D.C.,
April 9, 1984.

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

DEAR MR. SPEAKER: I have the honor to transmit herewith a copy of the Certificate of Election received from Mr. Kevin J. Kennedy, Executive Secretary of the Wisconsin State Board of Elections, indicating that the Honorable Gerald D. Kleczka was elected to the Office of Representative in Congress from the Fourth District of Wisconsin in a Special Election held on April 3, 1984.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

UNITED STATES OF AMERICA

STATE OF WISCONSIN,
Elections Board, ss:

I, Kevin J. Kennedy, Executive Secretary of the State Elections Board of the State of Wisconsin, do hereby certify that the following candidate was elected Representative in Congress, at the Special Election, held in the state of Wisconsin, on the first Tuesday in April, 1984, being the Third day of said month, as appears from the statement of the Board of State Canvassers, now on file and of record in the Office of the State Elections Board:

Congressional district: Fourth.
Elected: Gerald D. Kleczka.

SWEARING IN OF THE HONORABLE GERALD D. KLECZKA OF WISCONSIN AS A MEMBER OF THE HOUSE

The SPEAKER. Will the dean of the Wisconsin delegation (Mr. KASTENMEIER) kindly bring forth the newly elected Member to the rostrum?

Mr. KLECZKA appeared at the bar of the House and took the oath of office.

The SPEAKER. Congratulations. You are a Member of the Congress of the United States.

EXPRESSIONS OF APPRECIATION AS NEWLY ELECTED MEMBER OF CONGRESS

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

Mr. KLECZKA. Mr. Speaker, I thank you for the chance to address the House on this very special occasion.

I would like to express my appreciation to my distinguished colleagues from Wisconsin for joining me today. I would also like to thank the Reverend Albin Sowinski of St. Helen's Parish, Milwaukee, Wis., for offering such comforting words and for traveling to the Capitol for this memorable day.

Mr. Speaker, I am honored to join this distinguished body. I look forward to working with my colleagues as we debate and decide the important challenges that our country faces in the years ahead.

IN MEMORY OF THE HONORABLE PHILLIP BURTON

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

Mr. EDWARDS of California. Mr. Speaker, 1 year ago today this House lost one of its most esteemed, most effective, most vibrant Members. I refer, of course, to Phil Burton.

I know I speak for all of us in the California Democratic delegation when I say not a day has passed that we have not thought of Phil and missed his insight, his passion, his absolute glee at jumping into the thick of some legislative foray—his delight at fighting for the powerless in our society. I cannot think of anyone who more relished the work of a Congressperson than our dear friend, Phil.

How much he would have contributed to our deliberations of the past year. How much we could have used his wisdom.

So, we miss Phil deeply and always will. And we are diminished by his absence. Yet we are grateful to have SALA as a Member of the House and as a member of the California delegation. In the time she has been one of our colleagues, SALA has shown us that she, too, has significant contributions to make to this body and to our country. We are lucky to have her here with us.

CORRECTING ENROLLMENT OF H.R. 4169, OMNIBUS BUDGET RECONCILIATION ACT OF 1983

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 102) directing the Clerk of the House to make corrections in the enrollment of H.R. 4169, and ask for its immediate consideration in the House.

I might say, Mr. Speaker, that this request has been cleared with the gentleman from Arkansas (Mr. HAMMERSCHMIDT) of the minority party and the ranking member on the Committee on Veterans' Affairs.

The Clerk read the title of the Senate concurrent resolution.

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

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 102

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of H.R. 4169, the Clerk of the House of Representatives is directed to make the correction as follows: strike title IV.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4098

Mr. MAVROULES. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 4098.

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

There was no objection.

THE PRESIDENT SHOULD THANK CONGRESS FOR GETTING THE MARINES OUT OF BEIRUT

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

Mr. MAVROULES. Mr. Speaker, twice in the last week, I watched with amazement as the President attempted to rewrite the history of his foreign policy.

The President is correct in one area only. Congress did take the responsibility and forced the disengagement of our marines from a defenseless mission in Beirut.

In good conscience, Mr. Reagan cannot blame Congress for his policy failures in Lebanon. It is only necessary to review the published comments of former Secretary of State Haig to understand. Our marines in Beirut, restricted in their activities, were the tragic symbol of a diplomatic policy which never existed.

The administration may feel that "military strength is a definite part of diplomacy." Thankfully, we, in this body, know it is not a substitute in Central America, the Middle East, or anywhere else in the world.

Mr. President, be honest. Do not blame Congress. Thank us for getting you out of Lebanon.

□ 1210

A FEDERAL RESPONSE TO THE GRIEVOUS PROBLEM OF MISSING CHILDREN

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

Mr. WILLIAMS of Montana. Mr. Speaker, America has a grievous problem—missing children. Last year, 1,500,000 children were missing from their homes. Most of those were children who had run away and eventually were returned safely to their homes. However, 20,000 to 50,000 cases a year of missing children are unresolved.

Each year, 150,000 children in this country are abducted. Two-thirds of them are abducted by an estranged or divorced parent but 40,000 or 50,000 children are abducted by strangers. And each year we find 4,000 of those children, dead. This Congress will soon have an opportunity to develop a Federal response to this problem and I urge us to do so at the earliest possible time.

PRESIDENT SHOULD STOP COVERT ACTIVITIES

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, it is time for the administration to stop talking about covert activities in Nicaragua. The word "covert" signifies secret, and clearly the whole world knows our secret; we are mining harbors in Nicaragua to the detriment of ships from other nations, including our allies.

Up until now, the United States has always been a leader in supporting international law. Today, I urge my colleagues to speak out on the administration's actions. It is not just covert activity that needs to be debated; it is the public policy behind it that must be examined. The American people should have the chance to say whether they are for this policy or against it; whether they are for or against the strong possibility of U.S. involvement in a war in Central America. I urge my colleagues to oppose this so-called covert activity. A vote against it will assure the world that the United States still stands by its principles and its respect for international law.

THE PRESIDENT SHOULD REDISCOVER PRINCIPLES OF THE FOUNDING FATHERS

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

Mr. ALEXANDER. Mr. Speaker, the President and Secretary of State have recently criticized Congress for objecting to this administration's foreign policy. The objections are pointed at the failure of the administration's policy in Lebanon and its continued support of an 18,000-man counterrevolutionary army created to overthrow the Government of Nicaragua as well as the covert mining of the harbor in Nicaragua which is allegedly directed by the CIA.

The Reagan administration's policy in Central America is in defiance of American public opinion and congressional authorization.

The President has forgotten one very important justification for America's declaration of independence from England. I refer to a phrase of the Declaration of Independence which criticized George III:

> He, at this time, is transporting large armies of foreign mercenaries to complete the works of death, desolation, defiance and tyranny, already begun, with circumstances of cruelty and perfidy, scarcely paralleled in the most barbarous ages and totally unworthy of the head of a civilized nation.

Mr. President, perhaps you should rediscover the principles of our own Founding Fathers, the principle of territorial integrity of sovereign nations and the right of self-determination.

ADMINISTRATION'S VIOLATIONS OF INTERNATIONAL LAW WEAKEN U.S. ABILITY TO BOLSTER DEMOCRACY IN CENTRAL AMERICA

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

Mr. GLICKMAN. Mr. Speaker, I have been among those who have supported a balanced package of economic and military aid to El Salvador. We have a clear and legitimate role to play in bolstering democracy and fostering a stable environment in Central America. It is clear, however that the recent disclosures of CIA mining of Nicaraguan harbors in violation of principles of international law destroys our ability to play any constructive role whatsoever in that region.

What the United States has done, supposedly as a "holding action" until after the 1984 Presidential elections, gains us absolutely nothing, but it does cost us greatly. This downright

stupid act distracts world attention from Sandinista interference in El Salvador and shifts the focus to these illicit and illegal acts of our own CIA. It destroys our credibility and makes it next to impossible for us to expect principles of international law and the moral pressures of the world community to be brought to bear against destabilizing forces in the region when we choose, ourselves, to flagrantly violate principles of international law.

Before we lose all credibility, the President should order an immediate cessation of the mining. On this one, the Congress should force him to do so.

MINING OF NICARAGUA'S HARBORS PAVING THE WAY FOR A U.S. WAR IN CENTRAL AMERICA

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

Mr. BONIOR of Michigan. Mr. Speaker, by refusing to accept the jurisdiction of the World Court in the next 2 years on any cases arising from U.S. actions in Central America, the Reagan administration has acknowledged that it is engaged in a legally indefensible policy, a policy, in fact, of state-supported terrorism.

The construction of permanent military facilities in Honduras, the extensive military maneuvers, the introduction of U.S. troops into areas of hostility in El Salvador, and, now, the mining of Nicaragua's harbors are paving the way for a U.S. war in Central America.

Today, it is the House of Representatives alone that stands as barrier to that war.

I am proud that a majority of this body has voted twice to stop funding the CIA-sponsored war against Nicaragua. And I urge the House to stand by its convictions, and reject any funds for a policy that is branding this Nation as an international outlaw.

REAGAN ADMINISTRATION'S DOUBLE STANDARD ON INTERNATIONAL LAW

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

Mr. BONKER. Mr. Speaker, recent disclosures in the press about the CIA's direct involvement in the mining of Nicaragua's harbors is yet another example of questionable behavior in this administration's conduct of foreign policy. The refusals by the top administration officials to deny these reports and the President's decision to suspend the World Court's jurisdiction as it applies to United States-Central America relations in the coming 2 years only confirmed the worst fears many of us share about the Reagan administration's intentions toward this region and Nicaragua in particular.

Last week the President lamented the lack of bipartisan foreign policy. But how can he expect a bipartisan support so long as he acts in this manner? Where the administration perceives its interests will benefit, as in denouncing Soviet violations of international human rights conventions, the President champions the cause of international law. But where international law is viewed as an obstacle rather than as a system designed to promote the peaceful resolution of differences between states, the administration simply exempts itself.

Nowhere is this double standard more apparent than in the administration's policy toward Nicaragua and the rest of Central America.

THE LATEST OUTRAGE

(Mrs. BOXER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOXER. Mr. Speaker, we have an Army and a Navy and Marine Corps. But our President creates his own private army—the CIA directing the Contras whose aim is to overthrow the Nicaraguan Government. The President says that overthrowing is not his aim, yet we supply these Contras although this House has voted twice to cease that covert war.

The latest outrage is our CIA army planting explosives in the seas surrounding Nicaragua, and, in anticipation of a legal challenge in the World Court, the Reagan administration announces that it will not be bound by the Court decision.

What kind of country are we becoming?

Are we so unsure of ourselves as a model of freedom that we must resort to covert force?

Is our new slogan "America, love it or fear it?" instead of "the land of the free and the home of the brave?"

I am appalled and ashamed of our cowardly behavior, waging a secret war, endangering lives at sea, and refusing to stand up to world scrutiny. Our allies are ashamed too.

The President blames the Congress for interfering with his military exploits. I say thank God we do.

CLEVELAND—THE ALL-AMERICAN CITY

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I am proud that yesterday the city of Cleveland, Ohio, which I represent, won the All-America City Award, an honor coveted by many cities.

Cleveland was one of nine cities to win this award.

Cleveland is a great place to live, has the finest hospitals, a rich cultural center, the Cleveland Symphony Orchestra, art museum. The oldest repertory theater in the country, the Cleveland Playhouse, the Cleveland Ballet, Karamu House, and others. It is a diverse industrial base and has a great water supply.

□ 1220

But most important are its people, a mosaic of cultures, proud of their heritage, proud of their city. Truly it is an all-American city and I am proud to represent it.

A BILL TO END UNFAIR TREATMENT OF WIDOWED SOCIAL SECURITY RECIPIENTS

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

Mr. MORRISON of Connecticut. Mr. Speaker, today I have introduced legislation to relieve the anxiety, embarrassment, and hardship felt by too many of our Nation's senior citizens as a result of the Federal procedures used to collect social security and SSI payments made to deceased beneficiaries and received by their surviving spouses.

Let me share with you just one of the experiences of social security recipients in Connecticut's Third Congressional District with these arbitrary and unfair procedures.

Mrs. Alphena Breault, of West Haven, Conn., and her husband were both social security recipients at the time that Mr. Breault died. Mrs. Breault promptly notified the Social Security Administration of his death. While waiting for her widow's benefits to be processed, she received several checks in her husband's name. A Social Security employee advised her that she should deposit those checks in her checking account to use for her living expenses—her own monthly retirement benefits were only $87.25 per month—and that her account would be adjusted later on.

Many months later, that "adjustment" came all at once and without warning. The entire amount of her husband's checks was suddenly taken out of her bank account. The only notice that Mrs. Breault received was when she was told by her car mechanic that the check she had written to him for repair work had bounced.

I know of many other social security recipients in my district who have had similar experiences. Social security checks are regularly sent out after beneficiaries die, even when the Social

Security Administration has prompt notice of the death of these persons. Later, however, when the bureaucracy catches up, Social Security will recoup the payments through a process known as "reclamation": Social Security notifies the Treasury Department, which instructs the bank which cashed the checks or received them through direct deposit to debit the depositor's account.

Neither Social Security nor Treasury gives prior notice of the recoupment action. Nor is the depositor afforded the opportunity to negotiate a repayment schedule or to request a waiver of the recoupment in cases of special hardship. Social Security maintains that these rights, which are required in all cases of overpayment, do not apply because these payments are not overpayments, but "erroneous" payments.

Mrs. Breault was one of the plaintiffs in a class action suit in the U.S. Federal District Court in Connecticut, Breault against Heckler, which challenged these procedures on the ground that they violate the overpayment provision of the Social Security Act. U.S. Magistrate Arthur Lattimer has ruled in the plaintiffs' favor. I understand that other Federal courts have reached similar conclusions. Nevertheless, the reclamation procedures are still followed in parts of the country where they have not been forbidden by the courts.

My bill would amend the definition of overpayment in the Social Security Act to make it clear that Congress intends the procedural protections afforded to social security and SSI recipients who receive overpayments to be afforded to surviving spouses who receive the benefit payments of their deceased spouses. If adopted, my bill would require that prior to any collection action, Social Security must first ascertain whether the person who received the payment is a surviving spouse entitled to social security or SSI. If so, it would be limited to the methods for recovery of overpayment authorized in the Social Security Act and would be required to extend the waiver provisions of the act to such person. The surviving spouse would receive notice of the recovery action and have an opportunity to establish a repayment schedule or to seek waiver in cases of special hardship.

Mr. Speaker, Congress intended that all social security and SSI recipients who are overpaid by mistake should be afforded the fundamental rights of prior notice, a fair repayment schedule, and waiver in cases of special hardship. The Social Security Administration is using bureaucratic doubletalk to get around that intent and deprive recently widowed recipients—a category of people who should be afforded, if anything, greater, not lesser, protections—of these fundamental rights. We need to put a stop to this outrageous abuse of the dignity and well-being of our senior citizens.

THE MARKETPLACE HAS SPOKEN ON THE BUDGET

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

Mr. ROEMER. Mr. Speaker, many House Members—I am one—believe in the economic justice found in the marketplace.

Social Darwinism and laissez-faire economics usually work together to produce the most good for the most people in the most efficient manner possible.

Now, all things are relative. Water boils at different temperatures depending on altitude. Free market economics is not perfect, nor is it always the best for each individual. But relative to the speed, efficiency, and justice of Government decisionmaking, the free marketplace is a winner.

What did the marketplace tell us about last week's budget? Within 48 hours after budget passage the prime rate was up one-half point to 12 percent. The Fed discount rate was raised to 9 percent, the first increase in nearly a year and a half and the stock market hit a new low for the year.

Any budget that manages $1 out of every $4 in America is extremely important. It affects interest rates, economic growth, job opportunities, quality of life, health, and safety.

The marketplace has spoken on this important budget and it is not good news. The market says, "We expected more. We deserved better."

I agree.

THE REAGAN ADMINISTRATION TAKING ANOTHER STEP IN MILITARIZING CENTRAL AMERICA

(Mrs. COLLINS asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. COLLINS. Mr. Speaker, everyday, we see the Reagan administration taking another step in militarizing Central America. The slow but steady pace of the increases in military assistance, the number of advisors and the size of the maneuvers tends to blur the intensity of the buildup which is clearly taking place.

However, yesterday's announcement that the administration holds itself the law in its involvement in the mining of ports in Nicaragua is a shocking admission of guilt. I cannot help but believe that if any other country was doing the mining, we would call it an act of war.

We must stop attacking a sovereign country, an impoverished nation left bankrupt by a despotic family we helped put and kept in power for so long. If we do not say no now, I am afraid that we will find out why Reagan wants to exempt himself from international law, not just for these recent incidents, but for the whole next 2 years.

ADMINISTRATION'S POLICY IN CENTRAL AMERICA

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

Mr. MARKEY. Mr. Speaker, occupants of the Oval Office used to say, "The buck stops here." Not Ronald Reagan. When it is time to take responsibility for the failure of his half-baked foreign policies, he points the finger at Congress. When you look at his policy in Central America, it is no wonder.

What sort of policy do we have?

CIA mining of international shipping.

Bombing of oil facilities.

U.S. airplanes flying combat support intelligence missions in El Salvador.

Reports of a secret plan to send American troops into combat.

Open contempt for international law.

And today we are told that this is just a holding action until after the elections in November. Is Ronald Reagan going to give America a new role in the world? Instead of being the world's policeman, are we now going to be the world's outlaw?

Mr. Speaker, it is time for Ronald Reagan to come clean with the American people. Today, I am introducing a resolution of inquiry directing the President to tell us just what he is up to in Central America. And it is time for us in Congress to stop President Reagan's reckless, irresponsible war against Nicaragua. We must vote now, as we have twice in the past, to end this lawless policy before it goes any further.

THE HEIGHTS OF HYPOCRISY

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

Mr. RITTER. Mr. Speaker, is it not the height of hypocrisy for the Marxist Nicaraguan leaders to take a case to the World Court against those whose only demand is for the Nicaraguan Government to live up to promises made about freedom, human rights, and nonintervention.

Is it not the height of hypocrisy for the Marxist Nicaraguans who along with their Cuban and Soviet bloc comrades "command and control" the destruction of bridges, roads, telephone lines, and electric power facilities, and

so many other people targets in El Salvador to publicly bemoan Nicaraguan revolutionaries for doing the same to them?

Is it not the height of hypocrisy for totalitarian Sandinistas to decry our military assistance, when they have undergone a vast Soviet-sponsored military buildup? A buildup that may amount to the sharpest rise in war-making capacity in the history of Latin America. A buildup which began while we were providing them with substantial financial assistance. Well before the Contras got started.

And who, may we ask, are those we are helping in Nicaragua? They are unquestionably forces seeking to democratize their country and reverse its inexorable slide toward totalitarianism. They are unquestionably those seeking to reduce the massive Soviet, Cuban bloc militarization of their country and to protect Central America from Communist dominance. For that, we, the American people, should be grateful to them. For their patriotism and their battle for freedom is a battle that we will not have to wage, if they are successful.

THE PRESIDENT'S FOREIGN POLICY IN CENTRAL AMERICA

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

Mr. GEKAS. Mr. Speaker, I am assured that the litany of remarks that we heard today in criticism of the President and his efforts to stabilize Central America are an effort to divert attention from some of the successes of this administration in foreign policy.

Where has it gone, this precious theme of ours, of uniting behind the President of the United States, as we did behind President Carter in Camp David, as we did behind Lyndon Johnson in Vietnam, as we did behind President Nixon to end the war in Vietnam? Where is this age-old confident way that the American people stand behind the President of the United States in items of foreign policy?

What motivation can the President of the United States have in trying to help the situation in Central America except to protect our borders, to protect the interests of American democracy, to help the friends of the United States of America?

For speaker after speaker to stand up here and condemn the President of the United States is to condemn the American way of helping secure its borders and to help its friends in the Western Hemisphere.

ARGENTINA'S DEBT CRISIS

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

Mr. DENNY SMITH. Mr. Speaker, whoever said there is "no free lunch," never came to the public trough where the New York banks feed.

I have introduced a resolution which will block the latest raid on the Treasury through a rescue package to respond to Argentina's debt crisis. I think it is ironic that the Latin countries promoting this package are the same countries that have unpaid loans owed to U.S. banks.

Serious doubts exist as to Argentina's future ability to even make interest payments. How long are we going to put off the day of reckoning?

New York's Wall Street talks of financial disaster. If they want to see disaster, they should come to Oregon's Main Streets and watch the number of farmers, small businessmen, lumber-mill workers, and others who are seeing their hopes and dreams fade while the banks foreclose on loans.

These are the very taxpayers who are then called upon to pay for the New York bankers' bad judgment. The taxpayers should not be expected to absorb the banks' losses and guarantee them a profit.

LINE-ITEM VETO AND BALANCED BUDGET CONSTITUTIONAL AMENDMENTS

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

Mr. MACK. Mr. Speaker, last week we listened to a lot of discussion about the budget, and we were constantly reminded that we needed to vote for a budget resolution that, No. 1, would be able to be passed, and, No. 2, would be carried out.

A few minutes ago I listened to the gentleman from Louisiana who said that the free market has responded to what we did last week, and I think he is quite right. The interesting thing is, I just had the opportunity to take a look at the reconciliation package, and I might be a little bit early, but it appears to me that it is calling for an increase in spending in 1985 of $400 million. Maybe I am a little early. We will just have to wait and see. We will vote on that on Thursday.

But because of those reasons, Mr. Speaker, I would like to ask unanimous consent to offer a request calling for consideration of a line-item veto constitutional amendment and a balanced budget amendment.

The Chair has ruled that in order to make the request I must have the clearance of the majority and the minority leadership. This request has been cleared by the minority leadership. I would now yield to a spokesman from the majority leadership for an appropriate clearance.

Apparently there will be none.

A BIPARTISAN FOREIGN POLICY

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

Mr. WRIGHT. Mr. Speaker, as one who for 30 years has consistently supported the principles of a bipartisan foreign policy while working with seven American Presidents, four of the opposition party, I call upon President Reagan today to desist from the harsh partisan rhetoric which is so thoroughly destructive to the goals of a bipartisan foreign policy.

For the President to blame Congress for the failures of his policy in Lebanon is not only dishonest and unfair; it is counterproductive to any effort that he might expect from Congress to work with him on other foreign policy goals.

The truth is that Congress bent over backward to cooperate with the President on Lebanon. We deliberately extended his authorization for 18 months to avoid its recurrence in an election-charged atmosphere. Some Members of Congress privately advised the administration about the vulnerability of American troops, avoiding public criticism of administration policy. We gave the President's policy every chance to work. For him now to blame Congress for the fact that it did not work defies credulity. It violates the spirit of cooperation and needlessly rips the fabric of congressional sufferance.

As one who has supported the Caribbean Basin Initiative, who has voted for the International Monetary Fund authorizations in the interest of a bipartisan and effective foreign policy, as one who believes that we have a responsibility to help the free institutions in El Salvador to preserve a democratic society for that country, I call upon the President to desist from the harsh partisanship which uses Congress as a scapegoat for policy failures.

It is quite apparent that the President expects Congress to be a silent partner, to put up the money and keep its mouth shut and accept the blame whenever anything goes wrong. That is not the kind of partnership that can endure. That is not the role assigned to the legislative branch by previous Presidents, nor by the Constitution.

Trying to silence dissent, berating those who disagree with a given policy, expecting Congress to bow its head submissively, attempting to intimidate any opposition by insinuations that it is giving comfort to the enemy, accusing the Speaker of the House of being an apostle of surrender for recom-

mending the very policy which the President himself was preparing at that very moment to undertake—these are not the tactics of a President who has mastered the arts of bipartisan leadership, not of one who is devoted sincerely to the goals of a bipartisan foreign policy.

Bipartisanship is a two-way street. It is not a faucet that the President can turn on and off at will. It implies compromise, consultation, and shared responsibility.

Today my word to President Reagan is the same as that of the late Senator Arthur Vandenburg to the late President Harry Truman, when Senator Vandenburg said to President Truman: "If you expect to have us with you on the landing, you must take us with you on the take-off."

I hope that the President will ponder these thoughts, and that the spirit of true bipartisanship may be restored before irreparable damage is done to American foreign policy and to our relations in the world.

IN MEMORY OF THE LATE PHILLIP BURTON

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

Mr. MINETA. Mr. Speaker, I rise to speak in memory of Phillip Burton, our colleague who died 1 year ago today.

This great man was a friend of mine and an inspiration to us all. A tireless worker, he carried out his duty as a U.S. legislator to its highest ideal. He cared about people and strived to empower the powerless in our Nation. Phil dedicated his life to justice in America.

He excelled in the art of compromise. He was one of the most effective negotiators in the history of this House. Phil knew that the public interest is best served when diverse groups sit down together and work out their differences. His achievements in labor law reform, civil rights, public lands protection, congressional procedures, and other areas were skillfully crafted and will last far into the future.

Today, a year after the sad event of his death, I can think of no better commemoration than for the 98th Congress to recognize Phil's leadership in arbitrating among competing interests. To enact the strong California wilderness legislation this man championed would, indeed, be a fitting memorial. It is with due respect that we name a Federal building or two after Phil, but our former colleague deserves much more; he deserves a living legacy.

Phil deserves to have the scenic wonders of his native State preserved for eternity. We all know he was not a starry-eyed backpacker. Rather, Phil was an urban visionary, a man who recognized the value of public lands and open space, clean air and water, protected wildlife, and expanded recreation resources. He worked to insure that these qualities of life would be accessible to all citizens from all sectors of society.

The House passed his carefully balanced California wilderness package last year, and affirmed his judgment that 2.4 million acres of wilderness was the amount we should preserve. We must urge our colleagues in the Senate to uphold this good judgment and swiftly pass legislation with the same provisions.

The 98th Congress was the last in which Phillip Burton participated. Let it also be this Congress which gives California its long-awaited wilderness bill.

STATE-SPONSORED TERRORISM IS REPREHENSIBLE

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

Mr. WEISS. Mr. Speaker, under the guise of safeguarding our national security, Ronald Reagan has made of the United States an outlaw nation in the eyes of much of the world.

Can you imagine what we would be saying if the Soviet Union were to have placed mines off the ports and harbors of El Salvador or Honduras?

Whether Ronald Reagan is capable of accepting it or not, State-sponsored terrorism is reprehensible whether committed by us or by the Russians. Only our veto prevented the Security Council of the United Nations, from condemnation of the United States for placing mines off the ports and harbors of Nicaragua.

Ronald Reagan has once again managed to call into worldwide question his balance and judgment when it comes to matters of peace and war. With Reagan administration plans apparently afoot for direct American military involvement in Central America, neither the American people nor the people of the rest of the world can afford to gamble with 4 more years of a Reagan Presidency.

PERMISSION FOR SUBCOMMITTEE ON ENVIRONMENT, ENERGY, AND NATURAL RESOURCES OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT ON WEDNESDAY AND THURSDAY OF THIS WEEK DURING THE 5-MINUTE RULE

Mr. SYNAR. Mr. Speaker, I ask unanimous consent that the Subcommittee on Environment, Energy and Natural Resources of the Committee on Government Operations be permitted to sit on Wednesday, April 11, and Thursday, April 12, should the House be reading for amendment under the 5-minute rule at that time.

The minority has been advised of this request, and I understand that there is no objection.

The SPEAKER pro tempore (Mr. LEVITAS). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

STATE-SPONSORED TERRORISM

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

Mr. DELLUMS. Mr. Speaker, Members of the House, I join my distinguished colleague from New York in condemning the actions of mining the ports and harbors of Nicaragua. Mr. Speaker, several years ago, I served as one of the members of the Select Committee on Intelligence where we investigated allegations of dangerous, unethical, and immoral activity on the part of the American intelligence community.

Many of our national leaders have come before the public to condemn state-sponsored terrorism. I believe mining ports is an act of terrorism. The extent to which we are involved in financing, training, and otherwise being directly or indirectly involved in mining the ports of Nicaragua means clearly that we are involved in the process of state-sponsored terrorism. That is a major contradiction.

It would seem to me that we ought to debate this matter in the full view of the public; discussing it in the context of American policy toward Central America. To engage in state-sponsored terrorism is dangerous, it is immoral, it is unethical, it is unbecoming of one of the great superpowers of this world, and it would seem to me, Mr. Speaker, that we, in the Congress, ought to take appropriate action to stop it.

WHO STANDS IN THE WAY OF A SCHOOL PRAYER AMENDMENT?

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

Mr. WALKER. Mr. Speaker, at this time, I would hope to offer a unanimous-consent request calling for the consideration of a voluntary school prayer constitutional amendment.

The Chair has ruled that in order to make this request, I must have the clearance of the majority and minority leaderships. This request has been cleared by the minority leadership.

I would now be glad to yield for a spokesman from the majority leadership for the appropriate clearance.

Mr. Speaker, somehow, today I felt that we would not get that clearance; the Democrats are today too busy proposing that we cut and run in another part of the world to be bothered by the real business that could be brought before this House.

IN MEMORY OF PHILLIP BURTON

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

Mr. BERMAN. Mr. Speaker, some leave this Chamber through death, retirement, or defeat, and become blurry images in our minds and in the history of this institution. Today, we recognize the first anniversary of the passing of a Member whose presence was so vivid and whose achievements were so bountiful that he has carved an indelible niche in our hearts and minds and in the history of this country.

Senior citizens, the poor, minorities, women; all who crave for world peace and cherish the unique resources of our land have benefited from Phillip Burton's work in Congress. As I did 1 year ago, I wish to pay tribute to a man who had a profound effect on my own political values. A teacher by example and by design, our beloved and departed colleague, Phillip Burton.

WHO IS GUILTY IN CENTRAL AMERICA?

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

Mr. MICHEL. Mr. Speaker, it is baseball season and we should all be reminded of that major rule of the game—keep your eye on the ball.

Nowhere does that piece of advice make more sense than in the current controversy over who is doing what to whom in Nicaragua.

Let us keep our eye on what is the real cause of all this trouble in that region—it is the open and brazen attempt of Communists to destroy the economy of El Salvador and eventually take it over.

This effort is being aided by the Sandanista government and the Cuban Government.

Keep your eye on the ball. The Sandanistas are the ones who have been throwing beanballs. Let us not blame their targets. And let us not send our friends to the plate without a helmet.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. RATCHFORD). Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken after all other legislative business today.

REORGANIZATION ACT AMENDMENTS OF 1984

Mr. BROOKS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1314) to extend and revise the authority of the President under chapter 9 of title 5, United States Code, to transmit to the Congress plans for the reorganization of the agencies of the executive branch of the Government, and for other purposes, as amended by the Committee on Rules.

The Clerk read as follows:

H.R. 1314

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 "Reorganization Act Amendments of 1984".

EXTENSION OF AUTHORITY

SEC. 2. (a) Subsection (b) of section 905 of title 5, United States Code, is amended to read as follows:

"(b) A provision contained in a reorganization plan may take effect only if the plan is transmitted to Congress (in accordance with section 903(b)) on or before December 31, 1984.".

(b) Paragraph (1) of section 908 of title 5, United States Code, is amended by striking out "described by section 909 of this title" and inserting in lieu thereof" with respect to any reorganization plans transmitted to Congress (in accordance with section 903(b) of this chapter) on or before December 31, 1984".

METHOD OF TAKING EFFECT

SEC. 3. (a) Section 906 of title 5, United States Code, is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Except as provided under subsection (c) of this section, a reorganization plan shall be effective upon approval by the President of a resolution (as defined in section 909) with respect to such plan, if such resolution is passed by the House of Representatives and the Senate, within the first period of 90 calendar days of continuous session of Congress after the date on which the plan is transmitted to Congress. Failure of either House to act upon such resolution by the end of such period shall be the same as disapproval of the resolution."; and

(2) by striking out everything after "otherwise is effective" in subsection (c) and inserting in lieu thereof a period.

(b) Chapter 9 of title 5, United States Code, is further amended—

(1) by striking out "thirty calendar days" in section 903(c) and inserting in lieu thereof "60 calendar days";

(2) by striking out "sixty calendar days" in such section and inserting in lieu thereof "90 calendar days";

(3) by striking out "45 calendar days" in section 910(b) and inserting in lieu thereof "75 calendar days"; and

(4) by striking out "45 calendar days" in section 911 and inserting in lieu thereof "75 calendar days".

(c) Section 909 of title 5, United States Code, is amended—

(1) by striking out "a resolution of either House of Congress" and inserting in lieu thereof "a joint resolution of the Congress"; and

(2) by striking out "the
does not favor" and inserting in lieu thereof "the Congress approves".

(d) Section 912 of title 5, United States Code, is amended—

(1) by striking out "agreed to or disagreed to" in subsection (b) and inserting in lieu thereof "passed or rejected"; and

(2) by striking out "final approval" in subsection (c) and inserting in lieu thereof "final passage".

(e)(1) Section 912 is amended by adding at the end thereof the following new subsection:

"(e) If, prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same reorganization plan from the other House, then—

"(1) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(2) the vote on final passage shall be on the resolution of the other House.".

(2) The heading of such section is amended by striking out "disapproval" and inserting in lieu thereof "passage".

(3) The table of contents for chapter 9 of title 5, United States Code, is amended by striking out "disapproval" in the item pertaining to section 912 and inserting in lieu thereof "passage".

INFORMATION TO ACCOMPANY PLANS

SEC. 4. Section 903(b) of title 5, United States Code, is amended by adding at the end thereof the following new sentences: "In addition, the President's message shall include an implementation section which shall (1) describe in detail (A) the actions necessary or planned to complete the reorganization, (B) the anticipated nature and substance of any orders, directives, and other administrative and operational actions which are expected to be required for completing or implementing the reorganization, and (C) any preliminary actions which have been taken in the implementation process, and (2) contain a projected timetable for completion of the implementation process. The President shall also submit such further background or other information as the Congress may require for its consideration of the plan.".

RESTRICTIONS ON CONTENTS OF PLANS

SEC. 5. (a) Section 905(a) of title 5, United States Code, is amended—

(1) by inserting "or renaming an existing executive department" immediately after "a new executive department" in paragraph (1);

(2) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting immediately after paragraph (4) the following new paragraph:

"(5) creating a new agency which is not a component or part of an existing executive department or independent agency;".

(b) Section 904(1) of such title is amended by inserting ", subject to section 905," immediately after "may".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Texas (Mr. BROOKS) will be recognized for 20 minutes and the gentleman from New York (Mr. HORTON) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. BROOKS).

□ 1250

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, H.R. 1314 would extend through December 31, 1984, the authority which was delegated by the Congress to the President in the Reorganization Act of 1977 to make limited organizational changes in executive branch agencies. The 1977 act provides a process which allows expedited consideration by the Congress of reorganization plans submitted to it. The bill also clarifies further the extent of authority which is delegated to the President.

Mr. Speaker, on 17 occasions since 1932, the Congress has acted to delegate to the President the authority to reorganize legislatively established functions and agencies of the Federal Government. Reorganization authority provides an expedited means of consideration of reorganization plans by the Congress. During the periods when reorganization authority is not in effect. The President is required to follow the traditional legislative process in order to make even minor changes in entities or functions which were established legislatively.

As has been the case on a number of occasions in the past, H.R. 1314 places additional restrictions on the authority which it delegates to the President. The bill prohibits the President from renaming an executive department through a reorganization plan or creating a new agency outside of an already existing department or agency. The bill also extends the timeframes under which reorganization plans are considered by the Congress.

Mr. Speaker, the principal change to reorganization authority which is provided by H.R. 1314 is the manner in which reorganization plans would become effective. Under the 1977 act, a reorganization plan would become effective unless either House of Congress passed a resolution disapproving the plan. H.R. 1314 instead requires that a plan would take effect only if both Houses pass a joint resolution approving the plan.

For many years, a number of members of the committee, including myself, were concerned about the constitutional propriety of the legislative veto provision contained in reorganization authority. H.R. 1314 anticipated the Supreme Court's decision in Chadha against INS, which declared the legislative veto unconstitutional, by requiring that reorganization plans must be voted upon positively by both Houses and signed by the President in order to become effective.

Mr. Speaker, the bill which is before us today is the product of study by both the Committee on Government Operations and the very distinguished Committee on Rules and it is in the form of an amendment from the Committee on Rules which incorporates both committees' amendments. This bill will extend to the President the authority to make limited organizational changes in executive branch agencies in an expedited fashion, and it will do so in a manner which is constitutionally permissible.

Mr. Speaker, I urge a positive vote on H.R. 1314.

Mr. HORTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Spearker, for more than 50 years, the Reorganization Act has guaranteed the President expedited congressional action on his plans for transferring the responsibility for performing governmental functions from one agency to another. The act has thus insured that proposals for important organizational changes receive our attention—and they have usually received our acceptance, as well. The act has been a powerful tool in making the executive branch of Government more efficient and more responsive to the President.

The bill before us today would renew that authority, which has lain dormant for 3 years, and reshape it to make the President's power more constrained by the Congress than it was in previous versions of the law. In the past, a reorganization plan became effective unless either House of Congress passed, within a fixed time period, a resolution disapproving the plan. Under H.R. 1314, a plan could become effective only if both Houses passed, again within a fixed time, a resolution approving it, and the resolution was signed by the President.

I am sure that many here are well aware of the controversy surrounding the legislative veto, and consequently understand why this change is necessary. The Supreme Court ruled last June, in a case called Immigration and Naturalization Service against Chadha, that such a veto violates the Constitution's command that all legislation be passed by both Houses of Congress and signed by the President in order to become law. H.R. 1314 replaces the procedure in previous reorganization acts with one which clearly meets the Supreme Court's tests of constitutionality.

H.R. 1314 also makes several lesser changes in the Reorganization Act. It precludes plans from creating new agencies which are not components of existing agencies, or from renaming an existing department; extends the time for consideration of a plan from 60 to 90 days; and requires the President to submit with each plan a description of how the plan will be implemented.

The administration is in full support of this bill. In fact, the principal change between this measure and previous versions of the act was specifically recommended by the administration.

This bill also enjoys broad support among Government Operations Committee Republicans and Democrats. I urge its adoption.

Mr. BROOKS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Speaker, I would like to express my appreciation to the distinguished gentleman from Texas, the chairman of my committee, for yielding this time to me, and also my commendation to him and the ranking member, the gentleman from New York, for bringing up this extremely important piece of legislation.

Reorganization of the executive branch of Government has been an important and necessary function of the Presidency since the days of President Hoover, and it has been exercised by Presidents throughout this period of time. It is important that we maintain this authority in order to give the President the opportunity to structure an administration in a more streamlined form to carry out the policies for which he was elected.

When the Supreme Court decided the Chadha case and displayed their abysmal ignorance of how this Government works, and they created a tremendous uncertainty in Government by eliminating a procedure that helped make Government work. The Chadha decision said that, what was then known as the legislative veto provision, giving each House or both Houses the opportunity to disapprove executive or agency actions, in this case a reorganization plan, was unconstitutional. The consequence of that decision was to eliminate the quid pro quo of reorganization; namely, that where the President was given reorganization authority to make these changes by submitting a plan to Congress, they would go into effect unless they were disapproved by either House of the Congress.

This procedure worked well for some 50 years, until Chadha. The Attorney General in each administration came before Congress and testified that this was an appropriate and constitutional way to operate. Yet, because of the decision in the Chadha case, the legislative veto was held to be invalid, and tremendous uncertainty was created. This is just one example of the train wreck of Government that was brought about by that decision.

Earlier this year I introduced a bill (H.R. 5087) which would have sunsetted this reorganization provision in law altogether in order to make the

point that it was absolutely necessary that we adopt a new mechanism. Unless we adopted a new approach, either there would be no reorganization authority or it would exist without any congressional involvement. Unless we adopted a new approach, we would be faced with this problem again in future litigation. The legislation we have today, H.R. 1314, will solve that problem.

Let me point out just how bad this situation is. In a Mississippi Federal district court, the judge ruled that the reorganization authority was unconstitutional because of the Chadha decision. The court also held that Congress would have never delegated this power to the President without having a legislative veto to make certain that the reorganization was compatible with the wishes of the Congress. This review was necessary because the President held the power to repeal acts, to transfer authority from one agency to another, and to transfer personnel. The court said that the veto was absolutely unseverable in this case and, therefore, when the reorganization authority fell, the court, in that instance, held that the agency which had been reorganized (it was the Equal Employment Opportunities Commission), was likewise invalid and unconstitutional. In other words, the court said Congress would never have given the President reorganization authority without linking it to a legislative veto.

However, there followed a case in Tennessee Federal court where the same issue was presented. In that case the court held that, yes, Congress could delegate this authority to the President and that it was unconstitutional to have legislative veto. However, the court decided that the veto could be severed. So the President had all the authority—unchecked—and Congress had no opportunity to review the Presidential action.

This legislation we are considering today remedies that problem and creates the "son of legislative veto." It has created the "son of legislative veto" because, while the President may propose the reorganization plan, it will not become effective unless approved by both Houses and signed by the President in the form of a joint resolution. But, obviously, if it takes both Houses to pass it, then if one House does not take action or rejects the plan, then it acts as a one House legislative veto of that plan. So the genius is that we can still have a one-house veto mechanism.

I would like to commend the distinguished chairman of the committee for his timeliness, his ingenuity, and his upholding of the principle that the Congress of this Nation, under section 1, article I, of the Constitution, is where the laws are to be made. This "son of legislative veto" which we will pass today should be a blueprint for us to follow in frequent future occasions as we try to get the train of Government back on track from the train wreck which the Chadha case brought to us.

Mr. HORTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BROOKS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

□ 1300

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS) that the House suspend the rules and pass the bill, H.R. 1314, as amended.

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

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

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

There was no objection.

BUDGET OF THE DISTRICT OF COLUMBIA FOR FISCAL YEAR 1985—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 98-203)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Apropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, Tuesday, April 10, 1984.)

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4974, NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT, 1985 AND 1986

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-667) on the resolution (H. Res. 480) providing for the consideration of the bill (H.R. 4974) to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5172, NATIONAL BUREAU OF STANDARDS AUTHORIZATION ACT FOR FISCAL YEARS 1984 AND 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-668) on the resolution (H. Res. 481) providing for the consideration of the bill (H.R. 5172) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal years 1984 and 1985 and for related purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 373, ARCTIC RESEARCH AND POLICY ACT OF 1983

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-669) on the resolution (H. Res. 482) providing for the consideration of the bill (S. 373) to provide comprehensive national policy dealing with national needs and objectives in the Arctic, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO HAVE UNTIL MIDNIGHT, THURSDAY, APRIL 19, 1984, TO FILE REPORT ON H.R. 5167, DEPARTMENT OF DEFENSE AUTHORIZATION BILL, 1985

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services have until midnight, Thursday, April 19, 1984, to file a report on H.R. 5167, the Department of Defense authorization bill for fiscal year 1985.

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

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT ON TUESDAY, WEDNESDAY, AND THURSDAY OF THIS WEEK DURING PROCEEDINGS UNDER THE 5-MINUTE RULE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services be permitted to sit on Tuesday, Wednesday, and Thursday, April 10, 11, and 12, 1984, during any proceedings under the 5-minute rule, for markup of the Defense authorization bill.

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

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4900, PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1985

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 471 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 471

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be considered for amendment under the five-minute rule, and each section shall be considered as having been read. It shall be in order to consider the amendment recommended by the Committee on Merchant Marine and Fisheries inserting a new section 6 now printed in the bill, and all points of order against said amendment for failure to comply with the provisions of clause 7, rule XVI are hereby waived, At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for purposes of debate only I yield the customary 30 minutes to the gentleman from Missouri (Mr. TAYLOR), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 471 provides for the consideration of H.R. 4900, the Panama Canal Appropriations Authorization Act For Fiscal Year 1985. The resolution provides 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries.

House Resolution 471 provides an open rule, making in order germane amendments. The resolution makes in order a committee amendment adding a new section 6 now printed in the bill and waives all points of order against the amendment for failure to comply with clause 7, rule XVI, the germaneness rule. The committee amendment violates the germaneness rule because, at the time the amendment would be offered, H.R. 4900 is a simple 1-year authorization and the amendment proposes a permanent change in law, therefore violating the germaneness rule. The resolution also provides for one motion to recommit.

Mr. Speaker, H.R. 4900 authorizes appropriations of $443,946,000 from the Panama Canal Commission Fund, which is comprised of canal revenues, for the operation and maintenance of the Panama Canal and the activities of the Panama Canal Commission. The Panama Canal Act of 1979 intended to insure that the canal be run at no expense to the U.S. taxpayer. The amount authorized in this bill is therefore equal to the amount estimated will be collected by tolls levied on ships using the canal. Accordingly, this legislation has no inflationary impact and contains no new budget authority.

Mr. Speaker, the Panama Canal Commission has demonstrated its ability to operate the canal skillfully and efficiently. It has provided stability in a situation where stability is often elusive. Passage of H.R. 4900 will allow the Commission to continue its fine work.

House Resolution 471 provides open discussion of the legislation and makes in order an important committee amendment. It is a very good rule under which to consider this authorization bill and I urge its adoption.

I might also add, Mr. Speaker, that I had the honor and privilege to work on this legislation when it was first proposed in the Congress back in, I believe, 1977 and 1978, and I had made numerous trips to Panama to talk with the various interests, labor, management, and government who had the responsibility of seeing that the canal was run expeditiously and fairly to all those who engaged in international commerce.

I would like to take this opportunity to commend not only those members on the Commission and in our Government but also our President, who has seen fit over the last few years to understand the necessity for the transfer of the canal and who now embraces it as if it were one of his children.

I commend the President for his foresight on this particular issue. I would also like to praise at this time my dear colleagues on the Committee on Merchant Marine and Fisheries with whom I have worked over the years, and particularly I commend the leadership of the gentleman from Kentucky (Mr. HUBBARD) who has watched this issue, as we all know, very closely and who has been a leader in international relations as it relates to commerce and the canal and who, I think, has offered very fine service to this country with respect to this issue.

Mr. Speaker, I reserve the balance of my time.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, in the Rules Committee both the Republican and Democratic representatives of the Merchant Marine and Fisheries Committee requested an open rule, providing 1 hour of general debate. The Rules Committee gave them what they wanted.

Because the specific provisions of the rule have already been ably described, I will not repeat them.

Mr. Speaker, there are a few points of controversy in this bill.

For example, in the Rules Committee, the gentleman from New York (Mr. CARNEY) pointed out that he believes the funding level in this authorization bill is too high.

Also, at the time of the Rules Committee meeting the Office of Management and Budget provided a statement of administration policy noting that while the administration prefers that this bill be amended to provide for appropriations for the Panama Canal Commission from the general fund of the U.S. Treasury rather than the Panama Canal Commission Fund, the administration still supports House passage of the bill.

Mr. Speaker, this open rule will allow Members to offer any necessary amendments. I support the rule so that the House may proceed to consider the Panama Canal authorization bill.

□ 1310

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BONIOR of Michigan. Mr. Speaker, it is just a delight to see the House in unison on this very important issue. I can remember 4 or 5 years ago when the streets were packed, the Chambers were full, and the voices were loud and angry and acrimonious.

It is just wonderful to see us work in a bipartisan tradition in this body on a very important issue to a very beleaguered part of the world, Central America.

Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 7, CHILD NUTRITION ACT OF 1963 EXTENSION

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 478 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 478

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7) to make permanent certain of the authorizations of appropriations under the National School Lunch Act and the Child Nutrition Act of 1963, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, each section of said substitute shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of sections 303(a)(4) and 401(b)(1) of the Congressional Budget Act of 1974 are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 478 provides for the consideration of H.R. 7 extending and improving the National School Lunch and Child Nutrition Act of 1963. The resolution provides 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor. This is an open rule allowing any germane amendments to be offered.

The resolution also makes in order the consideration of a committee amendment in the nature of a substitute printed in the bill as original text for the purposes of amendment.

House Resolution 478 waives section 303(a)(4) of the Budget Act against consideration of the bill as introduced. This section of the Budget Act prohibits its consideration of legislation that would provide new entitlement authority which was first effective for a fiscal year prior to the adoption of the first budget resolution for that fiscal year. Sections 2 and 3 of H.R. 7 as introduced create new entitlement authority first effective in fiscal year 1985 by reauthorizing certain child nutrition and school lunch programs which would otherwise expire at the end of the current fiscal year. Because House Concurrent Resolution 280, the fiscal year 1985 budget resolution, has not yet been passed by both Houses, H.R. 7 as introduced could not be considered at this time without being subject to a point of order. However, reauthorization of the child nutrition programs included in sections 2 and 3 of the bill were assumed in House Concurrent Resolution 280, the first budget resolution as it recently passed the House. In light of this, the Committee on Rules waived section 303(a)(4) of the Budget Act against consideration of H.R. 7 as introduced.

House Resolution 478 also waives section 303(a)(4) of the Budget Act against consideration of the committee substitute. Sections 2 and 3 of the committee substitute require and received a 303(a)(4) Budget Act waiver for the same reasons the bill as introduced required and received the waiver. In addition, House Resolution 478, waives section 401(b)(1) of the Budget Act against consideration of the substitute. The committee substitute modifies the existing authorization for the women, infant's, and children's supplemental fund program (WIC) by converting it to a capped entitlement program first effective in fiscal year 1985. This is a violation of section 401(b)(1) of the Budget Act which prohibits consideration of measures providing new spending or entitlement authority becoming effective prior to the fiscal year beginning during the calendar year in which the bill was reported. Because the entitlement status of the WIC program becomes effective in fiscal year 1985, the substitute is in violation of the Budget Act.

However, Chairman PERKINS of the Committee on Education and Labor indicated in his testimony before the Committee on Rules that an amendment would be offered during floor consideration of H.R. 7 to strike the entitlement provisions for the WIC program, thus retaining the program as an authorization subject to annual appropriations. In light of Chairman PERKIN's assurance of a floor vote on the matter, the Committee on Rules granted a waiver of section 401(b)(1) of the Budget Act.

In addition, sections, 4, 5, 6, 8, and 9 of the committee substitute will create new entitlement authority by liberalizing certain provisions in the child nutrition and school lunch program which would be effective upon enactment. Because H.R. 7 was reported in calendar year 1984 and the new entitlement authority would become effective in 1984, those sections of the substitute also violate section 401(b)(1) of the Budget Act. However, those sections were included in H.R. 4091 which passed the House on October 25, 1983, in compliance with the Budget Act. For this reason, the Committee on Rules granted a waiver of section 401(b)(1) of the Budget Act.

Finally, House Resolution 478 also provides one motion to recommit with or without instructions.

Mr. Speaker, H.R. 7, the School Lunch and Child Nutrition Amendments of 1984, extends for 4 years, five child nutrition programs which expire on September 30, 1984, the end of this fiscal year. These programs include the summer food service program for children, the commodity distribution program, the nutrition education and training program, the funding for State administrative expenses and the special supplemental food program for women, infants, and children (WIC). H.R. 7 also restores some of the funding cuts made in the school lunch and child nutrition program in recent years and restores certain provisions of law eliminated in 1981.

Mr. Speaker, we cannot afford to let our children go hungry. We cannot jeopardize their development by denying them enough to eat. There are so many things we wish we could do for the children in this country, and while so many of these things we cannot do for them—we can feed them.

Mr. Speaker, this legislation enjoys bipartisan support as does this rule for its consideration. House Resolution 478 provides for open, fair, and timely debate on legislation of the utmost importance to our well being as a nation and I urge its adoption.

□ 1320

Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, I object to some of the provisions in this rule. I object to some of the provisions in the bill.

First with regard to the rule, the problem is that it waives two separate provisions of the Budget Act.

The first Budget Act provision waived is section 303(a)(4). This section of the Budget Act prohibits the consideration of any measure providing new entitlement authority first effective for a fiscal year prior to the adoption of the first budget resolution for the fiscal year.

Mr. Speaker, this House adopted a budget resolution last week, but we certainly have not settled on the final version of the budget resolution which will only be put together after negotiation between this House and the other body. It is possible that the final ver-

sion of the budget resolution may be a good deal different from the House-passed version. Yet, under this rule, we will be considering new entitlement authority prior to the adoption of the final version of the budget resolution.

Mr. Speaker, there is nothing in this bill that is such an emergency that it could not wait until the first budget resolution for fiscal year 1985 is finally in place.

The next problem with this rule, Mr. Speaker, is the specific provisions covered by this Budget Act waiver. One of the provisions protected by this waiver is section 20 of the bill which would modify the existing authorization for the WIC program to convert it into a capped entitlement program first effective in fiscal year 1985. Mr. Speaker, what we should be doing is controlling entitlements, not creating new ones. Let me emphasize that. What we should be doing is controlling entitlements and not creating new ones. If there is any hope of ever getting our massive deficits under control, we cannot tolerate provisions like this one which converts the WIC program into an entitlement.

I hope the House will pay special attention to this particular action that is being proposed. Every time you go back home and talk about entitlement programs not being under the control of the Congress, do not forget to tell the people in the next breath that we, the Congress, make them entitlement programs. So now here they are attempting to make this WIC program an entitlement program so that they will have absolutely no control over it.

If we are going to get the deficits down, we have to do something about entitlements and not create new ones.

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

Mr. LATTA. I will be happy to yield to the chairman that brought this monstrosity out of his committee.

Mr. PERKINS. First let me state that I would hope if the gentleman reads this bill again that he will find that it is not a monstrosity but a bill that every Member in the Chamber, I think, can vote for.

One thing I want to make very clear about the WIC program being converted into an entitlement. I made a statement yesterday, I made a statement yesterday before the Committee on Rules, that it would be changed back today on the floor by an appropriation, and the gentleman from California, Mr. MILLER, will offer that amendment. It will not be an entitlement program. The WIC program will not be an entitlement program.

Mr. LATTA. Then we have had a change of heart on this matter since it came out of your committee. Now then, you are going to support the amendment to put it back like it was supposed to be.

Mr. PERKINS. That is correct.

Mr. LATTA. I thank the gentleman for that concession, and I am certain that the taxpayers will thank him also.

Mr. Speaker, there is also a second Budget Act waiver in this bill. That is a waiver of section 401(b)(1) which prohibits the consideration of any bill providing new entitlement authority, which is effective prior to October 1 of the calendar year in which the bill is reported.

Sections 4, 5, 6, 8, and 9 of the bill would create new entitlement authority by liberalizing certain provisions in the child nutrition and school lunch program effective upon enactment. Since the bill was reported in calendar year 1984, and since the new entitlement authority would be effective immediately, the bill would violate section 401(b)(1) of the Budget Act.

Mr. Speaker, I do not think it is good policy to be liberalizing entitlements at a time when excessive deficits are the issue we are all supposed to be concerned about. And I certainly do not think it is worth waiving the Budget Act to liberalize entitlements.

These are my objections to this rule, Mr. Speaker. Now let me mention briefly the problems with the bill.

First, according to the information provided by the Office of Management and Budget at the time the Rules Committee met, if H.R. 7 were to reach the President's desk, disapproval would be recommended. Mr. Speaker, we may be wasting a lot of time on a bill which could be vetoed in its present form.

The administration is strongly opposed to this bill because it would reverse recently enacted program reforms that target assistance on the neediest schoolchildren and that improve program accountability. In addition, this bill would add about $570 million to the President's fiscal year 1985 budget at a time when Congress and the administration are working to reduce the deficit. It would add $4.6 billion over the next 5 years.

Finally, Mr. Speaker, let me just mention one specific provision in this bill which illustrates the problems with the bill. This is a provision which moves away from carefully targeting Federal subsidies to the neediest. It is the provision that restores the tiering reimbursement-claiming option to the child care food program.

According to information provided in the Rules Committee, a day care center may have one-third of its children coming from families eligible for free meals, one-third of the children may be eligible for reduced price meals, and the remaining one-third entitled to paid meal benefits. Under the terms of the tiering approach, the day care center can claim the highest rate of meal reimbursement for all meals served.

Mr. PERKINS. Will the gentleman yield?

Mr. LATTA. I will be happy to yield.

Mr. PERKINS. Let me say to my distinguished colleague from Ohio (Mr. LATTA) that that provision has likewise been changed or has been agreed to by both your side of the aisle and our side of the aisle and a satisfactory amendment will be worked out, and it is not as you speak.

Mr. LATTA. I am delighted, Mr. Chairman, for all of these concessions. And I have just been informed that you have been working hard on them.

Maybe I ought to go on and go clear through this bill and maybe I will get enough concessions that the President could sign it.

Mr. Speaker, this is another example of unnecessary waste of taxpayers' money unless it is cleaned up in a good many areas. I will not impose on the time of the House by pointing them all out, but certainly during debate on this legislation, some of these matters will be brought out. I have a whole list of them here that we could change. Hopefully, before consideration of this bill is over, we can have a piece of legislation that we can support.

□ 1330

Mr. PERKINS. If the gentleman will yield, in my judgment, the way this bill is written, and the amendments that have been agreed to on both sides of the aisle, there is no doubt in my mind but that your President is going to sign this bill. It is one of the best bills we have.

Mr. LATTA. Well, we are going to have to wait, Mr. Chairman, and see how many more of these amendments the gentleman is going to agree to. But he is coming along. I commend him for that.

Mr. PERKINS. Well, let me state that I have discussed with the gentleman about all the amendments that I know anything about being agreed to. But the bill is not an expensive bill.

The breakfast program is a permanent program; it is not included here. The school lunch program is a permanent program; it is not included here. The only thing we modify in the school lunch program is by reducing the reimbursement rate from about 40 cents down to 25 cents for poor children.

I know that provision is not going to turn the President of the United States off.

This is a wonderful bill. I think any President will sign this bill.

Mr. LATTA. Let me ask the gentleman, while he is on his feet, Mr. Chairman, whether or not one of these changes that he might make in his legislation deals with the language which would permit high tuition schools for the well-to-do to receive school lunch subsidies?

Is the gentleman still going to have the taxpayers taking care of this?

Mr. PERKINS. Well, the only thing we permit——

Mr. LATTA. Is the gentleman going to make changes in that?

Mr. PERKINS. We permit commodity distribution and we have bonus commodities but they mostly go to the poorer school districts of the country and not the wealthier school districts.

Mr. LATTA. Let me rephrase my question. Now if the gentleman will listen carefully. I asked him whether or not one of the amendments that he will agree to will have anything to do with the legislation as now written which would permit high tuition schools for the well-to-do to receive school lunch subsidies?

Now is the gentleman going to change that? That has nothing to do with poor kids. It goes to the well-to-do at taxpayers' expense. Is the gentleman going to change that?

Mr. PERKINS. Let me state that the well-to-do children will all pay; they will pay the regular reimbursement rate which any children above the reduced price level will pay. They will all pay the same and it applies equally and uniformly to all children.

Mr. LATTA. Mr. Chairman, I understand four amendments are going to be offered and maybe this will be cleared up in some of the amendments.

Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. I asked for this time not to really talk about the rule but to talk about the bill itself, and particularly to respond to the April 9, 1984, communication we have received from OMB Director Stockman because there are a lot of things he says in his letter with which I agree. Many of the issues Mr. Stockman raises are the same issues discussed in subcommittee and we offered amendments during subcommittee markup. We did the same in full committee. Some of these will be offered and accepted today, and we will clear up some objectionable features in the bill.

But let me comment further on certain portions of the Stockman letter. In the third item Mr. Stockman talks about H.R. 7 reversing 12 reforms contained in the 1981 Gramm-Latta reconciliation bill. I think "reversing" probably is not the word. I think there is some fine tuning that is necessary, keeping in mind that the changes incorporated in the 1981 Omnibus Budget Reconciliation Act, were developed, very rapidly, and were talking about 1981 and now we are talking about 1985.

Touching briefly upon some of those items the OMB director has highlighted. Increasing reimbursement rates for meals for "better off" students. I think "better off" is a bad term to use. Because if you happen to be a family of four at $12,800, you may think you are working poor and you probably should quit because you probably would do better by not working at all.

So I think we ought to be careful when we use the word "better off," when we can be talking about some people whose income as a family of four is at $12,800.

The only thing done at the other end was to raise the reduced-price income eligibility limit by $900, and that after a 4-year period (1981–85).

Hiking the income eligibility limit for reduced-price meals. Again it is important to keep in mind that the reduced-price income eligibility in H.R. 7 is established at the same percent of the poverty guideline as was in place prior to the 1981 Reconciliation Act. Again, you are raising the income level $900 when you do that.

The next item mentioned is the addition of 6 cents to the reimbursement to institutions for all breakfasts served to all children. This change was made on the basis of a USDA evaluation on the school nutrition programs. Witnesses from the Department testified before our committee stating that the nutritional adequacy of the breakfast offered was seriously lacking. The school breakfast is apparently only better than no breakfast at all. Breakfast rates were increased so that the breakfasts could be improved. Another item suggests we are now in H.R. 7.

Permitting high tuition schools for the well-to-do to receive school lunch subsidies. It shall be remembered that all private and public schools could participate in the national school lunch program, regardless of the tuition charged, prior to the 1981 Reconciliation Act. With that legislation, only private schools with annual tuitions of $1,500 or below could continue to participate in the federally assisted child nutrition programs.

On the next three items, I would agree wholeheartedly with the OMB Director. We should not be in the school food equipment assistance business at this particular time.

If we had adequate revenues, we could again consider the need for Federal equipment assistance. We did amend the proposal in committee so that it would be targeted to the very neediest schools. However, a USDA survey does indicate that there appears to be no general need for further Federal assistance in the school equipment area.

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

Mr. GOODLING. I would be happy to yield to the gentleman.

Mr. PERKINS. Mr. Speaker, let me state for the benefit of our colleague from Ohio (Mr. LATTA) that we raised, in order to qualify private schools, we raise from $1,500 to $2,500 and if that provision is not changed at $2,500, then two-thirds of the Catholic high schools will be eliminated from the lunch program. Many of these schools have been poor, have many poor students and the President is certainly in favor of private education.

So I know he would not want to push two-thirds of Catholic high schools out of the lunch program if we had not raised that figure to $2,500.

That is all that is.

Mr. GOODLING. I agree with the OMB Director on the next item also, when he talks about the summer feeding program. I would not characterize all of our private nonprofit sponsors as fraud prone. Among some there has been serious mismanagement and abuse of the summer feeding program. I was one who supported greater involvement of the schools and local, municipal, and county governments in the running of summer feeding programs.

We have written an amendment in such a manner that I believe we are going to prevent fraud and abuse from coming back in if private sponsors again become eligible and that amendment will be offered later today that I think will take care of that.

I have argued against allowing all private nonprofit sponsors back into the program—especially when a few were there to make a buck rather than to provide nutrition to youngsters.

I would agree with him on the tiering phase of the child care food program. We will have an amendment here also, but I am not for tiering in the child care food program because it does not target nutrition assistance on the basis of the family's economic need.

If we want additional Federal funds for day care services generally, that should be addressed in another piece of legislation.

We will have an amendment that will help clarify that point.

Then the next was increasing to five the maximum number of meals and snacks. This would go back to the original proposal before it was changed in 1981.

As was indicated, we oppose the entitlement part of WIC, and an amendment will be put forward to eliminate WIC entitlement features. Some of us also believe, perhaps, even though there is need for WIC services, that we should maintain the program at the October 1, 1983 level.

□ 1340

So as I indicated, there are numerous things that the OMB Director indicates are wrong. We agree with some of them. We discussed these areas in subcommittee and full committee. We have made a lot of improvements since this letter was written. I hope that we will make more progress today so that it can become a bipartisan effort.

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

Mr. GOODLING. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

As a matter of enlightenment, this legislation does not do anything for the really poor kids. We have this program for the poor kids where we give them free lunches, not subsidized lunches, we give them free lunches.

Now is there anything in there that is going to help those kids, the really needy kids?

Mr. GOODLING. I would say indirectly in that we lost an awful lot of schools from the school lunch program. There are many people, including many in the Congress, who never realized that their own children were receiving reimbursement for school lunches. That was done because, first of all, the school lunch program was a way to give away the farm surplus. But, in addition, there has always been cash support for those who are above the poverty level. Continued support for paying children was about 30 cents per lunch, but, in the 1981 Reconciliation Act it was lowered to about 21 cents per lunch. Many schools dropped out simply because they could not make the school lunch program go because they had to raise prices and they lost many of their paying customers.

We discovered that it is cheaper to try to subsidize somewhat that paying customer if, as a matter of fact, you are serious when you say you are going to take care of the free and reduced price eligible children.

Otherwise, you have to set up a separate program and single out the poorer children wherever they may be, which is much more expensive. But they would not participate in such a separate program just for the neediest.

But indirectly, the answer is yes. I suppose directly for free school lunches you could argue "no." However, if the poorest youngsters are not getting a nutritionally decent breakfast, according to the USDA study, then the additional 6 cents, hopefully, will help to provide a good school breakfast to the children eligible for free meals whom the gentleman is talking about.

Mr. LATTA. Let me get back to my question another way. Are we providing more money for the poor kids in this legislation? I am talking about the ones who get free lunches, not subsidized lunches, but free lunches.

Mr. GOODLING. I would say "yes" in the school breakfast program. But, as far as more money for free school lunches is concerned, "no" directly. Indirectly, "yes" in that you are going to restore some school lunch programs that have been dropped and therefore provide meals to those free and reduced price children who are not able to participate.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, this is the kind of rule that makes a sham out of the budget process.

Last week, when we were here on the floor talking about the budget, we heard an awful lot about the integrity of that process. How we needed to pass budgets that could be enforced. How much integrity that process needed to have. How we needed to make certain that what we did could be supported by the legislation that came before us a little bit later on.

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

Mr. WALKER. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

Just let me say that was last week. Last week we worried about the deficit. This week we hand out all these goodies.

Mr. WALKER. The gentleman is absolutely right.

So a week later we come to the floor with a rule calling for budget waivers. Now, I am going to be interested to see how many Members who voted for the budget process last week will this week turn around and vote for this rule which waives the whole process. And say the process is meaningless, let us forget it, let us not worry about the budget any longer and so on. That was last week. Let us simply waive the budget with regard to this program, because, after all, we know that this program is something that we ought to waive the budget for.

Well, I would submit that I think that my colleagues ought to question that premise because there are some questions about whether or not this is the kind of bill that we ought to be waiving the budget for. Some of the reforms that we put in place a couple of years ago seem to be working pretty well.

For instance, a number of students eating full price lunches, in other words, the better-off students in our schools has dropped. That is where the decline in a number of school lunches has come, that number of students has declined from 15.3 million down to 11.2 million. But the students getting free lunches, the ones who really need it, that has increased. Between 1979 and 1983, that has gone up by almost 300,000 students. For the first time in history, in 1982, as a result of the reforms that were put in place, for the first time in the history of the program more free and reduced price lunches were served to the truly needy students than were served to upper-income students. For the first time in history we were able to target the money toward low- and middle-income students. That is what we should be doing.

In addition, the percentage of the Federal program expenditures for free lunches increased during every year during the 5-year study. The study I am referring to—these are not my figures, this came out of a GAO report—GAO took a look at this program. The GAO said during the 5-year period, 1979 to 1983, the share of money going to low-income students went from 62.6 percent of the program in 1979 to 77.4 percent of the program in 1983. In other words, low-income poor children are getting a greater share of the program by a fairly large percentage, by about 15 percent more. That is what we should be doing.

And yet, what we come to the floor doing today is we come out here with a budget waiver so that we are able to give more money to upper income students. That is not what this budget process has to be all about. Obviously, we would like to give money to everybody, but the question is whether we can afford it. And we cannot afford this program.

I would suggest a "no" vote on this rule.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Speaker, I rise in opposition to H.R. 7, the School Lunch and Child Nutrition Amendments of 1984 as reported.

This legislation would reverse many recently enacted and long-needed program reforms which have helped to target nutritional assistance to the neediest schoolchildren and improve program accountability.

For example, the bill would prohibit verification of income eligibility for subsidized meals, unless all costs associated with verification and borne by the States are fully reimbursed by the Federal Government.

The "tiering reimbursement option" under the child care food program would allow all children, regardless of need, to qualify for free meals if two-thirds or more of the children in a child care center are otherwise eligible. You see, Mr. Speaker, no attempt is made to target assistance only to the needy. This country simply cannot afford to continue subsidizing those who are able to provide for themselves and their families.

The bill would also prohibit the Secretary of Agriculture from making changes in the methods of determining eligibility for free or reduced-price meals under the school lunch and child nutrition programs. While this prohibition is intended to prevent changes in eligibility without the approval of Congress, it merely insures that Congress has a chance to ignore the issue and postpone any necessary changes.

Finally, the bill would convert the women, infants, and children (WIC) program to entitlement status in fiscal year 1985. I strongly oppose creating yet another entitlement program at a time when Congress is struggling to hold the Federal deficit below $200 billion annually.

While I support adequate nutritional assistance to those in need, this legislation goes far beyond that objective and allows others, who can indeed provide for themselves, to participate in feeding programs at taxpayers' expense. For these reasons, I must oppose H.R. 7. I urge my colleagues to vote against it as well.

Mr. BONIOR of Michigan. Mr. Speaker, this is an open rule and as Members know, under an open rule amendments are in order to take care of the deficiencies that Members feel may exist in the bill.

So the criticism that my colleague from Arizona (Mr. RUDD) has suggested is really not valid. If the gentleman disagrees with sections of the bill that are not waived, he certainly can pose amendments to correct any perceived deficiencies.

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

Mr. BONIOR of Michigan. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

I would like to make one thing perfectly clear before we vote on this rule.

Everything that is in this bill is in the budget resolution except the WIC entitlement and that will be removed. And when we remove that, the appropriate change to a program subject to an annual appropriation, that falls within the budget resolution.

So I do not want anyone to believe that we are busting the budget anywhere along the line here.

□ 1350

Mr. BONIOR of Michigan. I thank the chairman for that contribution. I think he put the resolution and the bill in its proper perspective.

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

Mr. BONIOR of Michigan. I yield to my colleague, the gentleman from Arizona, for purposes of debate only.

Mr. RUDD. I thank the gentleman for yielding.

Mr. Speaker, I have great respect for the chairman of the committee and the dean of the delegation from Kentucky. But I am not addressing myself about whether it is busting the budget or not. I am addressing myself to the fact that it is turning back time and is again including programs that have been previously removed. I think it goes far beyond what is ever intended by this Congress—at least my understanding of it—as to whether or not everybody should be funded by the taxpayer or whether only those who are truly needy should be funded.

Mr. BONIOR of Michigan. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. DURBIN). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

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

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

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 275, nays 125, not voting 33, as follows:

[Roll No. 75]

YEAS—275

Ackerman	Downey	Kaptur
Addabbo	Duncan	Kastenmeier
Akaka	Durbin	Kennelly
Albosta	Dwyer	Kildee
Alexander	Dymally	Kleczka
Anderson	Dyson	Kogovsek
Andrews (NC)	Early	Kolter
Andrews (TX)	Eckart	Kostmayer
Annunzio	Edwards (CA)	LaFalce
Anthony	English	Lantos
Applegate	Erdreich	Leach
Aspin	Evans (IA)	Leath
Barnard	Evans (IL)	Lehman (CA)
Barnes	Fascell	Lehman (FL)
Bates	Fazio	Leland
Bedell	Feighan	Levin
Beilenson	Flippo	Levine
Bennett	Florio	Levitas
Berman	Ford (MI)	Lipinski
Bevill	Ford (TN)	Lloyd
Biaggi	Fowler	Long (LA)
Boehlert	Frank	Long (MD)
Boggs	Fuqua	Lowry (WA)
Boland	Garcia	Lujan
Boner	Gaydos	Luken
Bonior	Gejdenson	Lundine
Bonker	Gekas	MacKay
Borski	Gephardt	Markey
Bosco	Gilman	Martin (NY)
Boucher	Glickman	Martinez
Boxer	Gonzalez	Matsui
Breaux	Goodling	Mazzoli
Britt	Gore	McCloskey
Brooks	Green	McCurdy
Brown (CA)	Guarini	McHugh
Bryant	Gunderson	McKinney
Byron	Hall (OH)	McNulty
Carper	Hall, Ralph	Mica
Carr	Hall, Sam	Mikulski
Chappell	Hamilton	Miller (CA)
Clarke	Hammerschmidt	Mineta
Clay	Harkin	Minish
Coleman (TX)	Hatcher	Mitchell
Collins	Hayes	Moakley
Conte	Hefner	Molinari
Conyers	Hertel	Mollohan
Cooper	Hightower	Moody
Crockett	Holt	Moore
D'Amours	Howard	Morrison (CT)
Darden	Hoyer	Mrazek
Daschle	Hubbard	Murtha
Davis	Huckaby	Myers
de la Garza	Hughes	Natcher
Dellums	Hutto	Neal
Derrick	Ireland	Nelson
Dicks	Jacobs	Nichols
Dingell	Jeffords	Nowak
Dixon	Jenkins	O'Brien
Donnelly	Johnson	Oakar
Dorgan	Jones (OK)	Oberstar
Dowdy	Jones (TN)	Obey
Olin	Russo	Tallon
Ortiz	Sabo	Tauke
Ottinger	Sawyer	Tauzin
Owens	Scheuer	Thomas (GA)
Panetta	Schneider	Torres
Patman	Schroeder	Torricelli
Patterson	Schumer	Towns
Pease	Seiberling	Traxler
Penny	Sharp	Udall
Pepper	Shelby	Valentine
Perkins	Sikorski	Vandergriff
Pickle	Simon	Vento
Price	Sisisky	Volkmer
Pritchard	Skeen	Walgren
Pursell	Skelton	Watkins
Rahall	Slattery	Waxman
Rangel	Smith (FL)	Weaver
Ratchford	Smith (IA)	Weiss
Ray	Smith (NE)	Wheat
Reid	Smith (NJ)	Whitley
Richardson	Snowe	Whitten
Ridge	Solarz	Williams (OH)
Rinaldo	Spratt	Wirth
Rodino	St Germain	Wise
Roe	Staggers	Wolpe
Roemer	Stark	Wright
Rose	Stokes	Wyden
Rostenkowski	Stratton	Yates
Roukema	Studds	Young (AK)
Rowland	Swift	Young (MO)
Roybal	Synar	

NAYS—125

Archer	Gradison	Packard
Badham	Gramm	Parris
Bartlett	Gregg	Pashayan
Bateman	Hansen (UT)	Petri
Bereuter	Hartnett	Porter
Bethune	Hiler	Quillen
Bilirakis	Hillis	Regula
Bliley	Hopkins	Ritter
Broomfield	Hunter	Roberts
Brown (CO)	Hyde	Robinson
Broyhill	Kasich	Rogers
Campbell	Kemp	Rudd
Carney	Kindness	Schaefer
Chandler	Kramer	Sensenbrenner
Chappie	Lagomarsino	Shaw
Cheney	Latta	Shumway
Clinger	Lewis (CA)	Shuster
Coats	Lewis (FL)	Siljander
Coleman (MO)	Livingston	Smith, Denny
Conable	Loeffler	Smith, Robert
Corcoran	Lott	Snyder
Coughlin	Lowery (CA)	Solomon
Courter	Lungren	Spence
Craig	Mack	Stangeland
Crane, Daniel	Madigan	Stenholm
Crane, Philip	Marlenee	Stump
Daniel	Marriott	Sundquist
Dannemeyer	Martin (IL)	Taylor
Daub	Martin (NC)	Thomas (CA)
DeWine	McCain	Vander Jagt
Dickinson	McCandless	Vucanovich
Dreier	McCollum	Walker
Edwards (AL)	McEwen	Weber
Edwards (OK)	McGrath	Whitehurst
Emerson	McKernan	Whittaker
Erlenborn	Michel	Winn
Fiedler	Miller (OH)	Wolf
Fields	Montgomery	Wortley
Fish	Moorhead	Wylie
Franklin	Morrison (WA)	Young (FL)
Frenzel	Nielson	Zschau
Gingrich	Oxley	

NOT VOTING—33

AuCoin	Gray	Mavroules
Burton (CA)	Hall (IN)	McDade
Burton (IN)	Hance	Murphy
Coelho	Hansen (ID)	Paul
Coyne	Harrison	Roth
Edgar	Hawkins	Savage
Ferraro	Heftel	Schulze
Foglietta	Horton	Shannon
Foley	Jones (NC)	Williams (MT)
Frost	Kazen	Wilson
Gibbons	Lent	Yatron

□ 1400

Messrs. DANIEL B. CRANE, MARLENEE, and BROOMFIELD changed their votes from "yea" to "nay."

Messrs. RIDGE and DAVIS changed their votes from "nay" to "yea."

So the resolution was agreed to.

A motion to reconsider was laid on the table.

The result of the vote was announced as above recorded.

□ 1410

PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1985

The SPEAKER pro tempore. Pursuant to House Resolution 471 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4900.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes, with Mr. KILDEE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Kentucky (Mr. HUBBARD) will be recognized for 30 minutes and the gentleman from New York (Mr. CARNEY) will be recognized for 30 minutes.

The Chair recognized the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman and my colleagues, I rise in support of House bill 4900, a bill which I introduced along with many of my colleagues from the Merchant Marine and Fisheries Committee. This bill authorizes appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal. Such authorizing legislation is required by the provisions of the Panama Canal Act of 1979, Public Law 96-70, establishing the Panama Canal Commission as an agency in the executive branch of the U.S. Government for the operation of the Panama Canal under the President of the United States and the Secretary of Defense.

House bill 4900, as reported by the Merchant Marine and Fisheries Committee, sets an overall funding level of $443,946,000 of which $27,900,000 is for capital improvements which shall remain available until expended. This bill does include specific limitations on certain designated expenses of the Commission, but does not deter the Commission from operating efficiently and effectively.

The Panama Canal Commission is a completely unique agency in that it has its own specific funding. The intent of the Panama Canal Act of 1979 was to assure that the canal operate at no cost to the U.S. taxpayers. The Panama Canal Commission is obligated by law to operate within a balanced budget and can only be appropriated the amount that it estimates will be collected as revenue by tolls levied on ships transiting the Panama Canal. Tolls are set to recover all costs of operating and maintaining the canal and are paid, together with other Commission revenues, into the Panama Canal Commission fund established in the U.S. Treasury.

Mr. Chairman, at markup in the Merchant Marine and Fisheries Committee, two amendments were adopted. The first, offered by the gentleman from Louisiana (Mr. TAUZIN), struck from the bill the administration's proposal to shift the source of Commission appropriations from the Panama Canal Commission Fund to the general fund of the Treasury.

The full committee rejected the proposed shift in Commission financing for several reasons. First, there was sentiment that the proposed change accomplished nothing substantive. Under current practice, the Commission's cash-flow problem has been solved in a workable manner with the understanding that the $85.5 million will eventually be repaid in accordance with the fiscal 1981 Appropriation Act. Second, the full committee on Merchant Marine and Fisheries was concerned that the proposed language on the repayment of deficits appeared to give implied agreement to such deficits and would allow one deficit to be repaid simply by creating another deficit. This the committee felt should not be done. Third, the committee continues to support the fundamental underlying principle of the Panama Canal Act of 1979 that taxpayer money should not be appropriated for the operation of the canal, which the administration's proposal would have done. Lastly, the committee concluded that the existence of the separate Panama Canal Commission Fund would aid the committee's oversight of the Commission's affairs.

A second committee amendment, offered by the gentleman from California (Mr. SHUMWAY) authorizes the President of the United States to undertake efforts to continue the military commissary, exchange, and APO mail privileges currently enjoyed by the American employees of the Panama Canal Commission after their scheduled termination date of September 30, 1984. A compensating allowance would be authorized by this amendment in the event of loss of these privileges.

Prior to the adoption of the Panama Canal treaties, employees of the canal were able to shop at company-run grocery and retail stores, and the Canal Zone Government maintained its own postal system. These facilities were abolished on October 1, 1979, when the Panama Canal treaties took effect. However, the American employees of the newly formed Panama Canal Commission were allowed a 5-year period during which they could use military commissary, exchange, and APO mail privileges available to U.S. military personnel in Panama. U.S. employees feel that our Government should try to have these privileges extended or should in some way compensate them for their anticipated loss.

Should negotiations on an executive level fail, then the Panama Canal Act of 1979 authorizes, but does not require, a cost-of-living allowance be paid to the employees affected to compensate them for the loss of these privileges. The Panama Canal Commission has allotted $4 million for this possible compensation; however, it is unclear at this time how much, if any, cost-of-living adjustment will be issued.

Mr. Chairman, passage of this authorization bill would permit the Panama Canal Commission to continue operating the canal efficiently and smoothly, thus benefiting the foreign commerce and national security of the United States and her neighbors in Latin America.

This legislation is needed. In 1977, 1978, and 1979, I was among those in the House who opposed the Panama Canal treaties; indeed, the majority of my constituents were opposed to it down in western Kentucky. But having been to Panama on several occasions, and having been the chairman of this subcommittee for some years, I am aware that the United States has benefited from the treaties and that, indeed, we have a strong ally in Panama, one that we certainly need in that part of the world. That is for sure.

Mr. Chairman, I urge my colleagues to support H.R. 4900, the Panama Canal Authorization Act for fiscal year 1985.

□ 1420

Mr. CARNEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the chairman of the subcommittee very much for summarizing what is in the fiscal year 1985 Panama Canal Commission authorization bill before us today. I also want to commend you for your diligence in seeking timely House action on this legislation. Certainly we will never be able to seize control over this agency if we do not address its operations in an authorization bill.

As you know, at the proper time, I intend to offer an amendment in an attempt to keep appropriations for the Panama Canal more in line with canal

revenues and discourage unnecessary spending.

But at this time, I would like to take a few moments to discuss the nature of canal operations since the 1977 Panama Canal treaties entered into force on October 1, 1979, and the issues Congress must address in this authorizing legislation.

These issues include the level and purpose of appropriations, particularly in view of the canal's declining revenues and increasing operating expenses, and the loss of control over money belonging to the U.S. Government needed to fund canal operations. In addition, H.R. 4900 authorizes a cost-of-living allowance for a select group of approximately 1,000 Federal employees to offset the loss of military exchange, commissary, and postal privileges mandated by the treaty.

Canal operations under the 1977 Panama Canal treaties present Congress with a dilemma. The United States is fully financially responsible for operating and maintaining the canal until the year 2000, but the treaty requires declining U.S. participation in that operation and so we are gradually losing control. Moreover, while the Panamanians are assuming increasing control of the canal, they will have no financial responsibility until the year 2000.

This means that strong congressional oversight will be required in order to exercise any control over Panamanians operating the canal with money from the U.S. Treasury over the next 16 years.

On treaty day, the United States relinquished sovereignty over the entire Panama Canal Zone, completely changing the conditions under which the canal operates. The governmental functions of the agency that originally was responsible for the canal and the Canal Zone Government have been abolished.

The railroad, the piers, and other commercial business activities carried out by the predecessor canal company have been discontinued, reducing overall revenues by many millions of dollars per year. On October 1, 1979, extensive real estate holdings were transferred to the Republic of Panama, and property transfers will continue over the life of the treaty.

Along with drastically reducing revenues realized from overall canal operations, the Panama Canal Treaty also increased canal operating costs because of provisions for payments to Panama. These payments have totaled over $300 million in the treaty's first 4 years and they will increase biennially beginning in fiscal year 1985 because tonnage payments will be indexed to keep up with inflation in the United States.

Also during the 20-year transition to full Panamanian control of the canal, increasing numbers of Panamanians will assume positions of responsibility in the Panama Canal Commission. Four of the nine members of the Supervisory Board, the Deputy Administrator, and a continuously increasing number of administrative employees are Panamanian. Beginning in 1990, the Administrator will be a Panamanian national.

According to the Government of Panama, its citizens are responsible only under the laws of Panama in the performance of their official duties. The United States has acquiesced in this position.

So under the treaties, the United States is faced with full financial responsibility for a canal located in another country and run by increasing numbers of foreign nationals not subject to U.S. law.

In order to deal with this dilemma, and provide for the exercise of maximum control over canal operations, Congress passed the Panama Canal Act of 1979, Public Law 96-70, to implement the treaties.

Public Law 96-70 established the Panama Canal Commission as an appropriated fund agency, subject to the same fiscal and administrative controls to government agencies generally. The most conspicuous effect of this arrangement is that all revenues derived from the operation of the canal are paid into the U.S. Treasury. Canal revenues belong to the U.S. Government. They are deposited in the Treasury and they may be expended only upon, and in accordance with, the terms of congressional authorization and appropriation acts.

The Panama Canal Act of 1979 was designed to provide for close congressional oversight over the canal operations. Indeed congressional oversight was the centerpiece of the implementing legislation, and it is growing more important with the passage of time because of the progressive changes in the organization and management of the canal contemplated by the treaty.

The canal revenue picture aggravates the problem. The loss of the Alaska North Slope oil trade to the Trans-Panama Pipeline in 1983 and the world shipping recession drastically cut canal revenues, and reduced traffic by over 16 percent. Fiscal year 1983 canal revenues were $42 million below the prior year.

At our committee hearings on the authorization in February 1984, we were told that the loss of Alaska North Slope traffic and economic recession in the maritime industry have caused a sizable decline in canal traffic and tolls revenue and that canal revenues are on the decline. Even with a tolls increase in fiscal year 1983, revenues that year were $42 million below 1982.

Since then, the Commission's recent appropriations requests suggest their revenue estimates leave much to be desired and, in fact, are based on what the Commission wants to spend rather than what it will take in.

Consider the past 2 years. In fiscal year 1983, the Commission requested an appropriation of $452.6 million; that same year, actual receipts totaled $398.4 million. For fiscal year 1984, the Commission requested an even higher appropriation of $453.8 million; yet they now project revenues to be $411.2 million. As a result, over $25 million has been proposed for rescission this year. Obviously Congress has appropriated the Commission too much money and we ought to cut back now before spending gets even more out of hand.

These figures suggest there is good reason to question not only the rationale for the fiscal year 1985 appropriation request of $443.9 million, but the Commission's revenue projections on which that request is based. The Commission is projecting that fiscal year 1985 revenues will exceed even the $440.1 million in receipts taken in during the Commission's 1982 banner year, which occurred prior to the opening of the Trans-Panama Pipeline and the loss of Alaska North Slope oil traffic. It does not make much sense.

It is up to the Congress to make sure that appropriations to the Panama Canal Commission conform as closely as possible to canal revenues; otherwise, the taxpayer will have to pay the difference. There is absolutely no prohibition in the law against the use of taxpayer dollars to operate the canal. Appropriations are limited to estimated canal revenues but there is no statutory requirement that appropriations be made solely from the Panama Canal Commission Fund and not from the general fund.

In the event that revenues are insufficient to cover all authorized operating expenses of the canal, appropriations would necessarily be made from the general fund for payment of such operating costs. The treaty obligation to maintain and operate the canal would require the United States to make such appropriation. Inasmuch as under the 1977 treaty the United States has the obligation to continue operation of the Panama Canal until the end of the century and the source of funds for that operation is not limited by treaty or by statute to the revenues derived from the operation, any cost of the operation is a general obligation of the United States payable from the general fund if the revenues from the operation are insufficient to cover the costs.

Indeed, the use of taxpayer dollars is clearly contemplated in the Panama Canal Act if canal revenues do not cover costs, or if there are no canal revenues at all.

With operating costs on the increase, no plans to raise tolls, and the

canal revenues on the decline, the taxpayers of this country should be interested in how the canal is spending appropriate funds.

For example, in the past 4 years, the Commission has spent some $5.6 million for employee recreation and facilities, to cover the costs of such things as swimming pools and tennis court maintenance. Even though the Commission had a $4 million loss last year, they plan to spend another $2.5 million to continue this recreation program over the next 2 years.

In addition to this multimillion dollar recreation program, H.R. 4900 contains an unlimited authorization for a special contingency fund for "disbursements by the Administrator of the Commission for employee recreation and community projects." These are cash grants, made at the Administrator's discretion, to certain clubs like yacht clubs, country clubs, golf clubs, riding clubs, and saddle clubs, for the purpose of improving employee morale and welfare. Since treaty day, the Administrator has disbursed over $100,000, an excessive amount, to these selected groups, and despite declining revenues, there has been no effort to curtail this practice.

Such disbursements might have been appropriate under conditions that prevailed during earlier years, but it is almost impossible to justify this type of spending in the context of present day restrictions on spending by U.S. Government agencies and certainly when canal revenues are not covering costs, and revenues and traffic are on the decline.

Another "perk" for the Administrator is a free residence, complete with maids, gardeners, servants, and round-the-clock chauffeur service. If the press in this country is upset about isolated incidents involving the private use of Government vehicles, how about the 24-hour chauffeur service which cost about $25,000 per year for a car and driver which is available to the Administrator of the Panama Canal Commission round the clock? And this is in addition to H.R. 4900's unlimited authorization for the "residence of the Administrator" which, in 1983, cost over $100,000 for general maintenance and operation of the residence, including almost $50,000 for his household staff. On top of that is an entertainment account of $25,000 per year!

Despite the U.S. Comptroller General's 1982 decision (B-204078) that the residence expenses of the Administrator are within the scope of 5 U.S.C. 5913, and that the Administrator is therefore required to pay 5 percent of his salary for rent (approximately $3,000), he continues to live rent free.

In addition, the American people ought to know that the Congress is moving even further to feather the Administrator's nest. The Panama Canal Subcommittee just has approved unlimited authority for the Administrator to settle claims. If that bill passes, the Administrator of the Panama Canal Commission, who will be a foreign national in 1990, will have more authority to incur obligations against the U.S. Treasury than even our own U.S. Cabinet officers. The Reagan administration agrees with me that the United States should not be liable for vessel accidents in the Panama Canal, and I would alert my colleagues to my separate statement on this issue in today's RECORD.

Mr. Chairman, Congress is abdicating its responsibility to the American people by not insisting on some serious belt tightening in canal operations.

If the present trends are allowed to continue, in 1990 we are going to have a Panamanian Administrator of the Panana Canal with a "cushier" job than the President of Panama. He will have a direct pipeline into the U.S. Treasury, and all at U.S. expense.

If present Commission spending patterns are allowed to continue, Congress will have to take the blame for supporting, with the U.S. Government's money, a new privileged class in Panama comprised of those lucky enough to work for the canal.

Speaking of privileges, Mr. Chairman, I would like to discuss the special cost-of-living allowance for U.S. citizen employees of the Commission which is authorized in H.R. 4900. It is designed to offset the loss of military postal, exchange, and commissary privileges pursuant to paragraph 2, article 13, of the agreement in implementation of article 3 of the Panama Canal Treaty of 1977. Approximately 1,000 Commission employees will be affected by this loss of privileges and the Commission's budget includes $4 million to compensate for this loss. This breaks down to a pay increase of about $4,000 per employee for the first year. Commission employees have testified that this is not enough to cover increased living costs they will have to bear as a result of this loss of privilege.

In my view, it is more reasonable and cost conscious to extend the privileges than to provide a compensatory COLA for these employees. Such an extension would require the concurrence of the Panamanian Government and, if granted, would tell us Panama needs and wants the remaining U.S. citizen Commission employees to stay on the job and proceed with the transition to full Panamanian control of the canal.

If that is not the case, however, this Nation should seriously consider the possible effects of setting a precedent by authorizing a COLA to compensate a select group of approximately 1,000 employees of one Federal agency for lost "privileges" at a time when Americans all across this land are being asked to pay more and pay directly for services that traditionally have been provided by their Government.

Mr. Chairman, there are approximately 1,650 permanent U.S. citizen employees of the Panama Canal Commission to whom an estimated $72.3 million will be paid as total compensation in 1984. That works out almost $44,000 a year. Of those employees, in fiscal year 1983, 82 percent of the pilot force earned between $65,000 and $100,000 per year. By comparison, the average salary of the remaining 6,900 Panamanian, 3 country nations Commission employees is about $16,400. For further comparison, 1983 Office of Personnel Management statistics indicate that the average salary of the average Federal employee working in the United States is $24,000, and the average salary paid to U.S. employees working abroad is $23,300.

Mr. Chairman, these Americans working for the Commission were not sent to Panama by the U.S. Government to work. They went on their own free will because they wanted to, and not because they were on official orders. The treaty granted them eligibility for military exchange, commissary and postal privileges for the first 5 years under the treaty. They were not necessarily eligible for these benefits before the treaty entered into force, though they could use facilities run by the predecessor company and the Canal Zone Government. However, those facilities and services may no longer be provided under the treaty. Also under the treaty, the number of Americans working at the canal is supposed to decrease. Would we, therefore, violate the spirit of the treaties if we provided an incentive for these Americans to stay? Will canal revenues cover these personnel costs? If they will not, should the American people be asked to support this one group of employees in the manner being proposed? I think not, and hope the privileges will be extended so we can avoid setting a precedent and authorizing the COLA as provided in this bill.

Mr. Chairman, it is the job of the Congress to see that money belonging to the Government from whatever source is spent wisely. We must make sure that the Commission sets an example for the frugal operation of the canal which can be followed when the Panamanians assume full control in the year 2000. If the United States is to operate and maintain the canal effectively, efficiently, and properly between now and the year 2000, unnecessary expenditures of appropriated funds should not be permitted.

Some would argue that there is no sense in trying to reduce spending by the Panama Canal Commission because any savings could result in a profit payment to Panama. But it makes absolutely no sense whatever to

embark on an extensive spending program solely for the purpose of bringing expenditures up to the level of revenues. Such increased Government spending is inconsistent with our efforts to reduce the deficit, and contrary to the competitive operation of the canal. By limiting the Commission's authority to spend, Congress can help reduce the need for a toll increase and keep costs down. And when we have testimony that revenues are on the decline, we need to cut costs to promote the operation of a self-sufficient canal. And I am sure my colleagues will agree that there are a number of Commission spending programs which have nothing to do with the actual operation of the canal that could and should be cut.

At the proper time, I intend to offer an amendment in an attempt to more closely conform the Commission's authorization to canal revenues. It is designed to help the Commission cut out unnecessary spending to promote a tighter, more efficient canal operation. This will help canal users and the U.S. taxpayers alike.

□ 1440

The CHAIRMAN. The gentleman from New York (Mr. CARNEY) has consumed 23 minutes and the gentleman from Kentucky (Mr. HUBBARD) has consumed 6 minutes.

Mr. HUBBARD. Mr. Chairman, I yield myself such time as I may consume to respond briefly to the 23 minutes taken up by my friend from New York (Mr. CARNEY).

I would only respond in these ways: One, by saying that the Panama Canal Commission does now and always has operated solely on its own revenues. The 1979 act requires this by stating that canal tolls must cover all of the costs. I repeat: All costs of the canal operations.

I trust my friend from New York understands that, and yet he did not mention that.

The Panama Canal Commission has not violated this provision of the law. The Panama Canal Commission does not spend one dime of taxpayers' money for its operation.

The gentleman has implied that the United States will somehow lose control of the Panama Canal Commission in 1990 when the Administrator who takes over at that time is a Panamanian. This simply is not true.

The Supervisory Board of the Panama Canal Commission has final authority over every decision concerning the Panama Canal Commission and the canal operations. This Board is composed of five Americans and four Panamanians and the Defense Department designee on the Board has the power to direct the votes of the other four Americans. Therefore, the United States does now and will continue to control every aspect of canal operations until the year 2000.

Mr. Chairman, I have heard the comments of my friend from New York and I am surprised and disappointed at his comments regarding expenditures by the Commission.

I know with the members of the Commission, five Americans and four Panamanians, the Americans control the Commission. The Chairman of the Board, the Honorable Bill Gianelli, appointed by President Reagan, does an excellent job. The Administrator, the long-time Administrator of the Panama Canal Commission, General McAuliffe, who served under President Carter and has served under President Reagan, continues to do an excellent job and is frugal in his expenditures, and does the best he can for the United States to protect our interests in that area.

The administration supports House bill 4900. Our full committee supported it overwhelmingly.

I know my colleague from the other side, the gentleman from California (Mr. SHUMWAY) also wishes to speak on this. I have only taken about 10 minutes on this side and I would yield to the gentleman from California at this point to give him sufficient time in that there is only about 6 or 7 minutes left on his side.

Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. I appreciate yielding of time by the honorable chairman of the subcommittee. I am delighted to have this chance to speak in favor of H.R. 4900.

I do not believe that I can rebut point by point each of those points that were made so eloquently by the ranking minority member, whom I respect very much, by the way, and who I know has given this bill a great deal of thought and attention.

But I would like to make some points known that need to be known in this debate so that we can cast intelligent votes hereafter.

I was one of those who indeed opposed those treaties back in 1977 when they were negotiated. It seemed to me that it was a mistake at that time, and I was upset when those treaties were ratified the following year.

In 1979 when I became a Member of Congress we did pass the Panama Canal Act which was the implementing legislation to carry out the terms of those treaties. I recall at that time I voted against that bill simply as a way of manifesting my unhappiness with the fact that we had negotiated a means to give away the Panama Canal.

But the point is inescapable that those treaties and the implementing legislation adopted pursuant thereto now represent the law of this land. I think it is incumbent upon all of us, as sworn Representatives serving in the Congress of the United States, to uphold that law and to make the very best of the situation that we now confront.

The fact of the matter is the Panama Canal and its continued healthy operation is indispensable to this country. Seventy-five percent of the ocean-going transits through that canal either originate or come from one of the U.S. ports. Certainly we know for our defense needs how vital that canal is for U.S. security.

We now operate the canal through the device known as the Panama Canal Commission which is an agency of the U.S. Government and, as has been said in this debate, it is contemplated under the implementing legislation and the treaty itself that there will be a gradual transition until the turnover of the canal in the year 2000.

During that period of time those American employees who are now part of the Panama Canal Commission will be phased out, and skilled and trained and capable Panamanians will enter the picture to take their place.

But it has always been assumed that the transition would occur over a gradual process. It cannot happen overnight. If there were an attempt to have it happen overnight we would be faced with the situation where the canal simply could not run. And, as I suggested, our defense interests would be put at stake and certainly there would be a very devastating impact upon international commerce.

The old Canal Zone, as it operated before the treaties, before 1977, obviously was committed to many excesses. I was there and I saw some of the vestiges of that program and, therefore, it is no surprise to me that the Panamanians rose up and said, "We have to have something else." And perhaps it is no surprise that the treaties were eventually negotiated as a result.

But the Panama Canal Commission which took the place of the old Panama Canal Zone is a conservatively run, efficiently run operation, and I am suggesting to you that it needs to stay in place and needs to be funded fully for the service which it provides.

The Panama Canal Commission is respected by the Panamanians. The bill which is now before us has the wholehearted endorsement of this administration because they realize, as I do, the vital importance of the canal.

□ 1450

We have now in place in Panama about 1,000 American employees and dependents. They are people who eventually will be replaced by the year 2000. Come September 30 of this year they will lose the privileges they have heretofore enjoyed to shop in the com-

missaries and PX's and to use the APO military mailing system.

Recognizing this fact and recognizing the fact that if some kind of compensating mechanism is not available to them, there will be a mass exodus of those 1,000 employees and a devastating effect on the operation of the canal; accordingly, I sponsored an amendment in the committee which has been referred here to as "the Shumway amendment" which calls upon the President to renegotiate that particular aspect of the treaty, to sit down with the Panamanians to see if we cannot turn that direction around.

As a backup mechanism, assuming we do not succeed in that effort, I have provided for some kind of cost-of-living adjustment, such sums as might be appropriate. There are now studies underway; we do not know how they will evaluate those particular employment benefits, but those studies are expected to be completed very shortly and I do think that we will have an accurate index as to what the COLA might consist of.

I suggest no matter how much money it places in their pockets, it will never pay for the loss of fresh dairy products, fresh meat, pharmaceuticals for their children, and other things they are now privileged to buy in the commissaries and PX's. That especially is the case since many of these employees of the Panama Canal Commission are living next to employees working for the Department of Defense, Americans again, who have the right to do this shopping where the members of the Panama Canal Commission will be denied that right come October 1.

If indeed there were going to be some cost saving to Americans and some reduction of the deficit by the paring of this program, the $8.3 million that the gentleman from New York's (Mr. CARNEY) amendment will address, I would certainly support that. But I suggest to you that simply is not the case.

As the matter now stands, under the treaties, article 13, as well as the implementing legislation, section 1341, any profits, that is an excess of receipts over expenditures, up to $10 million per year must go to the Panamanians. If indeed we are able to cut out of this budget that much money we are not going to save it, we are not going to help our own budget by it.

We are going to turn it over to the Government of Panama.

The fact of the matter is the Commission's expenditures are limited to the total appropriations or the actual receipts, whichever is less. The Commission cannot spend beyond what it receives in spite of what kind of budgets we may approve for it here. It seems to me, therefore, from a prudent budgeting standpoint, it would be advisable that the Commission base its appropriations request on the optimum projected revenue level.

This would insure that the appropriate appropriation be available, should revenues materialize at that level. But when the optimum level is not experienced, then the Commission is required to hold down its expenditures to the actual revenues received. In effect, that is what the Commission has been required to do in recent years.

So I am suggesting to you that we are not going to really enact any great savings by adopting the gentleman's amendment. In fact, we will be crippling the operation of the canal. The bottom line result of that kind of amendment will be to deprive these American employees of the cost-of-living allowance that I think is going to be essential for them to stay in place and provide the very vital service which they have provided.

There is no doubt about the fact that there has been a worldwide recession; that revenues are down; there is now an oil pipeline in place, that takes away some of the shipping. But we are now going back, we are getting back some of the revenues we lost during the recession. Revenues in fact are up this year, for the first 4 months, and I think we will see that indeed the canal can be operated on a fiscally sound and very efficient basis if we simply approve this bill, which will allow that program to go ahead.

I would therefore urge all of my colleagues to reject the amendment of the gentleman from New York and vote in favor of the bill.

Mr. CARNEY. Mr. Chairman, will the gentleman yield?

Mr. SHUMWAY. I yield to the gentleman.

Mr. CARNEY. The gentleman referred to my amendment as crippling the COLA. Mr. Speaker, my amendment does not cripple the COLA. My amendment calls for a 2-percent reduction. Perhaps maybe we can cripple things like paying for swimming clubs, golf clubs, yacht clubs, chauffeurs. Maybe the Commissioner can pay rent like every other American does when he is provided housing. Maybe we can cut back on those things.

What have they done? I have a letter from——

Mr. SHUMWAY. Can I respond first to that point, and reclaim my time? The fact of the matter is, my opposition to the gentleman's amendment is not based upon its addressing specifically the COLA issue which is sensitive to me.

I simply saying that if operating revenues are cut down in the measure the gentleman is proposing, the bottom line, the savings area, may well be the cost-of-living allowance which I think is essential to keep those employees in place. I do not know that that is the case.

Perhaps they will cut out the programs that the gentleman is very concerned about. I would certainly hope so. But to the extent that that is not the result, and I have reason to believe that may not be the case, I think that the amendment does some mischief to the overall program.

Mr. Chairman, I thank the gentleman for yielding, and I yield back the balance of my time, if I have any.

Mr. CARNEY. Mr. Chairman, I have no more requests for time, and I yield back the balance of my time.

Mr. HUBBARD. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, each section is considered as having been read for amendment under the 5-minute rule.

The Clerk will designate section 1.

The text of section 1 is as follows:

H.R. 4900

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Panama Canal Appropriations Authorization Act, Fiscal Year 1985".

Mr. HUBBARD. Mr. Chairman, I ask unanimous consent that the bill be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the remainder of H.R. 4900 is as follows:

OPERATING EXPENSES

SEC. 2. There is authorized to be appropriated from the Panama Canal Commission Fund to the Panama Canal Commission (hereafter in this Act referred to as the "Commission") for the fiscal year beginning October 1, 1984, not more than $443,946,000, for necessary expenses of the Commission incurred under the Panama Canal Act of 1979 (Public Law 96-70; 22 U.S.C. 3601 et seq.), including expenses for—

(1) the hire of passenger motor vehicles and aircraft;

(2) uniforms, or allowances therefor, as authorized by sections 5901 and 5902 of title 5, United States Code;

(3) official receptions and representation, except that not more than $33,000 may be made available for such expenses, of which (A) not more than $8,000 may be made available for such expenses of the Supervisory Board of the Commission, and (B) not more than $25,000 may be made available for such expenses of the Administrator of the Commission;

(4) the operation of guide services;

(5) a residence for the Administrator of the Commission;

(6) disbursements by the Administrator of the Commission for employee recreation and community projects; and

(7) the procurement of expert and consultant services, as provided in section 3109 of title 5, United States Code.

CAPITAL OUTLAY

SEC. 3. Of any funds appropriated pursuant to section 2 of this Act, not more than $27,900,000 (which is authorized to remain available until expended) may be made available for the acquisition, construction, replacement, and improvement of facilities, structures, and equipment required by the Commission, including the purchase of not more than 44 passenger motor vehicles for replacement only.

REIMBURSEMENT OF OTHER AGENCIES

SEC. 4. There is authorized to be credited to the amount appropriated pursuant to section 2 of this Act, for payment to other United States Government agencies, an amount equal to the amount of funds received from officers and employees of the Commission or commercial insurers of such officers and employees for expenditures made for services provided to such officers and employees and their dependents by such other agencies.

AUTHORIZATION OF ADDITIONAL APPROPRIATIONS

SEC. 5. In addition to the amount authorized to be appropriated by section 2 of this Act, there are authorized to be appropriated to the Commission for the fiscal year 1985 such amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits provided by law, for covering payments to Panama under paragraph 4(a) of article XIII of the Panama Canal Treaty Act of 1977, as provided by section 1341(a) of the Panama Canal Act of 1979 (22 U.S.C. 3751), and for increased costs for fuel.

AMENDMENTS TO PANAMA CANAL ACT OF 1979

SEC. 6. (a)(1) Section 1302 of the Panama Canal Act of 1979 (22 U.S.C. 3712) is amended—

(A) in the section heading by striking out "Company Funds;"; and

(B) by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) On October 1, 1984, the account appearing on the books of the United States Government as the 'Panama Canal Commission Fund (95-1203-5-1-403)' shall be terminated, and any unexpended balances under such account as of that date shall be covered into the General Fund of the Treasury.

"(b) Effective October 1, 1984, tolls for the use of the Panama Canal and all other receipts of the Commission shall be credited to the miscellaneous receipts of the Treasury.".

(2) Section 1302 of that Act is further amended—

(A) in subsection (c)(2) by striking out "No" in the first sentence and inserting in lieu thereof "Subject to subsection (d) of this section, no";

(B) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(C) by inserting after subsection (c) the following new subsection:

"(d) If, at the close of any fiscal year ending on or after September 30, 1984, all the receipts of the Commission which have been deposited in the Treasury since October 1, 1979, are less than all the expenditures of the Commission since October 1, 1979, then the amount of that deficit shall be subtracted from the amount of the receipts of the Commission (as such amount is estimated by the Secretary of Defense and certified by the Comptroller General pursuant to subsection (c)(2) of this section) for the second fiscal year beginning after the fiscal year in which the deficit is incurred, and not more than the remaining amount may be appropriated to or for the use of the Commission for the second fiscal year beginning after the fiscal year in which the deficit is incurred.".

(3) Section 1302(e)(2) of that Act is amended—

(A) by striking out "revenues deposited in the Panama Canal Commission fund" each place it appears and inserting in lieu thereof "receipts of the Commission deposited in the Treasury"; and

(B) by striking out "revenues deposited in such Fund" and inserting in lieu thereof "receipts of the Commission deposited in the Treasury".

(b) Section 1344(b)(4) of the Panama Canal Act of 1979 (22 U.S.C. 3754(b)(4)) is amended by striking out "deposited in the Panama Canal Commission Fund" and inserting in lieu thereof "of receipts of the Commission deposited in the Treasury".

(c) Section 1341(f) of the Panama Canal Act of 1979 (22 U.S.C. 3751(f)) is amended by inserting ", 1302(d)," after "1302(e)".

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

Mr. HUBBARD. Mr. Chairman, I ask unanimous consent that the committee amendments be considered as read, printed in the RECORD, and considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the committee amendments is as follows:

Committee amendments: On page 2, line 5, after the word "appropriated" insert "from the Panama Canal Commission Fund".

On page 4, line 11, strike out all of section 6 from the bill.

Add the following new section at the end of the bill:

CONTINUATION OF PRIVILEGES

SEC. 6. (a) The President shall attempt, through appropriate means, to continue the availability after September 30, 1984, of military postal services, commissaries, and military exchanges to all employees of the Panama Canal Commission who are United States Citizens and their dependents.

(b) If the availability of services, commissaries, and exchanges referred to in subsection (a) is not continued after September 30, 1984, there is authorized to be appropriated such sums as may be necessary for the allowance provided for in section 1206 of the Panama Canal Act of 1979 (22 U.S.C. 3646), together with such other compensation as is determined to be necessary to offset the loss of services, commissaries, and exchanges referred to in subsection (a).

Mr. HUBBARD. Mr. Chairman, I have explained the committee amendments in my opening statement, so I will not take the time of my colleagues in the House to repeat what these amendments will accomplish.

I would say that the amendments under consideration passed by voice vote during the committee markup, and I urge my colleagues in the House of Representatives to adopt these amendments which are needed to the legislation.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. CARNEY

Mr. CARNEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARNEY: Page 2, line 9, strike "$443,946,000" and insert in lieu thereof "$435,653,000".

Mr. CARNEY. Mr. Chairman, this amendment cuts less than 2 percent, or $8.3 million in the overall authorization appropriation request which still allows for an increase of $21.9 million, or 5 percent over the adjusted fiscal year 1984 appropriations for the Panama Canal Commission.

And it is important that we recognize the need for a 1984 appropriations adjustment, because in fiscal year 1984, the Commission asked for so much money that we have to make a recission.

The justification for the cut is twofold: First, the Commission must cut its operating expenses this year to accommodate the $25,375,000 recission proposal. Thus it should be easy for the Commission to continue these savings in the coming year, particularly the $5,127,000 for supporting operations and administrative and general operating expenses which have nothing to do with the defense capabilities of the canal.

I have already highlighted the types of spending that are included in these categories.

The balance of the cut comes from the Commission's tolls revenue shortfall already experienced this year. The tolls revenues for the first 5 months of fiscal year 1984, and I believe this is very important, are already $3,166,000 below the tolls revenues received during the first 5 months of fiscal year 1983.

□ 1500

The Commission testified that they see the revenue picture on the decline. Therefore, even if we assume the Commission's projections for the rest of the year are right on target, this shortfall will have to be made up in 1985.

And I might add that we cannot keep up with the shortfall fast enough because we learned just today that the actual tolls revenues for March 1984 increased the shortfall from $3.16 million to, I believe, $5.1 million. In the first 6 months of 1984, the tolls revenues already have fallen $5.1 million below what they have were in this the same period last year.

I am not asking to cut into the COLA's. I am not asking to cut into anything that might help defend the Panama Canal. Certainly I recognize

the important role that the Canal plays in the defense of our country. Certainly I recognize the important role it plays in the commerce of the world.

I might add that only 9 percent of the ships that go through the canal today are American-flag ships. We do not send any of our oil through the canal anymore. It goes through the Trans-Panama pipeline. But I still recognize the strategic importance of the canal.

But, no one can convince me that yacht club expenditures are going to make that canal more defensible. No one can convince me that the fact that the administrator, who is soon to be a Panamanian national, should live in a home that costs $100,000 a year to operate. Or no one should tell me that an American cannot pay rent when every other American is required to pay rent for his home. There are specific rules that state that the administrator should be paying approximately $3,000 a year for rent to live in that gorgeous home he has down in his little kingdom. His paying rent will not affect our ability to defend the canal, $8.3 million will not adversely affect the operation of the canal at all. In fact, I strongly suggest that it will make the canal operations somewhat easier for the Panamanians. We will not be creating a different society of Panamanians who work for the canal versus those who are not fortunate enough to work for the canal.

And the fact is that the Treaty of 1977, which said that we would strive to bring equality to both Americans and Panamanians working for the canal, requires termination of military commissary, exchange, and postal benefits after October 1 of this year.

Well, I think that after watching this for 5 years, if the Panamanians truly believe we need those Americans to stay today, they can talk with our State Department and come to some type of conclusion that can allow for the extension of those benefits for Americans.

Why should we have to pay for an extra COLA? The proposed $8.3 million spending reduction is not going to adversely affect the operation or the defense of the canal.

I urge my colleagues to support the amendment.

Mr. HUBBARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York. I appreciate his concerns and I admire his perseverence. In addition, I think it is fair to say that Mr. CARNEY and I share a strong sense of fiscal conservatism. Neither one of us approves of inflated or runaway Federal spending. I would support Mr. CARNEY's amendment if it stopped such spending or resulted in a savings for the Federal Treasury, or in some other way benefited the taxpayers of the United States. But the simple fact is, Mr. Chairman, that the gentleman's amendment will not result in any benefit whatsoever, either financial or otherwise, to the United States. On the contrary, the gentleman's amendment could very well result in canal revenues' being paid to Panama when they could be used to operate and maintain the canal—which we are responsible for until the year 2000.

The gentleman's amendment is wrong for two simple reasons. First, the canal is required to generate revenues sufficient to cover all its expenses. If the appropriation exceeds canal revenues, then they can only spend up to the level of their revenues. Even if we reduce the authorization, and revenues still fall below that level, then the canal will not spend more than its revenues, and the gentleman's amendment will have accomplished nothing.

Second, if we were to reduce the authorization, and the canal revenues turn out to be higher than the appropriation, then the excess revenue goes directly to Panama. In other words, we will be giving away money that we could be using to meet our responsibility under the treaty to maintain the canal.

Therefore, Mr. Chairman, depending on what the canal revenues actually are for fiscal year 1985, the gentleman's amendment will have no effect—it will be useless—or it will have a detrimental effect on the United States by requiring us to pay Panama the money that we could be using to meet our treaty obligations.

It is my understanding that the Commission's budget request represents one of the more current agency estimates presented to Congress and does reflect the impact of reduced levels in 1983 and anticipated levels in 1984. Information provided by Commission officials indicates that the revenue picture in 1984 is improving. A month-by-month comparison can be somewhat misleading. Although the first few months' revenue experience was somewhat lower than the same period for the previous year, trends experienced in recent months would indicate that the fiscal year 1984 revenues will exceed the 1983 experience by year's end.

The Commission continually reviews and revises its revenue forecasts. In addition, as further control, the U.S. General Accounting Office provides an annual revenue certification of the amount submitted to Congress in the Commission's appropriation request. This requirement is over and above what the Congress requires of other U.S. Government agencies. The projected revenue, not what the Commission wants to spend, is the primary factor which dictates the Commission's budget development process.

Due to world economic conditions and other factors, canal revenues in recent years have declined. The Commission management has been forced to implement certain cost reduction measures to reduce expenditures to correspond to the actual revenues received. These cost reductions have affected virtually all areas of the canal's operation. The Commission has, however, successfully accomplished this while continuing to provide safe, efficient transit service to world shipping. It should be recognized that the Commission must accomplish its task while making prudent capital investments for future traffic needs; maintaining existing facilities in operating condition; and retaining an adequate, skilled work force to operate the canal—all within the revenues received. The results of the Commission's operation for the first 4½ years of the treaty are evidence of the success in achieving its objectives.

Some have described the maintenance programs for employee recreation as extensive. This is misleading as the total costs in fiscal years 1984 and 1985 for these programs represent only three-tenths of 1 percent of the total Commission budget.

Mr. Chairman, I am opposed to any reduction in the Commission's budget. During committee markup, the gentleman from New York offered an amendment to reduce the funding level and it was overwhelmingly defeated, 28 to 2. No one benefits except possibly Panama which is paid in cash the full amount of any Commission profit at the end of each year. The U.S. taxpayers save nothing. I urge my colleagues to join me in opposing these cuts in the overall funding level.

Thank you, Mr. Chairman.

Mr. SHUMWAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment offered by the gentleman from New York (Mr. CARNEY). Many of the reasons for that opposition have been stated, but I think a couple of them need to be underlined and emphasized before this debate comes to a close.

A similar amendment, by the way, was offered in the full committee, and defeated by a vote of 28 to 2.

There is no doubt that current revenues received by the Panama Canal Commission are below revenues which were received a year ago. But I hasten to point out to the Members that when the Commission put together the proposed budget for the coming year, which we are not debating, they took into account those factors which have reduced the traffic flowing through the canal. And those factors are, of course, the worldwide recession, which has produced a drop down in

shipping and the construction of the pipeline, which now goes across the isthmus for the transmission of oil so it is not carried by tanker.

But I have here a letter from the Panama Canal Commission, dated March 14, and even some more recent information. Let me just read a couple of excerpts from it.

Canal traffic during February—that is this year—performed above the revised budget projections reflecting both an improvement in traffic levels and a vessel backlog carried over from the previous month as a result of the locks overhaul. Oceangoing transits average 31.4 daily compared with the estimate of 29.1.

□ 1510

And in the next paragraph:

Tolls revenues for February amounted to $22.9 million—$1.2 million over the revised budget estimate of $21.7 million. Cumulative tolls for the first five months of fiscal year 1984 (October 1983 through February 1984) now stand at $115.8 million—$2.6 million over the revised budget estimate of $113.2 million.

More recent figures that I have just received by telephone, Mr. Chairman, indicate that through the month of March, revenues have amounted to $196.4 million as opposed to the revised budget estimates, which were supplied last year when this budget was put together, of $194.4 million. In other words, traffic has increased to the extent of another $2 million in revenue.

I point out that I am not anxious to set up programs that will provide for spending of every one of those dollars, but if when we come to the end of the year there are dollars in the budget representing an increase of revenues over expenditures up to the sum of $10 million, those sums must be given to the Republic of Panama. And I am simply suggesting that if indeed we would handicap some of our programs by not utilizing those funds during this budget year, it would be folly for this House to accept this amendment and to hold down a program as vital as the Panama Canal.

I really take a second seat to no one in this Chamber in terms of my concern for the economy of this country, for cutting back on areas of Federal spending that have proven to be unnecessary; but I am suggesting to all of the Members that the Panama Canal and its continued vitality, both for the purposes of international shipping, as well as our own Nation's security, deserve that this budget be approved and that this amendment be defeated.

Mr. BLILEY. Mr. Chairman, I move to strike the requisite number of words, and I wonder if I might have the attention of the gentleman from New York (Mr. CARNEY).

I am confused about the projected revenues from the tolls. The chairman says one thing, you seem to imply something else. Why is it you do not agree with those projections?

Mr. CARNEY. Well, I have never been one to agree with voodoo economics or revisions and changes.

I think the best way we can approach this is to talk about actual figures, and the best way I can do that is to take the Panama Canal's projections and the actual results of tolls revenues.

Their voodoo projections said that they would raise in tolls $452.6 million in 1983.

Now, folks, we do not have to worry about projections, because 1983 is far behind us. And I will tell you that they raised in tolls $398,381,000, $50 million short of the Panama Canal voodoo projections.

We will take a closer look at 1984. They asked for an authorization of $453,800,000. Their reassessment to their original projections now say that the revenues will only be $413,828,000, a shortfall, I might point out, of $40 million. Their great voodoo projections are $90 million short over 2 years.

And now let us look at the actual revenues this year as compared to last year. This year the actual revenues are $138 million. Last year they were $143 million. I do not make those figures up. This is the chart provided to me from the Panama Canal Commission itself. It clearly states that revenues are on the decline.

I do not know how they come up with projections that there will be more money. My God, they said last month there would be more money. That was when they were $3.1 million behind in their projection. Now they are $5.1 million behind, an additional $2 million. How can they continue to project?

Mr. BLILEY. I thank the gentleman.

I have another question: Do we fund the Commission out of the general fund Treasury, or does the money come from only their toll sources?

Mr. CARNEY. The way it works is that the tolls go into the Treasury, and the Treasury funds the operation of the canal; so the appropriation is vital; whatever limit the appropriation is, is extremely important.

Mr. BLILEY. But are the expenses of the canal greater than their revenues?

Mr. CARNEY. Obviously, if we appropriate the figures that they are requesting in the fiscal year 1985 budget, they will be millions greater than the toll revenues.

Mr. BLILEY. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. CARNEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CARNEY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 76]

Ackerman	Daniel	Hartnett
Addabbo	Dannemeyer	Hatcher
Akaka	Darden	Hawkins
Albosta	Daschle	Hayes
Anderson	Daub	Hefner
Andrews (NC)	Davis	Hertel
Andrews (TX)	Dellums	Hightower
Annunzio	Derrick	Hiler
Anthony	DeWine	Hillis
Applegate	Dickinson	Holt
Aspin	Dicks	Hopkins
AuCoin	Dingell	Horton
Badham	Dixon	Howard
Barnard	Donnelly	Hoyer
Barnes	Dorgan	Hubbard
Bartlett	Dowdy	Huckaby
Bateman	Downey	Hughes
Bates	Dreier	Hunter
Bedell	Duncan	Hutto
Beilenson	Durbin	Hyde
Bennett	Dwyer	Ireland
Bereuter	Dymally	Jacobs
Berman	Dyson	Jeffords
Bethune	Early	Jenkins
Bevill	Eckart	Johnson
Biaggi	Edwards (AL)	Jones (OK)
Bilirakis	Edwards (CA)	Jones (TN)
Bliley	Edwards (OK)	Kaptur
Boehlert	Emerson	Kasich
Boggs	English	Kastenmeier
Boland	Erdreich	Kemp
Boner	Erlenborn	Kennelly
Bonior	Evans (IA)	Kildee
Bonker	Evans (IL)	Kindness
Borski	Fascell	Kleczka
Bosco	Fazio	Kogovsek
Boucher	Feighan	Kolter
Boxer	Fiedler	Kostmayer
Breaux	Fields	Kramer
Britt	Fish	LaFalce
Brooks	Flippo	Lagomarsino
Broomfield	Florio	Lantos
Brown (CO)	Foley	Latta
Broyhill	Fowler	Leach
Bryant	Frank	Leath
Burton (IN)	Franklin	Lehman (CA)
Byron	Frenzel	Lehman (FL)
Campbell	Fuqua	Leland
Carper	Garcia	Levin
Carr	Gaydos	Levine
Chandler	Gejdenson	Levitas
Chappell	Gekas	Lewis (CA)
Chappie	Gephardt	Lewis (FL)
Cheney	Gibbons	Lipinski
Clarke	Gilman	Livingston
Clay	Gingrich	Lloyd
Clinger	Glickman	Loeffler
Coats	Gonzalez	Long (LA)
Coelho	Goodling	Long (MD)
Coleman (MO)	Gore	Lott
Coleman (TX)	Gradison	Lowery (CA)
Collins	Gramm	Lowry (WA)
Conable	Green	Lujan
Conte	Gregg	Luken
Cooper	Guarini	Lundine
Corcoran	Gunderson	Lungren
Coughlin	Hall, Ralph	Mack
Courter	Hall, Sam	MacKay
Craig	Hamilton	Madigan
Crane, Daniel	Hammerschmidt	Markey
Crane, Philip	Hansen (UT)	Marlenee
Crockett	Harkin	Marriott

Martin (IL)
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McEwen
McGrath
McHugh
McKernan
McKinney
McNulty
Mica
Michel
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ortiz
Ottinger
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland
Roybal
Rudd
Russo
Sabo
Sawyer
Schaefer
Scheuer
Schneider
Schroeder
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Simon
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stangeland
Stokes
Stratton
Studds
Stump
Sundquist
Swift
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vander Jagt
Vandergriff
Vento
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Young (AK)
Young (FL)
Young (MO)
Zschau

□ 1530

The CHAIRMAN. Three hundred and ninety-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from New York (Mr. CARNEY) for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 188, noes 214, not voting 31, as follows:

[Roll No. 77]

AYES—188

Andrews (NC)
Andrews (TX)
Applegate
Archer
Bartlett
Bateman
Bennett
Bereuter
Bethune
Bevill
Boner
Boucher
Britt
Brown (CO)
Broyhill
Burton (IN)
Byron
Campbell
Carney
Chappell
Cheney
Clarke
Coats
Conable
Cooper
Corcoran
Coughlin
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Darden
Daschle
Daub
Derrick
DeWine
Donnelly
Dorgan
Dowdy
Dreier
Duncan
Durbin
Dyson
Early
Eckart
Emerson
Erdreich
Erlenborn
Feighan
Fiedler
Florio
Franklin
Frenzel
Gaydos
Gilman
Gingrich
Glickman
Goodling
Gradison
Gramm
Green
Gregg
Hall, Ralph
Hall, Sam
Hammerschmidt
Hartnett
Hefner
Hightower
Hiler
Hillis
Holt
Huckaby
Hunter
Hutto
Ireland
Jacobs
Jeffords
Johnson
Jones (OK)
Jones (TN)
Kasich
Kennelly
Kolter
Kostmayer
Kramer
Latta
Leach
Leath
Levitas
Lewis (FL)
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Mack
MacKay
Marriott
Martin (IL)
Martin (NC)
McCain
McCandless
McCollum
McEwen
McGrath
McNulty
Michel
Miller (OH)
Minish
Montgomery
Moody
Moore
Mrazek
Murphy
Myers
Neal
Nelson
Nichols
Nielson
Oxley
Parris
Pashayan
Patman
Penny
Porter
Pursell
Quillen
Rahall
Ratchford
Regula
Reid
Richardson
Rinaldo
Ritter
Roberts
Robinson
Roemer
Roukema
Rudd
Schaefer
Schroeder
Sensenbrenner
Sharp
Shaw
Shelby
Shuster
Sikorski
Siljander
Sisisky
Slattery
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Solomon
Spence
Spratt
Staggers
Stangeland
Stump
Sundquist
Valentine
Vander Jagt
Vandergriff
Volkmer
Vucanovich
Walgren
Walker
Watkins
Weaver
Weber
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wolf
Wyden
Wylie
Young (AK)
Young (FL)
Zschau

NOES—214

Ackerman
Addabbo
Akaka
Albosta
Anderson
Annunzio
Anthony
Aspin
AuCoin
Badham
Barnard
Barnes
Bates
Bedell
Beilenson
Berman
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boxer
Breaux
Brooks
Broomfield
Bryant
Carper
Carr
Chandler
Chappie
Clay
Clinger
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Crockett
D'Amours
Davis
Dellums
Dickinson
Dicks
Dingell
Dixon
Downey
Dwyer
Dymally
Edwards (AL)
Edwards (CA)
Edwards (OK)
English
Evans (IA)
Evans (IL)
Fascell
Fazio
Fields
Fish
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gekas
Gephardt
Gibbons
Gonzalez
Gore
Gunderson
Hamilton
Hansen (UT)
Harkin
Hatcher
Hawkins
Hayes
Hertel
Hopkins
Horton
Howard
Hoyer
Hubbard
Hughes
Hyde
Jenkins
Kaptur
Kastenmeier
Kemp
Kildee
Kindness
Kleczka
Kogovsek
LaFalce
Lagomarsino
Lantos
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Lewis (CA)
Lipinski
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
Lungren
Madigan
Markey
Marlenee
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKernan
McKinney
Mica
Miller (CA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Moorhead
Morrison (CT)
Morrison (WA)
Murtha
Natcher
Nowak
O'Brien
Oakar
Oberstar
Obey
Ortiz
Ottinger
Owens
Packard
Panetta
Patterson
Pease
Pepper
Perkins
Petri
Pickle
Price
Pritchard
Rangel
Ray
Ridge
Rodino
Roe
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sawyer
Scheuer
Schneider
Schumer
Seiberling
Shumway
Simon
Skeen
Skelton
Smith (FL)
Smith (IA)
Snyder
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Vento
Waxman
Weiss
Wheat
Wilson
Wirth
Wise
Wolpe
Wortley
Wright
Yates
Young (MO)

NOT VOTING—31

Alexander
Brown (CA)
Burton (CA)
Coyne
de la Garza
Edgar
Ferraro
Foglietta
Gray
Guarini
Hall (IN)
Hall (OH)
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kazen
Lent
McDade
Mikulski
Olin
Paul
Rogers
Roth
Savage
Schulze
Shannon
Stenholm
Synar
Yatron

□ 1540

The Clerk announced the following pair:

On this vote:

Mr. Hance for, with Mr. Guarini against.

Messrs. MILLER of California, EVANS of Iowa, TAUKE, CHAPPIE, HOPKINS, and SAWYER changed their votes from "aye" to "no."

Messrs. RICHARDSON, SIKORSKI, PENNY, WOLF, ANDREWS of North Carolina, VOLKMER, SILJANDER, and DENNY SMITH changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote as was announced as above recorded.

The CHAIRMAN. Are these additional amendments to the bill? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KILDEE, Chairman of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and the maintenance of the Panama Canal, and for other purposes, pursuant to House Resolution 471, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CARNEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 307, noes 89, not voting 37, as follows:

[Roll No. 78]

AYES—307

Ackerman	DeWine	Huckaby
Addabbo	Dicks	Hughes
Akaka	Dingell	Hutto
Albosta	Dixon	Hyde
Anderson	Donnelly	Jacobs
Andrews (NC)	Dowdy	Jeffords
Andrews (TX)	Downey	Jenkins
Annunzio	Durbin	Johnson
Anthony	Dwyer	Jones (OK)
Aspin	Dymally	Kaptur
AuCoin	Eckart	Kasich
Badham	Edwards (AL)	Kastenmeier
Barnard	Edwards (CA)	Kemp
Barnes	Edwards (OK)	Kennelly
Bartlett	Emerson	Kildee
Bateman	English	Kindness
Bates	Erlenborn	Kleczka
Bedell	Evans (IL)	Kogovsek
Beilenson	Fascell	Kolter
Bennett	Fazio	Kostmayer
Bereuter	Feighan	LaFalce
Berman	Fiedler	Lagomarsino
Bethune	Fields	Lantos
Bevill	Fish	Leach
Biaggi	Flippo	Lehman (CA)
Bliley	Florio	Lehman (FL)
Boehlert	Foley	Leland
Boggs	Ford (MI)	Levin
Boland	Ford (TN)	Levine
Boner	Fowler	Levitas
Bonior	Frank	Lewis (CA)
Bonker	Franklin	Lipinski
Borski	Frenzel	Livingston
Bosco	Frost	Long (LA)
Boucher	Fuqua	Long (MD)
Boxer	Garcia	Lowery (CA)
Breaux	Gaydos	Lowry (WA)
Brooks	Gejdenson	Luken
Broomfield	Gekas	Lundine
Bryant	Gephardt	Lungren
Byron	Gibbons	MacKay
Carper	Gilman	Madigan
Carr	Gingrich	Markey
Chandler	Glickman	Marriott
Clarke	Gonzalez	Martin (NY)
Clay	Gore	Martinez
Coelho	Gradison	Matsui
Coleman (MO)	Green	Mavroules
Coleman (TX)	Guarini	Mazzoli
Collins	Gunderson	McCain
Conable	Hamilton	McCloskey
Conte	Hammerschmidt	McCurdy
Conyers	Harkin	McHugh
Cooper	Hatcher	McKernan
Corcoran	Hawkins	McKinney
Coughlin	Hayes	McNulty
Crockett	Hefner	Mica
D'Amours	Hertel	Michel
Daniel	Hightower	Miller (CA)
Darden	Holt	Mineta
Daschle	Horton	Minish
Davis	Howard	Mitchell
Dellums	Hoyer	Moakley
Derrick	Hubbard	Molinari
Mollohan	Rinaldo	Tallon
Moody	Ritter	Tauke
Moore	Robinson	Tauzin
Moorhead	Rodino	Taylor
Morrison (CT)	Roe	Thomas (CA)
Morrison (WA)	Rostenkowski	Thomas (GA)
Mrazek	Roukema	Torres
Murphy	Rowland	Torricelli
Murtha	Roybal	Towns
Natcher	Russo	Traxler
Neal	Sabo	Udall
Nelson	Sawyer	Valentine
Nowak	Scheuer	Vander Jagt
O'Brien	Schneider	Vento
Oberstar	Schroeder	Volkmer
Obey	Schumer	Walgren
Ortiz	Seiberling	Watkins
Ottinger	Sharp	Waxman
Owens	Shumway	Weaver
Packard	Sikorski	Weber
Panetta	Siljander	Weiss
Patterson	Simon	Wheat
Pease	Sisisky	Whitehurst
Penny	Skeen	Whitten
Pepper	Skelton	Wilson
Perkins	Slattery	Wirth
Petri	Smith (FL)	Wise
Pickle	Smith (IA)	Wolf
Porter	Smith (NJ)	Wolpe
Price	Smith, Robert	Wright
Pritchard	Snowe	Wyden
Pursell	Solarz	Wylie
Rahall	Spratt	Yates
Rangel	St Germain	Young (AK)
Ratchford	Stark	Young (FL)
Ray	Stokes	Young (MO)
Reid	Stratton	Zschau
Richardson	Studds	
Ridge	Swift	

NOES—89

Applegate	Hall, Ralph	Pashayan
Archer	Hall, Sam	Patman
Bilirakis	Hansen (UT)	Quillen
Britt	Hartnett	Regula
Brown (CO)	Hiler	Roemer
Broyhill	Hillis	Rose
Burton (IN)	Hopkins	Rudd
Campbell	Hunter	Schaefer
Carney	Ireland	Sensenbrenner
Chappell	Jones (TN)	Shaw
Chappie	Kramer	Shelby
Cheney	Latta	Shuster
Clinger	Leath	Smith (NE)
Coats	Lewis (FL)	Smith, Denny
Courter	Lloyd	Snyder
Craig	Loeffler	Solomon
Crane, Daniel	Lott	Spence
Crane, Philip	Mack	Staggers
Dannemeyer	Martin (IL)	Stump
Daub	Martin (NC)	Sundquist
Dickinson	McCandless	Vandergriff
Dorgan	McCollum	Vucanovich
Dreier	McEwen	Walker
Duncan	McGrath	Whitley
Dyson	Miller (OH)	Whittaker
Erdreich	Myers	Williams (MT)
Evans (IA)	Nichols	Williams (OH)
Goodling	Nielson	Winn
Gramm	Oxley	Wortley
Gregg	Parris	

NOT VOTING—37

Alexander	Hansen (ID)	Paul
Brown (CA)	Harrison	Roberts
Burton (CA)	Heftel	Rogers
Coyne	Jones (NC)	Roth
de la Garza	Kazen	Savage
Early	Lent	Schulze
Edgar	Lujan	Shannon
Ferraro	Marlenee	Stangeland
Foglietta	McDade	Stenholm
Gray	Mikulski	Synar
Hall (IN)	Montgomery	Yatron
Hall (OH)	Oakar	
Hance	Olin	

□ 1600

The Clerk announced the following pair:

On this vote:

Mrs. Burton of California for, with Mr. Hance against.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HUBBARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. FRANK). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEGISLATIVE PROGRAM

(Without objection, Mr. WRIGHT was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I ask that I may proceed to talk about the program for the remainder of the day and for tomorrow.

Our next order of business will be the conference report on S. 1852, the Defense Production Act extension. We will vote on a rule under which that conference report will be considered, and then vote upon the conference report.

Having completed action on the conference report, we expect then to go to a recorded vote on the suspension that we debated on yesterday, S. 38, the Longshoremen's and Harbor Workers' Compensation Act amendments. We believe that those two things will complete our business for today.

Tomorrow we will ask unanimous consent to come in at 11 o'clock, as was suggested originally by my distinguished friend, the gentleman from Illinois (Mr. MICHEL) when we had the colloquy last week about this week's program, in order that we may first take up H.R. 7 to extend and improve the Child Nutrition Act. Then, ending that debate, we will take up the tax bill and complete it on tomorrow, hoping then on Thursday to come in with the reconciliation bill and complete action on the reconciliation bill on Thursday, in order that we may when we leave for the Easter home district work period, may be able to say truthfully that we have completed action on all those items necessary to make a reality of the budget we approved last week.

Mr. MICHEL. Will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Illinois.

Mr. MICHEL. Might I ask of the distinguished majority leader, Thursday we would come in at what hour?

Mr. WRIGHT. It is expected we would come in at 11 o'clock on Thursday.

Mr. MICHEL. Both Wednesday and Thursday?

Mr. WRIGHT. Both Wednesday and Thursday.

HOUR OF MEETING ON TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. on tomorrow, Wednesday, April 11, 1984.

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

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MERCHANT MARINE OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT ON THURSDAY, APRIL 12, 1984, DURING THE 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Merchant Marine of the Committee on Merchant Marine and Fisheries be permitted to sit at 10:30 a.m. on Thursday, April 12, 1984, for the purpose of holding a hearing on H.R. 3289 to establish a commission to study defense-related aspects of the U.S. merchant marine.

The ranking minority member of the committee, the gentleman from Washington (Mr. PRITCHARD), and the ranking minority member of the subcommittee, the gentleman from Kentucky (Mr. SNYDER), have been apprised of the hearing time and date and are in accord with the request.

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

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5394, FIRST CONCURRENT BUDGET RESOLUTION RECONCILIATION

Mr. PEPPER, from the Committee of Rules, submitted a privileged report (Rept. No. 98-672) on the resolution (H. Res. 483) providing for the consideration of the bill (H.R. 5394) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed by the House of Representatives, which was referred to the House Calendar and ordered to be printed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4098

Mr. McNULTY. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 4098.

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

There was no objection.

CONFERENCE REPORT ON S. 1852, DEFENSE PRODUCTION ACT AMENDMENTS OF 1984

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 479 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 479

Resolved, That all points of order against the conference report on the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950, for failure to comply with the provisions of clause 3 of rule XXVIII, are hereby waived.

The SPEAKER pro temore. The gentleman from Texas (Mr. FROST) is recognized for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 479 provides for the consideration of the conference report on S. 1852, the Defense Production Act Amendments of 1984, by waiving points of order against the conference report for failure to comply with the provisions of clause 3, rule XXVIII. Clause 3, rule XXVIII specifies that conference reports shall not contain matters which go beyond the scope of what was committed to conference by either House.

The conference report accompanying S. 1852 is an important reauthorization of the basic authorities of the Defense Production Act. The conference agreement extends these authorities until September 30, 1986. The conference agreement also contains several items in title III which exceed the scope of the matters committed to conference and for which the Committee on Rules has granted a waiver of clause 3, rule XXVIII.

First, the conference agreement establishes a determination of need to establish financial incentives, such as loans, loan guarantees, or purchase contracts for projects authorized in title III, that determination must be made based on a list of criteria established in the conference agreement. Both the House and Senate bills included five criteria, but the conference committee dropped the fifth criterion. The exclusion of one of the criteria in the conference agreement is a scope violation.

In addition, the conference agreement provides that there must be a 60-day waiting period following the submission of the Presidential determination and before any funds may be obligated. This provision was added to the conference agreement to provide congressional committees the opportunity to review the Presidential determination. Neither the House nor the Senate version contained a waiting period provision, hence the need for the scope waiver.

Finally, the scope waiver is necessary because an offset provision has been included in the conference agreement. An offset is any transaction between a buyer and a seller where the buyer is compensated, in whole or in part, for the purchase price of a commodity or product. The provision in the conference agreement requires that the President submit annual reports to the Banking Committees on the impact of offsets on the defense preparedness, industrial competitiveness, employment and trade of the United States, together with information on the types, terms and magnitude of offsets.

Mr. Speaker, because the authorities of the Defense Production Act expired on March 31 of this year, it is important that the House consider, and pass, this conference agreement. The Defense Production Act is a vital tool in the maintenance and improvement of the defense industrial base of our Nation. The request for the waiver, which will facilitate the consideration of this important conference agreement, is supported by the majority and minority of the Banking Committee and I urge my colleagues to adopt the rule.

□ 1610

Mr. LOTT. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas, Mr. BETHUNE.

Mr. BETHUNE. I thank the gentleman for yielding time to me.

Mr. Speaker, this rule and the conference report to be considered under the rule marks the conclusion of a 3-year debate in the House on this issue. The House rejected the Defense Industrial Base Revitalization Act, H.R. 5540, in 1982. This was a $6.25 billion, 5-year authority.

The House Banking Committee reported H.R. 2057, essentially the same bill, in the 98th Congress. It was never brought to the House floor for a vote.

When the Defense Production Act (DPA) expired in September 1983, the House Banking Committee unilaterally decided to bring a 2-year extension bill to the floor without benefit of a markup or hearings. Rather, the committee leadership amended the Senate version of the bill, stripping reasonable criteria for the DPA program, and opted for a straight 2-year extension. Under this version of the bill, the Department of Defense would have been granted total discretion for the program. It was brought up on suspension and defeated.

The General Accounting Office reviewed the prospective list of DOD/

DPA projects and severely criticized them all.

The legislation before us now has authority limited to $100 million over the next 2 years—$50 million more than the administration requested, but hundreds and hundreds of millions less than where this legislation started.

This legislation has threshold ceilings, where none previously existed.

This legislation has criteria for projects receiving benefits, where none existed before.

This legislation has reporting requirements to the Congress, where none existed before.

These improvements were sorely needed and I congratulate my colleagues on the conference committee for their wisdom in supporting these important changes.

When the conference committee met, I asked what the DOD priorities pursuant to the DPA program would be and specifically, I wanted to know if cobalt was one of those priorities. Senator TRIBLE, a member of the conference committee, responded by telling all of the conferees that it was his understanding that cobalt was not a priority and would not receive funding or DPA support.

While I was pleased to learn that cobalt was being dropped as a priority, I remain uncomfortable over DOD's reluctance to formally advise the Congress of that fact.

The Defense Department has advanced programs and projects that have been severely criticized by the General Accounting Office, and the cobalt program was among those harshly condemned as lacking justification.

Mr. Speaker, I did not sign the conference report and cannot support it because there are no adequate safeguards against the funding of cobalt. Proponents of funding cobalt have repeatedly overstated the claim that the U.S. supply is jeopardized. I would have preferred to have written into the law a specific rejection of DPA benefits to the California Nickel Corp., a cobalt project on Gasquet Mountain in northern California. If this project is funded, it will seriously harm the Smith River, the single remaining undammed river in California, create air pollution in the vicinity of Redwood National Park, damage extraordinary fisheries in the region and create new toxic waste problems.

Mr. Speaker, I certainly support giving the Department of Defense flexibility and discretion in program selection. If the Department of Defense determines that, pursuant to the DPA, support should be given for cobalt, there are more cost-effective alternatives than the Cal-Nickel project; namely: First, marketplace purchases; second, recycling and reprocessing programs such as those depicted in the National Academy of Sciences Report, "Cobalt Conservation Through Technological Alternatives"; and third, reopening old mines.

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

Mr. Speaker, House Resolution 479 waives the provisions of House Rule 28, clause 3, the so-called scope rule for conference reports, against the consideration of the conference report on S. 1852, the Defense Production Act Amendments of 1984.

Clause 3 of House Rule 28 says that it shall not be in order to consider a conference report which contains matter not committed to conference by either House or which goes beyond the scope of matter committed to conference by either or both Houses.

According to the testimony of the gentleman from New York (Mr. LAFALCE) before the Rules Committee yesterday, there are three provisions in the conference report which go beyond the scope of the conference.

First, both the House and Senate-passed bills retained the requirement from existing law that before a project of financial assistance to a defense-related industry can go forward, there must be a budget submission to Congress identifying each project proposed to be funded. But both bills also contained five criteria that the budget submission must demonstrate will be met before the project is funded. Since one of these criteria was dropped in conference because it was considered to be unworkable, this is technically considered to be a scope violation because the conference report now contains four criteria rather than the five committed to conference by both Houses.

Second, the conferees added a provision not contained in either the House or Senate passed bills for a 60-day waiting period following the budget submission on projects before any funds may be obligated. This new "report and wait" provision obviously violates the scope requirement because it goes beyond matter committed by either House to conference. I would hasten to add, however, that there is no special legislative veto provisions for the projects during this waiting period.

Third, the conference report adds a new section 309 to title III of the Defense Production Act which requires an annual report from the President to the House and Senate Banking Committees on offset arrangements in international procurement contracts. Again, this is a matter that was not contained in either the House or Senate passed bills, and thus is in violation of the scope rule. I would point out, however, that a similar provision was included in the legislation originally reported by our House Banking Committee, but was inadvertently omitted from the House's amendment in the nature of a substitute to S. 1852.

As the author of this provision, the gentleman from Minnesota (Mr. VENTO) pointed out in his Rules Committee testimony, "little is known about the frequency or size of these agreements" with foreign countries which condition their purchase of U.S.-manufactured goods. The study and report which his amendment requires is intended to provide policymakers in Congress and the administration with a critically needed data base to determine the effect of this practice on our industrial base.

Mr. Speaker, let me say in conclusion that it is not often that the Rules Committee waives the scope rule, and it is not something which we do lightly. The provision was added to House Rules primarily to insure that conference committees do not become a third legislative body of the Congress in writing new provisions into bills passed by one or both Houses. However, the witnesses appearing for the House Banking Committee made a persuasive case that no great breach of this important rule has occurred. Moreover, this legislation has strong bipartisan support both within the Congress and from the administration. The extension of the Defense Production Act is urgently needed since it expired on March 30 of this year. The act is an important tool in maintaining the defense industrial base of this country, and the powers that the act grants to the President have been used for more than 30 years now in critical areas of our national defense. I think the conferees are to be commended on insuring that these authorities to the President to require priority performance in contracts, and make loans, loan guarantees and purchase agreements, are continued, while at the same time setting certain criteria and imposing an overall authorization cap.

This rule was adopted by voice vote in the Rules Committee, and I urge its adoption by the House so that we can consider the conference report on this vital piece of legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I have no requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ST GERMAIN. Mr. Speaker, I call up the conference report on the Senate bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of April 5, 1984.)

The SPEAKER pro tempore. The gentleman from Rhode Island (Mr. ST GERMAIN) will be recognized for 30 minutes and the gentleman from Ohio (Mr. WYLIE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Rhode Island (Mr. ST GERMAIN).

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

Mr. Speaker, I want to urge strongly that Members vote "aye" on the conference report on S. 1852, the Defense Production Act Amendments of 1984.

The conference agreement represents a reasonable and workable accommodation by the conferees on two very different approaches to the use of the title III financial incentives. The agreement addresses the concerns of each body, and provides a mechanism which will permit DPA title III programs to go forward.

The Senate's concern was that under existing DPA provisions, financial assistance for industrial capacity expansion projects could be provided without adequate opportunity for congressional oversight and review. The House's concern with the Senate amendment was that we could find ourselves bogged down in detailed, microlevel management of these projects, no matter how small.

The conference agreement establishes a procedural mechanism for title III programs to be funded through the appropriations process unless a program's cost would exceed a "threshold" amount. In that case, specific, advance authorization will be required. By including certain accountability requirements throughout the process, the agreement makes adequate provision for congressional review of the merits of each program before any funds are obligated.

The conference agreement also extends the authorities of the DPA to September 30, 1986. As Members know, those authorities expired on March 30. This is an importance statute, Mr. Speaker, and it is vital that its authorities be reinstated. The Senate has already approved the conference report, and I urge my colleagues in the House to support the conference report so these important programs can proceed.

At this point, I would like to commend the conferees, but in particular the subcommittee chairman, Mr. LAFALCE, his ranking minority member, Mr. SHUMWAY, and all of the conferee members of the subcommittee on the House side who worked very diligently on this.

They effectuated a compromise. It has been a long time in coming. I think we can all say "Amen" that the end has come and be grateful to the Members who worked so diligently on it.

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

Mr. Speaker, I rise in support of the conference report on S. 1852, the Defense Production Act Amendments of 1984.

The Defense Production Act (DPA) expired on March 30 of this year. Originally enacted in 1950, the DPA is the basic law for the continuing development and maintenance of a necessary state of defense industrial preparedness in this country. A recent Congressional Research Service report called the DPA "the statutory centerpiece of current industrial mobilization planning and readiness." As such, it is in our own self-interest to move swiftly to adopt this conference report. Given the constant and troublesome state of international affairs these days, we do not have the luxury of allowing the Defense Production Act to lapse.

The conference report before us today is the product of genuine compromise between the Congress and the administration, as well as between the House and the other body. Originally, the administration only wanted a simple 5-year extension of the DPA, while a majority of the members on the Banking Committee favored another bill, H.R. 2782, the Defense Industrial Base Revitalization Act, which the administration opposed. I want to commend Chairman ST GERMAIN; the Chairman of the Economic Stabilization Subcommittee, JOHN LAFALCE; the ranking Republican member of the subcommittee, NORM SHUMWAY and Congressman ED BETHUNE, whose persistence and knowledge have made it a better bill; and the committee staff, all of whom worked diligently over the past few months to forge a pragmatic solution to the different views surrounding this issue.

Mr. Speaker, this conference report extends the DPA for 2½ years. For the first time, we require the President to make a determination that title III projects are essential to national defense, a finding that was not previously required by law. Also, for the first time, all title III projects must be identified in the Budget of the United States, and no guarantee may be made without 60 days prior notice. Finally, any guarantee for an industrial resource shortfall which exceeds a threshold level of $25 million requires an advance authorization by Congress for the first time.

In his State of the Union address this year, President Reagan correctly stated:

When it comes to keeping America strong, free and at peace, there should be no Republicans or Democrats, just patriotic Americans. We can decide the tough issues not by who is right, but by what is right.

Mr. Speaker, let me respectfully suggest that the right thing to do today is to vote in favor of the Defense Production Act Amendments of 1984. I am pleased to report that the administration strongly supports this legislation and urges its prompt enactment. I encourage all Members of this body to cast a vote in favor of defense industrial preparedness for the United States.

Mr. Speaker, I ask favorable consideration of the conference report today.

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Mr. ST GERMAIN. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LAFALCE), the chairman of the subcommittee.

Mr. LAFALCE. Mr. Speaker, the conference agreement on S. 1852, the Defense Production Act (DPA) extension and amendments, represents a carefully developed compromise between the different approaches of the Senate and House versions. Its adoption will make it possible for the DPA authorities to be reinstated for the next 2½ years, and for title III financing programs to go forward under stricter, more accountable rules than has been the case up to now. I urge our colleagues to support it.

Members will recall how many times we have been here on the House floor in the past 1½ years debating the issue of whether and how long to extend the DPA's authorities. In each case, we ended up with a short, few months' extension, merely putting off resolution of the real issue in controversy—how and to what extent to permit the financial incentives of title III to be used in order to improve and expand the capacity and capability of domestic industry to meet national defense needs.

The Defense Production Act of 1950 is far too important a statute for there to be lingering questions as to whether it will still be around in a few months' time. The contract performance priority and materials allocation authorities of title I represent the sole authority for our Government to keep the procurement, production, and deployment of national defense weapons systems on schedule. Many of those systems take years, not months, to develop and complete. Without the title I authorities, there is no legal basis to insure the schedules will be met. The 2½-year extension contained in this conference report puts those doubts to rest. It represents a compromise between the 5-year extension, which the administration requested in the Senate amendment, and the 2-year extension contained in the House version. The length of this extension will provide

assurance that all the important authorities of this statute will not be impaired in a few months.

The concerns which arose with respect to the use of title III financial incentives was the source of most discussions between the House and Senate. The Senate's concern has been that under the open-ended general authorization of appropriations contained in the generic statute, funds for title III programs might possibly be appropriated without adequate opportunity for oversight and review by the authorizing committees. The Senate bill, therefore, amended title III to require that every project for creating or expanding domestic capacity to produce or process materials or minerals necessary for the national defense would have to receive a separate authorization, regardless of the size of the program.

The House believed that such an advance authorization procedure was basically unworkable. Our concern was that the House would find itself embroiled in micromanaging DOD programs, necessitating in some cases prejudging the merits of proposed projects before all the relevant technical information was available. The House, therefore, proposed a threshold amount approach for title III projects. Under the House's amendment, proposed programs could be funded through appropriations already authorized in the Generic Act, up to a threshold amount. Once a project's funding would exceed that amount, specific advance authorization would be required before there could be any further funding. Through this approach, it was believed that no program could evolve to the point that it was not receiving appropriate congressional scrutiny.

The conference report adopts the House's threshold amount approach, but lowers the threshold amount for the three types of financial incentives—to $25 million from the House-passed $38 million for loan guarantees, and $48 million for direct loans and purchase contracts.

It is important to emphasize, Mr. Speaker, that the conference agreement retains all the procedural steps contained in the original House and Senate amendments, and adds one more which will enable Congress to review each and every project before any funds may be obligated.

Each industrial resource shortfall—the term used in the amendments to refer to any strategic and critical mineral, metal, material, or service which is in short supply and proposed to be domestically increased through a title III financial incentive—must be identified in advance in a budget submission to Congress, either the budget itself or an amendment to the budget. Each such budget submission must, in addition, be accompanied by a statement from the President demonstrating that the proposed project is in compliance with specific criteria written into the statute. Then, before a dollar can be obligated for that particular industrial resource, there must be clear findings that the criteria have been met.

To insure that the Congress will have an opportunity to review these findings before funds are obligated, the conference agreement has included a requirement of a 60-day waiting period following the budget submission and before the obligation of any funds. This waiting period will give the authorizing and appropriating committees of Congress the opportunity to review the projects compliance with the criteria. I emphasize, Mr. Speaker, this is an additional procedural step the conferees have agreed upon to insure adequate opportunity for congressional review of how title III funds are proposed to be spent.

I would add further, that these procedural steps will apply as well to projects which must be specifically authorized in advance. The conference report provides, however, that in times of national emergency, these procedural steps are waived.

We believe these amendments to title III of the Defense Production Act will allow the executive branch to utilize its military and technical expertise to identify those resources which are vital to our national defense and to propose those it believes merit title III funding, without Congress having to micromanage each and every project at the pilot project level. At the same time, Congress will, under these amendments, have the opportunity to make sure that the projects do, indeed, meet all the criteria to assure itself that title III funding is the best way to meet the resource shortfall.

There is one other feature of the conference agreement, Mr. Speaker, that I hope will allay any concerns Members may have about open-ended or uncontrolled spending for these programs. The agreement authorizes appropriation of no more than $100 million over the next 2 fiscal years, 1985 and 1986, for purchase contracts, and specifies that, of that amount, nor more than $25 million may be appropriated for fiscal year 1985. Thus, the authorization of appropriation is "capped" for the next 2 fiscal years. In addition, the conference report limits all title III programs during fiscal years 1985 and 1986 to $100 million.

Mr. Speaker, earlier in my remarks I pointed out in connection with the extension of the DPA authorities the importance to our national security of the title I priorities and allocation authorities. There is another aspect of our national security which worries me greatly, and I believe makes the title III authorities equally important.

The Defense Production Act is our country's basic preparedness statute. One important element of that preparedness is that the defense industrial base be kept in a state of readiness in the event of the need for mobilization. That is really what the Defense Production Act is all about, and it is the chief reason the DPA was kept on the books after the Korean war.

I am very much afraid, Mr. Speaker, that the defense industrial base would not be able to meet the challenge of a serious mobilization effort. Over the past several years, the House Subcommittee on Economic Stabilization, as well as other congressional committees such as the House Armed Services Committee, have examined that base and found ample documentation that is it seriously and dangerously eroded.

A significant portion of the manufacturing leadership the United States once enjoyed has left our shores. In particular, a number of industries which make up the second- and third-tier levels of defense production, the subcontractor and supplier levels, have shrunk, and in some cases, virtually disappeared. These are the companies that supply the essential elements, components, parts, minerals, and materials to our prime defense contractors, and we are losing them.

In addition, we are simply too dependent on foreign sources for many of the basic materials, minerals, and processes which are absolutely vital to our defense programs. The reliability of some of these foreign sources cannot be assured, either because the countries themselves are subject to volatile political change with the possibility of resulting supply cutoffs, or because the prices of the minerals, materials, and processes can fluctuate without warning, creating cost problems in the chain of weapons production.

This doesn't make any sense, Mr. Speaker. The United States cannot remain a first-rate world power with a second-rate industrial base. The stories of the long leadtimes, and then the longer production times, and then the cost overruns that those entail, are all too familiar. We could have the most sophisticated weapons systems in the world, but if we do not have the industrial capacity to crank them out when needed, along with the necessary minerals and materials, then we will indeed be in trouble.

I am not trying to suggest that we should try to go back to the totally self-sufficient days of the past. Neither the economic complexities of today's world, nor our security pacts with our allies would allow that. I do suggest, however, that it makes elementary commonsense to make our country more secure by devoting a very modest amount of the defense dollars we spend every year to address our deteriorating defense industrial base. The administration is proposing

a modest program to start that process through the title III purchase contract incentive of the DPA. It is a small program, but it is an important one. I urge the DOD to move ahead quickly with that program, and to process requests for proposals as quickly as possible. And I urge my colleagues to vote for the conference report so the program to address this real and serious problem can begin.

Mr. WYLIE. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Speaker, I rise in support of the conference report on the Defense Production Act Amendments of 1984, S. 1852.

As the ranking Republican member of the Economic Stabilization Subcommittee on Banking, Finance and Urban Affairs, I have participated in numerous subcommittee and committee sessions, and it is clear to me after listening to all the debate that it is in our national interest to extend the Defense Production Act (DPA). Defense preparedness is essential to our national security. A letter from the Federal Emergency Management Agency puts it quite succinctly:

> The Defense Production Act of 1950 is the cornerstone of the present legal structure for ensuring that we are prepared to meet national emergencies requiring the mobilization of the Nation's industrial and material resources. Its continuation is essential to the national defense.

I am pleased to report to my colleagues that the administration strongly supports the conference report extending the DPA. It is no secret that last year many of us on the minority side opposed the costly new assistance program under title III of the Defense Production Act which was reported last year from the Banking Committee in different legislation. We have come a long way from that bill. The conference report before us today represents a significant compromise between the administration and the Congress, and the gentleman from New York (Mr. LAFALCE), the Economic Stabilization Subcommittee chairman, deserves a great deal of credit for working closely with the administration and the other body to produce the consensus legislation.

Mr. Speaker, I will not go into detail about the specifics of the conference report. We do provide for an extension until September 30, 1986. We do require the President of the United States to first make a determination that DPA projects are in the national defense interests of this country. The President also must determine that private industry cannot reasonably provide the needed material or service in a timely manner and that a title III guarantee is the most cost-effective, expedient, and practical alternative for meeting our legitimate defense needs. All DPA programs must be specifically identified in the President's annual budget submission, and any industrial resource shortfall exceeding $25 million now will require a separate congressional authorization.

Mr. Speaker, this conference report may not be an ideal solution for all Members, but it is a constructive compromise. Prudent restrictions have been placed on the DPA's title III projects, and all title III spending will be subject to more detailed reporting by the administration and closer scrutiny by the Congress. All in all, this is a good package which deserves the full support of all Members. I particularly want to encourage Members on my side of the aisle to vote with the administration and support the conference report to extend the Defense Production Act.

Mr. ST GERMAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. VENTO), a very distinguished member of the subcommittee, and, as has been stated, one who has made very great contributions in this process.

Mr. VENTO. Mr. Speakers, I rise in support of the conference committee report on S. 1852. I wish to commend the chairman of the full committee, Mr. ST GERMAIN, the chairman of our subcommittee, Mr. LAFALCE, and the ranking minority members, Mr. WYLIE and Mr. SHUMWAY, for their work in resolving the differences between the two bodies. I would offer a special thanks for their special work concerning the offset provision which I have been so interested in the past 3 years.

The chairman, Mr. ST GERMAIN, has done an excellent job in describing the provisions of the conference report. I wish to elaborate on the offset report provision which requires the President to report to Congress on the types, terms, and magnitude of offset agreements. This legislation requires the President to report on the impact of offsets on defense preparedness, industrial competitiveness, employment, and trade of the United States and to include a discussion of international negotiations on offsets. In addition, each report shall contain a summary of relevant memorandums of understanding which provide the official framework for offset agreements.

Offsets are demands made by foreign countries that condition the sale of American-made military products upon our agreement to produce, license, or transfer productive capacity to the purchasing country. The committee is concerned that the net effect of these agreements may be export not only U.S.-made goods, but also U.S. jobs and technology to foreign countries.

In the absence of a comprehensive analysis required by section 6 the long-term economic and industrial implications of these agreements are unclear. The legislation before us today will provide the Congress and the administration with the needed information to evaluate the impact of offset agreements. Since many offset agreements contain information of a proprietary nature it is the intent of the conferees that the confidentiality of this information be maintained in a manner that is consistent with the primary, overriding objective of this provision which is to provide the Congress with information on the nature of these offset agreements.

The Subcommittee on Economic Stabilization of the House Banking Committee has been examining the offset question for over 3 years. However, a salient difficulty is the lack of executive branch consensus on the definition of the problem. Yet there are at least half a dozen agencies examining the problem and ironically none of them agree.

Underlying this confusion and disagreement is the lack of a data base. The language in this bill—by providing for reports to the Congress—is intended to provide a data base on offsets both for use within the executive branch as well as to assist the Congress in its examination of the problem. The report language importantly states that the Office of Management and Budget should be the coordinating agency for the mandated reports. However, I would state here that it is necessary that OMB should place primary reliance on the expertise already present in the Departments of Treasury and Commerce.

To sum up, the offset language in the bill is a prudent first necessary step in the examination of a topic of growing concern. The bill as a whole is a good bill, a noncontroversial ending of controversy on an important subject.

Mr. Speaker, the conference committee maintains the position of the House while recognizing several concerns of the other body. It is a good compromise and I urge my colleagues to support the adoption of the conference committee report.

Mr. WYLIE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MCKINNEY), who has been one of our most knowlegeable Members on this subject and who has worked diligently and very effectively on this bill.

Mr. MCKINNEY. Mr. Speaker, I want to commend my colleagues on the House Banking Committee for reaching an accommodation with the other body on the extension and authorization of the Defense Production Act. I support the conference report on this vitally needed legislation.

I know that it was not an easy process, that it was extremely difficult. I think that the chairman of the subcommittee, as well as the ranking member and the chairman of the full

committee, is to be congratulated on reaching a consensus of the administration and the other body and this House.

Mr. Speaker, during the last few sessions, the Congress conducted extensive hearings regarding the Nation's strategic minerals vulnerability. The burden of the findings was that the United States faces a substantial security risk unless we take steps immediately to foster domestic production of cobalt, chromium, and other specialized metals which we now obtain almost wholly from unreliable foreign sources.

Our dependency for chromium, columbium, platinum, and manganese is between 90 and 100 percent. The concentration of these mineral resources is in a much smaller number of countries than is foreign oil production.

To continue to rely exclusively upon such sources for virtually all of our supply of these materials which are essential to the production of high performance military and civilian aircraft and for critical industrial equipment is to follow an unacceptably risky path. This legislation will enable the United States to move away from such reliance.

These conclusions were drawn from the testimony of a wide range of experts who might otherwise disagree on defense policies, but who uniformly agree that action is required to reverse the growing U.S. vulnerability in strategic materials. They concurred that the United States faces a substantial risk unless we take immediate steps to promote domestic production of a number of specialized metals now almost exclusively imported.

These findings confirm the view of President Reagan, Defense Secretary Weinberger, Interior Secretary Clark, and other leading governmental officials regarding our strategic minerals posture. The administration has proposed, as a first step, a modest program to test the U.S. capacity to develop domestically these mineral sources so that the Nation will be in a readiness posture in the event of another interruption of foreign supplies.

Under title III of the Defense Production Act, the administration has proposed, at a cost of less than $10 million, that competing pilot plants be constructed to evaluate the quality of domestically produced cobalt. Currently, not a single pound of this critical mineral is produced within our borders. Yet, without it, our capacity to produce jet engines collapses. DOD will require that all environmental laws and regulations be met by applicants for the contracts. This legislation will allow the proposal to go forward.

One of the important jobs the Defense Department has under the authority of the Defense Production Act is to protect our defense industrial base against a potential cutoff of strategic minerals. DOD has expressed particular concern that future turmoil in southern Africa and other areas could result in a paralyzing supply disruption.

It is difficult for me to understand why anyone who really cares about national security would oppose some modest pilot work on domestic cobalt when our entire military jet engine fleet is dependent upon this metal. I would remind my colleagues that this legislation would not result in any major undertaking by the Federal Government. It seems to me that a pilot program of the kind suggested by DOD makes good sense and it provides the Nation with an invaluable insurance policy.

Those of us who have supported the Defense Department in this difficult legislative effort will be looking to the Department for immediate action on the strategic minerals front, starting with a pilot cobalt program. The development of such a program is clearly warranted by the facts and will send a strong signal that DOD is prepared to act responsibly to secure the defense industrial base of this country.

This small but important program, and several others like it, have been placed on hold pending resolution of this legislation which must be passed now.

To support my argument regarding the importance of cobalt and other strategic metals and minerals to our security I would like to include as part of my remarks an article from the magazine, Wings of Gold, entitled "The World's Best Jet Engines—Made in America—Or Are They?" I feel the authors make some telling points.

This country needs a strong defense base and a strong DPA. I urge adoption of this extension, and to add emphasis to our defense problems I am including an article by R.C. Mulready and W.A. Owczarski on our jet engine problem:

THE WORLD'S BEST JET ENGINES—MADE IN AMERICA—OR ARE THEY?

(By R.C. Mulready and W.A. Owczarski)

Nowdays, many car bumper stickers read "Buy American and Save Our Jobs." Others read "Mine was made in America—is yours?"

There's no doubt that the best jet engines in the world are produced in America. U.S. military and commercial jet engines have the most advanced designs, the latest technology and the highest reliability, performance and sophistication of any aircraft power plants in the world.

But are they made in America?

Yes, you can say that they are made, or built, or produced in the USA. But when you say that, you have got to remember how much of the raw and critical materials which go into them come from faraway places—Africa, Indonesia, Brazil, Thailand, Canada and the USSR to mention but a few.

America's aerial might depends heavily upon its front-line fighter—the F-14, F-15, F-16 and F-18—and these aircraft are only as good as their engines. Power plants like the TF30 and F100 are sophisticated machines delivering up to eight pounds of thrust for every pound of engine weight. These Navy, Marine and Air Force engines are outstanding examples of efficiency, reliability and performance. They share their sophistication with American commercial engines that power so much of the world's civilian aviation fleet.

At the heart of these engines, both military and commercial, are light, tough and heat-resistant alloys that withstand the temperatures, stress and long service times required. Considerable brain power, money and time have gone into providing the United States with the ability to invent alloys, to develop advanced metallurgical processes and to build an industry base capable of producing turbine blades, disks, shafts, cases, bearings and a long list of needed engine components. This technical and industrial capability is second to none.

It takes more than six tons of raw material in alloy form to build a typical high performance fighter engine (see Figure 1) that ultimately weighs about 3,000 pounds. When all of this metal is cut, formed, melted, cast, machined, ground and polished into the final product, about three-quarters of the original material winds up as end pieces, gates, risers, flash, trim and many chips and turnings.

Too few Americans are aware that the jet engines which propel both our military and commercial aircraft could not be built without many rare metals, alloys and materials which come from overseas, in many cases from nations which are hostile or Communist. A typical ton of input raw materials used to build a jet engine contains some 226 pounds of chromium, 134 pounds cobalt, 826 pounds titanium, 22 pounds columbium and about one pound tantalum. All of these metals are critically important to provide the performance needed for the engine and its aircraft.

Availability of these critical materials is of crucial concern to the jet engine builder. The United States is import-dependent for more than 90 percent of the quantity of all these metals. There are no cobalt, tantalum, columbium and chromium deposits of any significant quantity in the United States, and certainly none that is commercially extractable. Worse yet, some of the source nations are politically unstable or even unfriendly. Almost two-thirds of the world's cobalt has come from Zaire and Zambia. Most chromium is produced in South Africa or the Soviet Union. Tantalum comes from Indonesia, Zaire, Australia and Canada. Columbium is dominantly produced in Brazil with some available from Thailand and Canada.

Take cobalt for example. Cobalt is the material that has been most prominently identified with the growing concern over American dependency on overseas raw materials. Cobalt is used extensively in the section of a jet engine subjected to very high temperature—turbine blades, vanes, disks and combustor components. Cobalt first found the spotlight following the 1978 civil war in Shaba province, where Zaire's main cobalt mines and processing facilities exist. Although the fighting Zaire did little to actually reduce cobalt output, lack of information from the country, the imposition of 70 percent allocations on all customers, and robust aviation production led to a scramble to buy cobalt. Prices soared as a result, and there were spot shortages and lengthened delivery times. There was grave concern over cobalt's availability from 1978 to 1980,

and competition for the perceived limited supply pushed prices up by more than 700 percent. Now, cobalt is in ample supply, prices are back to pre-shortage levels, and concern has lessened.

But if for any reason cobalt supplies were disrupted for any sustained period, there could be serious consequences. Consider what would happen to the U.S. airlines if there were a cutoff of the cobalt supply. To simplify the illustration, let's limit the example to one part in one engine type.

A major part of the world's airlines use Pratt & Whitney's JT8D engine. In 1979, some 83 percent of the commercial flights in the United States were in aircraft equipped with the JT8D engine. On average, each engine operates about 2,500 hours per year and the first turbine vane, which is about 60 percent cobalt, has a useful life of 10,000 hours before it is replaced. The pipeline for replacement parts is about 12 months long between our melt shop suppliers and delivery of spare vanes to the airlines. If one assumed that the cobalt supply were suddenly cut off to the melt shop suppliers, one should be able to continue supplying spare parts to airline customers for a year. At the end of that time, the JT8D fleet should start to be grounded at the rate of about 25 percent per year as spare parts became unavailable. In four years, there would be virtually no serviceable aircraft in the fleet.

This illustration has been limited to one part in one engine type. The first stage turbine vanes in all manufacturers' engines are high cobalt alloys. In fact, all engines would be affected, and both the commercial and military aircraft programs would suffer. Rather than have this happen in the real case, the engine companies would launch accelerated programs to use less satisfactory alternative materials, but even this substitution would take time. In the best case, significant disruption would occur to one of our nation's major transportation systems.

Therein lies the concern. Although the cost of the base raw materials are but a small fraction of the manufacturing cost, modern, high performance aircraft engines cannot be built without them. Furthermore, engine materials have evolved to very high levels of strength, oxidation resistance and lightness, and contribute significantly to the ultimate performance of the engine. Many of the properties demanded by jet engines rely on one or more of the critical materials. Chromium, for example, is vital to corrosion and oxidation resistance; cobalt and tantalum give creep strength and ductility; titanium is strong and light. The engine manufacturers are looking to new alloys to help improve engine performance. But these performance improvements are not "luxury options." In military aircraft, they mean greater acceleration, speed, range, and turning radius. In the end, they mean survivability.

In the 1970's, the cobalt shortage followed the oil shortages. The Organization of Petroleum Exporting Countries acronym—OPEC—is a well known term and suggests control or market manipulation. Just as with oil, control in critical minerals cannot be discounted as a threat. Today, even as the oil situation has improved, so, too, has today's world mineral markets. Global recession coupled with substitution and conservation efforts have led to a favorable market in all of the critical metals. In the long term though, it is in everybody's best interest to have stable mineral supply markets. Producer nations need the revenues, user nations and industries require the resources. Probably for the near future the market will prevail and materials will be available. But just as weather averages are made up of extremes, so economic norms consist of the cyclic and occasionally drastic transients of shortage or oversupply. We must be prepared for these potential disruptions. And the preparations must be planned to meet the scope of the risks. In this area, we as a nation do not have a workable materials supply policy and plan in force.

What has already been done to lower the risks? What can be done to provide future protection against the vulnerability that we still have? There have been three basic areas in which response is possible: new sources, conservation and stockpiling.

Within the United States, there are none or few known resources of most of the materials that we import extensively. But the federal government owns 55 percent of the minerally rich western states and Alaska. Federally owned lands contain an estimated total of 85 percent of our oil reserves, and a significant share of gas, timber, and minerals. We don't know how much of these critical resources exist, but if this land is closed to exploration we'll never find out. For instance, in recent legislative actions, it has been possible to include rights to develop cobalt sources in Idaho and California, even though large tracts of land have been set aside as wilderness areas. Such balance between preservation of our wilderness and national resource needs is very important. Further, we must find ways to encourage business to make significant investment in the mining and processing of needed nonfuel minerals where they are technically, economically and environmentally feasible. But we must also remember that finding, developing, and extracting minerals is a long, slow and expensive process and can't be counted on for turning around a shortage situation which arises suddenly.

Many American companies already have applied conservation measures, which have resulted in significant reductions in the amount of material required to produce a part. One special forging process, called Gatorizing*, was developed by Pratt & Whitney to produce turbine disk forgings for the F100 engine out of an alloy called IN-100, a very tough material which had hitherto been considered unforgeable. In Gatorizing, the dies and the imput material are heated and maintained at the correct forging temperature, permitting the forming of complex shapes with excellent definition and repeatability. The process, which also is being applied to titanium disks, allows very significant reductions in the material required. In many cases the input material required can be reduced by 50 percent. Development work is continuing and further reductions of 25 percent in input weight appear feasible. This patented process has been offered for license.

Another application of the "near net" shape philosophy has resulted from the evolution of the large precision casting technology. These high quality structures, which are hot isostatically pressed after casting to eliminate porosity, have physical properties which essentially match conventionally forged and welded structures and can save 60 percent or more of input material.

Substitution of less critical materials is another approach. One example has been a successful material substitution in J57 turbine blades. These parts had been made of an alloy which contained 56 percent cobalt. The substitute material, which had been proven in service in similar engines, contains no cobalt. Some 65,000 pounds of cobalt were saved by this change in just one spare parts order during the height of the cobalt shortage. Another significant reduction in cobalt consumption resulted from the substitution of INCONEL-718 for Waspaloy* for commercial turbine disks in the JT8D engine. This single change reduced the cobalt required in that engine by almost one-third. This same change did significantly increase the use of columbium, which appears to be far less critical and is *less sensitive than cobalt.* Although it has taken time to realize the full benefits, it appears that the substitution program coupled with other conservation efforts has resulted in a reduction of about 20 percent in our use of cobalt. Further reductions of cobalt in engines will require application of not yet invented or proven technology.

A final approach is the improved recycling of chips produced in manufacturing. Even if the best near net shaping process is applied, a very significant part of the input material must be machined away in the final manufacturing processes. These chips are the same chemistry as the completed part and can, with proper recycling, represent a significant saving in input material. Through careful segregation, cleaning and crushing, it is possible to recover and recycle 65 percent of the chips produced in the machining of IN-100 disks at Pratt & Whitney. The remaining 35 percent for the most part is in the form of "fines" whose recovery is not yet economical. Since this program began, almost one million pounds of IN-100 material have been recycled. Work is continuing to improve the recycling of all strategic materials with the objective of approaching a "buy/fly" ratio as close to one as possible.

These kinds of actions will continue and expand. Not only do they save materials, they save costs. But they cannot, in themselves solve the vulnerability issue.

Under normal economic and political conditions, adequate supplies of materials will be available in the market, the most important need, therefore, is to protect the country from the impact of short-term interruptions in supply. The United States already is fortunate to have the best form of insurance, a National Defense Stockpile. The stockpile can provide both capability to meet its primary three-year emergency function, as well as to protect against short-term disruptions. But if the stockpile is to be fully effective, changes have to be made to alleviate several problems it has faced throughout its history.

First of all, the stockpile is considerably short of its goals for half of the 62 materials it contains. At the same time, it has major surpluses in a third of its other materials. Overall, more materials are needed, but even if the net worth of the stockpile, estimated at some $12 billion, were rearranged to cover the expected needs reflected in its goals, a very much better insurance policy would exist.

The stockpile has other troubles. There have been no major stockpile purchases in nearly 20 years until the recently announced 1981 cobalt buy and bauxite barter deal, which has been innovative and has benefited our trade balance. During the previous 20 years, there were technological changes and developments, and it's questionable if many of the stockpile materials meet today's technical specifications. Even the analytical methods to test materials to today's standards were not available in the 1950's and 1960's. We don't know for sure if any of old cobalt or chromium or other ma-

terial in the stockpile is of the grade and purity necessary for jet engine application. The General Services Administration has questioned the quality of the stockpile's titanium sponge, tin and platinum group metals. Fortunately, the National Science Foundation, through its National Materials Advisory Board, has been directed to initiate a study with appropriate industrial experts participating to define the problem.

The biggest problem, however, lies in the way that the National Defense Stockpile is run. Balancing stockpile goals and inventories will accomplish little if stockpile management, policy and organization are left unchanged. The current organizational structure of the National Defense Stockpile resembles a jigsaw puzzle. Responsibility for stockpile management and day-to-day operations is diffuse and lacks the coordination necessary to ensure that the stockpile performs its role in an effective and efficient fashion. Numerous government agencies and the Congress have bits and pieces of stockpile responsibility with no real central focus. The Federal Emergency Management Agency (FEMA) and General Services Administration (GSA) share stockpile policy and operation authority, while the Defense, Interior, Commerce and State departments have additional responsibilities. Because stockpile functions are so diffuse, coordination is difficult, and effective long-term stockpile management is impossible. Legislation was introduced in 1982 which would have consolidated all stockpile responsibilities within an independent strategic stockpile commission. That legislation would have unified responsibility for the day-to-day operations and the long-term policy within one organization. Long-term national interests would be well served by an organization which is isolated as much as possible from the political, economic and budgetary pressures which have plagued stockpile management.

While that legislation failed to pass, it did succeed in sparking the interest of the industrial and defense communities and providing framework for the additional ideas. As a result, there is significant support for stockpile reform. There is additional legislation before Congress now to alter the management into an independent body or the Defense Department. We believe that the independent body is preferable, but even control by Defense would be better than today's circumstances and could work effectively, if several other factors could be incorporated. One would be to assure protection of supply to legitimate industrial and essential civilian needs during a supply shutoff. Another would be to protect against the temptation of raids from this area to other defense items in times of budget tightness. Still another would be to define better the conditions under which releases were made from the stockpile.

As it is now, stockpile releases are triggered by national emergency or war conditions. There are potential situations short of a Congressional declaration of war, or a Presidential declaration of national emergency, which could require stockpile releases. These include supply disruptions because of guerilla conflict or civil war in a foreign producer nation, economic embargo or cartel actions which could cause insufficient supplies of raw materials, to meet defense, industrial, and essential civilian needs. Release, therefore, should be triggered not by the cause of the interruption but rather if the interruption leads to a substantial reduction in supply.

Without a strong, functioning materials stockpile the nation's security is in jeopardy. While it's an issue that lacks the glamour of others this country faces, none is more important.

There has been one positive action taken by President Reagan—his April 5, 1982 "National Materials and Minerals Program Plan and Report to Congress." This policy statement was welcome and broadly supports many improvements: a better land use policy, some improvements to our stockpile including reaffirmation that the stockpile should be sufficient to meet military, industrial and essential civilian needs and that the quality, grade and form of the stockpile should be reviewed. But as welcome as the President's policy statement was, it has not addressed all the important issues, including definition of implementation plans.

The links between our defense capability, industrial soundness and effective maintenance of raw materials supply to our country have been established. Strategic materials availability is not an issue of immediate crisis proportions. But neither is it one which can be left unattended, or worse yet, ignored. The F-14 photo shown at the outset of this article needs the cobalt, chromium, titanium, et., to do its job. It's all our jobs to see that we can have those materials securely available to our industry and nation.

Mr. ST GERMAIN. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Mrs. BOXER).

Mrs. BOXER. Mr. Speaker, I rise in support of the conference report to the Defense Production Act. And I am particularly pleased to learn that the Department of Defense priorities do not include the funding or underwriting of cobalt.

It is my understanding that when the conference committee met to consider this bill last week a question was asked by one of the conferees about the DOD priorities and Senator TRIBLE indicated that cobalt would not be a priority. Many of my constituients, Mr. Speaker, are deeply concerned about the Cal-Nickle project in northern California and the possibility that it would receive DPA support. It has become a very controversial project. Many are concerned that the project threatens California's famous redwoods and others are concerned about the impact on the Smith River.

The fact that cobalt will not be a priority is very encouraging and I urge my colleagues to support this bill.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. PATTERSON).

Mr. PATTERSON. Mr. Speaker, I rise today to express my support for the conference committee report on S. 1852, Defense Production Act.

When this measure was brought before the Congress last year, I reluctantly opposed it. Although I believed at the time and still believe today, that we must provide an extension of the DPA in order to insure that critical defense capabilities are maintained, I was concerned that the DPA extension was not drafted in such a way as to insure that tax dollars would be spent wisely. The proposal crafted by the conference committee does address these concerns.

The DPA program envisioned by the conference committee is greatly scaled down from last year's program. The funding level has been severely reduced. Caps have been imposed so as to preclude open-ended projects. Criteria for program selection have been proscribed.

It is my understanding that the authorization level included in the bill is sufficient to fund the DOD's top three priorities. As articulated during hearings last month by Deputy Under Secretary of Defense, Mary Ann Gilleese, these three priorities are: Depleted uranium, PAN (polyacrilonitrile), and beryllium. At one time, cobalt had been given consideration by DOD for funding under DPA. However, only these three items are anticipated to be funded by DOD during the term of this authorization. Cobalt will not be funded as it has been dropped from the priority list.

In my home State of California, cobalt has been a matter of much controversy. In particular, one project in Del Norte County, the Cal-Nickel project, a potential recipient of DPA assistance, has been the focus of much of this attention. Many concerns about the environmental effects and cost-effectiveness of the project have been raised. There are many who strongly believe that the project should not be selected for assistance under DPA.

I am not convinced that the expenditure of subsidies for domestic production of cobalt is the best use of U.S. taxpayer money. Many leading business experts have raised serious questions about the wisdom of such subsidies. An interesting article published a year ago in Fortune magazine, April 4, 1983, points out that the Nation's defense would be better served by replenishing the cobalt stockpile rather than subsidizing domestic production through title III of DPA.

I would like to include in the RECORD for the reference of my colleagues the Fortune magazine article.

[From the Fortune magazine, Apr. 4, 1983]

HOW TO PAY A LOT FOR COBALT

(By Peter Nulty)

Ever since the great cobalt mines of Zaire were threatened by invasion in the late Seventies, cobalt has been a source of anxiety in Washington. The U.S. produces no cobalt, a heat- and abrasion-resistant metal used in jet engines and vital to national defense. Anschutz Corp., Ni-Cal Developments Ltd., and Noranda Mines Ltd. are offering to relieve these cobalt blues by mining the metal in the U.S. The problem is that cobalt produced from the Zairian ore in that truck at left costs only $5 a pound, while supplies from projected American mines (see inset) would probably cost at least $20 a pound.

To ensure survival of their operations, the miners want the U.S. government to buy domestic cobalt at the $20 price, which cur-

rently would require a $15-per-pound subsidy. Whatever merit subsidizing cobalt may have—and it doesn't appear to have much—the scheme raises broad issues soon to fire debate on Capitol Hill.

Last fall the Defense Department, which favors subsidizing U.S. production of strategic materials, wrested a deal from Budget Director David Stockman, who had opposed the plan. Under the agreement Congress has authorized $50 million to get the subsidy plan going this year and the Administration is asking for $200 million in 1984. The money may be used to support domestic production of various products or materials, cobalt being the most prominent. The Defense Department hopes to escalate appropriations to $500 million a year by 1986 but argues that much of the money may never be spent, since the government shells out only when market prices fall below the costs of subsidized producers. Opponents on Capitol Hill will soon be asking how reassuring that argument is in light of cobalt's recent history.

If Uncle Sam is a soft touch for such a scheme, it is partly out of legitimate fear that supplies of strategic metals could be cut off. Of the U.S. cobalt supply, 91% is imported and 9% reclaimed from scrap. Most imports originate in Zaire and Zambia, frequently described with bureaucratic understatement as "unstable." Zaire produces 51% of the world's cobalt from rich deposits in the southern region of Shaba.

But America's cobalt predicament is largely of its own making—the result of federal ineptitude in managing the national defense stockpile. At its peak in 1963, the stockpile held 104 million pounds of cobalt. But by 1977 sales from the reserve had depleted it to 41 million pounds. That's less than half what the Federal Emergency Management Agency (FEMA), which makes stockpile policy, now estimates should be on hand in the event of war. In the Sixties and Seventies the government also sold copper, lead, nickel, zinc, and other metals down to levels now considered unsafe. FEMA reports that 37 of 61 critical materials are understocked.

Virtually everyone agrees that the national stockpile is a shambles. Officials frequently call stockpile management a travesty and talk of the stores as having been "raped." After World War II, Presidents Truman and Eisenhower painstakingly built reserves for a five-year war. Then, starting with President Kennedy, successive Administrations sold stocks in attempts to raise revenues or influence market prices of particular commodities.

To disguise what were often political goals, defense needs were re-estimated, usually in a downward direction. Kennedy decided to prepare for a three-year war, Nixon for one year. Frequently supplies were sold when prices were low and replaced when prices were higher. In the Sixties and Seventies the government sold cobalt for $2.50 a pound on average. In 1981 it bought five million pounds from Zaire at $15 per pound, spending $50 million more then would be necessary at today's prices.

No one should be surprised that the stores have been looted, for their guardian doesn't have much muscle. In theory, FEMA makes policy after consulting with the departments of Defense, State, Interior, and Commerce and other agencies, but in fact the White House often plays politics with the stockpile. The General Services Administration, which carries the stockpile's $11 billion in assets on its books, has little say in policy but executes contracts and maintains warehouses around the country. The armed services committees of Congress review stockpile sales and the appropriations committees review purchases, but they don't always see eye to eye.

In recent years Congress has taken steps to halt the raiding parties. In 1979 it put an end to executive tinkering with the length of the hypothetical conflict: for stockpiling purposes, it declared, we will fight a three-year war. Second, it ordered that proceeds from stockpile sales be set aside only to buy new stocks. Money from sales used to revert to the Treasury.

That may have plugged the leaks, but replenishing the stocks won't be as simple. FEMA estimates that $10.2 billion is needed to fill the stockpile to present goals. Roughly $3.9 billion could come from selling materials now in surplus; the remaining $6.3 billion would have to be appropriated by Congress. That's unlikely. An alternative to cash purchases is being promoted by Congressman Charles Bennett of Florida, a member of the House Armed Services Committee, who favors bartering surplus agricultural products in the U.S. for stockpile materials from abroad. At the rate GSA is authorized to spend this year, filling the stockpile would take 85 years.

Hence the Defense Department's desire to revive a subsidy program, which it would manage itself. An accident of history led the department to build its case for subsidies on cobalt. In 1978 the Shaba region was invaded from Angola by dissident exiles who briefy occupied the mining center of Kolwezi. That put cobalt prices into a steep climb. Between 1978 and 1980, official prices jumped from $6.40 to $25 per pound, and spot prices for one month reached $50—high enough for Zairians to airmail the metal to Europe. A prolonged shortage never materialized, but a shortage mentality did: OPEC was at the peak of its power and few thought commodities prices would soon come down.

Spying an opportunity, Noranda and Anschutz, a privately owned and publicity-shy oil and gas company, bought two shut-down mines in Idaho and Missouri. A third company, Ni-Cal, improved a process for extracting cobalt, chromium, and nickel from low-grade soils on federal property in northern California. To date, the three have spent $86 million on their projects. The Bureau of Mines estimates the U.S. may have the world's third-largest cobalt resources (after Zaire and Cuba), but it is low-quality ore that would cost at least $20 a pound to produce, vs. $3 to $6 in Zaire.

Fifteen months ago the companies went prospecting on Capitol Hill for federal financial support. Sagging world cobalt prices, down to $10 on the spot market, were jeopardizing their ventures. If the Defense Department would guarantee to buy at $20 a pound, they claimed, their projects could be on stream by 1985, producing up to ten million pounds a year. That's roughly half the annual U.S. consumption before cobalt prices soared and the economy slowed, and one-third what FEMA estimates would be needed each year in war-time. FEMA later issued a report arguing that subsidizing domestic cobalt mines would be cheaper than refilling the stockpile. In one of many scenarios analyzed, the agency figured that refilling the stockpile would cost $1.1 billion, while combining subsidized production with open-market purchases would cost only $360 million. FEMA's projections were based on prices bottoming out at $13 a pound in 1983. There was no hint in the report, issued last August, that spot prices already were $8 a pound and were still dropping.

Plugging today's prices into the FEMA model yields strikingly different results. Replenishing the stockpile with cobalt bought on the world market would cost about $240 million, total. FEMA's subsidy plan, on the other hand, would cost about $733 million by 1990, and probably more later. Assuming that today's low prices will last is no more justified than to posit, as FEMA did, that prices will quickly climb back to the crisis peaks of 1979. But the point is manifest: production subsidies aren't necessarily cost-effective.

The debate may be rejoined when the Defense Production Act comes up for renewal in the next couple of weeks. The act is important to the Administration mainly because it can be used to require civilian contractors to fill defense contracts before all others in times of emergency. One of the leading advocates of production subsidies on Capitol Hill, Senator James A. McClure of Idaho (where Noranda would open its cobalt mine), blocked a long-term renewal of the act last year until Stockman agreed to the subsidy scheme. To keep Stockman's "feet to the fire," says an aide to McClure, the act was renewed only until March 31.

When the issue comes up again, the following points are worth Congress' consideration. Filling the stockpile with cobalt from abroad would cost less than subsidies while giving the U.S. three years to open mines in case of a prolonged war. In the event of a lesser disruption, prices will certainly rise and the market will adapt. The Congressional Budget Office estimates that when prices climbed in the late Seventies, conservation cut U.S. cobalt use by 19%, and recycled cobalt nearly tripled its market share. Meanwhile, cobalt users searched for substitute materials. Pratt & Whitney, a division of United Technologies, is working on new cobalt-free superalloys for jet engine parts.

Any domestic producers of strategic materials that win government support will be vulnerable to shifting political winds that could blow away their subsidies and leave them with uneconomic investments. The nation's and business's long-run interests would be better served by rebuilding the stockpile with purchases on world markets, and by putting it under reformed central management.

● Mr. UDALL. Mr. Speaker, I rise in support of the conference report on the Defense Production Act. I would like to talk about one specific aspect of the bill. This is the program that deals with the country's increasing and dangerous dependence on unreliable foreign producers for supplies of strategic minerals such as cobalt.

Some of my friends in the environmental movement are opposed to domestic cobalt mining. Allegations are made that such projects would cause irreparable environmental damage and that the normal environmental review process would be overridden.

These charges are unfounded. The proposed strategic metals mine in Del Norte County, Calif., for instance, will have to meet the environmental regulations of the Federal Government and the even tougher State environmental laws of California. To my knowledge, no attempt has been made

by this and other potential producers to avoid or override these protections.

It is often difficult to strike the appropriate balance between environmental protection and commercial development. In the case of strategic metals production, we may well have an opportunity to acheive both. The decisionmaking process which has been set forth by the Defense Department is reasonable and deserves our support. We simply must find ways to reduce the vulnerability of the U.S. economy to the real threat of embargo by foreign suppliers of cobalt, chrome, and other vital materials.●

Mr. WYLIE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

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

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the conference report just adopted.

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

There was no objection.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule 1, the unfinished business is the question de novo of suspending the rules and passing the Senate bill, S. 38, as amended, on which further proceedings were postponed on Monday, April 9, 1984.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MILLER) that the House suspend the rules and pass the Senate bill, S. 38, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

OCEAN MINERALS RESOURCES DEVELOPMENT ACT

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

Mr. BOSCO. Mr. Speaker, today I am introducing legislation, along with Congressman D'AMOURS, that is designed to address the controversy over the Department of the Interior's proposal to offer lease sales for undersea mining on the Gorda Ridge off northern California and Oregon. This measure, entitled "the Ocean Mineral Resources Development Act," would provide for a moratorium on Gorda Ridge lease sales until more definitive scientific information is gathered and analyzed on both the mining potential of the site and on the environmental effects of such mining

In January 1984, the Minerals Management Service released a draft environmental impact statement (DEIS) on the proposed lease sales. Although the DEIS covered potential mining on 68,000 square miles beginning some 20 to 40 miles offshore, Interior has since scaled back the proposed lease sales by 90 percent and postponed the actual leasing until at least January 1985.

Both the DEIS and the entire leasing plan have come under intense criticism from environmental, fishing, and State and local interests. Moreover, the mining industry itself has viewed the lease plan with much skepticism and hesitancy. This widespread opposition to the first major non-oil or gas offshore mineral lease is premised on the fact that leasing at this time, for many reasons, would be premature.

Adequate scientific information is essential to provide a basis for reasoned decisionmaking. As yet, however, there is no definitive evidence of polymetallic sulfide minerals, including such strategic minerals as copper, zinc, chromium, silver, platinum, nickel, and cobalt on the Gorda Ridge. Also, as Interior's DEIS showed, very little is known about the overall physical, chemical, and biological environment of the Gorda Ridge.

Without such scientific information, industry has been understandably hesitant to invest capital in the type of exploration technology necessary to undertake a successful mining venture—particularly at a time when there is a worldwide glut of polymetallic sulfides. In any event, it is widely accepted that the technology necessary for actual mining will not be available for at least 20 years.

At the same time, concerned citizens in California and Oregon have recognized that an adequate assessment of environmental impacts cannot be made until more is known about the ore source and mining methods to be used in development. The possible destruction of the ocean-bottom ecosystem is of obvious concern, as are the possible onshore pollutant effects of polymetallic processing plants.

The commercial fishing industry, an economic mainstay of California's north coast, has also raised strong concern over the possible effects of heavy metal discharges on the ocean food chain. The proposed lease sale will take place in an area of valuable salmon, albacore, and steelhead fishery resources, and thus more information is needed on the type of extraction technology to be used.

Also, serious questions remain unanswered as to which Federal agency has jurisdiction over the polymetallic minerals on the Gorda Ridge. While Interior claims jurisdiction under the Outer Continental Shelf Lands Act (OCSLA), the Department of Commerce has historically been assigned jurisdiction over the commercial mining of manganese nodules on the deep seabed from the Deep Seabed Hard Minerals Resources Act. This discrepancy should be resolved before any further research, scientific studies, or actual lease sales pertinent to the Gorda Ridge area are undertaken. Resolution of this jurisdictional problem should also facilitate coordination and communication with State and local agencies.

Finally, with little industry interest, a lack of basic information, and a worldwide glut of polymetallics, there is reason to doubt that the Government can receive anything approaching "fair market value" for leases on the Gorda Ridge. At this time, bids may be accepted for as little as 5 cents an acre.

For all of these reasons, I agree with the overwhelming public consensus that leasing of the Gorda Ridge should be delayed until the Federal Government resolves the many unanswered questions and concerns raised by industry and the citizens of California and Oregon. The Ocean Minerals Resources Development Act is designed to meet these concerns.

First, this act would prohibit lease sales on the Gorda Ridge until such time as the President issues a feasibility report to the Congress and the prohibition is lifted by joint resolution, or until September 30, 1988, whichever occurs earlier.

Second, the Department of Commerce and the Department of the Interior would be authorized to prepare a memorandum of understanding with respect to research and other scientific studies pertinent to the Gorda Ridge. This MOU is to be submitted to Congress no later than 1 year after enactment.

Third, the President is to submit a Gorda Ridge feasibility report to Congress no later than September 30, 1987. The preparation of this report during the moratorium should lay a sufficient scientific foundation upon which future governmental and private industry decisions can be based. Among other things, the report must contain a summary of the physical and biological environment, a determination of what, if any, additional tech-

nology is necessary to fill the scientific data gaps, a study on the feasibility of mining the area, and information on the most appropriate leasing procedures and lease values for exploratory and production activities on the Gorda Ridge.

In sum, Mr. Speaker, there is no practical economic, enviromental, or national security rationale for rushing ahead with this lease sale. Rather, I believe the Ocean Minerals Resources Development Act represents a reasoned, pragmatic approach toward meeting our future mineral needs without precipitously endangering our marine and coastal environment.

IMF SHOULD ARRANGE STRETCHOUT ON LOANS TO ASSIST DEBTOR NATIONS

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

Mr. SCHUMER. Mr. Speaker, last week, the United States agreed to provide Argentina $300 million so that Argentina could continue paying interest on its bank loans. Without this assistance, Argentina's interest payments would have been more than 90 days overdue and the banks would not have been able to count this money in their first quarter earning reports.

This $300 million transaction between the United States and Argentina has several disturbing aspects:

For the first time, the U.S. Government stepped in to protect bank profits. Previously, we bailed out bankrupt companies, but only after Congress required them to take steps to restore their financial health. This time, nobody was suggesting that any banks or financial institutions were in any immediate danger and the Reagan administration did not ask the banks to do anything that might help alleviate the international debt crisis. We acted purely and simply to insure that banks can continue reporting higher and higher profits on their increasingly shaky loans to developing nations.

Even more disturbing, this $300 million transaction will not solve the financial crisis. It merely postpones the day of reckoning until June 30, when new quarterly earnings reports are due. Only by this time, Argentina will be deeper in debt and no closer to paying any interest.

When is this merry-go-round going to stop? Is the United States going to step in again with another last-minute rescue plan that does little to solve the problem? More importantly, what are the banks contributing to make sure that the problem is solved once and for all?

During last year's debate on the IMF quota increase, I suggested that the banks were charging debtor nations higher and higher interest rates and then lending these countries only enough money so that they can repay the previous year's high interest. Instead of allowing banks to make this Faustian bargain simply so they could continue reporting high profits on their loans to debtor nations, I proposed an amendment calling on banks to convert their short-term, high-interest LDC credits into longer term, lower interest rate loans.

This amendment, which was signed into law by President Reagan last November, also states that the IMF should arrange this stretchout to insure that each debtor nation's annual repayments of principal and interest are a reasonable and prudent percentage of its annual export earnings.

Now that the IMF and Argentina are beginning another round of negotiations, this amendment may have its first real test. This is because it requires the U.S. Executive Director of the IMF to vote against any IMF adjustment program unless the banks also agree to a longer term, lower interest rate stretchout that links repayments to a country's export earnings.

A stretchout will help to deflate the debt bubble in a reasonable and prudent fashion. Therefore, I am calling on Treasury Secretary Donald Regan to make sure that this statement is strictly enforced. Enforcing the amendment will help spread the burden of rescuing the financial system more equitably among banks and debtor nations. Banks will have to accept some reductions in their quarterly profit reports, but a stretchout will improve the probability that they will be repaid eventually.

Debtor nations will be given significant debt relief which should allow them to continue growing rapidly and purchasing more U.S. exports. But in exchange, they will still be expected to make the economic adjustments that are needed to get their financial affairs in order.

And last but by no means least, it will help to promote political stability and economic growth in Latin America. If we are really serious about stopping the spread of communism in this hemisphere, enforcing the Schumer amendment should be a top priority.

□ 1240

HIGH-QUALITY, LOW-COST, LONG-TERM CARE FOR THE ELDERLY

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

Mr. PENNY. Mr. Speaker, I rise to offer a commonsense proposal which will allow us to continue to provide high-quality, long-term care for our elderly veterans at a lower cost to the taxpayer.

During the next two decades, we will be facing a tremendous increase in the number of elderly veterans in the country. The Veterans' Administration has projected that the number of veterans at least 65 years of age, presently around 4 million, will grow to nearly 9 million by the end of the century.

Obviously, additional domiciliary and nursing home beds will be needed to meet the demand created by this aging veteran population. This need can best be met through the State home program, long recognized by Congress as a cost-effective means of meeting the extended care needs of America's veterans.

The Veterans' Administration is authorized by the Congress to pay per diem rates for the care of eligible veterans within the State homes and to provide grants for the construction, alteration, and moderization of State-extended care facilities. Subchapter 3 of chapter 81 of title 38, United State Code, authorizes the VA to make grants to the various States for up to 65 percent of the cost of such projects.

Because of the cost sharing between State and Federal Government, this State home program is one of the most effective programs for the delivery of health services within the VA. Surely, at this time of budgetary constraints we should provide every incentive and encouragement for this program.

That is why I am today offering legislation which will permit the use of the cost-effective State home construction grant program in an even more cost-effective manner.

Under the current law, the VA can make State home construction grants "to construct State home facilities." The VA has interpreted this language to mean that grants can not be used for the acquisition and renovation of existing buildings as State nursing homes.

My legislation would amend the language of the statute to permit construction grant funds to also be used for the acquisition and renovation of existing buildings for use as State homes. By allowing the VA to use the funds in this manner we can provide the necesary domiciliary and nursing home beds we need at a much lower cost to the taxpayer.

In my home State of Minnesota, the department of veterans affairs is seriously looking at several unused buildings around the State which could be readily adopted for long-term care purposes. Encouraging the use of existing vacant facilities in lieu of new construction has been mandated by Congress in other instances. This bill would not prohibit new construction, it would simply remove the staturory impediment to those States who wish to acquire and renovate existing facili-

ties rather than build from scratch. That just makes good sense.

This proposal is good for our veterans and good for the taxpayers.

I urge its serious consideration.

THE CANAL TREATY AND ITS IMPLICATIONS

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

Mr. PHILIP M. CRANE. Mr. Speaker, today legislation dealing with authorizations for the Panama Canal Commission will be considered. As this authorization bill is discussed, I cannot help but be reminded of the fact that a tremendous mistake in our foreign policy was made with the signing of the Panama Canal Treaty on September 7, 1977.

With the decision to turn the canal over to the Government of Panama, the United States effectively signaled Moscow of its intentions to look the other way while the Soviets attempted to gradually tighten their stranglehold on Central America. At each turn the Soviets have made small yet significant advances, and we have done nothing to stop them; in fact, we have often been accomplices, whether willing or not, to their adventurism in the region. First, permitting their beachhead in Cuba; next the Canal Treaty; then, the abandonment of Nicaragua; later, the Soviet brigade in Cuba; and now, the very survival of democracy in El Salvador is being threatened. And rather than support a foreign policy of strength and decisiveness, many here in Congress call for negotiations and appeasement. But such negotiations can bring only temporary lulls in the conflict at best; the Soviets and their surrogates will stop at nothing less than complete control of the region.

Why is it that so many people continue to ignore the growing menace gathering over Latin America like a huge and dangerous thundercloud? The Soviets themselves have made no secrets of their intentions nor of their foreign policy for the region. The main thrust has been to strengthen their hold on Cuba while striving to expand Soviet influence while undermining U.S. influence wherever other openings arise. Ironically, the Panama Canal itself has been used extensively by the Soviets to deliver arms and ammunition to the Sandinistas in Nicaragua and the Marxist terrorists in El Salvador. Needless to say, they have been remarkably successful in exploiting opportunities.

Our policy for the region, on the other hand, has been vacillating weak, even feeble. This fact is certainly not lost on the Soviets. They carefully consider our resolve and determination before making any move. And this, perhaps more than any other factor, accounts for the recent increase of violent, terrorist activity in Central America. The weaker we are perceived to be, the bolder Soviet expansionism will become. Until we are willing to stand up and defend freedom and democracy as the leader of the free world that we are, the Soviets will continue to exploit our lack of resolve until we are ultimately faced with a direct confrontation on our very borders.

In the past we have allowed Soviet aggression in other parts of the world to go unchecked, but we can no longer afford to do so. Central America is too close to home to just look the other way, as many in this country advocate. I only hope that the precedents set by the Panama Canal Treaty and the abandonment of Cuba and Nicaragua can be reversed. Unfortunately, time is running out.

ALTERNATIVE MEDICAL LIABILITY ACT

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

Mr. MOORE. Mr. Speaker, today I am introducing H.R. 5400, the Alternative Medical Liability Act, with my colleague and good friend, the gentleman from Missouri (Mr. GEPHARDT), for the purpose of promoting discussion on the issue of medical malpractice.

This bill encourages State legislatures to adopt an alternative system for handling acts of malpractice and insuring prompt and fair payment to all injured individuals in a State. In the event that States fail to take action, our alternative system will become effective on January 1, 1987, for all cases where the beneficiary is a recipient of a federally funded health care program, including Federal employee health benefits program (FEHBP), medicare, medicaid, Champus and Veterans' Administration (VA) benefits.

The cost of malpractice litigation to society is twofold: Most importantly, patients are not, in many cases, being compensated for the loss even after lengthy court battles where the parties become embroiled in an unproductive adversarial relationship. Further, malpractice litigation is a significant contributing factor driving the cost of health care upward. The cost is not only evident in the amount of money spent, but also in the unwise practice of defensive medicine where patients are exposed, in many cases, to dangerous tests and procedures that are unnecessary for diagnosis or treatment. Some estimates show that the economic cost of defensive medicine is as high as 30 percent of the total health care expenditures of our Nation, or more than $100 billion per year.

H.R. 5400 removes the impetus for the practice of defensive medicine by encouraging a change in the behavior and the attitude of health care providers with regard to their responsibility for liability. Because our alternative system does not assign blame for potential wrong doing, hospitals and physicians will be encouraged to act in the best interest of the patient. The best interest of the patient and the physician is to make the patient well. Without the assessment of blame being contingent for recovery of loss, the patient, the physician, and the hospital will no longer be forced into an adversarial relationship. The impact of this changed relationship can only be a positive force in insuring quality health care for our Nations citizens and helping to control the escalation of health care costs.

This system seeks to provide a more rational method for compensating victims of malpractice. Patients, providers, insurers, and taxpayers should welcome the change from a system which absorbs tremendous resources for transaction costs to a system which provides certainty, prompt payment, and a climate for better quality health care.

We introduce this bill today in an effort to focus public attention on the contribution of our litigious malpractice system to the rising cost of health care. Attached for inclusion in the record is a summary of the key provisions of this bill. We encourage public comments on the merits and defects of this proposal as we will no doubt encourage Congress to focus on solutions to insure quality health care for patients while simultaneously bringing down the rising cost of health care.

H.R. 5400—THE ALTERNATIVE MEDICAL LIABILITY ACT

(By Congressman W. Henson Moore and Congressman Richard A. Gephardt)

RATIONALE

The threat of malpractice suits adversely affects the health care system today. It affects the conduct of hospitals and physicians and patients alike, and is an unproductive force in the provision of health care in our society. There continues to be an increasing number of claims; the cost of the practice of defensive medicine may contribute 30 percent or more to the overall cost of health care; the cost of defending and bringing suit has increased during the past eight years by 73 percent; liability insurance premiums are rising in spite of legislation enacted by states in response to the malpractice crisis in 1975; and the average amount of awards has increased by nearly 50 percent.

Patients are not being well served by the current malpractice litigation system. The current system does not provide a fair, rapid and rational method for compensating victims of medical malpractice. The process requires patients and physicians and hospitals to assume stances diametrically opposed to their best interest. A patient must accuse those who have cared for him and whom he may need to continue to care for him. The

physician or hospital must deny any fault for an outcome they know they may be responsible for. This is an unproductive influence for both the patient and the provider.

H.R. 5400 would encourage the prompt payment of compensation to victims of malpractice without lengthy litigation. It would modify the current system to encourage compensation to more injured patients who suffer from malpractice in an amount which fairly reflects the patients' economic loss. The alternative liability system would reduce the time, grief, uncertainty and costs involved in traditional malpractice cases and would use the money, which now is expended, to provide meaningful compensation to more victims, more quickly.

KEY PROVISIONS

H.R. 5400 will point the way for State legislatures to adopt our alternative medical liability system for all patients. If a State legislature fails to adopt such legislation by January 1, 1987, H.R. 5400 would apply to all potential cases of malpractice incurred by benficiaries of all federally funded health care programs including medicare, medicaid, FEBHP, VA, and Champus.

Streamlines the recovery process for victims of malpractice by allowing the patient the certainty of prompt payment for economic loss and adequate rehabilitative health care without going to court.

It ends the necessity for doctors and hospitals to engage in an adversarial relationship with each other and with the patient because the alternative system does not assign blame for the "bad event."

Removes the impetus for the practice of defensive medicine, thus will result in an overall savings to the health care system. It will remove patients from the danger of excessive testing and procedures that may be harmful.

The current resources used to prepare malpractice cases, pay court costs, contingent attorney fees and damages for noneconomic detriment will now be available to compensate more people in a more rational way.

The provider has the incentive to evaluate all adverse outcomes and immediately make provision for potentially negligent actions.

The provider may join a third party to the offer. If joined, or offered to join, the third party's rights in subsequent court actions are protected.

CONCLUSION

The present system of lengthy and costly suits does not meet the needs of society as it is applied to medical malpractice claims. In an adversarial system few victims of malpractice are recovering fair compensation for their losses, while unusually large recoveries are conferred on an even fewer others. Hospitals and physicians are faced with ever-increasing premiums for liability insurance and are forced to engage in the unwise practice of defensive medicine. Vast amounts of time, effort and money are expended in litigation that could be better spent caring for the sick. The alternative system is an effort to achieve that end.

□ 1630

YOUNG APPRECIATE OLD STANDBY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, as National Coin Week approaches, I would like to share an appreciation of the penny recently sent to me by the first grade of the Tower Hill School in Wilmington, Del. I have been a fan of the penny for many years. When I was a youngster, I looked forward to spending my pennies at the local candy store, and it was a great treat. As is evident from these Wilmington first graders, sentiment in favor of the penny is still strong.

Pennies are "just fun to have and fun to spend," according to the Tower Hill first grade. For many youngsters, collecting pennies is the first of many hobbies. Children are given pennies at an early age, and collecting the coins teaches the children to be responsible for their possessions. Collecting pennies is a habit that may prove lifelong. Even now I still put my pennies aside at the end of the day.

Outside of a penny jar, pennies have a practical use in the classroom. According to my first grade correspondents, the penny is "easier to handle and to count." The distinctive bright copper color separates it from all other U.S. coinage.

The students pointed out that the coins "teach you what 5 pennies equal and how to add by ones." Pennies surely aid in the learning process. As a small object, children may actually see that the numerical total equals the amount of pennies in their hands. Pennies reinforce adding skills taught in the classroom.

Pennies are used in teaching the value of money to first grade students. The Tower Hill students noted how they used pennies to play shopping. An elementary school student may enter a candy store and purchase a piece of bubblegum for 2 cents. For many children, playing with pennies is the first time they ever have to manage money, a skill that they will need throughout their lives.

The penny is a coin of historical as well as practical use. The penny commemorates the many achievements of President Lincoln, and provides the first glimpse into America's past for many youngsters. As a result of seeing Lincoln on the coin, students are prompted to inquire about the United States during the Lincoln Presidency. Pennies remind both children and adults of Lincoln's accomplishments as President of our Nation.

Pennies are valued and appreciated by one and all. The 1-cent coin serves many purposes in our economy. I join the Tower Hill School first graders of Wilmington in recognizing the merits of this coin. The penny deserves a permanent place in U.S. coinage, and I want to assure that the United States keeps minting them. So let us keep minting them so that the public, as well as the first graders of America, will have the coins they want.

I have enclosed a copy of the letter from the Tower Hill School first grade for inclusion in the RECORD:

WILMINGTON, DEL.,
March 14, 1984.

Re Article in the News-Journal on Thursday, February 23, 1984. Sending penny off to heaven makes sense—But Americans won't give a thought to its end.

DEAR MR. ANNUNZIO: We, in first grade at Tower Hill School in Wilmington, Delaware, would like to give you our thoughts on why we should keep the penny.

Out of our discussion are our reasons (from a child's view):

(1) "Just fun to have and fun to spend."
(2) "Teach you what 5 pennies equal and add by ones."
(3) "They remind us of Mr. Lincoln."
(4) "Easier to handle and count."
(5) "They are fun to save and teach one to read numbers."
(6) "I wouldn't be able to save as much."
(7) "Everything would have to be above five cents in worth."
(8) "You can play shopping with the pennies."

Number eight is used in teaching value of money to first grade students.

Sincerely yours,

MRS. JUDITH MCCRACKEN,
First grade teacher.●

REMEMBERING CONGRESSMAN PHIL BURTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, this day, 1 year ago, was a day of mourning for this House and especially for myself. On April 10, 1983, we lost Congressman Phil Burton.

As a tribute to this great man and my friend, I want to include in the RECORD a speech made by Mr. Amodio, of the Tuolumne River Trust. The speech gives a good insight into the kind of man that Phil was. The speech also remembers Phil in the way he would have wanted. It calls for his memory to be enshrined in action, not just rhetoric.

The speech follows:

TRIBUTE TO CONGRESSMAN PHILLIP BURTON—PRESENTED AT AMERICAN RIVER CONSERVATION COUNCIL'S NINTH ANNUAL CONFERENCE

(By John Amodio)

To try and give a measure of the greatness and commitment of Phil Burton in a five minute tribute is akin to experiencing the vastness and complexity of the Grand Canyon by flying over it at 30,000 feet. You can't. All you can do is resort to superlatives in a feeble attempt to describe this legislative giant and genius.

Living in San Francisco, Phil Burton's accomplishments and legacy are constantly evident as the public parklands that he established literally encompass the city. Every day, I am reminded as the Tuolumne River Preservation Trust is one of numerous nonprofit organizations, including Friends of the River and Greenpeace, benefiting from affordable offices at Fort Mason Center, a part of Phil Burton's Golden Gate National

Recreation Area. This nontraditional unit of the National Park System exemplifies Burton's vision and sense of public service.

Fort Mason was a Navy surplus property, occupying the most prime real estate along San Francisco Bay. When a powerful, and Democratic, real estate developer proposed that this property be put up for public auction as it would be an ideal site for luxury condominiums, Burton responded instantly and characteristically: "To hell it will," Burton bellowed, "this is going to be public parkland for everyone, and not a playground for the rich."

On the national perspective, Phil Burton was responsible for doubling the amount of public land preserved. He mastermined a national park bill of such magnitude and involving every region of the country, that it was dubbed the first "Parkbarrel bill." He transformed land and river preservation from minor, local legislation to some of the most far-reaching and politically compelling issues before Congress.

While Ansel Adams is acknowledged as the master of outdoor and environmental photography; Phil Burton was an equivalent master of environmental legislation. As a legislator, Phil Burton was a work of art.

As a human being, Phil was also a work of art. From his thick, animated eyebrows, which reputedly browbeat many legislators into voting the public interest rather than the powerful, monied interests; to his tough-minded brilliance, Burton was a relentless and formidable champion.

In some ways, he was an unlikely legislative leader of the environmental agenda. For one, he was also the undisputed, essential chamption of organized labor; yet managed to reconcile the conflicts which are sometimes inherent in choosing between preservation and development. Nor was Phil a user of the great outdoors. As a result, some questioned his motivation. Yet, I witnessed a different, lesser know side of Burton. On the night the House passed his bitterly contested Redwood National Park Expansion Act, Phil Burton described his only visit to the Redwoods when he was nine years old as one of the most moving experiences in his life. Phil was one of those rare people who did not need the personal experience of a place to inspire him to work for it. He had a deep sense of what was fair and ethical, and his anger at those who violated it fueled his intense effort.

Burton was someone you could neither bull nor flatter. What mattered to Phil was advancing his broad and idealistic agenda of justice, equal opportunity and the health of the people and the land. He respected hard work and dedication. Thus, the only meaningful tribute to Phil is to recommit ourselves to further that agenda. I want to close by telling you about the two current pieces of legislation whose passage would form the final and most appropriate remembrance for Phil.

The first, and by far the most fitting, would be Congressional passage of the Burton California Wilderness bill. For three Congresses, Phil masterfully crafted an environmentally sound resolution of this exceedingly complex issue. In every one of those three Congresses, the Burton Bill was overwhelmingly passed by the House with bipartisan support. Yet, the Senate has failed to act on it. Again this Congress, the Burton bill awaits Senate action.

The second issue is the lead river issue in the country, preservation of California's Tuolumne River. You must understand that San Francisco, which Phil represented, is entitled to half of any developments on the Tuolumne. Yet, when we went to see Phil at the beginning of this Congress, he asked what our intentions were. When we told him that we would be seeking full wild and scenic protection, he sat back for a moment and then advised us that it would take two years, and it would require us to get Senator Wilson's support.

This response was a classic Burton telling us what we needed to do in order for him to be able to succeed legislatively. Well, we aggressively pursued his advise, and I am happy that we have succeeded in that assignment. Without Phil Burton, there is no one to do what only he could—the seemingly impossible.

Today, San Francisco is represented by Sala Burton, Phil's wife and greatest love. Sala is equally committed, and a capable legislator in her own right. Yet, no single person could fill Phil's shoes entirely. Therefore, we must all do more as this greater collective effort is essential to succeed without Phil among us. I look forward to working with all of you in completing Phil's environmental agenda.●

THE DEFICIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

Mr. WIRTH. Mr. Speaker, when the President proposed in his State of the Union address that the administration and Congress undertake negotiations to reduce the massive deficits the Nation faces over the next 3 years, many of us hoped that he had finally opened the door to serious compromise and serious efforts to defuse the enormous threat these deficits present to our economy.

However, the President's insistence that these negotiations be limited to a minimal $100 billion downpayment on the over $600 billion in deficits projected between now and 1987 made them meaningless. The President's downpayment proposal has never been anything more than a proposal to delay real action on reducing the deficit until after the November elections.

That kind of delay is simply unacceptable. The current economic recovery has now passed into its third stage—the stage of increased capital investment by business to expand its productive capacity. Industrial production rose by 1.2 percent in January, continuing its strong rise at an annual rate of more than 15 percent. In February, capacity utilization reached 80.7 percent, its highest level since May 1981. Consumer demand continued its strong growth, with auto sales leading the way at an annual production rate of about 7 million units in the first quarter.

We have reached a critical stage in the recovery, and the action we take on the deficit will have a major impact on whether we move now to a period of sustained economic growth, or back into the extreme inflation-recession cycles of the past decade. We have reached the point when key industries must expand their productive capacity, or serious bottlenecks in the economy, accompanied by increased inflation, will begin to emerge. Business capacity utilization has risen at an exceptionally rapid rate over the past 15 months of the present business cycle, suggesting that inflationary pressure could now be building and bottlenecks in key industries could occur soon. Many economists estimate the danger point for the economy to be approximately 81 percent utilization, almost exactly our current level.

We are now at the point where the danger of a collision of consumer and business credit demand with Federal borrowing demands is rising rapidly. The first danger signs are already showing in housing credit: Mortgage interest rates for new loans rose twice, in the weeks of March 10 and 17, the first increases this year. The price rate rose to 12 percent last week, and the discount rate to 9 percent.

The $100 billion downpayment the President originally proposed—and the so-called $150 billion Rose Garden agreement between the President and the leadership of the other body—will accomplish very little toward reducing the risk of that collision. They both eliminate less than one-sixth of the Federal deficits projected through fiscal year 1987.

I have consistently argued that the President and the Congress must negotiate a comprehensive agreement that will seriously reduce the deficit for the remainder of the decade. That sort of serious action is the only action the Nation's financial markets can be expected to take seriously.

Such an agreement, obviously, will not be forthcoming in 1984.

The choices available to us this afternoon are the eight budget proposals which have been made in order under the rule.

I strongly believe that the budget the House passes must accomplish three fundamental goals:

First, it must make significant, serious reductions in the Federal deficit over the next 3 years.

Second, it must not place the burden of reducing those deficits on the backs of senior citizens and the disadvantaged in our society—the groups who have borne the largest share of the budget cuts of the past 3 years.

Finally, it must allow at least modest increased investments in our economic future—in areas like education, worker training and research and development, all of which are critical to meeting the economic challenges of the 1980's.

Mr. DIXON's amendment makes the most significant reductions in the deficit over the next 3 years, cutting them by over $323 billion, almost half. That

reduction is critical for economic growth.

In addition, Mr. DIXON's amendment protects senior citizens and the disadvantaged from bearing the burden of the majority of the necessary budget reductions. Some will argue that the $182 billion in new tax revenues called for are too great. I strongly disagree. The proposals included in Mr. DIXON's amendment meet the very serious need to begin reform of our outdated, jerry-built Tax Code. The vast majority would fall only on Americans earning more than $50,000 per year. Mr. DIXON's amendment would repeal indexing of the Tax Code—something that this House must face up to sooner or later—preserve the third year of the Reagan tax cut for only those earning under $50,000 per year, establish a minimum corporate income tax, and close a wide variety of tax loopholes. Such a tax reform efforts is critical to reducing the Federal deficit and reducing the average American's share of the tax burden.

Finally, Mr. DIXON's amendment allows adequate room for reasonable investments in the future of our economy in a wide variety of areas, including education and retraining for workers, essential to rebuilding the economy to meet the challenge of the 1980's and 1990's.

For these reasons, Mr. Speaker, I support the amendment offered by the gentleman from California.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. MIKULSKI (at the request of Mr. WRIGHT), for today, after 3 p.m., on account of official business.

Mrs. BURTON of California (at the request of Mr. WRIGHT), for today, on account of necessary absence.

Mr. WALKER (at the request of Mr. MICHEL), for today, on account of a death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BLILEY) to revise and extend their remarks and include extraneous material:)

Mrs. VUCANOVICH, for 60 minutes, today.

Mr. MCEWEN, for 60 minutes, April 11.

Mr. MCEWEN, for 60 minutes, April 12.

Mr. MCEWEN, for 60 minutes, today.

Mr. SILJANDER, for 60 minutes, April 11.

(The following Members (at the request of Mr. HAYES) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. HOWARD, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BLILEY) and to include extraneous matter:)

Mr. ROTH.

Mr. LEACH of Iowa.

Mr. COUGHLIN.

Mr. LENT.

Mr. MCCAIN.

Mr. PHILIP M. CRANE.

Mr. MCEWEN.

Mr. SCHULZE.

Mr. QUILLEN.

Mr. DAUB.

Mr. SNYDER.

Mr. STANGELAND.

Mr. BETHUNE.

Mr. CARNEY.

(The following Members (at the request of Mr. HAYES) and to include extraneous matter:)

Mrs. BOXER.

Mr. FLORIO in two instances.

Mr. FAUNTROY.

Mr. MAVROULES.

Mr. CONYERS.

Mr. BARNES in five instances.

Mr. MAZZOLI.

Mr. EDWARDS of California.

Mr. LEHMAN of California.

Ms. KAPTUR.

Mr. HEFTEL of Hawaii.

Mr. STARK.

Mr. RODINO.

Mr. DOWNEY of New York.

Mr. JACOBS.

Mr. HOYER in two instances.

Mr. PEASE.

Mr. DE LA GARZA.

Mr. SOLARZ in two instances.

Mr. MILLER of California.

Mr. ADDABBO.

Mr. SCHUMER.

Mr. JONES of Tennessee.

Mr. MURTHA in three instances.

Mr. SCHEUER.

ENROLLED BILL SIGNED

Mr. HAWKINS. from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committe on House Administration, reported that that committee did on April 9, 1984, present to the President, for his approval, bills of the House of the following title:

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4835. An act to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland;

H.R. 4206. An act to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes certain military and civilian employees of the United States dying as a result of injuries sustained overseas; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A."

ADJOURNMENT

Mr. HAYES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 33 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, April 11, 1984, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3116. A letter from the Director, Office of Management and Budget, transmitting a report on the revised estimates of the President's budget, pursuant to 31 U.S.C. 1106(b) (H. Doc. No. 98-205); to the Committee on Appropriations and ordered to be printed.

3117. A letter from the Acting General Counsel, General Accounting Office, transmitting a report on the status of budget authority that was proposed for rescission, but for which Congress failed to pass a rescission bill (R84-2 through R84-9); to the Committee on Appropriations.

3118. A letter from the Acting Assistant Secretary of Defense (Comptroller), transmitting a list of contract award dates for the period May 1, 1984 to June 30, 1984, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

3119. A communication from the President of the United States, transmitting his determination that the authority available to the Export-Import Bank for fiscal year 1984 is sufficient to meet the needs of the Bank, pursuant to 12 U.S.C. 635(a)(2)(A)(ii) (97 Stat. 1257) (July 31, 1945, Chapter 341, section 7(a)(2)(A)(ii)) (H. Doc. No. 98-204); to the Committee on Banking, Finance and Urban Affairs and ordered to be printed.

3120. A letter from the Secretary of Housing and Urban Development, transmitting an evaluation of the effects of any changes in the administration of the congregate housing services program since January 1, 1983, pursuant to 42 U.S.C. 8007(c) (Public Law 95-557, section 408 (97 Stat. 1191)); to the Committee on Banking, Finance and Urban Affairs.

3121. A letter from the Secretary of Energy; transmitting an update on energy targets transmitted to Congress on March 9, 1983, pursuant to Public Law 96-294, section 301(c); to the Committee on Energy and Commerce.

3122. A letter from the Secretary of Energy, transmitting the annual report on the Department's industrial energy efficien-

cy program, based on reports from industry covering calendar year 1982, pursuant to EPCA, section 375(e) (92 Stat. 3282); to the Committee on Energy and Commerce.

3123. A letter from the Secretary of Health and Human Services, transmitting a report on the study of State delivery of population research and voluntary family planning program services, pursuant to Public Law 97-35, 931(c); to the Committee on Energy and Commerce.

3124. A letter from the Acting Secretary, Interstate Commerce Commission, transmitting notification that the Commission is unable to render a final decision in Finance Docket No. 30202, et al., Seaboard System Railroad, Inc. and Southern Railway Company—Purchase and Trackage Rights—Between Maplesville and Montgomery, Ala., by the 45th day after the close of the evidentiary proceedings, pursuant to 49 U.S.C. 11345(e) (94 Stat. 1932); to the Committee on Energy and Commerce.

3125. A letter from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3126. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a draft of proposed legislation to authorize U.S. participation in the Office International de la Vigne et du Vin (The International Office of Vine and Wine), pursuant to 31 U.S.C. 1110; to the Committee on Foreign Affairs.

3127. A letter from the Acting Assistant Secretary of the Treasury (Administration), transmitting notification of a new system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3128. A letter from the Administrator of Veterans' Affairs, transmitting a report on the VA's activities under the Freedom of Information Act during 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3129. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the Corporation's compliance with the laws relating to open meetings of agencies of the Government (Government in the Sunshine Act) during 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3130. A letter from the Chairman, National Transportation Safety Board, transmitting a report on the Board's activities under the Freedom of Information Act during 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3131. A letter from the Records Officer, U.S. Postal Service, transmitting notification of a proposed modification of a system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3132. A letter from the Secretary of Energy, transmitting the consolidated financial statement on a payout basis for all projects of the Federal Columbia River Power System and for all other projects on the extent to which their costs are to be repaid from the system's revenues, pursuant to Public Law 89-448, section 3(a) (80 Stat. 714; 91 Stat. 578); to the Committee on Interior and Insular Affairs.

3133. A letter from the Secretary of the Interior, transmitting a report on the receipts, expenditures, and work of all State mining and mineral resources research institutes during 1983, pursuant to Public Law 95-87, section 304(c); to the Committee on Interior and Insular Affairs.

3134. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on the proposed transfer of properties to the Republic of Panama, pursuant to 22 U.S.C. 3784, (Public Law 96-70, section 1504(b)) Executive Order 12215, section 1-401; to the Committee on Merchant Marine and Fisheries.

3135. A letter from the Secretary of Commerce, transmitting an annual report on the activities of the Economic Development Administration, for fiscal year 1983, pursuant to Public Law 89-136, section 707, section 204(b)(2) (90 Stat. 2333; 94 Stat. 2241), and section 904(b) (88 Stat. 1165; 94 Stat. 2241); to the Committee on Public Works and Transportation.

3136. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated January 25, 1984, from the Army's Chief of Engineers on Wallkill River basin, New York and New Jersey, which is in response to a resolution adopted by the House Committee on Public Works; to the Committee on Public Works and Transportation.

3137. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated January 24, 1984, from the Army's Chief of Engineers on the Mississippi River headwaters lakes in Minnesota, which is in response to a resolution adopted on June 7, 1945, by the House Committee on Rivers and Harbors; to the Committee on Public Works and Transportation.

3138. A letter from the Secretary of Energy, transmitting the fifth annual report on the use of alcohol in fuels, pursuant to Public Law 95-618, section 221(c) (94 Stat. 280); to the Committee on Ways and Means.

3139. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Watershed Protection and Flood Prevention Act to provide the Federal Government with the flexibility to reduce the amount of cost sharing for construction of flood prevention projects, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Agriculture and Public Works and Transportation.

3140. A letter from the Secretary of Agriculture, transmitting a report on the implementation of the Department's jurisdiction over master meter gas operators, pursuant to Public Law 96-129, section 111; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

3141. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a copy of the Secretary of State's determination that the furnishing of direct assistance to Mozambique would further the foreign policy interests of the United States, pursuant to Public Law 97-121, section 512; jointly, to the Committees on Foreign Affairs and Appropriations.

3142. A letter from the Comptroller of the United States, transmitting a draft of proposed legislation to add upper level positions for the General Accounting Office, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Government Operations and Post Office and Civil Service.

3143. A letter from the Comptroller General of the United States, transmitting a report entitled "Cost-Benefit Analysis Can Be Useful in Assessing Environmental Regulations, Despite Limitations" (GAO/RCED-84-62, April 6, 1984); jointly, to the Committees on Government Operations, Energy and Commerce, and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHEAT: Committee on Rules. House Resolution 480. Resolution providing for the consideration of H.R. 4974, a bill to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986 (Rept. No. 98-667). Referred to the House Calendar.

Mr. BEILENSON: Committee on Rules. House Resolution 481. Resolution providing for the consideration of H.R. 5172, a bill to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal years, 1984 and 1985 and for related purposes (Rept. No. 98-668). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 482. Resolution providing for the consideration of S. 373, a bill to provide comprehensive national policy dealing with national needs and objectives in the Arctic, (Rept. No. 98-669). Referred to the House Calendar.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3381, a bill to establish the National Oceanic and Atmospheric Administration; to provide for the management, protection, conservation, development, and study of ocean, coastal, and atmospheric resources; to provide for the delivery of ocean and atmospheric related services, and for other purposes; with an amendment (Rept. No. 98-670, Pt. I). Ordered to be printed.

Mr. SWIFT: Committee on House Administration. House Concurrent Resolution 227. Concurrent resolution expressing the sense of the Congress with respect to the adverse impact of early projections of election results by the news media; with an amendment (Rept. No. 98-671). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 483. Resolution providing for the consideration of H.R. 5394, a bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives (Rept. No. 98-672). Referred to the House Calendar.

Mr. JONES of Oklahoma: Committee on the Budget. Report on efforts to reduce the Federal deficit (Rept. No. 98-673). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND:

H.R. 5399. A bill to authorize appropriations for fiscal year 1985 for intelligence and intelligence-related activities of the U.S. Government, the intelligence community staff, and the Central Intelligence Agency retirement and disability system, and for other purposes; to the Permanent Select Committee on Intelligence.

By Mr. MOORE (for himself and Mr. GEPHARDT):

H.R. 5400. A bill to amend part A of title XVIII to provide for an alternative liability system for medical malpractice in the case of injuries under medicare and other Federal programs if States fail to provide for alternative liability systems; jointly to the Committees on Ways and Means, Energy and Commerce, Armed Services, Post Office and Civil Service, and Veterans' Affairs.

By Mr. HOYER (for himself, Mr. BARNES, Mrs. BOXER, Mrs. BYRON, Mrs. COLLINS, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. DYSON, Mr. EDGAR, Mr. FAUNTROY, Mr. FAZIO, Mr. HOWARD, Mr. LANTOS, Mr. MATSUI, Ms. MIKULSKI, Mr. MINETA, Mr. MITCHELL, Mr. ROE, Mr. UDALL, and Mr. WON PAT):

H.R. 5401. A bill to amend title 5, United States Code, to reform the merit pay system by providing for a performance management and recognition system for certain Federal employees, to require the establishment of performance appraisal systems for employees covered by the performance management and recognition system, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOEHLERT:

H.R. 5402. A bill to designate the United States Federal Building in Utica, N.Y., as the "Alexander Pirnie Federal Building"; to the Committee on Public Works and Transportation.

By Mr. BOSCO (for himself and Mr. D'AMOURS):

H.R. 5403. A bill to prohibit temporarily certain hard mineral leasing in the Gorda Ridge Outer Continental Shelf area, to require a report on the effects of such potential leasing, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Merchant Marine and Fisheries.

By Mr. CARNEY (for himself, Mr. HUBBARD, and Mr. SHUMWAY):

H.R. 5404. A bill allowing William R. Gianelli to continue to serve as a member of the Board of the Panama Canal Commission after his retirement as an officer of the Department of Defense; to the Committee on Merchant Marine and Fisheries.

By Mr. CONYERS:

H.R. 5405. A bill to amend title 18 of the United States Code with respect to certain bribery and related offenses; to the Committee on the Judiciary.

H.R. 5406. A bill to amend title 18 of the United States Code with regard to the admissibility of business records kept in foreign nations as evidence in the courts of the United States; to the Committee on the Judiciary.

By Mr. DONNELLY:

H.R. 5407. A bill to provide a survivor annuity to surviving spouses of members of the Reserve components of the Armed Forces who died without having attained age 60 before October 1, 1978, but after they became eligible for retired pay for nonregular service; to the Committee on Armed Services.

By Mr. GRADISON (for himself and Mr. DORGAN):

H.R. 5408. A bill to amend title XVIII of the Social Security Act to prohibit the revaluation of facilities and equipment for depreciation and interest purposes under the medicare program because of the change of ownership of the facilities or equipment, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. HOWARD (for himself, Mr. WRIGHT, Mr. FOLEY, Mr. LOTT, Mr. MINETA, Mr. MCDADE, and Mr. WILSON):

H.R. 5409. A bill to amend the John F. Kennedy Center Act to effect agreements on financial relationships between the Board of the John F. Kennedy Center for the Performing Arts and the Secretary of the Treasury; to the Committee on Public Works and Transportation.

By Mr. MATSUI:

H.R. 5410. A bill to extend duty-free treatment to scrolls or tablets imported for use in religious observances; to the Committee on Ways and Means.

By Mr. MORRISON of Connecticut:

H.R. 5411. A bill to amend titles II and XVI of the Social Security Act to make it clear that when a deceased individual's surviving spouse receives a payment which was issued to such individual but to which such individual was not entitled (under the OASDI or SSI program) the amount of such payment is to be treated as an overpayment to such surviving spouse; to the Committee on Ways and Means.

By Mr. PENNY (for himself, Mr. EDGAR, and Mr. HAMMERSCHMIDT):

H.R. 5412. A bill to amend title 38, United States Code, to authorize contributions made by the Veterans' Administration to States for the construction of State home facilitities for veterans to be used for acquisition of facilities for such purpose; to the Committee on Veterans' Affairs.

By Mr. WAXMAN (for himself and Ms. MIKULSKI):

H.R. 5413. A bill to amend the Public Health Service Act to revise and extend the authorities of that act for assistance for alcohol and drug abuse and mental health services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BILIRAKIS (for himself and Mr. ADDABBO):

H.J. Res. 541. Joint resolution designating the week beginning December 2, 1984, as "National Senior Citizens Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. BARNES:

H. Con. Res. 287. Concurrent resolution deploring the decision to withdraw U.S. acceptance of compulsory jurisdiction of the International Court of Justice over disputes involving Central America; to the Committee on Foreign Affairs.

By Mr. WYLIE (for himself, Mr. APPLEGATE, Mr. DEWINE, Mr. ECKART, Mr. FEIGHAN, Mr. GRADISON, Mr. HALL of Ohio, Ms. KAPTUR, Mr. KASICH, Mr. KINDNESS, Mr. LATTA, Mr. LUKEN, Mr. MCEWEN, Mr. MILLER of Ohio, Ms. OAKAR, Mr. OXLEY, Mr. PEASE, Mr. REGULA, Mr. SKEEN, Mr. STOKES, and Mr. WILLIAMS of Ohio):

H. Con. Res. 288. Concurrent resolution to commemorate the 50th anniversary of the Ohio Credit Union League; to the Committee on Post Office and Civil Service.

By Mr. CRAIG:

H. Con. Res. 289. Concurrent resolution to express the sense of Congress that the President of the United States should award the Presidential Unit Citation to the 22d Marine Amphibious Unit (22d MAU) for their gallant efforts in Grenada and Lebanon; to the Committee on Armed Services.

By Mr. MARKEY:

H. Res. 484. Resolution directing the President to furnish certain information to the House of Representatives concerning U.S. military involvement in hostilities in Central America; jointly, to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

364. By the SPEAKER: Memorial of the Legislature of the State of Maine, relative to the issuance of a commemorative stamp; to the Committee on Post Office and Civil Service.

365. Also, memorial of the Legislature of the State of Colorado, relative to highway financing; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 493: Mr. COLEMAN of Texas and Mr. EDWARDS of Oklahoma.

H.R. 1315: Mr. DANIEL, Mr. MATSUI, Ms. MIKULSKI, and Mr. WILLIAMS of Ohio.

H.R. 1955: Mr. ANDERSON.

H.R. 2126: Mr. MINETA.

H.R. 2837: Mr. PRICE.

H.R. 2960: Mr. WEISS, Mr. AUCOIN, Mr. SAWYER, Mr. FORD of Michigan, Mr. BEDELL, and Mr. BONIOR of Michigan.

H.R. 3105: Mr. MINETA, Mr. ANNUNZIO, and Mr. VENTO.

H.R. 3457: Mr. SIKORSKI.

H.R. 3465: Mr. RINALDO.

H.R. 3775: Mr. CONABLE.

H.R. 3832: Mr. SKELTON and Mr. BOEHLERT.

H.R. 3936: Mr. HANSEN of Utah.

H.R. 3967: Mr. MINETA.

H.R. 4360: Mr. TORRICELLI, Mr. ASPIN, and Mrs. COLLINS.

H.R. 4402: Mr. PACKARD.

H.R. 4427: Mr. ARCHER, Mr. JACOBS, Mr. PATMAN, Mr. HARTNETT, and Mr. MORRISON of Washington.

H.R. 4447: Mr. ALBOSTA, Mr. FOLEY, Mr. ZSCHAU, Mr. BOLAND, Mr. WON PAT, Mr. PEASE, and Mr. LANTOS.

H.R. 4510: Mr. HORTON, Mr. ADDABBO, Mr. MATSUI, Mr. SMITH of Florida, Mr. ANDERSON, Mr. KASICH, Mr. BERMAN, Mr. PEPPER, Mr. LANTOS, Mr. JONES of North Carolina, Mr. FISH, Mr. JEFFORDS, Mr. MARTIN of North Carolina, Mr. BEVILL, Mr. JENKINS, Mr. NICHOLS, Mr. FLIPPO, Mr. FRANK, Mr. SISISKY, Mr. PERKINS, Mrs. HALL of Indiana, Mr. BARNARD, Mr. MCNULTY, Mr. WON PAT, Mr. LAFALCE, Mr. COELHO, Mr. RATCHFORD, Mr. HARRISON, Mr. FAZIO, Mr. PANETTA, Mr. RAY, Mr. LIPINSKI, Mr. GOODLING, Mr. HUGHES, and Mr. TOWNS.

H.R. 4567: Mr. DORGAN, Mr. MOAKLEY, Mr. CROCKETT, Mr. FAZIO, Mr. PACKARD, Mr. EDWARDS of California, Mr. BERMAN, Mr. DE LUGO, Mrs. BURTON of California, Mr. BATES, Mr. KASTENMEIER, Mr. FROST, Mr. OBERSTAR, Mr. FRANK, Mr. CHAPPIE, Mr. STOKES, Mr. MITCHELL, Mr. SMITH of Florida, Mr. ROE, Mr. TORRES, Mr. SIKORSKI, Mr. OWENS, Mr. GLICKMAN, Mr. SYNAR, Mr. BEREUTER, Mrs. BOXER, Mr. SKEEN, Mr. GRAY, Mr. FAUNTROY, and Mr. HUNTER.

H.R. 4571: Mr. FOLEY and Mr. PASHAYAN.

H.R. 4713: Mrs. BYRON.

H.R. 4731: Mr. SCHUMER, Mr. TALLON, and Mrs. COLLINS.

H.R. 4740: Mr. CONYERS, Mr. GARCIA, Mr. BROWN of California, Mr. SHELBY, Mr. KOLTER, Mr. WEBER, Mr. SILJANDER, Mr. OWENS, Mr. MCCAIN, Mr. LEWIS of Florida, Mr. ROGERS, Mr. HARTNETT, Mr. MCCOLLUM, Mr. LOTT, Mr. LANTOS, Mr. WATKINS, Mr. RAHALL, Mr. WOLF, Mr. DAUB, and Mr. KEMP.

H.R. 4760: Mr. SCHUMER, Mr. WEISS, and Mr. ROYBAL.

H.R. 4772: Mr. CONABLE, Mr. GILMAN, and Mr. SWIFT.

H.R. 4855: Mr. AKAKA, Mr. BATES, Mr. BEDELL, Mr. BEVILL, Mrs. BOXER, Mr. BRYANT, Mrs. COLLINS, Mr. DOWNEY of New York, Mr. ECKART, Mr. EVANS of Illinois, Mr. HAMILTON, Mr. JEFFORDS, Mr. MARKEY, Mr. MOORHEAD, Mr. MORRISON of Connecticut, Mr. MURPHY, Mr. NOWAK, Mr. RAHALL, Mr. RICHARDSON, Mr. SAWYER, Mr. SWIFT, Mr. TAUZIN, Mr. WALGREN, Mr. WILLIAMS of Montana, Mr. WISE, Mr. WOLPE, and Mr. YOUNG of Missouri.

H.R. 4928: Mr. APPLEGATE, Mr. MCEWEN, Mrs. HALL of Indiana, Mr. LAFALCE, Mr. FISH, Mr. BEDELL, and Mr. SCHEUER.

H.R. 4961: Mrs. LLOYD, Mrs. HALL of Indiana, Mr. DARDEN, Mr. EVANS of Illinois, and Mr. EMERSON.

H.R. 4966: Mr. LEWIS of Florida.

H.R. 5023: Mr. SLATTERY, Mrs. COLLINS, Mr. SHELBY, and Mr. MCCURDY.

H.R. 5064: Mr. HORTON, Mr. CLARKE, Mr. WHITEHURST, Mr. BETHUNE, Mr. DREIER of California, and Mr. EVANS of Illinois.

H.R. 5098: Mr. REGULA, Mr. DWYER of New Jersey, Ms. KAPTUR, Mr. MITCHELL, Mr. HYDE, Mr. TOWNS, Mr. MORRISON of Connecticut, Mrs. HALL of Indiana, Mr. MARTINEZ, Mr. FRANK, Mr. JEFFORDS, Mr. LANTOS, Mr. FISH, Ms. MIKULSKI, and Mr. DANIEL.

H.R. 5173: Mr. DWYER of New Jersey, Mr. OWENS, Mr. DYSON, Mr. TOWNS, and Mr. DONNELLY.

H.R. 5180: Ms. FERRARO.

H.R. 5196: Mr. WOLPE.

H.R. 5267: Mr. ANTHONY, Mr. ANDREWS of North Carolina, Mr. BEDELL, Mr. CORRADA, Mr. FUQUA, Mr. HATCHER, Ms. SNOWE, and Mr. WEBER.

H.R. 5302: Mr. GARCIA, Mr. SABO, and Mr. HAWKINS.

H.R. 5369: Mr. MCNULTY and Mr. RICHARDSON.

H.R. 5391: Mr. SWIFT, Mr. SCHEUER, Mr. BONER of Tennessee, Mr. MCNULTY, Mr. FRANK, Mr. RODINO, Mr. PEASE, Mr. TAUZIN, Mr. FAZIO, Mr. LONG of Louisiana, and Mr. MAZZOLI.

H.J. Res. 247: Mr. EARLY, Mr. GRADISON, Mr. MOLINARI, Mr. ST GERMAIN, Mr. DINGELL, Mr. THOMAS of California, Mr. WALGREN, Mrs. VUCANOVICH, Mr. FORD of Michigan, Mr. MINISH, Mr. VANDER JAGT, Mrs. LLOYD, Mr. BILIRAKIS, Mr. FOGLIETTA, Mr. LATTA, Mr. BORSKI, Mr. TAUKE, Mr. MATSUI, Mr. BOUCHER, Mr. HIGHTOWER, Mr. GLICKMAN, Mr. EVANS of Illinois, Mr. CORRADA, Mr. BONER of Tennessee, Mr. SCHUMER, Mr. ANTHONY, Mr. MICA, Mr. BEDELL, Mr. CARR, Mr. VOLKMER, Mr. JONES of Oklahoma, Mr. HERTEL of Michigan, Mr. DASCHLE, Mr. COOPER, Mr. LOWRY of Washington, Mr. SWIFT, Mr. GEPHARDT, Mr. MURTHA, Mr. ENGLISH, Ms. MIKULSKI, Mr. SISISKY, Mr. KAZEN, Mr. SKELTON, Mr. DENNY SMITH, Mr. NELSON of Florida, Mr. FROST, Mr. AUCOIN, Mr. MCCURDY, Mr. SLATTERY, Mrs. BOGGS, Mr. COYNE, Mr. LUNDINE, Mrs. HALL of Indiana, Mr. NEAL, Mr. WIRTH, Mr. HALL of Ohio, Mr. CONTE, Mr. MCKERNAN, Mr. WAXMAN, Mr. HAWKINS, Mr. BATEMAN, Mr. WOLF, and Mrs. SCHNEIDER.

H.J. Res. 482: Mr. BILIRAKIS, Mr. THOMAS of California, Mr. DANIEL, Mr. MINISH, Mr. RITTER, Mr. HUTTO, Mr. DONNELLY, Mr. DOWDY of Mississippi, Mr. BONER of Tennessee, Mr. TAUKE, Mr. HOWARD, Mr. OTTINGER, Mr. TORRES, Mr. HUGHES, Mr. ROSE, Mr. FROST, Mr. LAGOMARSINO, Mr. DUNCAN, Mr. MCNULTY, Mr. FUQUA, Mr. MARRIOTT, Mr. SABO, Mr. ERDREICH, Mr. HOYER, Mr. EVANS of Illinois, Mr. CARNEY, Mrs. VUCANOVICH, Mr. FRANK, Mr. MCKINNEY, Mr. VANDERGRIFF, Mr. ANDERSON, Ms. SNOWE, Mrs. HALL of Indiana, and Mr. FRENZEL.

H.J. Res. 463: Mr. MACKAY, Mr. WALGREN, Mr. QUILLEN, Mr. KEMP, Mr. NOWAK, Mr. ARCHER, Mr. MCCOLLUM, Mr. FORD of Michigan, Mr. ADDABBO, Mr. PRITCHARD, Mr. WHITTAKER, Mr. MCKERNAN, Mr. BETHUNE, Ms. SNOWE, Mr. ROBERTS, Mr. HARTNETT, Mr. MCDADE, Mr. MILLER of Ohio, Mr. SMITH of Iowa, Mr. DOWDY of Mississippi, Mr. MOAKLEY, Mr. CLARKE, Mr. BOSCO, Mr. PORTER, Mr. LAFALCE, Mr. MAZZOLI, Mr. LEVINE of California, Mr. FUQUA, Mr. FASCELL, Mr. MCCAIN, Mr. BLILEY, Mr. BROOMFIELD, Mr. KILDEE, Mr. SUNDQUIST, Mr. MAVROULES, and Mr. MURPHY.

H.J. Res. 484: Mr. TOWNS, Mr. DASCHLE, Mr. EDGAR, Mr. GRAY, Mr. FORD of Tennessee, Mr. CLARKE, Mr. GUARINI, Mr. HANSEN of Utah, Mr. HAYES, Mr. LEVIN of Michigan, Mr. KASICH, Mr. GREEN, Mr. HOYER, Mr. RICHARDSON, Mr. LEVINE of California, Mr. LOWERY of California, Mr. LENT, Mr. HERTEL of Michigan, Mr. THOMAS of Georgia, Mr. WOLPE, Mr. LEWIS of California, Mr. LOWRY of Washington, Mr. MOAKLEY, Mr. PANETTA, Mr. PRITCHARD, Mr. RAHALL, Mr. RINALDO, Mr. SAVAGE, Mr. CLAY, Mr. FISH, Mrs. BOXER, Ms. MIKULSKI, Mr. SOLARZ, Mr. LAFALCE, Mr. STOKES, Mr. WIRTH, Mr. UDALL, Mr. NEAL, Mr. BLILEY, and Mr. CHENEY.

H.J. Res. 497: Mr. CORCORAN, Mr. HORTON, Mr. FUQUA, Mr. DEWINE, Mr. HEFNER, Mr. DENNY SMITH, Mr. MOLLOHAN, Ms. SNOWE, Mr. BOEHLERT, and Mr. BILIRAKIS.

H.J. Res. 505: Mr. ADDABBO, Mrs. BOXER, Mr. EARLY, Mr. DANIEL, Mr. GEKAS, Mr. GUARINI, Mr. LAFALCE, Mr. MINISH, Ms. OAKAR, Mr. REID, and Mr. WAXMAN.

H.J. Res. 514: Mr. DURBIN, Mr. CONYERS, and Mr. STARK.

H.J. Res. 521: Mr. SISISKY, Mr. FUQUA, Mr. SAM B. HALL, Jr., Mr. COLEMAN of Texas, Mr. EVANS of Illinois, Mr. HOPKINS, Mr. MOORHEAD, Mr. VENTO, Mr. WILSON, Mr. PERKINS, Mr. SNYDER, and Mr. YOUNG of Florida.

H.J. Res. 527: Mr. HUGHES, Mr. MCCLOSKEY, Mr. THOMAS of Georgia, and Mr. SHUMWAY.

H. Con. Res. 21: Mr. BORSKI and Mr. VENTO.

H. Con. Res. 25: Mr. RINALDO.

H. Con. Res. 122: Mr. SOLARZ, Mr. DURBIN, and Mrs. KENNELLY.

H. Con. Res. 123: Mr. EVANS of Illinois, Mr. LEACH of Iowa, Mr. SOLARZ, Mr. GARCIA, and Mr. MINETA.

H. Con. Res. 247: Mr. SKELTON and Mr. TAUKE.

H. Res. 391: Mr. TORRICELLI, Mr. KRAMER, Mr. SCHAEFER, Mr. KILDEE, Mr. SCHEUER, Mr. MCEWEN, Mr. EMERSON, Mr. LENT, Mr. WYDEN, and Mr. MCGRATH.

H. Res. 441: Mr. EMERSON.

H. Res. 468: Mr. FRANKLIN.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4098: Mr. MCNULTY.

H.R. 4098: Mr. MAVROULES.

PETITIONS, ETC.

Under clause 1 of rule XXII,

340. The SPEAKER presented a petition of the city council, New York, N.Y., relative to a rent cap for public housing; which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposes amendments were submitted as follows:

H.R. 5394

By Mr. DANNEMEYER:

—In the matter proposed to be inserted by section 351(a)(1) of the bill, insert after "subsection (n))" the following: "and shall be 0 per centum with respect to amounts expended as medical assistance for the performance of abortions (except where the life of the mother would be endangered if the fetus were carried to term) with respect to a qualified pregnant woman or child".

—In the matter proposed to be inserted by section 351(a)(1) of the bill, insert after "subsection (n))" the following: "and shall be 0 per centum with respect to amounts expended as medical assistance for abortion counseling (except as to abortions required where the life of the mother would be endangered if the fetus were carried to term) with respect to a qualified pregnant woman or child".

By Mrs. MARTIN of Illinois:

—At the end of the bill, insert the following title and amend the table of contents accordingly:

"TITLE VII—DELAYED IMPLEMENTATION OF SPENDING INCREASES

SEC. 701. Notwithstanding any other provision of this Act, nothing in this Act which requires or authorizes an increase in the level of Federal expenditures above any level which would have been in effect in the absence of this Act shall take effect until legislation other than this Act is enacted requiring or authorizing such increase to take effect.

—At the end of the bill, insert the following title and amend the table of contents accordingly:

"TITLE VII—DELAYED IMPLEMENTATION OF SPENDING INCREASES

SEC. 701. Notwithstanding any other provision of this Act, nothing in this Act which requires or authorizes an increase in the level of Federal expenditures above any level which would have been in effect in the absence of this Act shall take effect until legislation other than this Act is enacted requiring or authorizing such increase to take effect.

SEC. 702. Nothing in this title shall preclude any increase in the level of Federal expenditures which result from provisions enacted into law prior to the enactment of this Act."

By Mr. MOORE:

(As a substitute to the amendment recommended by the Committee on Ways and Means.)

—After section 308, insert the following new section (and conform the table of contents of title III accordingly):

PAYMENT FOR PHYSICIANS' SERVICES

SEC. 309. (a)(1) Subsection (b) of section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services, the Secretary shall not set any level higher than the same level as was set for the period ending June 30, 1984, in the case of the twelve-month period ending June 30, 1985.

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for periods beginning after June 30, 1985, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).".

(2) The amendments made by paragraph (1) shall be effective with respect to items and services furnished on or after July 1, 1984.

(b)(1) The Administrator of the Health Care Financing Administration, in close consultation with the Comptroller General, shall establish a system to monitor the impact of the amendments made by subsection (a)(1) and, in particular, shall monitor changes in—

(A) the medicare physician assignment rate (as defined in paragraph (4)(C)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(B) the average physicians disallowance (as defined in paragraph (4)(D)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(C) the amount (or proportion) of charges for physicians' services furnished to low-income medicare beneficiaries which are borne directly by such beneficiaries, and

(D) patterns of physicians' practices in furnishing such services, such as a change in the volume or type of such services.

To the extent practicable, such monitoring shall be conducted through methods that permits analysis of such impacts on a regional, as well as a national, basis.

(2) The Administrator shall report to Congress not less often than quarterly on the results of such monitoring.

(3) If such monitoring reveals that—

(A)(i) there is a decrease of more than 2.0 percentage points in the medicare physician assignment rate from the rate in effect for services furnished before July 1984, for medicare beneficiaries or (ii) there has been any decrease in such rate for physicians; services furnished to low-income medicare beneficiaries, or

(B) after July 1, 1984, (i) there is an increase of more than 2.0 percent in the average physician disallowance with respect to claims for physicians' services furnished to medicare beneficiaries, or (ii) there has been any increase in such average physician disallowance for such services furnished to low-income medicare beneficiaries,

the Administrator immediately shall notify the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate of such fact and shall include with such notice such legislative and other recommendations as may be appropriate to assure that medicare beneficiaries, and particularly low-income medicare beneficiaries, are not charged any additional amounts as a result of any increases in charges for physicians' services occurring during the 12-month period beginning July 1, 1984.

(4) As used in this subsection:

(A) The term "medicare beneficiary" means an individual enrolled in the supplementary medical insurance program under part B of title XVIII of the Social Security Act.

(B) The term "low-income medicare beneficifary" means a medicare beneficiary who is a low-income individual (as defined by the Comptroller General for this purpose).

(C) The terms "medicare physician assignment rate " means the proportion of claims for payment for physicians' services submitted under part B of title XVIII of the Social Security Act which are made on the basis of an assignment described in section 1842(b)(3)(B)(ii) of such Act or under the procedure described in section 1870(f)(1) of such Act.

(D) The term "average physician disallowance" means the average nationwide difference per claim, for requests for payment submitted for physicians' services for which payment may be made under part B of title XVIII of the Social Security Act, between the charges billed for such services and the amount recognized as reasonable with respect to such services under such part.

By Mr. PEPPER:

—At the end of subpart I of part A of title III, insert the following new section (and insert a corresponding item in the table of contents of title III):

EXPEDITED PAYMENT FOR PHYSICIANS' SERVICES

SEC. . The Secretary of Health and Human Services shall provide, in contracts with carriers under part B of title XVIII of the Social Security Act, that payment will be made for physicians' services for which a claim for payment has been approved under such part not later than 30 days after the date of the approval of the claim.

SENATE—*Tuesday, April 10, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 3 p.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.

Lord God Almighty, the week before recess is always pressure time, but this week is unusually crowded. Grant to our leaders, Senator BAKER and Senator BYRD, special wisdom, understanding, and patience as they guide the Senate through what seems an impossible agenda. Help the Senators as they work through ponderous issues. Help hardworking staffs as they sift and sort and study mountains of data to give their Senators the essence of the issues. Give special grace to the Secretary of the Senate, the Sergeant at Arms, and their staffs and those who manage the cloak rooms as they coordinate activities and help the machinery of the Senate to run smoothly. Strengthen and bless the editor in chief, his associates, and those who record and process debate. Dear Lord, save the Senate from trivia—let all that ought to be accomplished be done decently and in order to the benefit of the Nation and the satisfaction of all who labor here. In the name of Him who never hurried, was never anxious, and finished His task. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

AN EXTRAORDINARY CHAPLAIN

Mr. BAKER. Mr. President, I hope that those who read the RECORD do not think my statement is too flip or inappropriate to the opening prayer of our good Chaplain. He is an extraordinary Chaplain. As I have said on previous occasions, he has about the only prayers I ever really listen to because he always makes them topical and important and, obviously, we profit from them. But I did notice today that he left out the elevator operators.

SENATE ELECTION QUARTERLY REPORTS DUE APRIL 15, 1984

Mr. BAKER. Mr. President, the Federal Election Campaign Act, as amended, requires that the principal campaign committee of each Senate candidate seeking election in 1984 must file a quarterly report by April 15, 1984. Reports sent by registered or certified mail must be postmarked no later than April 15, 1984. Reports hand delivered or mailed first class must be received no later than the close of business April 15, 1984. The Senate Office of Public Records, the office designated to receive these reports as custodian for the Federal Election Commission, will be open from 10 a.m. until 3 p.m., Saturday, April 14, and 11 a.m. until 3 p.m. Sunday, April 15 for the purpose of accepting these filings. The Public Records Office is now located in suite 232 of the Hart Building. If further information is needed, please contact that office directly on 224-0322.

SENATE SCHEDULE

Mr. BAKER. Mr. President, special orders have been entered in favor of eight Senators today. A number of those Senators have indicated they do not require the time. I am about to make a unanimous-consent request but I will vitiate it if the minority leader has any problem with it at all.

The reason I am doing what I am about to do is because there will be a briefing at 3:30 p.m. today for all Senators in S-407 on the situation in Central America.

Let me repeat: There will be a briefing under the auspices of the Intelligence Committee at 3:30 p.m. in S-407. It is a classified briefing. It will be conducted by the Intelligence Committee. William Casey, the Director of Central Intelligence, will be there to conduct the briefing. All Members are invited. It will be for Members, however, and no staff, except the staff of the Intelligence Committee.

But, in view of that, Mr. President, I would propose, if the minority leader does not object, to save the time that has been allotted to Members who have now indicated that they have no need for their special orders, divided equally between the majority and minority leaders.

Mr. President, those are these Senators: Senators KASSEBAUM, GRASSLEY, BIDEN, BAUCUS, and LEAHY have indicated they no longer wish special orders.

I ask unanimous consent that the time provided for those Senators be allocated as an addition to the standing order time in favor of the two leaders.

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

Mr. BAKER. I thank the Chair.

Mr. President, we may not use that time, but since we are going to be in at 3:30 for a briefing, the chances are we will either recess then or otherwise provide a window for all Members to attend. I do not know how long that briefing will take. There is no outside time limit on it. I would estimate about an hour, but I do not know that. When we return, of course, we will be on the bill, and then we will proceed with the regular order.

Mr. BYRD. Will the majority leader yield?

Mr. BAKER. Yes.

Mr. BYRD. Mr. President, the majority leader, I think, had a feeling as to what my question was going to be. It was going to be with respect to the beginning of the debate on the amendment by Mr. KENNEDY, the use of that 30 minutes, and an indication as to about what time a vote would occur. As I understand the majority leader now, he and I have control over something like 1 hour and 15 minutes.

Mr. BAKER. Yes. It is five special orders of 15 minutes each, 75 minutes. And that will be equally divided.

Mr. BYRD. And that will begin at what time?

Mr. BAKER. There are three Senators who have special orders they wish to keep: Senators PROXMIRE, KASTEN, and ZORINSKY. So after that, the two leaders would have an additional period of time.

Mr. BYRD. That would run until about 5 p.m., if we did not yield our time back?

Mr. BAKER. Yes.

Mr. BYRD. So I take it the majority leader would not expect, in view of the fact there will be a briefing at 3:30 p.m., he would not expect to vote on the amendment or in relation to the amendment by Mr. KENNEDY before 5 p.m.

Mr. BAKER. I would say that is a good estimate, yes.

Mr. BYRD. I thank the majority leader.

Mr. BAKER. I thank the minority leader.

May I also say, Mr. President, after the Kennedy amendment is disposed of one way or the other, there is a great deal of work to be done on the tax bill, or the amendment which is the tax bill. And, depending on the wishes of the managers—that is, Sena-

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

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tor DOLE and Senator LONG—the leadership on this side is willing to ask the Senate to stay late tonight to accomplish as much as possible. I have not yet talked to Senator DOLE about that today. On yesterday, he indicated we might be in as late as midnight.

Mr. DOLE. Midnight.

Mr. BAKER. I am afraid the Senator from Kansas has just reconfirmed that unhappy estimate. But Senators should be on notice of a late evening, and may run as long as midnight tonight.

May I explain another reason why that appears necessary. In addition to trying to get on with the business at hand, a number of Senators may be planning to attend the funeral services of former Senator CHURCH in Idaho on Thursday. We may have an absentee problem of some sort on Thursday.

Senators will not misunderstand, I am sure, when I say that there is the possibility of votes on Thursday. But I would not discourage them from attending the funeral.

Mr. President, let me repeat the situation on Thursday, which is the day of the funeral for our late colleague, Senator Church. It is my understanding that a number of Senators on both sides of the aisle may wish to attend those services in Idaho. And I encourage Senators to do that. I understand fully. And while I cannot attend because of my duties here, I encourage other Senators to do so if they wish. Indeed, I will try to assist them in their plans for transportation.

But a number of Senators have asked me whether or not they will be protected on Thursday against rollcall votes. As I have indicated to a number of Senators, it is not possible to do that. I will do my very best to keep votes to a minimum and to protect them as best I can. But we will have rollcall votes on Thursday, in my opinion.

Once again, I urge Senators to do what their conscience suggests about attending that service, but they should understand there will be a strong likelihood of rollcall votes on Thursday during the course of the day.

Mr. President, I assume that we will be in session on Friday. I would still like to see us go out Thursday evening, but that seems to be a dwindling prospect, given the circumstances. I will confer with the minority leader about that later in the day and perhaps I will have another announcement to make.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the minority leader is recognized.

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

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I yield back the remainder of my time under the standing order.

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.

HOW CAN CITIZENS INFLUENCE NUCLEAR ARMS POLICY?

Mr. PROXMIRE. Mr. President, for the past 3 or 4 weeks I have been giving a series of speeches based on the challenging questions asked by the Common Cause Guide to Understanding Nuclear Arms Policy. Today I come to the final question: How Can Citizens Influence Nuclear Arms Policy? As Common Cause sees it, there is no way this country will enter into negotiations designed to stop the nuclear arms race unless American citizens by the millions get involved. Many of us have had the illusion that the people of this country have become deeply involved in protesting the nuclear arms race. After all, we have seen numerous town meetings on the subject throughout the country register support of a nuclear freeze. In the past 2 years we have had nine statewide referenda asserting overwhelming support for stopping the nuclear arms race. We have had scores of protests against the transportation and deployment of nuclear weapons. Also, in spite of the complexity of the problem, the American people have hardly been shy or bashful about speaking up on it. Or have they? The Common Cause Guide has quite another viewpoint on the issue. They write:

> It is not the magnitude of the problem that poses the greatest obstacle to its solution. Rather it is, as General Omar Bradley warned in 1957, "Our colossal indifference to it."

Mr. President, General Bradley was right then and he is right now. Sure there has been some concerted public debate and interest in stopping the nuclear arms race. But considering the enormity of the danger, considering that the prospect of nuclear war poses the most terrible threat to the survival of this Nation that we have ever faced, the attitute of us Americans can—as General Bradley rightly said 27 years ago—be classified as "colossal indifference." Mr. President, think what we confront here. A nuclear war could end the life of most Americans in the most painful agony any of us can imagine. It would leave our cities steaming, radioactive heaps of rubble. It could give us a nuclear winter that would freeze or starve most survivors. Is all this really a believable danger? The Bulletin of the Atomic Scientists at the close of 1983 moved the minute of their doomsday clock that symbolizes the immediacy of the threat of nuclear disaster of 3 minutes to midnight. Leslie Gelb the top national security expert for the New York Times tells us that within the next 10 to 20 years, onrushing nuclear weapons technology may completely erase the nuclear deterrence that has been the primary force keeping the nuclear peace for the past 30 years. Our military experts tell us that within the next 17 years unless we find a way to stop nuclear proliferation 31 nations will have nuclear arsenals, including nations run by unstable dictators and which have been almost constantly at war.

So, Mr. President, given the devastation that would insure in nuclear war and the relentless march in the direction of nuclear war, American citizens should be demanding that this Government strive at once to negotiate a mutual, verifiable, comprehensive end to the nuclear arms race. And they should be demanding that we stop pussyfooting around with a half hearted, wimp of a nonproliferation policy.

Has public pressure ever provided a significant force in moving this country toward arms control? What does the record show? The Common Cause Guide points out that the only two truly significant nuclear arms control achievements we have negotiated have both been achieved only with powerful and steady public pressure. Both the limited Test Ban Treaty and the ABM Treaty came about largely through vigorous public pressure. The SALT II Treaty, on the other hand, died at the hand of public apathy.

So what is the answer? How do citizens achieve the kind of nuclear weapons policy we need if we are to survive? The answer lies in letters and phone calls and personal meetings with elected officials, letters to editors of newspapers and magazines. And do not forget radio and television stations.

Radio stations all over the country often feature call-in shows. Citizens can and should call in and call for discussion of nuclear weapons policy.

Considering the opportunities for telling Members of Congress and other public officials how they feel about the nuclear threat, our citizens have been extraordinarily reticent. I personally get back to my State and hit the main streets, the shopping centers, the baseball and football games, and the meetings of labor unions and business and farm groups as much as any Member of the Congress. Rarely, much too rarely, do I hear comments or concern expressed about what is not only far and away the most serious and threatening problem that con-

fronts this country, but the problem that is more serious than all the others combined. This year to date I have received about 50,000 letters. How many of those letters have expressed concern over the nuclear threat or have appealed for steps to stop the nuclear arms race or have dealt in any other way with nuclear weapons policy? Answer—out of the 50,000 letters I have received this year a mere 200, 0.4 percent of the total, have expressed any concern with nuclear war. General Bradley is as right today as he was in 1957 when he called our attitude toward this most dangerous threat mankind has ever faced, an attitude of "colossal indifference."

Mr. President, I could not improve on the final words of the Common Cause Guide to Nuclear Weapons Policy. They conclude:

Ultimately it is the sustained concerted action of individuals that will commit our political leaders to navigate and negotiate a new path to security. We otherwise will remain imperiled not only by the existence of nuclear weapons but the persistence of apathy in the nuclear age. The challenge of preventing nuclear war demands our participation, imagination and whole-hearted determination as a people.

Mr. President, I ask unanimous consent that the final chapter of the Common Cause Guide which gives its answer to the question, "How Can Citizens Influence Nuclear Arms Policy?" be printed at this point in the RECORD.

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

HOW CAN CITIZENS INFLUENCE NUCLEAR ARMS POLICY?

One of the most striking aspects of nuclear arms policy is the sheer complexity of the subject. Learning the basic issues—from military strategy to U.S.-Soviet relations—can cause one to feel more, rather than less, intimidated by the problems of preventing nuclear war.

Nonetheless, it is not the magnitude of the problem that poses the greatest obstacle to its solution. Rather it is, as General Omar Bradley warned in 1957, our "colossal indifference" to it.

For more than three decades, most American citizens have avoided the debate over nuclear arms policy. We have watched nuclear weapons grow more numerous and more deadly over time, we have seen the superpowers come perilously close to confrontation, we have witnessed the hands of the "doomsday clock" move closer to midnight.* Yet we have remained comfortably on the sidelines, leaving the management of the arms race to a closed circle of government officials, military planners, and scientists.

At last, however, a truly national debate on nuclear arms policy has begun. The topic comes up at the dinner table, on the TV screen, and in just about every magazine and newspaper that passes hands. Today, more citizens than every before are discussing the threat of nuclear war.

Despite the signs of public interest, some commentators view this new-found citizen voice with caution. Writing in the summer of 1982, the editors of The New York Times questioned whether citizens are prepared to go "beyond anxiety" and help frame policies to reduce the threat of nuclear war. It is a question we must ask and answer ourselves.

It is easy enough to appreciate the dangers of nuclear war. One has only to read of the effects of nuclear weapons or the testimony of Hiroshima survivors to understand the stakes involved.

It is even easy, relatively speaking, to understand the issues that shape the policy debate. A wealth of material on arms control, nuclear strategy, and the military balance—to name a few topics—is now available from libraries, government agencies, public interest organizations, and other sources.

It is harder—at least at first blush—to join the policy debate and to influence its outcome. We ask ourselves whether one individual can make a difference and, if so, where to begin. Obstacles to public participation in the nuclear debate surely abound. The complex nature of nuclear arms policy—involving, as it does, sensitive questions of national security—confers on the military establishment a seemingly exclusive right to chart its course.

Today, however, more and more individuals recognize the limits of military might in the nuclear age and appreciate the need for political and diplomatic approaches to the problem of preventing nuclear war. As political scientist Seweryn Bialer observes, "The key to American and Soviet security lies not with weapon makers but with political leaders—in their willingness and ability to lower the overheated temperature of Soviet-American confrontation."

Ultimately, then, individual citizens have a role to play in the nuclear arms debate, not as outside intruders in some forbidden province, but as rightful participants in the American political process. It is in this capacity that citizens are empowered to help our elected leaders shape national policies on nuclear arms and arms control.

According to some observers, the lack of a comparable role for Soviet citizens skews the balance unfairly, creating a sort of "peace gap" between the United States and the Soviet Union. To be sure, the Soviet premier is not besieged with letters from outraged citizens demanding that he restrain their nation's nuclear weapons program; no human chains surround Soviet military bases.

But while it is true that Soviet citizens cannot make their views known in the same manner as American citizens, it is also true that Soviet leaders have strong reasons to participate in serious negotiations to limit nuclear arms. The Soviet economy can ill afford too much defense spending. More important, Soviet leaders recognize that virtually every nuclear weapon not in the Soviet Union is aimed at it.

It is also clear that someone has to lead the way. With so much at stake, we simply cannot stand by idly while the arms race continues unabated. At the end of the Second World War, the United States helped rebuild Europe through the Marshall Plan. In a similar spirit, through serious negotiations, the United States can now lead the world to reduce the threat of nuclear war. But it will not do so unless its citizens command it to lead the way.

The power of citizen action is borne out by the history of arms control since World War II. "[O]n only two occasions have limits on U.S. and Soviet forces that were significant or perceived to be significant been achieved," observes Lawrence Weiler, former Counselor to the U.S. Arms Control and Disarmament Agency, "and those were the two times when the public got involved." He explains:

The two agreements were the Limited Test Ban and the ABM Treaty. The Test Ban was achieved because the women of America got concerned about radioactive fallout . . . . The ABM debate of 1970 produced a climate which made it clear to officials that there would not be public support for continuing with the Safeguard ABM program if a viable alternative, the ABM Treaty, were possible. The reason that these are the only two instances of significant arms control is because the momentum of the arms race and the strength of forces propelling it forward are too great to be stopped without public involvement and pressure.

Indeed, history also has shown that the absence of public involvement can affect the prospects for arms control. Citizen pressure four years ago could have made a difference in the debate over SALT II. Instead, citizen apathy allowed the U.S. Senate to defer consideration of the much-needed SALT II Treaty, which remains unratified today.

How, then, can citizens influence the outcome of current debate on preventing nuclear war?

The prerequisite for informed political debate is a concerned citizenry that continually asks questions. Do we need this proposed weapons program? Does this nuclear arms policy promote the common good? Is sufficient progress being made in arms control negotiations? Such constructive oversight provides a useful prod to national leaders responsible for national security—the president who fashions our foreign policy program and ultimately commands our military forces; the members of Congress who oversee the defense budget process and advise the president on arms control policy. By holding these officials accountable for their positions on nuclear arms and arms control, "it reminds them that they have to earn support. It isn't theirs simply by right of place," observes columnist Flora Lewis.

The tools available for political action are plentiful. Each of us can find the means most comfortable to us as individuals to participate in the national dialogue on nuclear arms policy. We can express our opinions—and raise our questions—in letters and telephone calls to elected officials, letters to editors of newspapers and magazines, comments on radio call-in shows, and discussions at public forums on nuclear arms policy.

There are, moreover, a number of national organizations for individuals to join as a focal point for their activity. These organizations—Common Cause is one—bring the collective weight of their memberships to bear on political leaders in Washington to persuade them, quite simply, that the arms race must end.

Neighborhood groups, religious groups, professional associations, even a collection of friends can accomplish much by working together, particularly during an election year. They can poll candidates for office regarding their views on nuclear arms policy and publicize candidates' positions among the electorate. Indeed, every citizen has in

*The "doomsday clock" appears monthly on the cover of *The Bulletin of the Atomic Scientists*. The location of the minute hand symbolizes the immediacy of the threat of nuclear disaster. At the close of 1983, the clock's hand was moved to 3 minutes to midnight.

hand one of the most effective weapons for political change: the vote.

Citizens also can help by voluntering their time and effort to aid candidates who are committed to nuclear arms control. During a 1982 interview, Representative Edward Markey (D-MA), a sponsor of the nuclear freeze resolution, told the New York Times:

Everyone in the House that I've spoken to recently who has talked to their constituents about the nuclear arms issue ends up walking out of the room with 15 or 20 more volunteers for their campaign next fall.

Citizen action—whatever its form—thus can send a valuable message to our elected officials. In the spring of 1983, for example, the House of Representatives approved a resolution favoring a bilateral nuclear weapons freeze. The initiative passed in large part because so many towns, cities, counties and states passed resolutions of their own favoring the freeze. Those resolutions got on the ballot because enough individuals signed petitions to get them there.

Utimately, it is the sustained, concerted action of individuals that will commit our political leaders to navigate and negotiate a new path to security. We otherwise will remain imperiled not only by the existence of nuclear weapons but the persistence of apathy in the nuclear age. The challenge of preventing nuclear war demands our participation, imagination, and whole-hearted determination as a people.

LESSONS IN HISTORY

Mr. PROXMIRE. Mr. President, April is an important month for Armenians. I have recently read in the Armenian Weekly that in Rhode Island alone the Armenian community along with the Armenian National Committee have planned a series of projects to commemorate the 69th anniversary of the 1915 Armenian Genocide by the Turkish Government.

In addition to rallies, billboards, television programs, and proclamations from the mayor and Governor, a display will be featured in the Rhode Island State House rotunda. This arrangement will inform the public of the genocide of the Armenians and its serious implications.

American awareness of the horrors of genocide beyond the Nazi mass extermination of 6 million Jews during World War II, is not very great. Many do not even know what the word "genocide" means. The intentional destruction of any national, ethnic, racial or religious group is not something to which the world should remain ignorant.

I commend the Rhode Island Armenians for their efforts to raise awareness to their cause. The devastating slaughter of 1.5 million Armenians by the Turks cannot be overlooked. The United States cannot disregard this tragic lesson of history.

Unfortunately, this first genocide of our century has not been the last. Moreover, it was not until 1948 that the world finally recognized the need for an international treaty outlawing genocide for all times. Worse yet, to this very day the United States has refused to ratify this essential human rights treaty.

Mr. President, I urge my colleagues to take a hard look at history. The need for the Genocide Convention is evident. Let us no longer ignore the lessons of the past. We must ratify the Genocide Convention.

RECOGNITION OF SENATOR KASTEN

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

VOTING PRACTICES IN THE U.N.—EL SALVADOR

Mr. KASTEN. Mr. President, today is my sixth speech on the voting practices in the United Nations. These statements to my colleagues are based on the first annual report prepared by the Department of State. These reports are required by a Federal law that I authored in 1983—Public Law 98-151. Last week, in my remarks on the reaction to events in Grenada by the United Nations, I cited a very thoughtful article on the Grenada matter in relation to international law by University of Virginia law professor John Norton Moore. The article is published in the January 1984 issue of the American Journal of International Law.

Criticizing the U.N. General Assembly's rush to judge the joint United States-OECS action in Grenada as a flagrant violation of international law, Professor Moore carefully demonstrated the legality of the action. Moreover, he warned that "an international legal double standard is eroding the foundations of the international legal order."

Professor Moore went so far as to warn that the United Nations may visit upon itself the fate of the League of Nations unless it should "abandon the international double standard and rigorously apply the great principles of the U.N. Charter."

The double standard is no more starkly evident than in the U.N. Assembly's treatment of human rights in El Salvador. Through annual resolutions selectively drawing attention to imperfections in El Salvador's social and political order, the General Assembly contributes to the campaign to legitimize the Marxist-Leninists who are seeking to violently overthrow the legitimate elected Government of El Salvador.

The U.N. Charter, in its preamble, affirms:

Faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small.

The U.N.'s Universal Declaration on Human Rights addresses the issue of fundamental human rights in ways not dissimilar from the Judeo-Christian ethical tradition or the teachings of the American Founding Fathers: Among these are the right to life; to personal liberty; to immunity from unjust imprisonment or torture or other degrading treatment; religious liberty; and the freedom to exercise one's conscience.

As a juridical concept, human rights are meaningful only insofar as they are equally applied. To selectively assail the human rights record of some governments and not those of others is to undermine the very concept of human rights standards. It is for this reason, incidentally, that the 1961 Foreign Assistance Act, which provides for the State Department to furnish annual country-by-country human rights reports, mandates that such reporting be for all countries and, of course, on the basis of equal standards. Selectivity in monitoring human rights dishonors the very rights it claims to champion.

The annual U.N. General Assembly debate and vote on El Salvador is a crucial instance of the sort of hypocrisy that Professor Moore has warned may cause the organization to destroy itself. As the State Department's Report to Congress on Voting Practices in the United Nations shows, last year, the General Assembly approved a resolution expressing "deepest concern" that "the gravest violations of human rights are persisting in El Salvador." The tally was: 84 in favor; 14, including the United States, opposed; and 45 abstaining.

Our Government opposed the resolution, in part, because it believed it was one step in a campaign to delegitimize the lawful, elected Government of El Salvador. More importantly, the United States opposed the resolution because it was so absurdly unbalanced, and so grossly symptomatic of the new international double standard.

By this double standard, it is permissible for terrorist, Communist-affiliated forces calling themselves national liberation movements—the PLO and SWAPO, for instance, and also the Salvadoran Communists, the FMLN—to use violence in pursuit of their aims. But it is impermissible for lawfully elected governments to defend themselves against the foreign-sponsored subversion.

The General Assembly never considers, much less votes to approve, resolutions of concern over human rights in Ethiopia, where Amnesty International reported that the Marxist regime actually had boiled hight school students in oil. Indeed, in the often topsy-turvy moral world of the United Nations, the Ethiopian delegates recently have accused us of gross violations of human rights.

The General Assembly approves no annual resolution, Mr. President, on religious persecution, arbitrary arrests, and arrant denial of national self-determination in the so-called independent Soviet Socialist Republics which have their own seats in the United Nations—Byelorussia and the Ukraine—or of the denial of religious freedoms in the other states that form the Soviet bloc.

China is not criticized for forcing abortions on women 7 months pregnant—as is reported in the March issue of Commentary magazine by Harvard University population affairs expert Nick Eberstadt. Pakistan is not condemned for public floggings. Nor, or course, is any notice taken when a democratic state like Argentina begins a massive and effective human rights campaign.

There are not United Nations General Assembly resolutions expressing concern about human rights in Vietnam or Cambodia, from which hundreds of thousands of refugees have fled to escape repression, including campaigns of politically motivated murder by the Communist state.

The General Assembly has not concerned itself with human rights in Cuba, or Romania, or Angola, or Nicaragua. In short, Mr. President, the General Assembly has not shown an interest in examining, much less criticizing or condemning, the behavior of Communist or pro-Soviet states with regard to the human rights of their subjects.

The General Assembly resolution on El Salvador was solidly supported by the Soviet Union and the network of states that regularly vote with it. About this group, Professor Moore of the University of Virginia astutely has observed that:

> The Soviet Union, largely isolated in the United Nations during the immediate postwar period, has assiduously cultivated a network of client states such as Afghanistan, Angola, Cuba, Libya, Mozambique, Nicaragua, North Korea, South Yemen, Vietnam, and, until recently, Grenada, as well as its captive socialist bloc, which are ready to argue that down is up, or, if need be, up is down.

But the El Salvador resolution did not carry on the strength of the Soviet network alone. Most of our NATO allies voted for the resolution, while not one of them joined us in opposing it. Three NATO members abstained—the United Kingdom, West Germany, and Turkey. The tiny number of countries that joined us in voting "no" were all from the Americas or Asia, which is another way of saying that not a single African country nor a single European country—East or West—voted with us.

Why is the double standard embraced by so many of our friends? Professor Moore writes that there are many causes for this:

Some benign and some not so benign. It is natural and healthy that peoples of democratic countries, and their vigorous free press and scholarly community, will meet the use of force—even by their own governments—with skepticism and debate. In contrast, totalitarian countries provide an appearance of monolithic support and accompany their actions with a squid-like cloud of disinformation. It is natural that when social change is needed, people will be attracted to revolutionary rhetoric and may fail to examine critically the often repressive reality. It is natural for those not yet threatened by terrorism or subversion to believe that silence or accommodation will spare them. It is natural to seek distance from actions by others—however necessary—that attract controversy. It is but a subtle step to move from the belief that the "superpowers must be dealt with evenhandedly" to the belief that their actions are inherently similar or that their actions, however difficult, must be equally condemned.

When I served as a U.S. congressional delegate to the 1982 General Assembly of the United Nations, I witnessed the delegations of many of our strong, traditional friends take that subtle step Professor Moore has described. The overwhelmingly vote by American friends and foes alike in favor of a resolution epitomizing the international double standard shows that there is a long twilight struggle ahead if the United Nations is to be rescued from self-destruction, and if our own national interests are not to be damaged by that organization.

Mr. President, I ask unanimous consent that a table showing those countries which voted against the U.S. position concerning El Salvador and which are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks. This table, in addition to showing the fiscal year 1985 proposed foreign assistance levels, also shows the current-year levels of assistance and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

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

[In millions of dollars]

Country	Fiscal year—		
	1985	1984	1946–85
AFRICA			
Togo	8.3	9.5	92.9
Kenya	129.5	112.3	887.9
Lesotho	18.9	19.8	180.1
Zambia	30.0	28.6	326.4
Botswana	22.6	25.1	219.5
Rwanda	9.9	11.1	77.4
Senegal	51.1	53.4	353.8
Mauritius	5.7	5.7	52.5
Sierra Leone	9.7	8.0	128.3
Gambia	6.0	5.4	50.0
Guinea	12.0	5.7	203.4
Burundi	7.2	6.9	59.5
Mauritania	11.1	12.7	124.4
Zimbabwe	30.2	40.0	267.0
Ghana	10.2	21.0	473.2
Mali	14.1	12.7	219.1
Tanzania	3.1	11.0	350.7
Upper Volta	19.0	16.9	234.3
Uganda	10.1	9.1	97.0
Seychelles	2.4	2.5	14.0
Cape Verde	5.8	6.4	67.0
Benin	3.0	3.0	65.8
Sao Tome	0.2	0.7	3.5
Madagascar	10.3	9.3	71.0
Guinea Bissau	2.9	2.8	34.6
Congo	1.1	3.0	21.3
Ethiopia	3.7	6.4	688.1
Angola	0.2	2.0	18.4
ASIA			
Papua New Guinea	0.9	0.9	3.4
India	212.3	224.1	11,411.4
LATIN AMERICA			
Jamaica	135.6	114.6	763.1
Mexico	9.2	8.7	386.7
Guyana	(1)	0.3	130.4
Grenada	0.3	15.2	15.5
EUROPE			
Portugal	208.0	147.4	1,980.4
Iceland	(1)	(1)	82.2
Austria	0.1	0.1	1,257.1
Spain	415.0	414.4	4,063.8
Greece	501.7	501.4	7,286.3
Finland	0.1	0.1	57.4
EAST EUROPE			
Yugoslavia	0.2	0.1	2,832.5

[1] Less than $50,000.

ARGENTINE FINANCIAL BAILOUT

Mr. ZORINSKY. Mr. President, recently the Secretary of the Treasury, Donald Regan announced that the United States would participate in international efforts to assist Argentina in averting financial crisis. Let me say at the outset that I think it is laudable that Colombia, Mexico, Venezuela, and Brazil, despite financial difficulties of their own, agreed to provide a short-term bridge loan to Argentina so that it could make long overdue interest payments on outstanding loans. Eleven banks also agreed to provide $100 million in short-term funds to Argentina. This is only fitting as the banks are to be the ultimate recipients of these funds, as well as the root cause of the debt problems which now confront countries like Argentina.

Now I would like to turn to the role that the United States will play in this international bailout scheme. The United States, we are told, is prepared to lend $300 million to Argentina so that it can repay its loan from the four Latin American countries once Argentina has agreed to an IMF program. The United States will then swap dollars for pesos using the mysterious Exchange Stabilization Fund (ESF), a fund under the sole discretion of the Secretary of the Treasury. The United States will in turn be repaid by the Government of Argentina from the IMF loan it receives once the IMF program becomes operational—anywhere from 30 to 90 days after the United States makes the loan. Mr. Regan swears that there will be no effect on the Federal deficit since this special fund of his is off budget. Thus presumably it is his assertion that no taxpayers dollars are involved in this effort.

I certainly believe that it is important to assist Argentina as it confronts its economic difficulties, especially since the recently elected government of President Raul Alfonsin is committed to democracy in Argentina and has already taken some bold steps to punish abuses perpetrated by the previous military regime. However, I do not think that Secretary Regan should insult the intelligence of the American people by pretending that real dollars are not at stake here. If one reviews how the ESF came into being one discovers that this so-called off-budget account was funded with taxpayers dollars—$2 billion in appropriated funds. The original purpose of the fund was to act as a mechanism to stabilize the dollar at a time when fixed exchange rates were still the order of the day. Over the years, the ESF has been used as the vehicle for carrying out U.S. transactions with the IMF and other foreign exchange market activities. Until 1978, when Congress put a stop to it, the Secretary of the Treasury also used the ESF as his own little slush fund to cover certain administrative expenses at Treasury, and thereby avoid the need to seek additional appropriations from Congress.

Thus, despite Mr. Regan's claims to the contrary, U.S. taxpayer funds will be utilized to help Argentina. He should have been more honest about this. So, too, I question why the package needed to be so complex. Perhaps Mr. Regan thought this would confuse the fact that in the final analysis the United States is helping to take the banks off the hook—at least in the short run. If this is necessary in the short run to give Argentina breathing space—so be it. However, ultimately the banks and debtor countries such as Argentina are going to have to work out a longer term solution to the problems. The banks will have to own up to the fact that they have been too greedy in their excessive charges on loans to these countries, and the countries will have to concede that they have attempted to live beyond their means. Once these things occur, then I believe a workable agreement can be developed between the parties involved and the U.S. taxpayer will not be called upon time and time again to come to the rescue.

Mr. President, I yield back the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. 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. BAKER. Mr. President, as indicated earlier, there is a briefing to be conducted under the auspices of the Intelligence Committee in S-407 for all Senators at 3:30 p.m. In order to make sure that every Senator has an opportunity to attend, I ask unanimous consent that the Senate now stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 3:31 p.m., recessed subject to the call of the Chair.

The Senate reassembled at 6:30 p.m., when called to order by the Presiding Officer (Mr. ABDNOR).

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

FEDERAL BOAT SAFETY ACT AMENDMENT

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, if I could have the attention of Senators, it is now 6:30 in the evening. First, I must apologize to all Members for delay in the regular proceedings of the Senate, but I think it was worthwhile. I hope so.

It will come as no surprise to Members to know that there is a great deal of controversy swirling about the Kennedy amendment and the general situation in Central America, to say nothing of the complications we will encounter when we finally get down to the business at hand, which is the tax bill as an amendment to the boat bill.

Mr. President, I have a unanimous-consent request that I would like to pose which I hope will cut the time and let us proceed, not only with the disposition of the Kennedy amendment and both its divisions, but also permit us to get on with the business at hand, which I know the Senator from Kansas and the Senator from Louisiana are very anxious to do.

I have described this to the minority leader and the distinguished Senator from Massachusetts, and I have discussed it, of course, with Members on this side. Let me put the request at this time.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I ask unanimous consent that the order of yesterday providing 30 minutes of debate and the recognition of the majority leader for the purpose of making a tabling motion or motions be vitiated.

I further ask unanimous consent that no tabling motion be in order against division 1 of the Kennedy amendment.

I ask unanimous consent, Mr. President, that a vote occur up or down on the Kennedy amendment immediately.

I ask unanimous consent that after the vote on the first division of the Kennedy amendment that the second division be withdrawn.

I further ask unanimous consent that no other Central America amendment be in order to this bill.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, reserving the right to object, first of all I want to express my appreciation both to the majority leader and the minority leader for hopefully getting us to a point where we will be able to vote up or down on the merits of this particular amendment, which is the amendment dealing with the mining in Nicaragua.

I would like to address my inquiry to the majority leader with regard to the latter part of his unanimous-consent request. That is with regards to prohibiting further amendments to this legislation on the subject of Central America.

I have no other amendments at this time. I would hope that the Senate would have an opportunity to act on the fundamental bill at hand. Realistically, I think it is probably unlikely that we will complete this legislation this week, because we get into the situation of the Easter recess. Then we will come back and be on this measure again. We have seen over a period of really recent days where there have been developments in Central America which need the attention of this body in addressing those issues and those questions.

I certainly welcome the first aspect of the unanimous-consent agreement, but I would like to find out or get some assurance from the majority leader that we would not be precluded from discussing or debating or even at least some form of action on Central America for what may very well be a period of time which includes the next 2 or 3 weeks, given what has happened over the period of the past days. I am wondering if the leader will address that particular concern.

Mr. BAKER. Mr. President, I will be happy to. I discussed this matter with the distinguished Senator from Massachusetts and the minority leader just before I made the request, so I anticipated his query to me. I thank him for letting me know in advance his concern.

Mr. President, first, let me say that I have no desire to hogtie the Senate and prevent it from addressing the question of the Senator if, when we return from the Easter recess, it appears there are circumstances that warrant that. Indeed, I would insist that the Senate have that opportunity. What I would propose, Mr. President, and what I would assure the Senator from Massachusetts of, is this: When we return, if there are new developments in Central America or developments which come to our atten-

tion after our return that appear to be of such a nature that they require urgent attention of the Senate, I will consult with the distinguished chairman of the Intelligence Committee, Senator GOLDWATER, with the Senator from Massachusetts and with the minority leader. If there appears to that group that there is a matter of urgent importance that we should address, notwithstanding we have not finished the boat bill, I assure the Senator from Massachusetts I will find a way to do that perhaps by moving off this bill temporarily and on to another bill that would carry our deliberations in that respect.

I give my assurance to the Senator that I am willing to do that. I do not make that assurance as an idle gesture, but rather in good faith because I understand and I appreciate his concern for locking out Senate consideration of any other matter in the future if circumstances warrant.

Mr. KENNEDY. Mr. President, the majority leader's word has been his bond. That kind of assurance from the majority leader would certainly, I think, respond to my concerns. I cannot speak for other Members of the Senate who debated this issue at very great length and with very considerable concern. But I think that the assurance which has just been given by the majority leader to the Members of this body, and I would think that means something to the Members of the body because I know this matter of Central America is of great concern not only to Members on our own side, but Members on the side of the majority leader, I would say that that would resolve my own particular concerns. I cannot speak for others.

With understanding, I wonder if it would be appropriate for me to inquire how the majority leader would expect to vote on this particular amendment?

Mr. BAKER. After the agreement is entered into, I will vote for the amendment.

Mr. KENNEDY. I would appreciate an early decision. I thank the majority leader and the minority leader for their cooperation.

Mr. BYRD. Mr. President, I personally have no objection to this agreement. The chief author of the amendment has indicated that the agreement is all right with him. I have no problem with it. I would, however, have to run our hotline on the request before I could finally agree to it.

The majority leader has indicated that his side had a meeting and has indicated the outcome of that meeting. I have not had a chance to run this proposal by any Members on our side of the aisle. I owe them that obligation. I would suggest that the majority leader put in a quorum call and give us, say, 5 minutes to run the hotline. Once we have done that, I will be back to him and report to him.

Mr. BAKER. I will be happy to do that.

Mr. HELMS. Mr. President, reserving the right to object and I shall not object, just to be sure that there is nothing misunderstood, it is that there would be a vote on the first half of the Kennedy amendment and that the second half will be withdrawn.

Mr. BAKER. That is correct.

Mr. HELMS. And that there will be no further amendments in order relating to Central America on this bill.

Mr. BAKER. That is correct.

Mr. HELMS. And the Senator believes that in a short while, there will be a vote?

Mr. BAKER. Yes, Mr. President, I do believe that.

Mr. HELMS. Mr. President, we should begin with a general caveat that it does not advance the U.S. national interest at any time to talk about specific covert actions, even if they are successful. There are those who may have the opinion that covert actions in and of themselves are unwise. I do not take that position. I feel that the President of the United States has the constitutional authority to conduct our foreign policy. The use of covert actions is a classic tool of foreign policy. When we elect a President, we elect him to use his judgment in the employment of that tool.

We should also begin with the general assumption that the United States should not, as a general rule, accept the jurisdiction of the World Court in matters of our national security. The sovereignty of the United States should remain paramount in our considerations.

Mr. President, if we surrender jurisdiction to the World Court in something that the President judges will impact on our national security, then we would be surrendering our sovereignty. It is all very nice to speak of the "rule of law"; but the rule of law is an ideal that is seldom met in a world of conflicting cultures, traditions, and ideologies. We must not put our own paramount national interests in jeopardy by submitting to the judgment of an international court. In the long run, the most fundamental right of a nation is the right to protect its security.

All this having been said, we should also take a look at the substance of the controversy. If the covert actions which the press says have been taken have actually been taken, then I could easily understand the considerations which might have led the President to make the judgment to implement them. The country of Nicaragua has become a vast storehouse for arms threatening the national security of the region, including our own security. It has become the Libya of the Caribbean, a forward base for the logistics of supplying revolutionary movements in the Western Hemisphere.

The prime providers of those arms are the Soviet Union and Cuba. Those arms are a present danger to Costa Rica and Honduras. They are the proximate danger to the free elections in El Salvador. The Subcommittee on Western Hemisphere Affairs recently heard testimony from Dr. Fred Ikle, the Under Secretary of Defense for Policy. Dr. Ikle said:

> A year ago, I reported to this Committee that in 1981 the Soviets had delivered 63,000 tons of arms to Cuba, the highest yearly total since 1962. Today I must report to you that the Soviet deliveries have increased further, to 68,000 tons in 1982—about one billion dollars worth of military assistance.

Mr. President, those deliveries to Cuba indicate the growing presence of Soviet military arms in the region. We also know that those arms are being shipped from Cuba to Nicaragua, as well as directly from other Soviet bloc ports on Soviet vessels. Nicaragua has admitted to having increased the number of military and security forces to 138,000. This includes 39 percent of all the males over 18.

According to a Sandinista official, the first training class of 30 pilots—part of about 70 Nicaraguans training in Bulgaria—was due to complete its training in December 1983. Meanwhile, improvements have continued on existing landing strips in Nicaragua to allow them to accommodate modern jet aircraft. There are presently 36 new military bases and garrisons in Nicaragua now under construction or completed.

Approximately 50 Soviet tanks have been introduced into Nicaragua, enough to form a second battalion. Nicaragua has received about 1,000 East German trucks, 100 antiaircraft guns, and three brigades of Soviet artillery that can achieve ranges over 27 kilometers. Nicaragua has also obtained additional assault helicopters and transport aircraft to improve their mobility.

Mr. President, this and similar equipment is coming directly from Soviet bloc ports to Nicaraguan ports. It seems to me to be an entirely prudent and responsible action to take appropriate steps to stop such shipments. Such considerations could well have led to a decision to mine the ports receiving the military equipment.

Those who object to such policies should be prepared to take responsibility for the alternative—the collapse of neighboring countries into Marxist-Leninist hands. Nicaraguan freedom fighters have irresistible reasons for doing everything in their power to see that their country does not fall irreversibly into the hands of a totalitarian power which considers Castro, Stalin, Lenin, and Marx as a suitable successor to the imperfect political

tradition and the ardently Christian culture of Nicaragua.

We owe at least the same to our allies in Guatemala, Honduras, and El Salvador. Whoever is dropping mines into the waters around Nicaraguan ports, wherever they are from, are working for the best interests of the Nicaraguan people, and of all the people of the region. Whatever role, if any, may have been played by U.S. officials should not blind us to the fundamental truth. What we should do is applaud.

We should not and must not do anything which will concede anything of our national sovereignty to any international body, or to any group of journalists, or to "international opinion," or to the "international community," whatever that is. A policy which appeals to the rule of law to destroy the basis for a rule of law—that is to say, the fundamental freedoms of people everywhere—can have no part in our thinking. We cannot stand idly by and wait until the military buildup becomes irresistible.

Mr. MOYNIHAN. Mr. President, may I simply make a brief statement for the information of the Senate with respect to the second section of the amendment of the Senator from Massachusetts? It holds that "The United States shall immediately withdraw the modification submitted on April 6, 1984, to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America."

May I inform the Senate, as I am sure many learned Members know, that the United States does not have the right under our original agreement with the Court to make the proposal which the Secretary of State did make on Friday to the Secretary General of the United Nations. The ratification which the Senate agreed to, stated by President Truman, indicated the four areas in which we would submit to jurisdiction, then concluded:

Provided further, That this declaration shall remain in force for a period of five years and thereafter until the expiration of six months after notice may be given to terminate this declaration.

Mr. President, by our own previous agreement, we do not have the right simply to declare that we will no longer accept that jurisdiction. As a matter of fact, in the report of the Committee on Foreign Relations presented to this body on August 2, 1946, it was specifically noted:

The provision for 6 months' notice of termination after the 5-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

Mr. President, how it could come to pass that the Department of State would not know what were the agreements which the United States has made, what the commitments are that it has made, and what is the legislative history explicit of those agreements is a matter of wonder to this Senator in all events.

Mr. President, I ask unanimous consent that I may have printed in the RECORD at this point the declaration of the United States accepting the compulsory jurisdiction of the court with respect to other nations who did the same with respect to certain specific subjects, and also the report of the Committee on Foreign Relations which provides the specific legislative history behind the provision that requires 6 months' notice before any such exclusion can take place.

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

DECLARATION

I, Harry S. Truman, President of the United States of America, declare on behalf of the United States of America, under Article 36, paragraph 2, of the Statute of the International Court of Justice, and in accordance with the Resolution of 2 August 1946 of the Senate of the United States of America (two-thirds of the Senators present concurring therein), that the United States of America recognizes as compulsory *ipso facto* and without special agreement, in relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning—

(a) the interpretation of a treaty;

(b) any question of international law;

(c) the existence of any fact which, if established, would constitute a breach of an international obligation;

(d) the nature or extent of the reparation to be made for the breach of an international obligation;

Provided, that this declaration shall not apply to—

(a) disputes the solution of which the parties shall entrust to other tribunals by virtue of agreements already in existence or which may be concluded in the future; or

(b) disputes with regard to matters which are essentially within the domestic jurisdiction of the United States of America as determined by the United States of America; or

(c) disputes arising under a multilateral treaty, unless (1) all parties to the treaty affected by the decision are also parties to the case before the Court, or (2) the United States of America specially agrees to jurisdiction; and

Provided further, that this declaration shall remain in force for a period of five years and thereafter until the expiration of six months after notice may be given to terminate this declaration.

Done at Washington this fourteenth day of August 1946.

(Signed) HARRY S. TRUMAN.

REPORT OF COMMITTEE ON FOREIGN RELATIONS

The Committee on Foreign Relations, to whom was referred the resolution (S. Res. 196) providing that the Senate advise and consent to the deposit by the President of the United States with the Secretary General of the United Nations of a declaration under paragraph 2 of article 36 of the Statute of the International Court of Justice recognizing as compulsory ipso facto and without special agreement. In relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice in certain categories of legal disputes hereafter arising, hereby report the same to the Senate, with an amendment with the recommendation that the resolution do pass as amended.

A. TEXT OF RESOLUTION

Following is the text of the resolution, as amended by the committee:

"*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the deposit by the President of the United States with the Secretary General of the United Nations of a declaration under paragraph 2 of article 36 of the Statute of the International Court of Justice recognizing as compulsory ipso facto and without special agreement, in relation to any other state accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning—

"a. the intepretation of a treaty;

"b. any question of international law;

"c. the existence of any fact which, if established, would constitute a breach of an international obligation;

"d. the nature or extent of the reparation to be made for the breach of an international obligation.

Provided, That such declaration should not apply to—

"a. disputes the solution of which the parties shall entrust to other tribunals by virtue of agreements already in existence or which may be concluded in the future; or

"b. disputes with regard to matters which are essentially within the domestic jurisdiction of the United States.

provided further, That such declaration should remain in force for a period of 5 years and thereafter until the expiration of 6 months after notice may be given to terminate the declaration."

B. HEARINGS OF THE SUBCOMMITTEE

On November 28, 1945, Mr. MORSE submitted Senate Resolution 196 for himself, Mr. TAFT, Mr. GREEN, Mr. FULBRIGHT, Mr. SMITH, Mr. FERGUSON, Mr. AIKEN, Mr. BALL, Mr. CORDON, Mr. WILEY, Mr. TOBEY, Mr. MAGNUSON, Mr. JOHNSTON of South Carolina, Mr. MYERS, and Mr. MCMAHON. The resolution was referred to the Committee on Foreign Relations. On June 12, 1946, Chairman CONNALLY appointed a subcommittee consisting of Senator THOMAS (Utah) as chairman, Senator HATCH and Senator AUSTIN to hear witnesses on the resolution and to recommend any amendments that might seem appropriate.

The subcommittee held hearings on July 11, 12, and 15, with Senator Morse, Dean Acheson (Acting Secretary of State), and Charles Fahy (legal adviser of the Department of State) appearing and a number of other witnesses testifying on behalf of important private organizations. Outstanding jurists and international lawyers also submitted statements for the record. Witnesses appeared or statements were submitted from the following organizations:

American Bar Association.

American Society of International Law.

American Association of University Women.

General Federation of Women's Clubs.

Young Women's Christian Association.

Americans United for World Government.
Friends Committee on National Legislation.
National League of Women Voters.
Federal Bar Association.
Women's Action Committee for Lasting Peace.
Federal Council of the Churches of Christ in America.
Catholic Association for International Peace.
Pennsylvania Bar Association.
National Council of Jewish Women.
National Education Association.

C. OVERWHELMING PUBLIC SUPPORT

The subcommittee was impressed by the fact that all the witnesses who appeared were enthusiastically in favor of the acceptance on the part of the United States of the jurisdiction of the International Court of Justice with respect to legal disputes. The general feeling seemed to be that such a step taken now by the United States would be the natural and logical sequel to our entry into the United Nations. Twelve months' consideration since the signing of the Charter has strengthened the conviction that this action would immediately increase faith in the efficacy of the United Nations to promote order and peace.

This relative unanimity of American public opinion was demonstrated on December 18, 1945, when the house of delegates of the American Bar Association, without a dissenting vote, passed a resolution urging the President and the Senate to take appropriate action at the earliest practicable time to accept the compulsory jurisdiction of the court. The American Society of International Law, on April 27, 1946, likewise adopted a favorable resolution by a unanimous vote. Many other national organizations, with large memberships, including the American Association of University Women, the General Federation of Women's Clubs, the Federal Bar Association, the Inter-American Bar Association, the Federal Council of Churches, the National League of Women Voters, the American Veterans Committee, the National Education Association, the National Council of Catholic Women, and the American Association for the United Nations, have similarly endorsed the proposal.

D. FAVORABLE ACTION BY FOREIGN RELATIONS COMMITTEE

On July 17 and 24 the subcommittee reported its findings to the Senate Foreign Relations Committee. After a discussion of the legal and constitutional issues involved (see secs. G and J below) the committee reported the resolution to the Senate for favorable action. The vote, which was taken on July 24, was unanimous.

E. PURPOSE OF THE RESOLUTION

The immediate purpose of the resolution is to authorize the President to file with the Secretary General of the United Nations a declaration accepting the compulsory jurisdiction of the International Court of Justice over certain categories of legal disputes arising between the United States and any other nation which has accepted the same obligation. The United States would acquire the right and duty to sue or be sued in respect to such other States and would give the Court the power to decide whether the case properly falls within the terms of the agreement.

The ultimate purpose of the resolution is to lead to general world-wide acceptance of the jurisdiction of the International Court of Justice in legal cases. The accomplishment of this result would, in a substantial sense, place international relations on a legal basis, in contrast to the present situation, in which states may be their own judge of the law.

The United States has now become a member of the Court, but membership in itself means comparatively little. It is true that States can agree to submit specified cases to the Court, but they have always been able to settle their disputes by arbitration, assuming they could agree to do so. So long as individual members can refuse to be hailed into the Court a regime of law in the international community will never be realized. The most important attribute of this or any other court is to hear and decide cases. For this function it must have jurisdiction of the parties and the subject matter.

F. OBLIGATIONS UNDER THE CHARTER OF THE UNITED NATIONS

The undertaking of this obligation by members of the United Nations is a logical fulfillment of obligations already expressed in the Charter. The preamble expresses the determination of the peoples of the United Nations—

"To estalish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained," and to this end "to insure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest."

Among the purposes of the United Nations set forth in article 1 is—

"To bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace."

One of the principles of the Organization as set forth in article 2 is that—

"All members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered."

Article 36, paragraph 3, of the Charter provides that the Security Council should "take into consideration that legal disputes should as a general rule be referred by the parties to the International Court of Justice in accordance with the provisions of the statute of the Court."

In addition, by virtue of the general right of states to bring disputes before the Security Council, any state is liable to have its political disputes brought before the Council without its consent and to be subject to such moral obligation as attaches to a recommendation of the Council (arts, 36 and 37 of the charter). It is incongruous that such rights and obligations should exist with respect to political disputes but that there should be no similar obligation for the members of the United Nations to submit their legal disputes to adjudication.

G. JURISDICTION CONFERRED, DEFINED, AND LIMITED

The scope of the jurisdiction to be conferred pursuant to this resolution is carefully defined and limited.

There is, in the first place, a general limitation of jurisdiction to legal disputes. The resolution, like article 36, paragraph 2, of the Court statute, states this limitation in general terms and proceeds to define the four categories of disputes thus included. These are:

a. the interpretation of a treaty;
b. any question of international law;
c. the existence of any fact which, if established, would constitute a breach of an international obligation;
d. the nature or extent of the reparation to be made for the breach of an international obligation.

A second major limitation on the jurisdictions conferred arises from the condition on autocracy. This is again specified in the resolution in the language of the statute, the pertinent phrase being as follows: "recognizing * * * in relation to any other state accepting the same obligation, the jurisdiction of the International Court of Justice."

Jurisdiction is thus conferred only as among states filing declarations. In addition, the similar phrase in the Statute of the Permanent Court of International Justice was interpreted by the Court as meaning that any limitation imposed by a state in its grant of jurisdiction thereby also became available to any other state with which it might become involved in proceedings, even though the second state had not specifically imposed the limitation. Thus, for example, if the United States limited its grant of jurisdiction to cases "hereafter arising," this country would be unable to institute proceedings regarding earlier disputes, even though the defendant state might not have interposed this reservation.

A third limitation specified in the resolution is that the United States should bind itself only as to disputes arising in the future. The United States may not, therefore, be confronted with old controversies as a result of filing the proposed declaration.

A fourth limitation provides that the proposed action shall not impede the parties to a dispute from entrusting its solution to some other tribunal if they so agree. The same provision is found in the Charter of the United Nations, article 95.

The fifth limitation is that the proposed declaration shall not apply to matters which are essentially within the domestic jurisdiction of the United States. A provision similar in principle is found in article 2, paragraph 7, of the Charter, providing that nothing in the Charter shall authorize the organization to intervene in essentially domestic matters. The committee feels that the principle is also implicit in the nature of international law, which, under article 38, paragraph 1, of the statute, it is the duty of the Court to apply. International law is, by definition, the body of rights and duties governing states in their relations with each other and does not, therefore, concern itself with matters of domestic jurisdiction. The question of what is properly a matter of international law is, in case of dispute, appropriate for decision by the Court itself, since, if it were left to the decision of each individual state, it would be possible to withhold any case from adjudication on the plea that it is a matter of domestic jurisdiction. It is plainly the intention of the statute that such questions should be decided by the Court, since article 36, paragraph 6, provides:

"In the event of a dispute as to whether the court has jurisdiction, the matter shall be settled by the decision of the Court."

It was also brought to the attention of the subcommittee that a number of states, in filing declarations under the statute of the Permanent Court of International Justice, interposed reservations similar to that of the resolution under consideration, but in no case did they reserve to themselves the right of decision. The committee therefore decided that a reservation of the right of decision as to what are matters essentially

within domestic jurisdiction would tend to defeat the purposes which it is hoped to achieve by means of the proposed declaration as well as the purpose of article 36, paragraphs 2 and 6, of the statute of the Court.

The resolution provides that the declaration should remain in force for a period of 5 years and thereafter until 6 months following notice of termination. The declaration might, therefore, remain in force indefinitely. The provision for 6 months' notice of termination after the 5-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

Hon. John Foster Dulles, adviser to the State Department in relation to the Dumbarton Oaks proposals and adviser to the United States delegation to the United Nations Conference on International Organization, which drafted the Charter and the statute of the Court, filed a memorandum with the subcommittee favoring agreement by the United States to submit to impartial adjudication its legal controversies. He pointed out that failure to take that step would be interpreted as an election on our part to rely on power rather than on reason.

Mr. Dulles advocated that the United States ought now to make the declaration submitting this country to the jurisdiction of the Court according to article 36(2) of the Court statute. He suggested, however, clarification of certain matters in the declaration to wit:

"1. Advisory opinions: The compulsory jurisdiction should presumably be limited to disputes which are actual cases between states as distinct from disputes in which advisory opinions may be sought."

On this point the committee view is that the jurisdiction to be accepted pursuant to Senate Resolution 196 is coextensive with the jurisdiction defined in article 36(2) of the Statute of the Court, which is limited to legal disputes as distinct from the broader category of cases referred to elsewhere in the statute.

With respect to Mr. Dulles' suggestion, Hon. Charles Fahy, legal adviser of the State Department, made the following reply:

"The declaration under article 36 (2) would grant jurisdiction in 'all legal disputes,' as therein described. But the jurisdiction of the court (art. 36 (1)) extends to 'cases which the parties refer to it' and 'all matters especially provided for in the Charter of the United Nations or the treaties and conventions in force.' Thus the Court's possible jurisdiction is broader than the jurisdiction conferred by a declaration under article 36 (2). The provisions of article 36 (2) are limited to 'legal disputes.' This compulsory jurisdiction clearly excludes cases which are not legal disputes, such as a case to be decided ex acquo et bono under article 38 (2) if the parties separately so agree. Such agreement, of course, would be over and above any jurisdiction accepted by the proposed declaration under article 36 (2). The only jurisdiction of the Court with respect to advisory opinions (art. 65) is as to a legal question on request of whatever body may be authorized to make such a request under the Charter. It is entirely apart from the compulsory jurisdiction which a state grants by its declaration under article 36 (2). No provision in the declaration would seem necessary to make it clear that the declaration under article 36 (2) is indeed limited to the jurisdiction covered by that article.

"2. Reciprocity: Jurisdiction should be complusory only when all of the other parties to the dispute, have previously accepted the compulsory jurisdiction of the Court.

The committee considered that article 59 of the Court statute removed all cause for doubt by providing:

"The decision of the Court has no binding force except between the parties and in respect of that particular case.

If the United States would perfer to deny jurisdiction without special agreement in disputes among several states, some of which have not declared to be bound, article 36 (3) permits it to make its declaration conditional as to the reciprocity of several or certain states.

Mr. Dulles' objection might possibly be provided for by another subsection in the first proviso of the resolution, on page 2, after line 14, reading:

"c. Disputes arising under a multilateral treaty, unless (1) all parties to the treaty affected by the decision are also parties to the case before the Court, or (2) the United States specially agrees to jurisdiction.

"3. International law: If the basic law of the case is not found in an existing treaty or convention, to which the United States is a party, there should be a prior agreement as to what are the applicable principles of international law.

The committee considered both the policy and the parliamentary problems this suggestion raises and decided to leave Senate Resolution 196 unchanged as to this point, for the following reasons:

Article 92 provides:

"The International Court of Justice shall be the principal judicial organ of the United Nations. It shall function in accordance with the annexed statute, which is based upon the Statute of the Permanent Court of International Justice and forms an integral part of the present Charter."

The Charter cannot be amended by a mere declaration of some of the states parties to the present statute. What a state may do is limited by article 36 (3):

"The declarations referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain states, or for a certain time."

This does not permit a state to condition submission upon different principles of international law than those which article 38 commands to be used, thus:

"1. The Court, whose function is to decide in accordance with international law such disputes as are submitted to it, shall apply:

"a. international conventions, whether general or particular, establishing rules expressly recognized by the contesting states;

"b. international custom, as evidence of a general practice accepted as law;

"c. the general principles of law recognized by civilized nations;

"d. subject to the provisions of article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law.

"2. This provision shall not prejudice the power of the Court to decide a case ex aequo et bono, if the parties agree thereto."

To accomplish substantial alteration of the applicable principles of the international law would require consent of all the other parties to the Charter. The purpose of this declaration is to avoid the procedural necessity of "Special agreement" and to recognize jurisdiction ipso facto over the specified subject matter and parties.

Hon. Charles Fahy, legal adviser of the State Department, in a memorandum prepared for the committee, replied to Mr. Dulles' suggestion as follows:

"3. Mr. Dulles suggests there should be prior agreement as to what are the applicable principles of international law if the basic law of the case is not found in an existing treaty or convention. He feels that to permit jurisdiction of legal disputes concerning "any question of international law" is too vague at this time.

"It is most inadvisable to accept this view. It would seriously impede the progress of the Court in the accomplishment of its purpose. The procedure followed in the case of the Alabama arbitration, referred to as an instance where previous agreement on the applicable law was had, was long before the establishment of the Court. The Charter of the United Nations and the present statute of the Court are designed to enlist sufficient confidence in judicial determinations by the Court to enable it to become a useful organ in the settlement of legal disputes. To require now an agreement, in advance of submission to the Court, on the applicable principles of international law would take from the Court one of the principal purposes of its creation. The United States should not insist on such a requirement. Whatever risk to the United States is involved in entrusting cases to the Court for its determination of the applicable basis of decision under international law is outweighed by the tremendous advance which would be made by our acceptance of such risk in the development of judicial processes in the world order."

Other points referred to the committee by Mr. Dulles for clarification related to the problem of domestic jurisdiction, the possibility of resorting to other tribunals, and the desirability of establishing a time limit for any declaration the United States might make.

As has been indicated above, domestic jurisdiction is safeguarded by article 1 (1) of the Charter of the United Nations, limiting the purposes of the United Nations to international disputes or situations, by article 2 (7) excluding domestic jurisdiction. The committee accepted article 36 (6) of the statute as covering this point.

"In the event of a dispute as to whether the Court has jurisdiction, the matter shall be settled by the decision of the Court."

The right to submit disputes to other tribunals is reserved in Senate resolution 196, page 2, line 8. This reservation is permitted by article 95 of the Charter.

With respect to a possible time limitation, Senate Resolution 196 provides for 5 years' duration, plus time of 6 months following notice of termination of the declaration. A further discussion of these points will be found in the first part of section (G) above.

H. COMPULSORY JURISDICTION PRIOR TO THE UNITED NATIONS

The first important step in the direction of compulsory jurisdiction was taken by the Advisory Committee of Jurists appointed by the League of Nations in 1920 to prepare the Statute of the Permanent Court of International Justice. This committee, which included among its members the Honorable Eithu Root, former member of the Senate Foreign Relations Committee, Secretary of War, and Secretary of State, recommended a draft providing for general compulsory jurisdiction over specified categories of legal disputes. It was proposed that this should be binding upon all parties to the statute. This provision proved unacceptable to some of the larger powers when it was presented to the League Council and Assembly, and there was substituted for it a

provision very similar to article 36, paragraph 2, of the present statute, enabling such states as desired to do so to agree among themselves to accept the jurisdiction of the Court as to the enumerated categories of legal disputes.

Under this provision some 44 states, including 3 of the 5 states now permanent members of the Security Council (Great Britain, France, and China), at one time or another deposited declarations accepting this jurisdiction.

Proceedings were invoked in 11 cases under these declarations two of which proceeded to final determination. One of these was the Eastern Greenland case, involving conflicting claims to territory by Norway and Denmark. Upon the rendering of the decision of the Court, Norway withdrew the decrees affecting the territory which had precipitated the dispute. The second case which went to decision involved a claim by the Netherlands against Belgium for alleged wrongful diversions of water from the Meuse River. The other nine cases were terminated on procedural points or were withdrawn.

I. COMPULSORY JURISDICTION UNDER THE UNITED NATIONS

The negotiations leading to the conclusion of the statute of the new International Court of Justice saw a renewal of the effort to obtain general compulsory jurisdiction. It is indicated in the Report of the 1945 Committee of Jurists, which met in Washington to formulate proposals relating to the judicial organ of the proposed world organization, that a majority of the Committee was in favor of compulsory jurisdiction. At San Francisco the discussion was renewed, and again a very substantial body of opinion was shown in favor of general compulsory jurisdiction. Due to the opposition of some states and the doubtful position of others, it was felt, however, that such a provision might endanger acceptance of the Charter, of which the statute was to be an integral part. This was the position of the United States delegation. It was, therefore, agreed to retain the optional provision in a form similar to that employed in the Statute of the Permanent Court of International Justice. This is the present article 36, paragraph 2 of the statute, pursuant to which the action envisioned by present resolution would be taken.

The San Francisco Conference added an additional paragraph to article 36 of the statute, according to which declarations accepting the jurisdiction of the old Court, and remaining in force, are deemed to remain in force as among the parties to the present statute for such period as they still have to run. Nineteen declarations are currently in force under this provision.

A further indication of the sentiment prevailing among United Nations delegations at San Francisco was the adoption by the Conference of a recommendation to the members of the Organization—"that as soon as possible they make declarations recognizing the obligatory jurisdiction of the International Court of Justice according to the provisions of article 36 of the statute."

J. THE CONSTITUTIONAL ISSUES INVOLVED

During the discussion which took place in the subcommittee three important constitutional issues were raised. These issues were: (1) Can the proposed action be taken by the treaty-making process or is a joint resolution of the two Houses preferable; (2) is it proper procedure to obtain the advice and consent of the Senate prior to the deposit of the declaration by the President; and (3) would the deposit of the declaration by the President establish treaty relations between the United States and the United Nations or between the United States and the various members of the United Nations who have deposited similar declarations.

With respect to the first issue, a declaration of this kind is no doubt unique so far as the United States is concerned. No one however, can doubt the power of this Government to make such a declaration. The question is one of procedure. During the debates on the United Nations Charter the problem was discussed at some length on the floor of the Senate, and it was generally agreed that the President could not deposit the declaration without congressional action of some kind granting him the authority to do so. To clarify the issue Senator VANDENBERG requested an opinion of Mr. Green Hackworth then legal adviser of the Department of State. The pertinent paragraph of this opinion. Which Senator VANDENBERG read on the floor of the Senate on July 28, 1945, follows:

"If the Executive should initiate action to accept compulsory jurisdiction of the Court under the optional clause contained in article 36 of the statute, such procedure as might be authorized by the Congress would be followed, and if no specific procedure were prescribed by statute, the proposal would be submitted to the Senate with request for its advice and consent to the filing of the necessary declaration with the Secretary General of the United Nations."

Since that time both the President and the Secretary of State have indicated that, in their opinion, either the procedure outlined the Senate Resolution 196 (calling for a two-thirds vote of the Senate) or that outlined in House Joint Resolution 291 (calling for a simple majority vote of the two Houses) would furnish a satisfactory legal basis for acceptance by the United States of the compulsory jurisdiction clause.

Inasmuch as the declaration would involve important new obligations for the United States, the committee was of the opinion that it should be approved by the treaty process, with two-thirds of the Senators present concurring. The force and effect of the declaration is that of a treaty, binding the United States with respect to those States which have or which may in the future deposit similiar declarations. Moreover, under our constitutional system the peaceful settlement of disputes through arbitration or judicial settlement has always been considered a proper subject for the use of the treaty procedure. While the declaration can hardly be considered a treaty in the strict sense of that term, the nature of the obligations assumed by the contracting parties are such that no action less solemn or less formal than that required for treaties should be contemplated.

With respect to the second issue the answer may be found in the Constitution itself, Article 2, section 2, provides that the President shall have "power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur." It is evident that the advice and consent of the Senate is equally effective whether given before, during, or after the conclusion of the treaty. In fact, President Washington approached the Senate for its advice and consent prior to the negotiation of treaties, and this practice was followed on occasion by other Presidents. While the practice of prior consultations with the Senate fell into disuse after 1816, a recent precedent may be found in the convention of 1927, extending the General Claims Commission, United States and Mexico of 1923. The treaty was signed on August 16, 1927, pursuant to a Senate resolution of February 17, 1927. A similiar example is the convention of 1929, again extending the life of the Commission. The convention was signed on August 17, 1929, pursuant to the Senate resolution of May 25, 1929.

With regard to the third issue, the proposed declaration would not constitute, in any sense, an agreement between the United States and the United Nations. It is rather a unilateral declaration having the force and effect of a treaty as between the United States and each of the other states which accept the same obligations. It is merely an extension of the general principle that any two states may agree to submit cases to arbitration or judicial settlement. The so-called optional clause would permit a large number of states to take such action with respect to the four categories of legal cases enumerated.

As to whether the United States can enter into a treaty with the United Nations, the question is not here at issue. In any event, it is clear that the United States can conclude agreements with the United Nations, inasmuch as the United Nations Participation Act authorized the President to take such action in conformity with the pledge of the United States to make armed forces available to the Security Council under article 43 of the Charter. Moreover, there appears to be nothing in the Constitution which forbids the conclusion of a treaty between the United States and an international organization.

If it follows that the legal capacity of the United Nations is all that is required to enable the United States and the United Nations to enter into treaty relationships, article 104 of the Charter would seem to establish that authority. Article 104 reads:

"The Organization shall enjoy in the territory of each of its members such legal capacity as may be necessary for the exercise of its functions and the fulfillment of its purposes."

K. DESIRABILITY OF SPEEDY ACTION

Most of the witnesses appearing before the subcommittee expressed the hope that the Senate would act speedily in order to demonstrate once more the conviction of the people of the United States that peace will be possible only if law and justice are firmly embedded in the foundations of the United Nations. To be sure, the extension of the compulsory jurisdiction of the International Court of Justice will not usher the world automatically into an era of peace; it is only one important step in man's long and painful march toward a warless world. The acceptance by the United States of the compulsory jurisdiction clause, however, would constitute a step of great psychological and moral significance. It would help develop a spirit of trust and confidence, particularly on the part of the small states, toward the United States. And it would give impetus to the principle of the peaceful settlement of disputes as the judges of the new Court begin their work at the Peace Palace in The Hague.

On July 28, 1945, the Senate ratified the United Nations Charter by the overwhelming vote of 89 to 2. Since that time the people of the United States, the Senate, the House of Representatives, the President, and the Secretary of State have repeatedly asserted the conviction that the foreign

policy of the United States must be centered about the activities and the organs of the United Nations. The International Court of Justice is one of the principal organs of the United Nations. It would seem entirely consistent with our often pronounced policy for the Senate to take speedy action in order to ensure our full cooperation with the work of the Court at the earliest practicable date.

The Senate Foreign Relations Committee, in its report to the Senate on the United Nations Charter, expressed the following view:

"Unless we are prepared to take all steps which are necessary to effectuate our membership in the United Nations, we would be merely deceiving the hopes of the United States and of humanity in ratifying the Charter."

Mr. KENNEDY. Mr. President, 2 weeks ago, I expressed the opinion that the debate we were about to have would be the most important debate we would have this session. Today, we are about to take a vote that could be the most significant vote of this decade.

This vote is significant because it involves the lives of innocent people. Today, we will vote to save innocent lives, or we will vote to take innocent lives.

With this vote, we will also determine whether the United States of America, under the direction of President Reagan, will continue its march toward war in Central America. With this vote, we will decide whether U.S. funds should continue to be used for—and whether U.S. personnel should continue to be involved in—the indiscriminate mining of territorial waters in Nicaragua.

On March 29, just as our debate about Central America was beginning, we learned that U.S. personnel were being used on reconnaissance missions over El Salvador to assist the Salvadoran Army in combat with the guerrillas. And last Friday, after our debate had ended, we learned that U.S. personnel were being used to mine the harbors and territorial waters of Nicaragua. That same day, the Secretary of State quietly withdrew this Nation from the jurisdiction of the World Court with respect to disputes with Central American nations. But we did not know about that then, and we did not learn about that until yesterday.

President Reagan is moving us toward war. He has moved U.S. citizens up to the edge of combat, and he has involved U.S. citizens in the hostilities.

Last week, we debated whether the United States should continue to provide military assistance to the Contras in Nicaragua. Last week, on the floor of the Senate, we debated whether such assistance was in violation of international law. We were repeatedly assured that the Contras were not engaged in efforts to overthrow the Government of Nicaragua. We were repeatedly told that the Contras were not conducting a war to destroy the economic infrastructure of Nicaragua. If that were true, many Senators said, we would not be voting to support the Contras. And even the President of the United States got into the debate. He sent a letter in which he assured us that the United States did "not seek to destabilize or overthrow the government of Nicaragua; nor to impose or compel any particular form of government there." But 2 days later, the United States of America withdrew from jurisdiction of the World Court.

The question before the Senate is a fundamental one: Will we take any responsibility at all—or will we abdicate completely to the executive branch? Will we condone terrorism and sabotage? Will we let the Reagan administration pursue a policy of sneaking war into Central America?

We have turned our backs on diplomacy.

We have turned our backs on international law.

Will the Senate watch passively as this administration sovietizes American foreign policy—as it adopts the standard that the end justifies the means—as it avoids our constitutional process and misleads the Congress?

The truth is confessed only when the administration is caught in the act. Such confession is not the kind of consultation which the Congress deserves or should demand. Such surprises are not the basis for bipartisanship.

Often in this debate, I have raised the question of our obligation to history. I raise it again. How will the Senators here explain someday that American sons are dying in an unwinnable war in Central America because we lacked courage to take a stand—or because we followed a political calculus which held that the administration should be permitted to twist slowly in the political wind? For what is being strangled rapidly now is the hope for a peaceful settlement.

The administration said we had no combat role in El Salvador. On March 29, we learned this was untrue—and that our forces were engaged in combat reconnaissance in that country.

The administration said that we were not seeking to destabilize the Government of Nicaragua; we only sought to interdict arms and supplies for the rebels in El Salvador. Now we have learned that this is untrue—that we have mined a port far from any point of arms shipments to El Salvador—and that our mines may blow up the ships of our NATO allies.

We know the evasions, the rationalizations, the fabrications, for we have heard them from this administration until they have become as tattered as they are untrue. We have no excuse for continued inaction.

Let us end escalation by surprise in Central America.

Let us at long last exercise the power we were elected to use—and let us say to this administration, "Enough is enough. You shall no longer move toward war before trying for peace."

● Mr. GOLDWATER. Mr. President, there has been a good deal of discussion in the press recently about remarks I allegedly made on the floor of the Senate last Wednesday night, April 5, 1984.

An article in the Wall Street Journal on the following day stated:

> During Senate debate this week, the Intelligence Committee Chairman, Barry Goldwater, (R., Ariz.) surprised other Senators by openly referring to a document or paper indicating that the administration had directly authorized the mining. Mr. Goldwater's remarks were dropped from the published record made available yesterday, and while an aide to the Senator dismissed the matter, two other sources indicated that such a paper or staff memo did exist.

As well, an article in the New York Times this Monday stated:

> Senator Barry Goldwater, the chairman of the Senate Intelligence Committee, inadvertently referred to the covert operation in floor debate. A Senator said Mr. Goldwater, an Arizona Republican, later had his remarks deleted from the Congressional Record.

There may have been other references to this matter as well.

Mr. President, in almost 30 years service in the U.S. Senate I have never had my remarks deleted from the RECORD. However, what we were confronted with last week was a rather unusual situation—in fact, it was a unique situation which I have never encountered before.

When the Senate Select Committee on Intelligence was established in the spring of 1976, Senate Resolution 400 gave the committee jurisdiction and authority to consider all legislation and other matters relating to authorizations for appropriations for the Central Intelligence Agency. Section 501 of the National Security Act of 1947, which was enacted as part of the Intelligence Authorization Act for fiscal year 1981, imposes an obligation upon the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities to keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of any department, agency, or entity of the United States, including any significant anticipated intelligence activity.

Section 662 of the Foreign Assistance Act of 1961, as amended by the Intelligence Authorization Act for fiscal year 1981, requires that each op-

eration conducted by or on behalf of the Central Intelligence Agency in a foreign country, other than activities intended solely for obtaining necessary intelligence, shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

Mr. President, I am providing this background to make it clear to my colleagues that if the CIA was engaged in the mining of selected harbors in Nicaragua, this fact would of necessity have been briefed to me and to my committee or committee staff ahead of time. I say it would have been briefed of necessity, Mr. President, because this is the law. Now we may all debate whether this is a good law or a bad law or an indifferent law, but it is the law.

Now, last Wednesday night, during open debate on the floor of the Senate, a member of my committee came to me to ask if I had seen a document which indicated that the President ordered the mining of selected harbors in Nicaragua. I responded to him by saying that I had seen no such document and that I could not believe the President could have approved such a program since our committee had not been so briefed. Nor had I received any such briefing. After a few minutes' investigation, I learned that the document my member had referred to was simply an informal memorandum from a staff member to a Senator. It had been hastily pulled together in response to a couple of questions on the mining, and had no official standing as far as I was concerned. Although I conveyed these findings to my colleagues on the floor, I felt the matter deserved further inquiry, and my remarks were struck until such a time as further clarification could be obtained.

Mr. President, this afternoon, CIA Director Casey appeared before my committee in closed session to brief us on this issue. I learned to my deep regret that the President did approve this mining program, and that he approved it almost 2 months ago. Furthermore, I learned that in spite of the legal requirement that the intelligence family keep the members of our committee fully and currently informed on this sort of matter, we had not been so informed. By contrast, the House Permanent Select Committee on Intelligence had been fully briefed on this matter several weeks ago.

Now I have written Director Casey that this is no way to run a railroad. I am forced to apologize to the members of my committee because I did not know the facts on this case, and I apologize to all Members of the Senate for the same reason.

Mr. President, I have always felt strongly about the issue of leaks and of protecting the legitimate secrets of our Nation. So I will not comment further on this matter for the public record. However, I am prepared to provide any Member of the Senate with further details on this matter in private if they so desire. As well, Members of the Senate may wish to visit the offices of the Select Committee on Intelligence to review documents and transcripts on this matter, as well as to talk to our cleared staff. I consider this a matter of great importance, not just to the members of our committee, but to the Senate as a whole. And I am prepared to share whatever information we do have at this time.●

MINING OF NICARAGUAN PORTS

Mr. SPECTER. Mr. President, I am voting in support of this amendment because I am concerned that the reported CIA involvement in the mining of Nicaraguan ports is part of a broader U.S. covert effort that effectively supports the overthrow of the Government of Nicaragua in violation of the Congress legislative statement of 1982. Last week I supported an amendment to delete $21 million for the covert war against Nicaragua.

While the official purpose of U.S. covert aid to Nicaraguan Contras is the interdiction of the flow of arms from Nicaragua to El Salvador, the express goal of the Contras is the overthrow of the Sandinista government. While it may be argued that the mining of Nicaraguan ports will help to interdict the flow of arms between Nicaragua and El Salvador, the effect of the mining goes beyond this limited goal. Mines are blind to the cargo and flag of the vessels that trigger them, damaging commercial vessels as easily as those transporting Soviet and Cuban armaments. I am concerned that our actions in and around Nicaragua have dangerous repercussions beyond our stated goals, and that our present involvement is contrary to the stated intent of Congress. The Congress has not declared war against Nicaragua, yet the mining of another nation's harbors, like support for a group whose expressed objective is the overthrow of a government with which we have full diplomatic relations, may be interpreted as an act of war.

If it is the will of American people to wage, either directly or indirectly, a war against the Government of Nicaragua, let Congress debate and so declare its intent. If it is not the intent of the United States to overthrow the Government of Nicaragua, let us not engage in support of activities that may be interpreted as acts of war.

Mr. GLENN. Mr. President, I rise to state my strong support for Senator KENNEDY'S amendment—and to voice my strong opposition to administration policy. American participation in the mining of Nicaragua's harbors is more than a mere contravention of international law. It constitutes a policy that is strategically wrong, politically stupid, and morally outrageous. It is a policy that comes dangerously close to being an act of war—and I say it is time for Congress to bring it to a halt.

Let there be no mistake about what is at issue today. We are not talking about whether the United States should be involved in Central America—or about whether we should provide financial assistance to democratic elements in that region. I have long voiced my support for economic and military help to the governments of El Salvador and other central American countries—and so have a majority of my Senate colleagues. I have long voiced my concern over Nicaragua's seeming desire to export revolution in that region—and so have a majority of my Senate colleagues. Like you, I believe the United States has an obligation to encourage the voices of moderation and democracy in Central America—and to discourage the forces of tyranny and dictatorship.

But those goals are not at issue today. What is at issue is the Reagan administration's cavalier attitude toward basic principles of international law. What is at issue is the administration's continuing love affair with gunboat diplomacy and the politics of force. And what is at issue is the administration's blatant disregard for Congress role in the making of U.S. foreign policy.

Apparently, Mr. Reagan thinks that when it comes to the use of military force, the job of Congress is to keep its eyes closed, its checkbook open, and its mouth shut. He seems to think that it is all right to violate international law and to spit in the eyes of our allies and he apparently expects Congress to dutifully go along and do only what we are told.

Well, I say enough is enough. I say the time has come for us to stand up and serve notice on this administration; to serve notice that we are not content to be silent partners in a misguided policy that ignores our national interests and betrays our national principles. Let us serve notice that when American lives are at stake, Congress can no longer be expected to first look the other way—and then to rally round this administration's failures.

By directing the CIA to participate in the mining of Nicaragua's harbors, the Reagan administration has embarrassed the Congress and the country. It has put us in the ridiculous position of laying mines that our Western European allies may help to remove. It has put us in the preposterous position of attempting to topple at worst or bully at best a government we recognize and with whom we have diplomatic relations. And it puts us in the hypocritical position of opposing state-sponsored terrorism when it is directed against our friends—and of condon-

ing and even conducting it when it is directed against our real or imagined enemies.

Finally, Mr. President, let me say that I am deeply concerned about what this latest action by the administration may signal about its future foreign policy intentions. I need not remind you that the mining operation was carried out without the knowledge of the Senate Intelligence Committee. I need not remind you that virtually our entire foreign policy in Central America—from the use of training funds to build military infrastructure in Honduras to the not-so-secret war in Nicaragua to the mining of that country's harbors—has been conducted outside the normal policymaking framework of this Nation. And I am sure I need not remind you that just this past weekend, unidentified White House advisers were darkly warning about the probable use of U.S. combat troops in Central America—although not until 1985 and not until this year's election has safely passed.

Mr. President, I believe there is a pattern here—and I believe we must show the administration that we find it to be completely unacceptable. Again, I am not calling for a retreat from our responsibilities in Central America. Nor am I suggesting that there are no circumstances under which the use of force in that region would be acceptable. But I am suggesting that no U.S. foreign policy—in that region or any other—can be successful unless it has the support of Congress and the American people. I am suggesting that it is time we call a halt to the administration's high-handed attitude and underhanded tactics. And I am suggesting that it is time Congress asserted its rightful place in the making of American foreign policy—and stopped the wrongful mining of Nicaraguan harbors. I ask my colleagues to give this amendment their wholehearted and enthusiastic support.

MINING NICARAGUAN HARBORS

Mr. HUDDLESTON. Mr. President, the disclosure of the mining of Nicaraguan harbors by the CIA has raised the most serious questions about U.S policy and the effectiveness of the intelligence oversight process. It is very disturbing that the Select Committee on Intelligence was not fully and properly informed of this matter, which was so clearly and directly relevant to our consideration of the recent supplemental appropriations bill to provide additional funds for CIA operations in Nicaragua.

Had I been aware of the mining activities, I would have voted against any funds for that purpose. That knowledge would also have given cause for me to reconsider my support of the supplemental appropriation for the entire operation.

The records of the Select Committee have been reviewed, and we have found only one reference to mining activities. It did not convey the nature, extent, or seriousness of what has been going on.

It is very important for all of us to understand why the mining of Nicaraguan harbors is so objectionable. The fundamental problem is that it is indiscriminate, rather than directed against specific targets. I could support action to interdict a particular vessel known to be carrying arms to Nicaragua that could reasonably be expected to go to guerrillas in El Salvador. That action could be justified as necessary to protect El Salvador from outside military intervention.

However, the mining operations that have been carried out are far different. They pose a danger to ships from entirely innocent countries, carrying nonmilitary cargo. Our closest allies, such as Britain and France, have had their ships and the lives of their citizens placed in jeopardy. Moreover, innocent fishing boats manned entirely by civilians earning their livelihood are placed in danger.

It makes no difference if the mines are constructed so as not to sink the ships. They still do damage to property and endanger human lives.

Over the past year I have tried to work with my colleagues on the Select Committee to insure that the administration's operations against Nicaragua would be subject to the closest possible oversight scrutiny and review. Unfortunately, the oversight process has not worked in this case to keep the committee fully and currently informed of all significant anticipated intelligence activities, as contemplated by the congressional oversight provisions enacted in 1980.

We need to learn from this experience. The risk of the type of paramilitary operations undertaken against Nicaragua appears to be that they inevitably get out of control. The Select Committee has attempted, in a bipartisan way, to prevent this from happening. We will continue to do all that we can to insure that the administration's use of the CIA's sensitive capabilities is held accountable through congressional oversight to the principles and interests of the American people.

● Mr. BOREN. Mr. President, I am convinced that the vast majority of the American people could be described as political moderates. They tend to distrust both the extremism of the right and of the left. They do not want government to be so active that it stifles individual initiative but they do not want it to be so inactive that it fails either to protect equal opportunity of all citizens or to provide for those who are unable to help themselves.

In foreign policy they are not naive isolationists who would concede our vital interests in the world to our adversaries. Neither are they reckless interventionists who would squander our power carelessly in situations which we cannot win or which needlessly endanger the lives of our young people.

Our country has been well served by the commonsense and sound moderate judgment of our people. It has generally been reflected in the ability of our political leaders to form a consensus around which most Americans could rally both in terms of domestic and foreign policy.

For moderates, however, these are difficult and frustrating times. The process for picking our national leaders seems to favor those who tend to the polar positions instead of those closer to the reasonable mainstream of the total population.

Our sense of community has been fragmenting. More energy is spent in appealing to narrow single-interest groups than in uniting all Americans for the common good. Too much time is spent in scoring partisan political points than in forming nonpartisan coalitions to solve problems.

The moderate majority is often left to select the lesser of evils among extreme choices. The current situation is an example of just that kind of dilemma.

As my colleagues in the Senate know, I earnestly hope for a bipartisan consensus on foreign policy. To me, politics ideally should stop at the water's edge. Each of the 535 Members of Congress cannot be Secretary of State or Commander in Chief. If Congress second-guesses every decision by a President, we will send an uncertain signal to the rest of the world.

Others around the world have come to wonder about the ability of the President to speak for the United States. Even our allies publically question our ability to live up to our commitments. Our frequent changes of direction have left our credibility in doubt. Our family fights have been watched by the entire world.

To be perfectly honest, neither the President nor the Congress, Democrats nor Republicans, can be very proud of the record of the last decade when it comes to healing the wounds of the sixties and building a spirit of bipartisanship in foreign policy. The President was not fair in blaming Congress for the failure of the administration's policy in Lebanon. It was a flawed policy in the beginning. Injecting a small number of American troops into a long, bitter, religious war among several factions would not have succeeded even if Congress had voted unanimously to support it.

On the other hand, there were those in Congress who were too quick to criticize the President when he took decisive and appropriate action to use

our power to protect our interests in Grenada. The objective was limited and the chances for success were excellent.

Some have used the Vietnam experience to argue for complete isolationism. They seem prepared to criticize any possible use of American power, under any circumstances or in any part of the world. Such a policy would render the United States impotent in the eyes of the world. It would encourage our adversaries to test us and would increase the risk of conflicts.

As I said earlier, I believe that the vast majority of the American people reject this naive isolationsim which is in short a policy of international capitulation.

I cannot believe that the American people want us to simply give up Central America and allow regional instability in our own backyard to move ever closer to our 1,800-mile frontier with Mexico.

On the other hand, if we reject isolationism, we must not embrace reckless interventionism.

I have tried to follow a moderate bipartisan course. Last week, I voted consistently against amendments which I felt would unduly tie the hands of the President in responding to emergencies in Central America. I voted against amendments which I felt would set unwise precedents altering the President's constitutional powers as Commander in Chief.

I voted to support administration efforts in El Salvador to help the people there help themselves. As an observer to recent elections in that country, I am convinced that they were basically fair and honest. I have no doubt that the vast majority of the people there want the ballot and not the bullet to determine their future. Their democratic process deserves our encouragement and support.

While the outcome is far from certain, it would appear that there is at least a chance that El Salvador may be winnable. To me, the administration seems correct in wanting to give our best effort to attempt to stabilize the situation there.

In Nicaragua, the situation is less clear. The legacy of the past dictatorial government has clearly created some significant support for the current government. While it has been a close question in my mind, I voted to continue our efforts in Nicaragua aimed at stopping the flow of arms to hostile forces in other nations.

I have clearly done my best to build bipartisan support for a reasonable policy in Central America. We must test every aspect of that policy by weighing the moral issues involved and by carefully balancing the risks of the policy against the chance for success. To me it is clearly moral and in our interest to attempt to support the democratic process in El Salvador.

It is at least possible to argue that it is proper for us to interdict by practical means the flow of aggressive arms from Nicaragua.

The indiscriminate mining of Nicaraguan harbors in my opinion, however, clearly fails the test. It is subject to attack on moral grounds. It clearly runs grave risks because of the danger it can cause to ships of many nations, some of whom are allied to us. It could cause a major international confrontation if it resulted in loss of life of foreign nationals. While this tactic runs grave risks, they are certainly not balanced by any significant gain which is achievable by using it.

I deeply regret that this action has been taken. By resorting to careless use of our resources, the administration has at least in the short run only strengthened the position of those who would criticize what I believe are legitimate uses of our power in other areas in Central America.

My conscience and best judgment lead me to support the pending sense of the Senate amendment which condemns the mining of Nicaraguan harbors.

In reaching this decision, it should be clear that I do not embrace any policy of retreat or isolationism in Central America. Perhaps this current state of events will make it absolutely clear to both Congress and the President that we should urgently get on with the task of developing a bipartisan policy.

Let us hope that America's moderate majority will make itself heard. It is time for both Congress and the President to call a moratorium on the escalating rhetoric. We must forget past differences and sit down together. I hope that the President and congressional leaders of both parties will sit down together and in candor and good faith resolve their differences. Voluntarily agreeing to accept the congressional view that the mining of the harbor should be stopped would be a good first step on the part of the President. If he should take that step, let us hope that Congress would also be prepared to respond, positively.●

U.S. INVOLVEMENT OF NICARAGUAN TERRITORIAL WATERS

Mr. JEPSEN. Mr. President, last week, the Senate voted on several aspects of military aid to Central America in the context of the urgent supplemental appropriations bill. Among the areas that were extensively debated, was the question of so-called covert aid to the Contras in Nicaragua. As the record shows, I have supported funding the amounts requested by the administration for these activities.

However, my support has been contingent on several principles involved with our aid to those groups within Nicaragua who are fighting to push Nicaragua back toward the path of a democratic and free society.

These principles included:

That the main goal of the funding was the interdiction of military supplies flowing from Nicaragua to the guerrillas in El Salvador.

That the aid be used to help only Nicaraguan nationals in their struggle against the Sandinista government.

That the aid not compromise the commitment of the United States to bringing about the rule of law in international relations.

Over the weekend, I began to read stories in the press of much more direct U.S. involvement in the contra operations that may, in my view, jeopardize everything that we have been attempting to accomplish there. I speak specifically of the reports of direct CIA involvement in the efforts to mine the territorial waters off Nicaragua.

When I read such reports, I am increasingly skeptical of the ability of some policymakers in the administration to develop successful strategies to deal with the growing number of challenges to the United States in the world.

Now I number myself in that group who want to put maximum pressure on the Sandinistas to fulfill the promises that they made to the OAS and to stop shipping military arms and ammunition to the guerrillas in El Salvador. Cuban and Nicaraguan interference in the internal affairs of the duly-elected Government in El Salvador is the major stumbling block to peaceful resolution of the many conflicts in that country. Seen in the light of what we are trying to do in Central America, this most recent operation off of Nicaragua is plain dumb.

If viewed strictly in the light of narrow logistical and operational considerations, mining the coastal waters off Nicaragua may seem attractive as one way to put additional pressure on the Sandinistas. But if political and social factors are taken into consideration, the plan should have been rejected. To consider that political and social concerns would be bypassed by keeping such a large-scale operation "covert" shows an ignorance of history and an inordinate dose of wishful thinking.

If there is any relationship between reality and what I have been reading in the press, and I will be first to admit that the relationship is not always there, the U.S. involvement in the mining of Nicaraguan coastal waters violates many of the basic principles on which "covert operations" have been supported in Congress.

The best way to view the mining operation is to set up a balance sheet of costs and benefits. The benefits that the Contra mining could be expected to accrue are the following:

Mining the waters of Nicaragua would seriously damage the ability of

Nicaragua to export her recently harvested commodities that are virtually the sole resource of foreign exchange. The result of this could be to stop the arms shipments to El Salvador and to fulfill the promises they made to the OAS.

Slowing the importation of oil could have the long-term effect of hampering the Sandinistas ability to carry out military operations against the Contras.

It appears that mining is being conducted in such a way as to stop short of sinking large ships, but merely serves as a deterrent to ships heading for Nicaraguan ports.

Against these so-called plusses a considerably greater number of minuses can be set.

Because of the sophisticated nature of the operation, U.S. citizens and non-Nicaraguan nationals hired by the CIA appear to be directly involved. This is an essential change in our role in Nicaragua.

Our open society and the size of the operation has virtually guaranteed a leak to the press.

Participation in the act of mining the territorial waters of another country is considered an "act of war" in the international community.

Damaging third party shipping raises serious questions about the U.S. commitment to freedom of the seas.

Once again the star of the Sandinistas is rising in Western Europe as world sympathy is aroused by our actions. There are now even discussions among our allies about helping to clear the mines from Nicaraguan waters.

This latest action has given the Nicaraguans the very limited amount of credibility they needed to bring a case against the United States to the World Court, the same body that we appealed to to obtain the release of American hostages in Teheran.

As a result, we have had to formally declare that we will no longer accept the jurisdiction of the World Court in matters involving the United States.

We have given the Nicaraguan Government an open opportunity to blame the United States for an economic failure that is in reality the fault of mismanagement by the Sandinistas.

The long-term effects of our involvement in the mining of Nicaraguan waters will be hard to predict, but we should terminate a policy which has and will continue to undermine our credibility in the international arena.

Mr. DURENBERGER. Mr. President, this is a most painful of occasions. For at least 5 years, many of us have been trying to help our executive branch forge a workable policy on Central America. Our progress has been difficult and slow. Now, in the last few years, we may be witnessing the unraveling of what little policy there was.

Faced with this crisis—and for once there is a crisis—the Senate has a responsibility. Our role must be to rescue American policy from its own excesses. We must not be the wrecking crew, but the salvage team.

The mining of Nicaraguan harbors illustrates the complexity of any activist foreign policy. It is one thing to decide on the broad outlines of such a policy—the one will engage in covert action in Nicaragua, for example, or that one will attempt to interdict arms flows into El Salvador. It is quite another thing, however, to implement that decision successfully.

I can understand why the executive branch would want to mine Nicaraguan harbors. Despite the doubts of my colleague, the senior Senator from Massachusetts, one might well feel that mining harbors was one way to stem the flow of arms from Cuba to Nicaragua, and from there into El Salvador. One might also hope that economic pressure on the Nicaraguan Government would lead that government to consider making its peace with its neighbors, with the United States, and especially with its own people, so many of whom fought for Nicaragua in 1979 and are now fighting for the Contras.

Presidents and executive branches seem less inclined to consider the downside of their policies. In their quest for activist solutions, they are hardly eager to ponder whether a tactic will actually do more harm than good.

The difficulty of combining a covert action policy with reasonable tactics has been present from the very start. When we first heard about this program, many of us wondered whether covert action would—either by design or by accident—become an effort to overthrow the Government of Nicaragua. That risk was inherent in a policy of support for the Contras, as my able colleague, the senior Senator from Maine, so eloquently explained last night.

As a result of these concerns, the Boland amendment was passed in 1982. Over the ensuing months, many people became convinced that the overthrow of the Sandinistas was, indeed, our policy.

I did not, and do not, share that concern. We on the Intelligence Committee have had many briefings on the covert action program. We have sent staff members to get more material. And both Members and staff have made trips to the region. On the basis of all that material, I am convinced that the executive branch—and, in particular, the CIA—are faithfully obeying the Boland amendment.

I am also convinced, Mr. President, that the policies and actions of the Government of Nicaragua fully warrant a strong response. As I noted last week, even Democratic and left-of-center elements in Central America fear the aggressive policies of Nicaragua. They see the Sandinistas not as reformers, or even as revolutionaries, but rather as the prime supporters of terrorist and guerrilla violence in the region.

We must stand up to Nicaragua, and our objectives are surely honorable: An end to Sandinista support for foreign terrorism and guerrillas; a slicing down of Nicaragua's frightening military buildup; a fond farewell to Soviet and Cuban advisers in Central America; and a return to the pluralist system that the Sandinistas originally promised to the people of Nicaragua.

What is less certain, in this complex enterprise, is whether the implementation of our covert action policy has been rational or effective. Last year, we were faced with reports of Contras slitting the throats of teachers and other civilians, and the Contras seemed more concerned with showing the press what the Nicaraguan mountains were like than with undertaking actions that would rally local support or interdict arms flows.

So last year the Intelligence Committee told the President to rethink this program and to draft a new, more coherent finding that would set forth objectives and approaches to achieving those objectives. This was done last fall, and I think it was done well. The last year has seen less Contra grandstanding, apparently less reliance upon former Somocistas, and even some operations against targets that seem to be part of the Nicaraguan support chain for guerrillas in El Salvador.

On two points, however, I am sorely disappointed. One is the continuing gap between policies to pressure Nicaragua and policies to resolve the conflict. The other is the most recent evolution in our policy.

The gap between activist policies to pressure a country and efforts to settle disputes is an old one. What is sad is how little we learn from the past. For example, surely history teaches us that the chances for real negotiation are often fleeting, and that such chances are not to be dismissed. But what happened when the United States invaded Grenada? There was an initial period in which Fidel Castro, rightly frightened by this successful U.S. activism, counseled caution to his proteges in Nicaragua. The Sandinistas, in turn, showed true concern over U.S. intentions and gave hints of flexibility.

Did we take advantage of that brief opening? Perhaps I blinked, Mr. President, and did not see it. What I did see was a policy that kept up the pressure with military maneuvers and construction in Honduras, but did not combine that pressure with active efforts to determine what sort of accommodation

the Sandinistas might be willing to make with their neighbors, with us, or with their own people.

Now it is harder. Now Nicaragua is moving toward elections—not truly free elections, but close enough to fool much of the world; not elections that give their people a real chance to reject Marxism-Leninism, but timed just before our own elections so that we will be too preoccupied to deal effectively with this challenge.

Now we are in the amazing fix of having some Contra groups offering to lay down their arms if a truly free election could be guaranteed, even though there are important other objectives to be gained as well. Now we have the most respected Members of the Democratic opposition to the Sandinistas refusing to participate in the elections, even though most of the world is likely to view those elections as valid. Now we see the Democratic forces in Nicaragua weak and divided, even though the daily flow of Nicaraguans into neighboring lands and Contra camps suggests that the people of Nicaragua might well reject their current masters in a free election.

And what do we see in the mining of Nicaraguan harbors? Does anybody believe, Mr. President, that the executive branch gave a thought to allied reaction when British and Dutch ships were struck by mines? Does anybody believe that the executive branch considered, before it went ahead, that Nicaragua might go to the U.N. Security Council and the World Court to gain a propaganda victory? Is there any sign that the executive branch ever considers how its own credibility with Congress is damaged when it does something like this and does not even tell the committee that is defending its policy on the floor of the Senate?

Most importantly, Mr. President, one wonders whether Presidents and their aides appreciate how each inept exercise of power, of which this is certainly one, erodes their credibility with the American people. This is not the first executive branch to squander that precious coin. But when, one wonders, when will they learn?

It was Thomas Jefferson who required us all to observe "a decent respect to the opinions of mankind." Now that was not a call for inaction. Rather, it was a call for coherent policy, cogently presented. But as the senior Senator from New York might well have said in our colloquy last week, a confusing newspaper interview will not measure up to the Declaration of Independence. And the Kissinger report, which is the closest thing we have to a coherent statement of Central America policy, is all but ignored by policymakers who mistakenly see activism as only a short-term thing.

Mr. President, I have given conditional support for the provision of funds for the Nicaragua covert action program, despite my misgivings. Because I see good reasons to keep some pressure on the Government of Nicaragua to change its policies, I voted with the executive branch to defeat four amendments on Nicaragua last week, as well as one on Honduras and eight on El Salvador. But it makes no sense to support a self-defeating tactic, and that is what the mining of Nicaraguan harbors has become.

Our unseemly flight from World Court jurisdiction is just one sign, but perhaps the most telling sign, that the mining tactic is a colossal loser. We all know that other countries break international norms. Nicaragua's indifference to the norm of leaving one's neighbors alone is the reason that we began this covert action in the first place. But international law exists to put limits on our behavior, even when we are in conflict with others, in order to preserve certain standards that benefit us all.

And we, Mr. President, are the ones who almost always benefit from international law. The World Court is not a pack of guerrillas, or even a conclave of liberation theologists. It is the guardian of international standards and tradition. It stands, very largely, for what we believe in. So when the United States runs away from the court, we run away from those who would hold us to our own standards of conduct.

Such policy is foolishness, Mr. President, short-sighted foolishness. It gives the appearance of arrogance, even though I suspect that it is much more the product of haste and desperation. And the great pity is that it is unnecessary, a feckless aberration to shore up an unwise tactic that serves a policy that—ironically—is still worth saving.

What shall we do in such a situation? What shall we save, and how?

First, Mr. President, let us clearly state that this is not the fault of the CIA. The Central Intelligence Agency has been the faithful servant of our policymakers. The CIA has implemented its covert action very carefully, with due attention to the Boland amendment even before it was passed. They may make mistakes from time to time; they may have yet to learn how to keep the Intelligence Committee up to date on what is happening. But the CIA is not responsible for policymakers who will not coordinate covert action with other elements of policy. The CIA is not the agency that is supposed to seize the opportunities that overt or covert actions provide, to seek a resolution of conflict. If we can bring about a more rational policy, the CIA will serve that policy as well.

Second, Mr. President, and here I speak to my colleagues who join me in concern over the mining issue, let us not jettison a whole policy just because one aspect is ill-conceived. If we end the mining—and I think that we would be well advised to do just that—there will still be extremely troubling arms flows into Nicaragua and El Salvador. If we end the covert action—and I think it would be wrong to do that at this time—there will still be Sandinista interference in its neighbors' affairs, while Nicaragua will still lack the freedoms that the Sandinistas promised nearly 5 years ago.

Let us tell the executive branch that Congress would end this self-defeating tactic of mining harbors, especially when the mines affect our friends as much as our foes, threatening civilian cargoes as much as military ones. Let us tell the executive branch that Congress would not run from World Court jurisdiction, like some criminal jumping bail. Let us encourage the executive branch, instead, to make the best case we can in both the World Court and the court of world opinion, for there is quite a case to be made that Nicaragua's support for guerrillas and terrorists warrants countermeasures.

Finally, Mr. President, let us call upon the President and the executive branch—loudly, if necessary—to get our Central America policy in order. Let us call for a true coordination of means and objectives, for a policy that will recognize the need for flexibility in implementation and will not merely push forward, willy-nilly, when the possible adverse consequences of our facts are so great. This President has shown great sophistication on so many issues, from social security to working out budget compromises, that I am sure he can bring that same skill to our Central America policy. I truly look forward to that great day.

Mr. MITCHELL. Mr. President, the simple and plainly visible truth about our covert assistance to the Nicaraguan Contras is that the chief use to which it is being put—an attempt to overthrow the Government of Nicaragua—violates U.S. and international law. That is a clear and undisputable fact, evident to anyone who looks at the record.

What the Reagan administration is doing in Nicaragua is discrediting the United States in the eyes of all those who we ask to believe in respect for the law.

It is undermining our efforts to call the attention of the world and of our own people to the fact of international terrorism, and to condemn and combat it.

In short, our covert assistance to the Contras is destroying our credibility. It is not difficult to see why.

This program, as it is being operated, violates article 2(4) of the Charter of the United Nations, a multilateral treaty ratified by the Senate. This treaty prohibits the threat or use of force against the territorial integrity or independence of any state.

It also violates article 15 of the Charter of the Organization of American States, of which we and Nicaragua are members. That treaty was also ratified by this body. Article 15 bans direct or indirect intervention in the internal affairs of any member state.

As established by our Constitution, all treaties made under the authority of the United States are the law of our land. A violation of such a treaty—such as the U.N. and OAS charters—is a violation of U.S. law. Our Government has violated both of those treaties and has broken our own law.

Moreover, in 1982 Congress enacted a law prohibiting the use of funds by the Central Intelligence Agency or the Department of Defense "to furnish military equipment, military training, or advice, or other support for military activities to any group or individual not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

That is the law of this country. Yet we are providing arms and money, training and guidance to the Nicaraguan Contras whose publicly professed goal is to overthrow the Government of Nicaragua.

In the past few weeks President Reagan has made such ambiguous and conflicting statements on our objectives in Nicaragua that the majority leader last week was impelled, under the obvious pressure of then-pending votes on this matter, to get the President's views in writing.

Despite this last-minute attempt at clarification, what is and remains clear is that the administration's actions in Nicaragua violate American law.

The direct participation of the CIA in mining several harbors of Nicaragua, publicly disclosed late last week, aggrevates the situation and makes the U.S. action even more plainly illegal. Mining a harbor is an act of war and a violation of international law.

Let us not forget that Iran, in recent months, has threatened to shut off the Persian Gulf by mining the Straits of Hormuz and its approaches. Repeatedly, President Reagan has expressed his view that such action by Iran involving these international waters would violate international law and could be considered an act of war. Moreover, the President has emphasized that he would not rule out the use of U.S. military force to respond to such an eventuality.

How can the United States have this policy with respect to Iran's threats while we act in a similar way by mining Nicaragua's waters?

To make an already bad situation even worse, the administration now says that it will ignore the World Court's jurisdiction over matters referred to it involving U.S. actions in the region.

Although it may be technically legal for the United States not to accept World Court jurisdiction in matters involving Central America, such an action—taken in response to information that Nicaragua is about to bring charges against the United States—makes a mockery of the rule of law.

However, there is a constraint against the administration's action regarding World Court jurisdiction, a constraint it has violated. In August 1946, the United States accepted compulsory jurisdiction of the Court. In a report to the 79th Congress, the Senate Committee on Foreign Relations unanimously said:

> The resolution provides that the declaration should remain in force for a period of five years and thereafter until six months following notice of termination. The declaration might, therefore, remain in force indefinitely.

The report then continued—and this is the key sentence:

> The provision for six months' notice of termination after the five-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

It is clear from this report that in accepting the World Court's jurisdiction, we relinquished any right to withdraw our acceptance as a result of the bringing of a particular legal proceeding against us—as Nicaragua said it will do on the harbor mining issue. The administration's announced intention where the Court is concerned thus directly disregards and transgresses a fundamental commitment embodied in the Senate's ratification resolution and in our acceptance of the Court's authority.

All of this amounts to cynicism beyond any we have seen to date by our Government in its actions and statements in Central America.

What are we to make of this flouting of law, of the intent of the Congress, of the will of the people of this country, and of common sense?

What are we to believe when our Government, stung by the death of hundreds of U.S. marines in the Middle East at the hands of terrorists, nonetheless continues its support of terrorists engaged in killing, in industrial and economic sabotage, and in the mining of the ports in Nicaragua? Have we become a nation to whom the ends justify any and all means?

Mr. President, there are many who, faced with the facts and with the contradictions between the words and the deeds of our Government in Central America, are now coming forward to question, to criticize and to doubt. I call on them to demonstrate that there is no disparity between their own words and deeds. The answer to the questions I have asked here today, in other words, lies in a vote to support their amendment to stop the unwise, unnecessary, and illegal mining of Nicaraguan ports.

Mr. DENTON. Mr. President, I fully understand the concern that many of my colleagues have about the issue that has been raised by the Senator from Massachusetts. At the same time, however, I am grievously disturbed by the tendency of many of my colleagues to rush to judgment on this issue, as on many other contentious issues of foreign and defense policy. One thing that life teaches, both personal life and public life, is that decisions made hastily and in heat are bad decisions more often than not.

I have spoken on this floor on many occasions about the evils that ensue when we try to conduct our foreign policy with 536 Secretaries of State, when one is sufficient to the challenge. It is all the more the case because that one is probably better informed and advised about the details of our foreign relations than are all the 535 others taken together.

We forget, in our debates in this body, that we derive our position from a constitutional system that has served our country well for nearly 200 years. It is a system that gives the Senate of the United States a particular position of power, Mr. President, but also one of responsibility, Mr. President, of responsibility.

The Senate has power and responsibility to oversee the conduct of foreign affairs, to provide advice and consent, but the Constitution confers upon the President the authority and the responsibility to conduct the foreign relations of our country. Indeed it mandates that he do so. We in the Senate tread upon dangerous, dangerous ground when we interfere with the authority and the responsibility of the President. When we decide to do, and it should be rarely, it should be cooly, after careful study, consideration, and examination of all the information that we can obtain.

The amendment before us has none of the hallmarks of such a process. It can do nothing other than to serve as an outlet for emotion and to send a message. Unfortunately, it would send a message to the wrong people.

I hope that we have the good sense, Mr. President, to realize that the message will be conveyed primarily to those who seek to exploit our division and our distress, that it will cheer our enemies and dishearten our friends, that it will confuse and dismay the American people, that it will promote no good but that it will precipitate great harm. For that reason alone, although there are other reasons, we should defeat it.

Mr. President, I understand the seriousness of the issue. I am willing, if that is the will of the body, to engage in factfinding, in analysis, in debate, and in legislation about our policy in

Central America. If we are to do that, however, let us do it properly, guided not by our emotions or by the partisan attractions of an election year but by our responsibilities as Senators and as elected leaders of our country. I urge my colleagues on both sides of the aisle, colleagues whom I know are thoughtful, serious, and responsible Senators, to lay aside the temptation to vent emotion, and to defeat the amendment before us.

Thank you, Mr. President.

Mr. LEVIN. Mr. President, I am deeply worried about our country's actions and policies regarding Nicaragua. The reports that we are responsible for the mining of Nicaraguan harbors and territorial waters cause me deep concern. These actions are shortsighted and ultimately self-defeating.

We have responsibilities in Central America. We have a responsibility to help those countries that desire and request our help. We have a responsibility to aid El Salvador to achieve stability and conduct meaningful free elections. But, our reported actions toward Nicaragua are not a fulfillment of our responsibility, but rather an abrogation of that responsibility.

Our responsibility as a nation and as a member of the world community is to adhere to the rule of law. Participating in the mining of the waters of a nation with which we are not at war is not adhering to the rule of law.

Our Nation can no longer hide behind the fiction that we are simply funding people who may have a different ultimate goal than we do. We can no longer hide behind the fiction that we are not actively responsible for actions that are judged by many to be an act tantamount to war.

Our responsibility is to meet the legitimate needs of our friends in the region. Mining the harbors and territorial waters of a nation with which we have full diplomatic relations is not the legitimate way to do it. Indeed, it is ultimately counterproductive.

Such actions confirm the worst fears of our friends in the region and in the rest of the world. Not only do they violate our best traditions and aspirations, they ignore history.

This heavy-handed behavior will not help us achieve our goal of a stable region free of Soviet influence. It will only gradually reduce our own influence. We should step up to our responsibility and adopt this amendment.

UNDERMINING UNITED STATES-LATIN AMERICAN FRIENDSHIP

● Mr. MELCHER. Mr. President, the failure of the United States to notify Mexico, Venezuela, Colombia, and other Central and South American countries that we were providing the mines and assisting in laying them in Nicaraguan harbors will especially hurt our relations with our friends and trading partners of this hemisphere. There should be a special responsibility to them stemming from the Monroe Doctrine, the Rio Treaty, and the Organization of American States. This action of participating in mining harbors in a country where their ships might be damaged is another blow to common neighborliness that has brought U.S. policies toward Latin American countries in ill repute as a callous disregard of their vital interests.

The stated policy of the Contadora groups—Mexico, Venezuela, Colombia, and Panama—has been to dissuade the United States from military action in Central America. Other Latin American countries have quietly expressed similar views. This comes at a time when most Latin American countries are hard pressed economically and are attempting to work out conditions for loans through the International Monetary Fund and private banks, many of which are American. It takes courage for them to voice objections to administration policies.

To have ships from their country damaged by the mines the United States made and assisted in laying in Nicaraguan harbors is adding insult to injury. This is a serious act of war. In my judgement it is wrong.

Not to notify friends and allies is a serious blunder admitted even by many who approve the action.

Whatever else can be said—and there is a great deal more that will be said—the sum and substance of the blunder is that the administration cannot defend its action. Unless the President wants to ask for a declaration of war, the best thing he can do now is to order the CIA to hire the removal of each and everyone of the mines.

The President can give the order to the CIA overtly or covertly. The friends we have in this hemisphere will be relieved.●

ORDER OF BUSINESS

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, the minority leader needs time to conduct his clearing process. In order to do that, 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. BAKER. 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. BYRD. Mr. President——

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, our people have been contacted. We find no objection.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object, as the majority leader stated, the second provision dealing with court jurisdiction, as a result of this proposal, will be vitiated. I just wanted to mention that although that is the effect of the majority leader's amendment, and I understand that and will accede to it, I also want to indicate that, after the rollcall, I intend to send to the desk a resolution (S.J. Res. 271) incorporating that provision and ask for it just as appropriate reference. It will not be incorporated in this legislation, but I just want to indicate that we want to have an opportunity to vote on that issue.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Chair. I ask for the yeas and nays.

The PRESIDING OFFICER. Will the majority leader defer to permit the Chair to place the pending business before the Senate?

Mr. BAKER. Yes, Mr. President.

MISCELLANEOUS TARIFF TRADE AND CUSTOMS MATTERS

FEDERAL BOAT SAFETY ACT AMENDMENT

The PRESIDING OFFICER. The clerk will state the pending business.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 2905, AS MODIFIED—DIVISION I

At the appropriate place in the Dole amendment, add the following new section:

"SEC. . It is the sense of the Congress that—

"(2) No funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua.

Mr. BAKER. Mr. President, I ask for the yeas and nays on the first division of the Kennedy amendment.

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

The yeas and nays were ordered.

Mr. BAKER. Mr. President, before we vote, let me ask this question: Under the order previously entered, the only question pending is the first division. The second division, by the order, has been withdrawn. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the first division of the amendment of the Sena-

tor from Massachusetts. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Mississippi (Mr. COCHRAN) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland (Mr. MATHIAS), would vote "yea".

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 84, nays 12, as follows:

[Rollcall Vote No. 59 Leg.]

YEAS—84

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hatfield	Packwood
Biden	Hawkins	Pell
Bingaman	Heflin	Percy
Boren	Heinz	Pressler
Boschwitz	Hollings	Proxmire
Bradley	Huddleston	Pryor
Bumpers	Humphrey	Quayle
Burdick	Inouye	Randolph
Byrd	Jepsen	Riegle
Chafee	Johnston	Roth
Chiles	Kassebaum	Rudman
Cohen	Kasten	Sarbanes
Cranston	Kennedy	Sasser
D'Amato	Lautenberg	Simpson
Danforth	Laxalt	Specter
DeConcini	Leahy	Stafford
Dixon	Levin	Stennis
Dodd	Lugar	Stevens
Domenici	Matsunaga	Trible
Durenberger	Mattingly	Tsongas
Eagleton	McClure	Warner
Evans	Melcher	Weicker
Exon	Metzenbaum	Wilson
Ford	Mitchell	Zorinsky

NAYS—12

Denton	Hatch	Symms
Dole	Hecht	Thurmond
East	Helms	Tower
Goldwater	Long	Wallop

NOT VOTING—4

Bentsen	Hart
Cochran	Mathias

So divison I of Mr. KENNEDY's amendment (No. 2905), as modified, was agreed to.

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

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

The motion to lay on the table was agreed to.

SENATE SCHEDULE

Mr. BYRD. Mr. President, I have had several inquiries from my side, from my colleagues, Senators who wish to know what the program will be for the remainder of today, for tomorrow, and the remainder of the week.

So I ask the majority leader if he is in a position to enlighten us.

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

Mr. President, the chairman of the Finance Committee is here, and as strange as it may seem, we are now back on the tax bill.

If the minority leader will yield for that purpose, I inquire of the chairman of the Finance Committee how long he plans to work tonight and what he sees in prospect for the future consideration of this measure.

Mr. BYRD. Mr. President, I so yield.

Mr. DOLE. Mr. President, I do not see much purpose in going beyond midnight tonight. We can put in a full day tomorrow, Thursday, and Friday.

I say this in all seriousness. I said it at the Republican policy luncheon. I think a lot of the amendments that Members may have we might be able to work out.

So unless they just wish to have a surprise party, if they will let us know what they have in mind, we will be glad to take a look at them.

There are not that many amendments. I know there will be some.

The Democrats may have a substitute or a package. We may have one on this side.

But beyond that, I know the distinguished Senator from Ohio (Mr. METZENBAUM) has a number of amendments.

But I really wish to work awhile tonight and see if we cannot dispose of a lot of them and obviously make some pretty good time. We may not have to go beyond midnight.

Mr. BAKER. Mr. President, I thank the chairman of the committee.

If the minority leader will continue to yield to me, I guess what that means is we are going to be here awhile tonight and tomorrow on this bill as well.

Let me state my objective.

The leadership on this side wishes to finish the amendment which is the tax bill before we go out for the Easter recess, and in all fairness I doubt we can get any further than that and maybe cannot get that far.

But I have asked for the House of Representatives to send us an adjournment resolution that will permit the adjournment of the Senate from either Thursday or Friday, depending on when we finish our work, and the objective is to try to finish the tax bill portion of the boat bill before we go out.

In answer to the minority leader, I expect us to be late tonight. The chairman of the finance Committee said a full day tomorrow. I do not quite know what that means tomorrow evening. But if I were to guess, I would anticipate past the dinner hour. And then we will see where we go from there.

Mr. BYRD. Could the majority leader reveal anything concerning his plans, if he has plans, with respect to Thursday?

Mr. BAKER. Yes, Mr. President.

Mr. BYRD. I have inquiries particularly that go to that date.

Mr. BAKER. Yes, Mr. President. I understand that, and I know some Senators on both sides of the aisle are anxious to be a part of the official delegation to attend the funeral services of our former colleague, Senator Frank Church. And I have encouraged Members to do that, notwithstanding that I cannot give them the assurance that they will be absolutely protected from votes. I am going to do my best, and I am sure the minority leader and I can work hard on that to try to keep the number of votes Thursday down to a minimum.

But I simply cannot in good conscience and in my responsibility to the managers of this bill say there will be no votes on Thursday.

So on Thursday I would expect us to be in session working on the tax bill, but there will be votes, although we will make our best effort to see that there is not an avalanche of votes.

Mr. BYRD. Mr. President, the majority leader has been very open and patient.

I inquire if it is his intention for the Senate to be in session on Friday.

Mr. BAKER. Yes, Mr. President, depending on how we get along with the tax bill. If we finish the tax bill before Friday, I would not plan to go further. But once again I urge Senators to consider in making their plans that there is a high probability that we will be in on Friday.

Mr. BYRD. I thank the majority leader.

May I ask the majority leader whether or not the Senators on his side of the aisle are prepared to call up amendments tonight?

I know Senator METZENBAUM has a number of amendments, but I am sure that he does not want to go with his amendments ad infinitum without having other Members go in the meantime with their amendments.

Mr. BAKER. Mr. President, I am told by the the chairman of the committee that there are amendments on this side and that he is willing to work out a scheme of things so that we can present them in an orderly way.

Mr. BYRD. I thank the majority leader.

Mr. BAKER. I thank the minority leader.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President there are some amendments, and I think the distinguished Senator from Arizona, Senator GOLDWATER, had an amendment he wished to offer and we would have an exchange on. We might be able to do that now if it is all right with the Senator from Arizona. We have the material. Then we could go to other amendments, and I hope that Members who may be listening, if they

have amendments, will be prepared to offer those amendments.

Again, as I have indicated in the past, if there are Members who have questions or wish to discuss a probable potential amendment, we would be happy to do that. We have staff available on each side of the aisle.

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

Mr. DOLE. I yield to the distinguished Senator from Arizona.

FIRPTA WITHHOLDING

Mr. GOLDWATER. Mr. President, the deficit reduction legislation before us contains a relatively minor technical provision that would establish a withholding scheme to enforce a 1980 law known as FIRPTA, the Foreign Investment in Real Property Tax Act.

I had intended to offer an amendment to strike FIRPTA withholding, but, I understand the chairman of the committee, Senator DOLE, and Senator WALLOP, the chairman of the Energy and Agricultural Taxation Subcommittee, are both agreeable to scheduling a hearing before the end of this year on the matter of FIRPTA itself. I will not offer the amendment but, I do have some comments to make about FIRPTA, including the withholding scheme.

FIRPTA withholding has been rejected by the House of Representatives at least three times in the last 4 years. Congressman CONABLE, the ranking Republican on the House Ways and Means Committee, has announced that he will soon introduce a bill with other members of that committee to repeal FIRPTA. I introduced a FIRPTA repeal bill last year, S. 1915.

So, I suggest the withholding provision is going nowhere in the House even if we pass it over here. The House understands that a withholding tax on land sales is bad. It is impractical. It is harmful to needed investment in U.S. real property.

Mr. President, I think we should have a hearing on what this Nation has to gain or to lose by a FIRPTA withholding requirement and from FIRPTA itself. I know of several tax experts and real estate specialists, who would like to testify to the great damage they see in FIRPTA. So, instead of adding a withholding scheme, I hope the chairman of the committee or proper subcommittee would agree with me to remove the witholding language from this large tax package and schedule an early hearing on the whole subject of FIRPTA.

Now, Mr. President, I will discuss some of the problems with FIRPTA withholding. It simply will not work in the field of real estate. How do you impose a withholding tax on a 40-year mortgage or a promissory note secured by land? Who has the burden of withholding the tax? Not the foreign national who sells the land. The administrative hassle will be dumped on one of several financial or real estate agents who represent the person who buys the land. It is the buyer and any of his agents in the transaction who will be loaded down with the responsibility of determining how much tax should be withheld and whether the seller is a foreign national or not.

But, in order to know how much tax to withhold, the buyer has to know what the tax basis of the seller is. How often do you think the seller is going to let the buyer know exactly how much profit he is raking in from the deal? Also, I would ask, where is the buyer or his agent supposed to get the money from if the tax liability of the seller exceeds the amount the buyer will pay as a downpayment or as the initial consideration for the sale?

The committee bill imposes a punitive rate of withholding tax, 28 percent of the gross sales price in the case of a foreign corporate seller and 20 percent of the gross sale price in the case of a foreign individual, partnership, estate or trust. This withholding system, in effect, assumes that the entire sales price is profit. These rates would set a withholding tax which normally will be far in excess of the actual U.S. capital gains tax on the net profits involved.

The Secretary of the Treasury can limit withholding to the maximum tax liability of the seller on a case-by-case basis, but the buyer, who is the withholding agent, cannot know what the seller's true liability is. And, I would like to point out that the withholding provision would not apply only to a handful of multimillion-dollar transactions. We are talking about real estate transfers that are typical of resales of homes in many parts of the country, all sales where the gross price exceeds $200,000.

Next, I believe the withholding provision gives too much authority to the Treasury Department. The provision does not replace the present reporting requirements of FIRPTA. The Treasury would retain full discretion to implement a portion or all of the FIRPTA reporting requirements at the same time that FIRPTA withholding would go into effect. The original justification for reporting was as a means of insuring compliance with FIRPTA. However, this is the same purpose which withholding has, and there is no ground for having a dual enforcement mechanism with duplicative administrative burdens on both the seller and buyer of real estate.

Mr. President, the removal of FIRPTA withholding will not reduce the revenue projections made for the pending deficit legislation. The reporting provisions will remain intact. And, FIRPTA will remain on the books. Any increased revenues would go to the Treasury because of FIRPTA, not because of this new withholding system.

With or without the withholding provision, FIRPTA will not raise much revenue in the next 2 or 3 years. FIRPTA is inapplicable to a great many real property transfers because of the benefits given by several of the 42 reciprocal tax treaties which our country has with other nations, many of which apply to other areas, including former colonies of our treaty partners. The original FIRPTA law provided that these treaties would remain in effect until 1985 at which time the statute will automatically supersede the treaties, unless a new treaty is negotiated. In this case the tax exemptions and benefits of the old treaties will stay in effect for up to 2 more years.

Not only is it impossible to determine just what land transactions are subject to FIRPTA until the status of these treaties is known at the end of this year, but the Treasury Department keeps changing its proposed rules interpreting FIRPTA. The first regulations were not issued until September 21, 1982, and then a completely new set of proposed regulations were published on November 28, 1983, with a comment period after that date. The final regulations have still not gone into effect, which reveals just how difficult it is to administer this law.

Mr. President, I would like the Finance Committee to look into the question of whether FIRPTA is causing harm to the American economy. For, in my opinion, it is preventing investment in many American communities that need it. It is blocking the development of many real estate and commercial facilities that would add jobs for Americans in our own country. It discriminates against a small group of passive foreign investors in land, nonresidents not engaged in a trade or business, while it excludes almost all foreign investment in stock issues of U.S. corporations. Foreign persons hold nearly $81 billion worth of the total stock of private American firms, 7 percent of U.S. private stocks and, yet, they are exempt from any capital gains tax. But, foreign owners who hold less than 1 percent of U.S. agricultural lands, worth no more than $4 billion, are not exempted.

Another unfairness of FIRPTA is that it penalized foreign investors retroactively. It applies to lands acquired before the law was enacted.

Most importantly of all, FIRPTA puts the United States at a serious disadvantage with other countries which are promoting and encouraging foreign investment with every attraction they can think of, including giving privileged immigration visas to foreigners who make sizable investments. Every country but our own is trying to

attract capital, while we are mindlessly chasing away investors.

We in this country need capital. We need it badly. Land is the form we should encourage foreign investment to take. It is stable. It is immobile. Foreigners cannot pull their assets out at a moment's notice, as they can a bank account.

To sum up, I think it would be wise for the committee to hold a hearing on this matter so that we might work out a reasonable solution. I ask the chairman if he is willing to schedule such a hearing at an early date?

Mr. DOLE. Yes, I see no problem with holding a hearing on FIRPTA this year and I will agree with the senior Senator from Arizona to do so at a mutually convenient time. I understand that the Senator from Wyoming (Mr. WALLOP), who is the author of FIRPTA, agrees as well that it would be proper and useful to hold a hearing to examine FIRPTA and that the hearing should be set as early as we can arrange it this year.

Mr. GOLDWATER. With that assurance on behalf of both the chairman and Senator WALLOP, I will not press the amendment. I look forward to exploring this subject in depth at some time this year because I think it is very important to our economy.

Mr. DOLE. Mr. President, let me respond to the distinguished Senator.

We will promise the Senator at this time we will have hearings. We will explore it fully, and we hope we can work out some satisfactory accommodation.

Mr. GOLDWATER. I thank my friend from Kansas.

It is a very important amendment to me, to my State, and to many other States in the Union because it will allow the easier disposal of items that are now controlled by this, and if we can reach an agreement on doing away with it, it will be a great help.

I thank my friend from Kansas very much.

Mr. DOLE. I thank my distinguished colleague.

As I understand, the Senator from California (Mr. WILSON) wishes to make a statement at this time. I yield the floor for that purpose.

Mr. WILSON. I thank the distinguished Senator from Kansas.

Mr. President, we are now on the tax bill, and it is imperative that we give that early and full attention, but I do ask for a minute of this body's time before we have departed entirely from the subject of the vote just taken to consider really the meaning of that vote when taken in the conjunction with several votes last week, which this body expressed the sense of the Senate, not through a resolution but through an act of Congress appropriating money for a regrettable necessity which some have come to call covert activity.

Mr. President, I will take little time. I will say simply that in what we have just done we have tried to tailor a response in a way that will prevent covert activity from doing harm to those who should not in fact find themselves the target of that kind of attention.

But, Mr. President, far more immoral than the mining of harbors with the possibility of indiscriminate damage to noncombatant vessels is the virtual certainty that innocent men, women, and children in El Salvador have been, are being, and will continue to be slaughtered by terrorists armed and directed from Nicaragua with weapons brought to those terrorists by Soviet and Cuban freighters making port in Puerto Sandino or Corinto.

Mr. President, what we have said is that we do not wish to be indiscriminate, that instead we wish that the response be carefully targeted. But if it is the sense of the Senate that funds not be spent for such indiscriminate mining, I think we need to remind those who seek to interpret this vote that it is also the sense of the Senate, as expressed by votes last week that the United States continues to support activity that is accurately focused upon the interdiction of the shipment of materiel that otherwise will permit the continued terrorism sponsored by the Sandinista regime, the continued death and mutilation of innocent men, women, and children in a nation that is struggling to achieve democracy against the heaviest of odds.

I think in doing that we keep faith with the vision expressed by a President, who, in this century, saw that we enjoyed the potential for a special relationshp with those neighbors south of the border and, indeed, owed them a special obligation. That, I think, is what John F. Kennedy meant in his first inaugural address when he said to our friends south of the border:

> We offer a special pledge to convert our good words into good deeds in a new alliance for progress to assist free men and free governments in casting off the chains of poverty. But this peaceful revolution of hope cannot become the prey of hostile powers. Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas and let every other power know that this hemisphere intends to remain the master of its own house.

I think that he was speaking, Mr. President, to those people in the huts and villages across the globe struggling to break the backs of mass misery. It was to them that he pledged the best of American efforts to help them help themselves for whatever period required. And, as he said, it was not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor it cannot save the few who are rich. But it was after saying that that he said that we dare not allow this peaceful revolution of hope to become the prey of hostile powers.

Mr. President, I think President Kennedy would have been immeasurably heartened if he could have joined the U.S. observer team that witnessed the Salvadoran elections two Sundays ago. He would have seen that peaceful revolution of hope of which he spoke coming into being, not yet in being, but struggling to gain that foothold so that its people can enjoy what we take for granted.

In order that it not become the prey of hostile forces, it is a regrettable necessity on the part of the United States that we continue to fund activity which we might wish unnecessary. It is necessary exactly as John Kennedy foresaw on that cold January day when he took the oath of office when he advised us as to our duties in this hemisphere.

Mr. President, that is the meaning, I think, of this resolution, taken in conjunction with those votes to appropriate moneys, to see to it that this peaceful revolution not become the prey of hostile powers.

I thank my friend from Kansas for this time and relinquish the floor to him.

OLYMPIC CHECK-OFF ACT

Mr. DOLE. Mr. President, I want to take this opportunity to bring to the attention of my colleagues the need for additional funds to support America's disabled athletes. The Committee on Sports for the Disabled, a committee established by the Amateur Sports Act of 1978 to provide increased opportunities for individuals who are disabled to participate in sports training and competition, has indicated that, unless the U.S. Olympic Committee (USOC) obtains additional funds in the future, it is very doubtful that even the modest budget on sports for the disabled can be supported. This means that the urgent needs of the following organizations will not be met:

American Athletic Association of the Deaf;

National Association of Sports for Cerebral Palsy;

National Handicapped Sports and Recreation Association;

National Wheelchair Athletic Association;

U.S. Amputee Athletic Association;

U.S. Association for Blind Athletes;

Special Olympics.

It troubles me that of the $80.2 million raised for the U.S. Olympics between 1980–84, only $600,000 was allocated to handicapped sports. Given the fact that approximately 20 percent of the participants in amateur sports are involved in sports for the disabled, a more realistic apportionment of public contributions is in order.

Mr. President, I have been assured by the USOC that passage of Senate bill S. 591, the United States Olympic Check-Off Act, will provide the economic tool to support expansion and improvement of sports opportunities for disabled persons in the United States. For the 35 million physically limited people in the United States, athletics bring the same reward sports do for the able-bodied. I support the USOC's commitment to bringing opportunities undreamed of only a few years ago for disabled individuals to participate in active competitive sports.

Mr. MOYNIHAN. Mr. President, I rise today to speak some words of support for the Deficit Reduction Act of 1984.

Can we not agree that this is worthy legislation? Surely, we can agree that this legislation is necessary, if we are to stem the unprecedented growth of Federal deficits and the public debt, and begin to repair the ruin of the Federal fisc brought about by the policies of recent years.

The Senate Finance Committee has been working on this legislation since last October, trying to address two critical problems: A stream of projected deficits of $200 billion or more, extending, in David Stockman's phrase, "as far as the eye can see"; and the prodigious growth of tax shelters, which is enabling some of the most affluent among us to avoid any tax liability. In short, we must close the deficit, and we must do so equitably.

DEFICITS

The Federal deficit is the single most important and immediate problem facing the American economy. We must take decisive action now, this legislation is a beginning—but only a beginning. On President Reagan's inauguration day, January 20, 1981, the national debt accumulated over 192 years by 38 Presidents stood at $940.5 billion. In the next 1,000 days, the national debt increased by half. If the President should serve a second term and his current policies stay the course, the debt, as currently forecast by the Congressional Budget Office, will nearly have tripled in 8 years. By 1989, according to the Congressional Budget Office, the annual budget deficit will reach $320 billion and total Federal debt will exceed $2.5 trillion.

In that year, 1989, the annual interest payment on the enormous national debt will reach $207 billion. Nearly one-half of all Federal receipts from the personal income tax will be required just to pay this interest. We will not be able to raise taxes fast enough, or cut programs deep enough, to keep up with these interest payments. The men and women of America who work for wages will be paying this interest with their taxes, to pay those who own Federal securities—large corporations, major banks, pension funds, and individuals with large sums to invest in Treasury securities. If we do not stop this explosion of the Federal deficit and debt, the burdens of this debt service will mean a serious redistribution of wealth, one largely unplanned and unanticipated, from the working men and women of America to its bondholders.

It would be some small comfort, at least, if all these securities were held by fellow Americans. But according to recent estimates by Morgan-Stanley & Co., increasing proportions of our national debt are owned abroad, and by the late 1980's upwards of $30 billion a year in interest payments, will go overseas. These payments, of course, do not reduce our debt but only keep it from growing larger.

These vast increases in the Federal deficit and debt are due, simply stated, to the failed economic theories advanced and followed by the administration, to Laffer curve economics that promised to balance the budget by cutting taxes and increasing spending. According to the President's 1985 budget, the President's 1981 Tax Act will cost the Treasury more than $91 billion in revenues in 1983, $133 billion more in 1984, and $165 billion in 1985. Over the 5-year period, 1983 to 1987, the 1981 Tax Act will cost the Treasury more than $800 billion, by the administration's own estimates.

Who has benefited? Where have these revenues gone? According to an analysis this past month by the Congressional Budget Office, the net effect of the President's 1981 and 1982 Tax Acts for Americans earning less than $10,000 annually, on average, is a tax reduction of about $20 this year. The average tax liability for Americans earning $80,000 or more, however, will be reduced this year by about $9,070—enough to buy a $10,000 U.S. Treasury security at today's interest rates.

This regressive redistribution of wealth—tax cuts for the most affluent and rising interest bills on the resulting debt for the average wage earner—is only part of the story of Reaganomics. Huge Federal borrowing helps keep interest rates high, and these rates have attracted increased investment from abroad. As a result, the dollar is "strong": The value of the dollar has risen about 40 percent on the world's foreign exchange markets. But this means that the cost for U.S.-made goods on the world market has risen some 40 percent, while the cost of foreign-made goods here has declined by about a third. Is it any mystery that this year, the U.S. trade deficit will approach $110 billion? The Chairman of the International Trade Commission, Alfred Eckes, has estimated that every $1 billion increase in the trade deficit costs the U.S. economy 25,000 new jobs. The increase in the trade deficit from 1983 to 1984, then will cost American workers 1,235,000 new job opportunities this year alone. And there is no end in sight, because interest rates are continuing to rise. The Federal funds rate, the prime rate, and the Federal Reserve's discount rate all have risen in the last 2 weeks.

Something must be done to close these deficits, and the Deficit Reduction Act of 1984 is a beginning. But not enough. If we are to preserve our economic welfare, and our Nation's economic position in the world, we must do far more. Fiscal restraint is no longer one ideological option among several. Today, it is compelling common sense.

TAX SHELTERS

The matter at hand is not simply how much revenue to raise, but how to raise it. It is fair to say that half of the present problem with the tax system is that potential tax revenues are not being collected. The Treasury recently reported that less than half of the money earned by Americans is subject to any income tax. The rest is sheltered, deducted, hidden, or otherwise avoided. The real project before us is not so much raising taxes, but rather collecting tax on income earned. This legislation represents a genuine step toward tax reform, so we can collect the needed revenues.

This is not a surprise. In August 1981, after passage of the President's huge tax cut, William Nordhaus, a member of President Carter's Council of Economic Advisers and a distinguished professor of economics at Yale University, wrote in the New York Times that this act heralded the end of tax reform. I asked the Times for an opportunity to reply, and wrote a small piece called, "Tax Reform Lives." The 1981 Tax Act, I argued, instead heralded the beginning of a new era of tax reform for one simple reason: The Treasury soon would be bare, and every loophole would have to be closed just to raise needed tax revenues.

As April 15 approaches once again, it is especially pertinent and important to reexamine our tax system. Unlike other tax systems throughout the world, ours is an essentially voluntary one, a "self-assessing" one to use the parlance of tax lawyers. The American taxpayer, not the Government, declares what his income is, what expenses he has incurred, and what he owes the Internal Revenue Service. The Government writes the tax law, but from that point on is not actively involved at all—save for the audits of a mere 1.5 percent of all tax returns.

Canadian taxpayers, for example, provide their income data to the Government, and it is the Government which then analyzes the information and tells Canadian citizens what they owe.

Our tax system relies upon the American taxpayer to provide the appropriate information and analysis to the Government. This tax system works here, because Americans are honest and because Americans believe their Tax Code is fair.

The current proliferation—epidemic is not too harsh a word—of tax shelters is threatening this carefully balanced system. Tax shelters are investments designed to enable a taxpayer to reduce his taxable incomes by more than the amounts he invests. The sharp increase in these tax avoidance arrangements since the Economic Recovery Tax Act of 1981 is undermining the public's perception of the basic fairness of our tax system.

We accede to this erosion at our own peril. As President Abraham Lincoln once said:

Public sentiment is everything. With public sentiment nothing can fail; without it nothing can succeed.

On an issue as fundamental to our Nation's well-being as taxes—the means by which we finance everything our Government does—failure cannot be allowed.

This is not a minor, or idle, matter. Tax sheltering activities are increasing in both number and volume. According to a recent report by the Joint Committee on Taxation, taxpayers invested approximately $8.4 billion in publicly registered tax advantaged investments in 1983, a 53-percent increase over the $5.5 billion invested in 1982. Some of these investments represent real capital formation, but the data indicate a sharp increase in the volume and amount of abusive tax shelters as well.

The total cost to the Treasury, to ordinary taxpayers, of these tax shelters is large, although hard to estimate with precision. Last year, the Internal Revenue Service examined 95,000 tax shelter returns, including more than $1.7 billion in disputed tax deductions and credits. At this rate, the current IRS backlog of 350,000 questionable returns containing tax shelters represents more than $6.2 billion in foregone or potential revenues.

As these represent only the more questionable shelters—about 10 percent of all sheltering activity, according to a recent report by the investment analysis firm of Robert Stranger & Co.,—the revenues lost by the Treasury could exceed $60 billion.

With Federal budget deficits expected to run at an annual rate of over $200 billion, an attempt to end the most abusive forms of tax sheltering activity makes sense in fiscal terms alone.

Much more, however, is at stake.

The Joint Committee on Taxation describes the problem as follows:

A major concern is that the highly visible marketing of tax shelters, and the accompanying belief that the IRS cannot deal with them, may erode taxpayers' confidence in the fairness and effectiveness of the tax system. Sociological research supports the proposition that taxpayers are more likely to comply with the tax laws when they perceive the system to be fair or when the costs of noncompliance are perceived as relatively high and relatively certain.

The widespread use of tax shelters deprives the system of its claim to fairness and retards the administration and judicial processes to the point that penalties seem neither certain or costly.

In the present era of immense budget deficits, we can no longer tolerate a tax system loaded with deductions and credits that have no social or economic justification. Nor can we tolerate a tax system which permits the wealthiest among us to escape their fair tax liabilities.

The Deficit Reduction Act of 1984 begins the process of reforming the tax system and closing down the abusive tax shelters. The bill includes several tax reform provisions that I introduced.

One provision prevents investors from creating tax deductions simply by swapping properties, such as two yachts or two condominiums, held for personal use. Another provision prevents taxpayers from using Treasury bills and other short-term securities to defer income from one tax year to the next, as a means of avoiding the income tax. Another provision would allow the Federal Government and cities with populations over 2 million to exchange tax information. This provision will enable both our major cities and the Federal Government to raise significant revenues from taxpayers now avoiding the income tax: Such an exchange with New York City should raise $25 million for New York City over 2 years, and $100 million for the U.S. Treasury.

Another provision I proposed requires the Treasury Department to study means of shutting down tax shelters and to report back to Congress by December 1, 1984, with specific recommendations.

One specific area, that I hope the Treasury Department will address in its study is the reform of the alternative minimum tax. We have, after all, progressive tax rates, which suggest that the richest among us, who can best afford to do so, should contribute the most to the Nation's common revenues. Nevertheless, the Tax Code allows this progressivity to be moderated through tax deductions and credits for such recognized purposes as paying mortgage interest, medical expenses, or taking business losses. And the minimum tax is there to insure that everyone who can afford to make some tax, payment—at least 20 percent tax on income above $40,000.

The current minimum tax does not work. It does not work, because high income, persons can shelter their incomes not only from progressive tax rates, but also from the minimum tax. I introduced a bill earlier this year that sought to toughen the minimum tax in order to insure that everyone who can afford to do so will pay some minimum amount of tax. While my bill was not adopted this year, I hope that with the Treasury Department's support the minimum tax can be reformed soon.

More needs to be done to solve the problems of the growing Federal deficits and the prodigious growth of the tax shelters, but I believe that the Deficit Reduction Act of 1984 is a genuine step forward. The Finance Committee worked long and hard to put this legislation before you, and I urge its prompt passage.

INSURANCE PROVISIONS

Mr. DOLE. Mr. President, does the Senator from Ohio want to continue the quiz we were on last night?

Mr. METZENBAUM. I would not mind that. I guess the Senator honed up a little bit about insurance companies.

Mr. DOLE. I think I have the answers. If the Senator puts the questions directly, I will put my answers directly.

Mr. METZENBAUM. I would just like to ask the Senator why he thinks a company that made $13 million in dividends last year should get a $750,000 deduction just because there is some special language written in on page 589. The question is: What makes the committee come to the conclusion that there is some reason to reduce the equity base for the portion of that equity that is allocable to a life insurance business in a noncontiguous Western Hemisphere country? I was not sure how much money this company made before. I have now checked that they made $13 million—no, they made more than that. They paid out $13 million in dividends.

This provision, I am told, would not make or break the bill, but it is just a special privilege, a special consideration, and $750,000, I am told, is what the reduction would be. I guess maybe we were told yesterday $1 million. Why do you do something like that? What is the rationale for it?

Mr. DOLE. I yield to my distinguished colleague from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, we discussed this matter yesterday, and perhaps my comments did not satisfy the Senator from Ohio. But I answered for the record that in this company's activities in Latin America, they are required to carry larger reserves than would be the case if they were insuring the same number of persons inside the United States. They do business in the United States as well. But to the extent they insure outside the United States, they find it necessary to carry

larger reserves because their risk is greater in Latin America than in the United States.

Now, this company's tax liability for 1983 was $6 million. Under the committee amendment, with the Central and South American provision, their tax liability would be $6,250,000 based on 1983 income. Based on that same income, they would owe $250,000 more in taxes.

Without this South American provision, their tax liability would be $7 million, or $750,000 greater. In terms of what we are expecting of the other companies, this provision puts them in line with the others.

Mr. METZENBAUM. I ask my colleague, the Senator from Louisiana, to elaborate on that point—that it puts them in line with the others. In what way does it put them in line with the others? The others would be taxed. This company would be taxed $750,000 more, except for this reduction in the equity base. I have trouble when I read this kind of legislation in knowing why we reach out and give somebody three-quarters of a million dollars. If they are impoverished, if they are having difficulty making ends meet, if there is some special reason, I can appreciate that. But this company paid out $13 million in dividends. That was in 1984 and not in 1983.

Mr. LONG. Mutual companies under this bill are taxed as a percentage of their equity base. In Latin America these companies are required to have a larger equity base because they have a greater risk on those policies in Latin America. It is to take that into account that this amendment is in the bill. It was not my amendment.

Mr. METZENBAUM. I am not saying it was. I did not ask you the question. I am asking the manager of the bill.

Mr. LONG. This was the judgment of the subcommittee on the House side that worked on the life insurance provisions of their tax bill. In my judgment, that provision is correct policy. This company will pay more taxes according to this bill than they would pay without the bill. It seems to me that this is fair. If the Senator does not agree, I am sorry. But that is my position, and it is the position of the committee.

Mr. METZENBAUM. Let me explore that a little bit further. You say they will pay more taxes. The fact is that this bill, as I understand it, has a provision in it that the companies have a right to reduce their taxable income by 20 percent. That applies to all companies. That is a special reduction just pulled out of the air and put into legislation. If we did not have this bill, they would not get that 20-percent reduction, and they would not get the right to reduce their equity base. I have a problem in understanding when you say they will pay more taxes under this bill than they would pay if there were not a bill. I would like some confirmation of that representation.

Mr. LONG. If we did not have the bill that we have before us, the 1959 law would apply. The 1959 law had all kinds of provisions that make little or no sense in the light of economic circumstances today. You would find all sorts of exceptions, provisos, and so-called loopholes in the 1959 law. That law would make a lot less sense to you than what you would find in the committee amendment here.

I know a little about how the life insurance provisions came to be in the shape they are in. It started with the life insurance industry recognizing that they are going to have to pay more taxes. The major companies, the mutual companies, and the stock companies, got together and reached a compromise of what they thought would be fair.

If a certain amount had to be paid by the mutual companies, then the stock companies ought to pay up to a certain amount. Mind you, both sides were partial to their own interests. By the time they got through quarreling about the matter, they got together on what they thought they could support to meet the revenue objectives that are in the bill,

After that agreement was reached, the smaller insurance companies came to us and said: "Wait a minute, that is all great as far as the major companies are concerned. The major companies worked out what they thought would be fair where they are concerned, but does not take our situation into account."

The reason that insurance companies seem to get better tax treatment than manufacturing companies—at least on the face of it they pay less taxes for a given amount of income—is because we recognize that those companies need to build up reserves, just like a bank has to build reserves in order to be secure and protect its deposits.

The Finance Committee considered their position and proceeded to amend the provisions to take their situation into account.

As a practical matter, the views of the major companies were considered—both the views of the mutual companies and the views of the stock companies. The views of the new companies and smaller companies were considered. The provisions were amended to take care of their problems, and the tax was adjusted to try to meet the revenue goals that we thought would be fair to add to that industry.

In the course of all this, unbeknownst to the Senator from Louisiana and as far as I know unbeknownst to the chairman of the committee, over on the House side—long before we ever saw the bill, before I ever heard about the bill—these people came and explained their problems to the House committee. The House committee recommended that this language be here to deal with a problem raised by one company. But this provision applies to any other mutual company that might be insuring in Latin America. If a company insures in Latin America they are going to need a higher surplus, and that means they are going to pay more taxes on a given amount of income. We wanted to take that into account in assessing how much in taxes they would have to pay. This company will be paying more taxes, just as will, generally speaking, all insurance companies. Most insurance companies should pay more taxes under this bill than they paid under the previous law. This company will pay more. There is a provision in the amendment which deals with their particular problem; the committee amendment was written with their problem in mind. But this company does not get any tax cut because of the bill. They will pay more taxes than they now pay.

Mr. METZENBAUM. I would point out to my friend from Louisiana that we do not want to confuse the facts. It is an accepted fact that this bill will reduce insurance company taxes $2.5 billion by 1989. Nobody claims that this bill is going to increase taxes. What we are talking about is decreasing them $2.5 billion by 1989, and in addition to that or as a part of that providing some of these special privileges that are provided for in this bill for the company from Louisiana, the company from Kansas, and I think we will soon get into the company from Ohio.

Mr. LONG. I do not know of anyone who thinks that we ought to go back to the 1959 law in terms of equity, fairness, and other relevant considerations regarding the insurance industry. The old law of 1959 just makes a lot less sense than what the committee is recommending. But if you think that the 1959 law is better, offer your amendment. Go ahead and offer to strike the whole committee life insurance provision, and we will see how many votes you get.

Mr. METZENBAUM. I will do that when I think it is time to do so. The Senator from Ohio knows of his rights to offer the amendment. But the fact is whether the amendment prevails or not this bill will reduce insurance company taxes. Saying anything else on the floor of this Senate is not in accord with the facts. It will reduce them $2.5 billion—giving money away. If it were not in the bill, there would be $2.5 billion that you would not have to raise alcohol taxes and telephone taxes for.

Mr. LONG. In 1982 the Congress enacted a law which changed the tax on

insurance companies, the TEFRA Act. That is the law that they have been paying on up to this point. Compared to that law, under which they were paying their 1983 taxes, the committee amendment represents a tax increase that will help us as we take action to move toward balancing the budget.

The Senator from Ohio has been citing revenue figures compared to the 1959 law on the grounds that if we did nothing, that law would go into effect. I am here to submit to the Senator that this is just an erroneous assumption. All he has to do to find out is to offer an amendment to go back to the 1959 law. He will find that the TEFRA bill would get more votes than an amendment to go back to the 1959 law. The committee amendment will get more votes than the 1959 law for the simple reason both of them make better sense. But the Senator is welcome to offer an amendment to strike everything in the committee amendment about insurance. That is his privilege. But I submit that we in the committee thought about the matter. We held hearings. We studied it. The administration had a chance to think about it. I do not know anyone who would suggest that we go back to the 1959 law, except perhaps for the Senator from Ohio. But if the Senator wants to suggest that, he should go ahead and offer an amendment to do so. We will see which approach is more realistic.

Mr. METZENBAUM. You may have the votes, but that does not necessarily mean you have the merit.

Mr. LONG. If the Senator from Ohio is going to be the judge and make the decision on where the merit lies, I have no doubt that he is going to decide that his position is right. But I am talking about how the Senate and House would vote.

Mr. METZENBAUM. I am going to tell you the facts. Under this bill, read it in the green book. Read it.

I will give you the page number, page 98. This is in the report, in the explanation of the provision.

In the first year, 1984, you lose $120 million; in the second year you lose $353 million; in the third year you lose $397 million; in the fourth year you lose $476 million; in the fifth year you lose $529 million, and in the sixth year you lose $603 million.

The life insurance lobby may have been successful. I must say to my friend from Louisiana I have never believed that I would hear said on the floor of the Senate that the life insurance industry got together and they drafted the provisions that were to be in a tax bill. Somehow I had come to believe that the Finance Committee had that responsibility and that it was not the responsibility nor the right nor the privilege of the insurance industry to draft their own language and bring it to the Finance Committee.

I did not say that you did it. You said that that is what was done. If that is what was done, then I have a little less confidence in the deliberations of the Finance Committee. I do not believe any private group ought to be drafting the language for legislation that comes to the floor of the Senate.

I think that is our responsibility as Members of the Senate.

Mr. DOLE. Will the Senator yield?

I will just remind the Senator from Ohio that we raised about one-half billion dollars more in taxes from life insurance companies in the Senate Finance Committee than in the House bill. I am willing to concede that the insurance lobby did a good job. They were all over the place. They worked out a sweetheart deal with the House and we were able to extract about another one-half billion dollars in the Senate Finance Committee, so I think we did a pretty credible job, faced with the odds we had.

Mr. METZENBAUM. I appreciate the candor of the managers of the bill. Let me go on.

I asked the manager of the bill about the so-called transition rule for certain high surplus mutual life insurance companies. Is that the provision that makes it possible for a high surplus mutual life insurance company to get a special reduction that other companies would not be entitled to on the basis of their surpluses? Is there any special reason why a company that is doing better, that has a higher surplus, should be so entitled? I am told by the Western and Southern lobbyist, a member of their board of directors, that that provision reduces their taxes from $22 million to $16.5 million. That is another $5.5 million that we lose because of that special provision included in the bill. I am just curious why did we do that.

Mr. DOLE. I think the Senator is correct. There are some special provisions in the bill. I will not suggest there are not special provisions. But they were put there after deliberation by the committee and after being accepted by the committee. The rule recognizes certain life insurance companies that have accumulated high amounts of surplus during the period when their tax was not related to the amount of their surplus. Many of these companies, at least we understand, held a great deal of surplus because they felt it was necessary to protect their policyholders. This is only a transitional adjustment period, a 5-year period, during which high surplus mutual companies could reduce their gross surplus.

You have probably correctly and accurately characterized the provision as a special provision. It contains a transition rule for mutual life insurance companies that had a high amount of statutory surplus. We exempt a portion of the surplus in these companies from the mutual tax on equity for a limited period of time.

Mr. METZENBAUM. Let me ask the manager if he would be good enough to explain the main provision of the bill which, as I see it, reduces taxes or the taxable income of the insurance industry by an across-the-board 20 percent figure, and, in addition to these special provisions, there is that across-the-board 20 percent figure. Why should the insurance industry be permitted to have a reduction of 20 percent when no other segment of the economy has that privilege?

Mr. DOLE. Again, I will be very candid with the Senator from Ohio. I think this is something they worked out on the House side. In fact, it was 25 percent on the House side, and we reduced it to 20 percent on the Senate side. That is how we picked up additional money. I must suggest to my colleague it was not easy. The Senator from Kansas was depicted as the holdout, the enemy, and there were other characterizations by some in the insurance industry. But that was the deal that was worked out.

This 20-percent deduction is essentially equivalent to an effective tax rate of about 36.8 percent. This effective rate is higher than the effective rate of the taxes borne by most other industries and is significantly higher than the effective tax rate borne by other financial intermediaries.

This was the argument that all the insurance people made, whether it was Prudential, Metropolitan, mutual stock companies, when they came around to call on the various offices.

There is no magic in that level of deduction. Perhaps a smaller deduction could be justified. We will be back here again next year, I assume, looking for additional revenue. But that was the figure we were able to agree on this year in committee.

Mr. METZENBAUM. Would the Senator from Kansas agree that there might be some merit in phasing out that 20-percent figure, such as making it 20 percent and then cutting it down to 15 percent, then 10 percent, then 5 percent? Would that be fair to the industry and give them an opportunity to adjust? Would it not be fair to all the other taxpayers of this country who are not accorded that 20-percent deduction?

Mr. DOLE. I think that is something that might be considered after we see the revenue that we bring in. We do not need to do it now. In coming years the Finance Committee and the House Ways and Means Committee will obviously still be looking for revenue. I do not suggest that it will be in the insurance field; it may not be. But that is a suggestion, and, in fact, it is something, I might add, that we did look at. I think we were persuaded that we

ought to take a look and see what the revenue levels were before we started phasing out. Some said it ought to be 15, some 12.5, others wanted to move to 25. We were able to work out an agreement with the industry. That is, in fact, who we worked it out with. They had the votes. We worked it out the best we could.

Mr. METZENBAUM. Do I understand the manager of the bill to say that there is no great pride of authorship in this, that it is better than what the House did?

Mr. DOLE. About one-half billion dollars more. In fact it is about $600 million.

Mr. METZENBAUM. What I understand the manager to say is that it is the best he could do as far as the lobbyists were concerned. Maybe it is not great, maybe it is not good, but under the circumstances that is the best he could do.

Mr. DOLE. That is essentially accurate, I guess. I do not want to be called an opponent of the industry, but we were able to get 600 million additional dollars in revenues.

You know, there are stock companies and mutual companies and it is a very complicated business. One that is is understood fully only by the distinguished Senator from Texas on our committee. Senator BENTSEN used to be in that business and he sort of guides us along on these things. Senator CHAFEE spent a great deal of time on this issue also. We had a little subcommittee group that met a number of times.

I must say in fairness to the industry they spent months and months and months trying to keep the stocks and the mutuals together to try to work out some compromise that would raise substantially more revenue than they paid under TEFRA. Otherwise we would not have anything in this package on life insurance. I would suggest that notwithstanding some differences this Senator had with some in the industry, in my view it was the best we are going to do, and I think we have done fairly well.

Mr. METZENBAUM. Is it not the fact that if you had done nothing, assuming that you had not been able to get agreement, even though the 1959 act may have had some provisions that were not that good, from the standpoint of the Treasury there would have been $2.5 billion more in that for the next 5 years.

Mr. DOLE. Well, I suggest that I tried that, but I can count and I knew where the votes were. They would have just moved to extend TEFRA and the votes were there to do that.

Again, I felt a responsibility as chairman to get more revenue—not just to raise revenue, but because, in my view, it was good tax policy to do so. Also, we have 20 members on my committee. When I start counting on the other side, I start looking for alternatives, or at least to recess.

Mr. METZENBAUM. Well, you have that alternative provision in the bill that says if a company does not have any income that is taxable, then you have a sort of extra provision, a sort of little gimmick in there, so you do not have any income that is taxable; so if you give this 20-percent reduction, we will do something else for you.

We will give you 20 percent of the premium—I think that is the number—and we will give you that as a credit; although you do not have any taxes to pay, there is a good chance you may be owned by a parent company or you may have a subsidiary and you can use that additional tax credit, which would bring your net taxes to a refundable amount and you can use that tax credit to reduce the taxes that you otherwise would have to pay on either your parent company or the subsidiary.

How does the Senator explain that? The industry does not need that. If the company does not have any taxable income, what conceivable reason can there be for digging into the Federal Treasury and coming up with a refund amount?

That is all that it actually amounts to, a refund of that; instead of going to the Treasury and getting a check from them, you get it by permitting a consolidated return to be filed.

In that connection, I have pretty good support in opposing that. The Department of the Treasury wrote to me as follows:

> The alternative life insurance company deduction provides a more generous deduction in lieu of the 20 percent taxable income deduction and the small company deduction for companies with substantial first-year premiums relative to their taxable income. This provision, which Treasury has opposed, does not reflect an expense that properly should be taken into account in computing economic income.

They did not think very much of it, Mr. President, and I do not think very much of it. I wish I could prevail upon the Senator to agree to eliminate it, because no matter how you slice it, there is no logical argument that can be made for eliminating, for giving back money to a company that did not make any money, or at least did not make any money as far as having any taxable income.

I was wondering how the Senator came to the conclusion or where the insurance industry would be able to convince him more than the Treasury Department that there ought to be this refund or credit against taxes for the parent company, which might be in the overall business or the automobile business or any one of a host of other businesses, or it might be a subsidiary company that was in a totally different business. What logical reason can there be to give that kind of credit against taxes that otherwise would have to be paid by a profitmaking parent corporation?

Mr. DOLE. First of all, Mr. President, it is a deduction against life insurance income only. Again, in the House negotiations——

Mr. METZENBAUM. Mr. President, I did not get that.

Mr. DOLE. You cannot offset nonlife insurance income.

Mr. METZENBAUM. Will the Senator point out the language in the law that says you cannot offset it against life insurance income? In a bill of 1,334 pages, I may have missed that, but I did not see it.

Mr. DOLE. Let me try to make some legislative history on this, because it was a matter of some controversy.

ALTERNATIVE LIFE INSURANCE COMPANY DEDUCTION

In the House negotiations, the negotiators for the insurance industry were willing to trade the section 818(c) reserve reevaluation tax benefit for the special life insurance company 20-percent deduction and the small company deduction—the one we just discussed. This tradeoff took away a benefit for growing companies and replaced it with benefits for stable or shrinking companies. The alternative provision is needed to offset this inherent bias against growing companies.

Because expenses associated with life insurance policies are heavily weighted to the first year, growing companies tend to have less net taxable income, and mature companies with older blocks of business tend to have higher taxable income. Because the TIA is a percentage of taxable income, it is quite valuable to a company with a large amount of older business on the books. A company that is writing a large amount of new business, on the other hand, is incurring substantial first-year expenses and thus would receive a relatively smaller benefit from a deduction based on taxable income. The alternative deduction is needed to provide equivalent benefits to both stable and growing companies.

The small company deduction phases out as a company's income and assets increase, thus, a small company is taxed more heavily as it grows. This tax bias against growth needs to be offset by the alternative deduction.

The companies that receive the greatest benefit from the special life insurance company deduction are the giants of the industry. Without the equivalent benefit provided by the alternative deduction, the small- and medium-sized growth companies will not be able to compete effectively.

I also quote from page 562, line 9:

> (A) the portion of such loss so created or increased shall not be allowed as an offset against nonlife income (as defined in subsection 806(d)(4)(C)) of such company or any other company, and

(Mr. HEINZ assumed the chair.)

Mr. METZENBAUM. Does the Senator from Kansas indicate that that language is the portion applicable to this additional 20 percent credit? Because that seems to be referring to an election process, and I am not certain that it is right or wrong——

Mr. DOLE. If the Senator will look at line 3 in caps, No. 5, "DEDUCTION ALLOWED ONLY AGAINST LIFE INSURANCE INCOME." That is in caps.

Mr. METZENBAUM. So that what the Senator is saying is that if company A life insurance company has a subsidiary and that subsidiary has no profits and it gets a 20—it gets this additional credit because it has had no taxable income.

Mr. DOLE. It is not a credit, it is a deduction. You have to have taxable income. It is a deduction.

Mr. METZENBAUM. OK, it is a deduction. Well, it becomes a credit, does it not, against the taxes of the other, the parent company? Will the Senator explain the difference to me? I am not sure I am following what he is saying, the difference between a credit and a deduction.

Mr. DOLE. If there has to be taxable income to take a deduction, it never becomes a credit. A company has to have life insurance income to take advantage of this provision.

Mr. METZENBAUM. But it can be the XYZ company that owns PDQ company; the PDQ company, a growing company, has no taxable income, then gets a credit against its taxes based upon the premiums written. Those taxes are then deducted against the income and the profits of the XYZ company, its parent. Is that correct?

Mr. DOLE. It could be. But, as I understand it, if the subsidiary had no taxable income, then you could not take the deduction if the parent was not a life insurance company. The parent nonlife insurance company could not take the deduction.

Mr. METZENBAUM. I understand that and I appreciate the correction. It has to be a parent life insurance company or I guess it could be a subsidiary life insurance company, as I read it. Why give a tax credit when the company has made no profits and permit that tax credit to be transferred over to the parent company? What logical reason is there for that.

Mr. DOLE. Again, as I can explain it, it is only a deduction to offset taxable income. It is not a credit in the sense of a tax credit. It is not a credit against tax. If you have a taxable income, then you can get the deduction.

Mr. METZENBAUM. Well, it is the taxable income of the parent. If the parent company makes $100 million, it owes a certain amount of taxes. The subsidiary company is a growing company. It sells a tremendous amount of insurance policies. It has a lot of premiums. It makes no profit. It owes no taxes. What you are doing with this amendment is permitting the subsidiary company to create an artificial credit against the parent company's taxes with no logical reason for it. I do not understand why.

Mr. DOLE. If both the parent and the subsidiary are life insurance companies, that is the only time it could be used.

Mr. METZENBAUM. If both what?

Mr. DOLE. Both the parent and the subsidiary are life insurance companies.

Mr. METZENBAUM. The Senator's staff corrected us on the appropriate language. I understand that. But that still does not make any sense. The parent company has already gotten its 20-percent credit. We have already given them that under the provisions of the bill. So what you are doing is you are giving them a double jolt, a double shot, a double credit. What I am saying is that I understand and I take issue with the fact that you have given that 20-percent credit for the taxes.

Mr. DOLE. But they have to elect one or the other.

Mr. METZENBAUM. No.

Mr. DOLE. Yes.

Mr. METZENBAUM. Will the Senator show me that then? The election provision has to do with the subsidiary company? What page are we on?

Mr. DOLE. Page 561, lines 12 through 16:

"(4) SPECIAL RULES RELATING TO ELECTION.—An election may be made under paragraph (1) for any taxable year only if it is made for the taxable year by all life insurance companies which are members of the same controlled group (within the meaning of subsection (d)(3)) as the electing company. Any such election, once made, shall apply to all taxable years beginning before 1988 unless such company revokes such election for any taxable year.

So that includes both parent and the subsidiary company.

Mr. METZENBAUM. Now, the Senator is saying that the parent and the subsidiary combine their premium and take 20 percent of that—that is to their best advantage—or they take——

Mr. DOLE. One or the other.

Mr. METZENBAUM. Is it not then possible for the parent company, which may be a far larger company than its subsidiary—it normally is—to get the advantage of the 20 percent of the premium deduction rather than use the 20 percent of the taxable income deduction? Is that not a tremendous advantage? Does it not make it possible to reduce its taxes even more than permitted under the 20 percent of taxable income deduction?

Mr. DOLE. I am advised it is only to your advantage if you are a growing company and you expect to continue to grow. If you are a shrinking or a stable company, then it would not be advantageous, which is the case, as I have suggested earlier, with the giants of the industry. And this is why many felt that this was a necessary provision—not the giants but the growth companies, and again it was subject to some debate and some controversy. The original proposal was a permanent, we called it an ARC, adjustment of risk capacity, a mini-ARC because we phased it out over 4 years.

Mr. METZENBAUM. Give me that again, please? The original proposal——

Mr. DOLE. We phased this out over 4 years, which is what the Senator from Ohio suggested on the 20-percent deduction, but this is phased out over 4 years. When it came to us, it was in the form of a permanent deduction.

Mr. METZENBAUM. So we do not confuse the facts, the phaseout has to do with the 20 percent of premium deduction, but the phaseout does not occur with respect to the 20 percent of taxable income deduction, is that not the fact?

Mr. DOLE. That is correct.

Mr. METZENBAUM. Now, under those circumstances, I wonder whether if I offer an amendment, which I intend to do shortly, to provide for the phaseout of the 20 percent of the income deduction whether I could not prevail upon the author of the bill to see fit to accept that in the same manner in which there is a phaseout of the 20 percent of the premium deduction?

Mr. DOLE. Well, again let me suggest that the Senator from Ohio obviously can offer the amendment. I could not support it. There is a very fragile compromise. It may not meet the standards of the Senator from Ohio, maybe not the Senator from Kansas or the Senator from Louisiana, but the facts are that the members of the industry, many of whom are small companies, growth companies, I guess for the most part got together and they are supporting this package.

There is an ad in today's Washington Post by the ACLI, American Council of Life Insurance, supporting the tax bill. Their support is premised on keeping this bill together and particularly, as you might guess, keeping the insurance section together without radical change. I am fearful that this would do precisely that; this would cause great problems, and for that reason I would be compelled to oppose the amendment. But, again, we do meet again next year, and if we do not receive the revenues that were purported or advertised, then there might be reason for change.

Mr. METZENBAUM. Well, I point out to the Senator from Kansas that I do not think we have any problem with the amendment because, as I understand it, after reading the paper today, the American Council of Life

Insurance really is very anxious to defuse the deficit and they want to do their part.

Now, I cannot believe that anybody who wants to defuse the deficit and takes an ad saying they want to defuse it would want to get special privilege this evening of a $2.5-billion reduction in their bill. As a matter of fact, they say: "Defusing the deficit. The life insurance industry supports new debt-reduction efforts." I guess they must have known I was going with this amendment tonight and put this ad in today specially to let me know really they want to help me in every way possible to make more equitable their fair share of the tax break. Let me see what they say:

The huge federal budget deficit is one of the major problems requiring prompt action by the Congress and the President. This massive debt burden is causing new high interest-rate levels, contributing to overvaluation of the dollar, increasing the foreign trade deficit and aggravating the severe debt problems of developing countries. The adverse impact of higher interest rates on the domestic economy could lead back to recession within the next two years.

Along with many other groups and private citizens, America's life insurance companies are deeply troubled by the deficit crisis.

I could not agree with them more. We are doing well.

The life insurance business plays a vital role in America's economy; it provides 800,000 jobs * * * adds over $39 billion a year to the country's long-term capital base, and enables over 150 million policyholders to plan their own long-term financial security without paying their fair share of the taxes.

No—I ad libbed that part. That was not there, but it should be there. [Laughter.]

Mr. DOLE. That is the part I missed. Read that over.

Mr. METZENBAUM. I continue reading:

These efforts, and those of other sectors of the economy, could be seriously restrained if the deficit problem is not solved.

Legislative actions to reduce the deficit—especially those fashioned by the House Ways and Means Committee and the Senate Finance Committee—are important first steps. We urge all Americans to join us in supporting their passage.

Those are good first steps, but I think we ought to take the second step as well and see that we get some tax equity so far as the insurance industry is concerned.

So, in an effort to do that, I will shortly offer an amendment that will do three things.

Mr. DOLE. If I were with the ACLI, I would not have run the ad. I am not their PR man. I am only a Senator from Kansas.

Mr. METZENBAUM. There is no reason for them not to. They get a good tax deduction.

Mr. DOLE. They can afford it.

Mr. METZENBAUM. There is probably some tax benefit as well as a deduction.

Mr. DOLE. I have already told you more than I know about the insurance portion. [Laughter.]

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

The PRESIDING OFFICER (Mr. MURKOWSKI). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. METZENBAUM. 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. METZENBAUM. Mr. President, so that all those within hearing of my voice may be apprised of the facts, I will call up my amendment in about 10 minutes, which means that those who are at some other location will have about 25 minutes to get here. I am willing to wait 10 or 15 minutes. After that amendment is offered, the floor will be open for additional amendments, and the Senator from Ohio does not intend to just keep calling up his amendments. If others have amendments, I advise them that I intend to step back in order that they may have an opportunity to call up their amendments.

Mr. DOLE. In other words, Mr. President, we will vote about 8:30 p.m.

I alert other Members that Senator METZENBAUM has indicated that after he offers this amendment, there will be a request for the yeas and nays.

Mr. METZENBAUM. Yes.

Mr. DOLE. I hope there are other amendments. In fact, there are many amendments we may be able to deal with in this interim, which would not require rollcall votes. Are there any such amendments of which the staff is aware?

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. DOLE. 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. DOLE. Mr. President, I understand the Senator from Ohio will be here in just a minute or two. We have had a quorum call to alert Members that he will be offering an amendment. There will be a vote shortly.

We are also in the process of clearing three amendments, one from the Senator from Hawaii, Senator MATSUNAGA, one from the Senator from Alaska, Mr. STEVENS, and a third from the Senator from South Dakota, Senator ABDNOR that we have adopted heretofore as part of the enterprise zone amendment. Hopefully we can take those up prior to disposition of the amendment of the distinguished Senator from Ohio.

We are working on a number of other amendments that we hope we can dispose of yet this evening. Again, I urge my colleagues if we hope to finish this bill by Thursday evening we should be coming to the floor with amendments, understanding there are some major amendments that will require some discussion. It would be very helpful if we can work out some in the meantime.

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. DOLE. 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. DOLE. Mr. President, I wonder if, before the Senator from Ohio offers his amendment, I might submit three amendments that I understand have been discussed.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. I have no objection to the Senator from Kansas doing that. I just wanted to ask a question before he did that. Will Alaska and Hawaii be able to qualify as enterprise zones under this amendment?

Mr. DOLE. That is my understanding, yes.

Mr. METZENBAUM. The answer is "yes?"

Mr. DOLE. Yes.

I would be very happy to explain the amendment. I am prepared to do that.

Mr. METZENBAUM. Would the Senator be good enough to do that?

MODIFICATION OF ENTERPRISE ZONE PROVISION (TITLE IV)

Mr. DOLE. Mr. President, to expedite work on the bill, I am proposing en bloc a group of amendments to enterprise zones that were approved by the Senate last year when it considered this legislation. Two of the changes, concerning Alaskan Natives, were proposed by Senator STEVENS: One was proposed by Senator ABDNOR and concerns Indian reservations. These changes are noncontroversial, are acceptable to the administration, and have no cost, inasmuch as they only concern the definitions of areas that may qualify for enterprise zone designation. These amendments were adopted by the Senate without debate last year in considering H.R. 2973, the withholding repeal bill.

One new amendment is included in the package, and it is of interest to Senator MATSUNAGA and to Congressman CECIL HEFTEL. This change would allow a State to nominate an enter-

prise zone that is not UDAG eligible if it has no other areas that would qualify for zone designation, and if the nominated area meets all of the other criteria of economic distress in the enterprise zone proposal. The amendment would only affect Hawaii, which has no UDAG eligible areas, and is supported by HUD. I know of no objection to this limited change.

Mr. President, I hope that this amendment can be accepted without debate. These are noncontroversial changes, most of which the Senate adopted before.

Following is a more detailed discussion of the changes regarding Alaska Natives and Indian reservations.

ALASKA NATIVES

The enterprise zone legislation requires that a geographic area meet four requirements before being designated as an enterprise zone:

First, it must be within the jurisdiction of a local government and have a continuous boundary;

Second, it must contain a population of 1,000 people, unless located on an Indian reservation, or contain 4,000 people if located in an urban area;

Third, it must be UDAG eligible, and

Fourth, finally, it must meet special economically distressed area criteria.

In Alaska, the areas that would qualify are almost all Alaska Native villages, most of which have been recently incorporated as second class cities and which are also UDAG qualified. These UDAG cities would also meet most requirements, but none exceed a population of 1,000. Therefore, since almost every one of these cities is primarily composed of Alaska Natives anyway, this amendment would create a special rule for Alaska that would qualify under the population requirement all cities that exceeded 50 percent in native population.

Additionally, for unincorporated Alaska Native villages that do not qualify as an Indian reservation—because there is only one Indian reservation in Alaska—language has been provided which could qualify them under the population requirement if they met the definition of an Indian tribal government pursuant to 26 U.S.C. 7701 (a)(40).

In summary, the main purpose of this amendment is to insure that Alaska UDAG areas, which are primarily native villages, will be eligible for the program, even though they do not fit into the technical definition of being located on an Indian reservation.

INDIAN RESERVATIONS

The enterprise zone provisions as drafted would permit an Indian qualified enterprise zone only if the zone were entirely within the Indian reservation—as determined by the Secretary of the Interior. It is not practicable in many situations to restrict the enterprise zone to the boundaries of a given Indian reservation, since the economic conditions that exist on the reservation giving rise to persistent high rates of unemployment, and lack of opportunity constitute the very reason business enterprises will not enter the reservation.

Accordingly, this amendment provides that under certain specified conditions an Indian enterprise zone may be off the reservation. In each instance the members of the Indian tribe would have substantial benefits from a participation in a cooperative venture.

The proposed changes which now are contained in the amendment provide that:

An Indian enterprise zone is not required to be entirely within the boundaries of the reservation, but in order to qualify the Indian reservation must meet the eligibility requirements spelled out in the act.

In order to qualify, the off-reservation enterprise zone must be located within a radius of 50 miles from one of the boundaries of the reservation.

The off-reservation enterprise zone may be designated only if the Secretary of Housing and Urban Development determines that a substantial portion of the benefits of such designation will accure to the members of the Indian tribe.

Mr. President, that is in essence the amendment.

AMENDMENT NO. 2922

(Purpose: To permit Indian tribes to nominate (in conjunction with State and local governments) areas off the reservation as enterprise zones, and for other purposes)

Mr. DOLE. Mr. President, I send my amendment to the desk en bloc and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. LONG, proposes an amendment numbered 2922.

On page 714 of the matter proposed to be inserted between lines 6 and 7 insert the following:

Mr. DOLE. 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 714 of the matter proposed to be inserted, between lines 6 and 7, insert the following:

"(4) Nomination process for certain areas located outside reservations.—An Indian tribal government may nominate an area described in subsection (c)(2)(C) (iii), in conjunction with the local government and the State in which such area is located, for designation as an enterprise zone.

On page 716 of such matter, line 18, strike out "or".

On page 716 of such matter, line 21, strike out the period and insert in lieu thereof a comma.

On page 716 of such matter, between lines 21 and 22, insert the following:

"(iii) is—

"(I) nominated by the local government and State government of such area and by an Indian tribal government, and

"(II) located entirely within a radius of 50 miles from any point on the border of the reservation over which such Indian tribal government has jurisdiction, or

"(iv) is located in Alaska—

"(I) within the jurisdiction of an Indian tribal government, or

"(II) within a municipality at least 50 percent of the resident population of which (as determined by the 1980 census of the United States) consists of Indians, Eskimos, or Aleuts.

On page 718 of such matter, between lines 11 and 12, insert the following:

"(4) Special areas outside reservation.—For purposes of this section, any area described in paragraph (2)(C)(iii) which is designated by an Indian tribal government shall be treated as meeting the requirements of paragraph (3) if any area within the reservation over which such tribal government has jurisdiction meets the requirements of paragraph (3).

"(5) Waiver under certain circumstances.—The Secretary of Housing and Urban Development may waive the requirements of paragraph (3)(B) for one area in each State if no area in such State otherwise meets the requirements of paragraph (3)(B).

On page 719 of such matter, after line 24, insert the following:

"(e) Special Areas Outside Reservations.—A nominated area described in subsection (c)(2)(c)(iii) may be designated an enterprise zone only if the Secretary determines that a substantial portion of the benefits of such designation will accrue to the members of the Indian tribe that nominated such area.

On Page 720 of such matter, on line 1, strike out "(e)" and insert in lieu thereof "(f)".

On page 721 of such matter, on line 24, strike out "(f)" and insert in lieu thereof "(g)".

Mr. DOLE. Mr. President, I propose the amendment for the distinguished Senators from Alaska (Mr. STEVENS and Mr. MURKOWSKI), the distinguished Senator from South Dakota (Mr. ABDNOR), and the distinguished Senator from Hawaii (Mr. MATSUNAGA).

ECONOMIC ENTERPRISE ZONE

● Mr. STEVENS. Mr. President, I rise to express my appreciation to the chairman and ranking member of the Finance Committee for incorporating my amendment into the enterprise zone section of the committee amendment.

The present draft of the economic enterprise zone legislation requires that a geographic area meet four requirements before being designated as an enterprise zone:

First, it must be within the jurisdiction of a local government and have a continuous boundary;

Second, it must contain a population of 1,000 people, unless located on an Indian reservation, or contain 4,000 people if located in an urban area;

Third, it must be UDAG eligible; and

Fourth, finally, it must meet special economically distressed area criteria.

In Alaska, the areas that would qualify are almost all Alaska Native villages, most of which have been recently incorporated as second class cities and which are also UDAG qualified. These UDAG cities (see A-1) would also meet requirements (a) and (d), but none exceed a population of 1,000. Therefore, since almost every one of these cities is primarily composed of Alaska Natives anyway, this amendment would create a special rule for Alaska that would qualify under the population requirement all cities that exceeded 50 percent in Native population. Additionally, for unincorporated Alaska Native villages that do not qualify as an Indian Reservation (because there is only one Indian reservation in Alaska) language has been provided which could qualify them under the population requirement if they met the definition of an Indian tribal government pursuant to 26 U.S.C. § 7701(a)(40).

In summary, the main purpose of this amendment is to insure that Alaska UDAG areas, which are primarily Native villages, will be eligible for the program, even though they do not fit into the technical definition of being located on an Indian Reservation.

I thank the chairman and ranking member for their consideration of my amendment and ask that a series of tables associated with my amendment be made a part of the RECORD.

The tables follow:

[From the Federal Register, vol. 48, No. 41, Mar. 1, 1983]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

(Docket No. N-83-1209)

URBAN DEVELOPMENT ACTION GRANTS; REVISED MINIMUM STANDARDS FOR SMALL CITIES

Agency: Department of Housing and Urban Development.

Action: Notice.

Summary: In accordance with 24 CFR 570.452(b)(1), the Department is providing Notice of the most current minimum standards of physical and economic distress for small cities for the Urban Development Action Grant.

II. The following small cities meet the current minimum standards of physical and economic distress appropriate to their class.

ALASKA

Akhiok, Akiak, Akoimiut, Akutan, Alakamuk, Allakaket, Anaktuvuk Pass, Angoon, Anvik, Atmautluak, Brevig Mission, Buckland, Chefornak, Chevak, Chuathbaluk, Clark's Point, Deering, Diomede, Eagle, and Eek.

Ekwok, Ehm, Emmonak, Fort Yukon, Fortuna Ledge, Gambell, Golovin, Goodnews Bay, Gravling, Haines, Holy Cross, Hughes, Huslia, Kaltag, Kivalina, Kobuk, Koyuk, Koyukuk, Kwethluk, and Lower Kalskag.

Mekoryuk, Napakiak, New Stuyahok, Newtok, Nightmute, Nikolai, Nondalton, Noorvik, Nulaton, Old Harbor, Pilot Station, Port Alexander, Port Lions, Quinhagak, Russian Mission, Savoonga, Scammon Bay, Selawik, Shageluk, and Shaktoolik.

Sheldon Point, Shishmaref, St. Michael, St. Paul, Stebbins, Tanana, Teller, Tenakee Springs, Togiak, Toksook Bay, Tuluksak, Tununak, Unalakleet, Upper Kalskag, Wales, White Mountain, and Yakutat.

III. The following list contains the names of those small cities which meet the current minimum standards of physical and economic distress but which did not meet the standards as of the June 8, 1982 Notice.

ALASKA

Akutan, Atmautluak, Buckland, Clark's Point, Diomede, Egal, Haines, Hughes, Huslia, Koyuk, Koyukuk, Nulato, Port Alexander, Port Lions, Russian Mission, St. Paul, Tanana, Unalakleet, and Yakutat.

IV. The following list contains the names of those small cities which met the minimum standards of physical and economic distress as of the June 8, 1982 Notice but which do not meet the current minimum standards. The final date for submission of an application by the cities listed below is August 31, 1983.

ALASKA

Akiachak, Aleknagik, Ambler, Aniak, Hoonah, Hooper Bay, Hydaburg, Kake, Kiana, Klawock, Kotlik, Mountain Village, Nome, Ouzinkie, Pelican, Platinum, Port Heiden, Ruby, St. Mary's, and Wainwright.

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	Households	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
The State	401,851	47.0	9.7	67.5	2.9	26.1	309,728	13,643	64,103	8,054	9,507	16,260	131,463	2.93	95,564
SMSA's															
Anchorage, Alaska	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
BOROUGHS AND CENSUS AREAS															
Aleutian Islands	7,768	37.2	8.1	75.2	1.4	24.5	4,775	329	1,934	580	297	2,548	1,598	3.27	1,307
Anchorage	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
Bethel	10,999	47.1	11.6	58.5	3.9	22.0	1,661	26	9,247	30	61	118	2,684	4.05	2,043
Bristol Bay	1,094	34.7	5.2	78.1	2.3	26.6	660	47	360	5	30	339	246	3.07	178
Dillingham	4,616	47.2	9.7	61.4	3.7	23.3	1,066	1	3,520	7	23		1,214	3.80	958
Fairbanks North Star	53,983	46.2	10.1	69.0	2.4	25.8	46,106	3,006	2,987	816	1,546	3,339	18,224	2.78	13,029
Haines	1,680	47.2	8.2	66.8	4.6	28.8	1,430	3	214	5	13	5	572	2.93	426
Juneau	19,528	48.7	8.6	69.7	3.9	28.1	16,459	142	2,190	504	383	273	7,035	2.74	4,796
Kenai Peninsula	25,282	47.0	9.7	65.9	3.3	26.8	23,099	41	1,738	200	358	320	8,546	2.92	6,350
Ketchikan Gateway	11,316	47.8	8.8	68.8	5.7	27.9	9,479	46	1,406	285	206	332	3,985	2.76	2,780
Kobuk	4,831	46.3	11.8	58.1	5.2	21.6	683	7	4,113	6	15	48	1,140	4.20	882
Kodiak Island	9,939	44.2	9.9	69.3	2.6	25.9	7,046	72	1,884	795	304	681	3,027	3.06	2,224
Matanuska—Susitna	17,816	48.1	10.2	64.0	4.1	26.9	16,844	90	688	61	224	378	5,699	3.06	4,495
Nome	6,537	45.6	11.2	61.1	5.2	23.4	1,278	22	5,174	32	27	88	1,741	3.70	1,310
North Slope	4,199	43.2	9.9	65.1	3.5	24.7	914	22	3,225	24	32	365	980	3.91	735
Prince of Wales—Outer Ketchikan	3,822	44.0	10.3	64.9	4.0	25.6	2,080	11	1,651	19	31	176	1,121	3.25	903
Sitka	7,803	47.3	10.2	67.0	4.6	26.4	5,768	44	1,669	235	108	367	2,440	3.05	1,849
Skagway-Yakutat—Angoon	3,478	47.2	11.0	65.2	5.5	26.6	1,941	5	1,462	21	41	92	1,087	3.11	795
Southeast Fairbanks	5,676	44.2	11.2	64.6	2.5	24.6	4,473	284	725	94	199	399	1,666	3.17	1,364
Valdez—Cordova	8,348	44.4	8.8	69.0	3.5	27.4	6,915	58	1,060	177	198	702	2,689	2.84	1,901
Wade Hampton	4,665	47.7	12.0	54.7	3.8	20.0	296	3	4,347	8	10	55	947	4.87	816
Wrangell—Petersburg	6,167	46.3	9.5	68.2	5.7	27.3	4,812	9	1,190	86	89	173	2,072	2.89	1,524
Yukon—Koyukuk	7,873	42.5	10.0	65.1	3.9	25.4	3,293	117	4,366	21	90	614	2,280	3.18	1,585
INCORPORATED PLACES															
Akhiok City	105	43.8	11.4	61.0	2.9	20.5	2		101	2			27	3.89	20
Akiochak City	438	51.1	13.7	59.1	5.5	21.9	40		398				87	5.03	77
Akiak City	198	48.0	11.1	62.1	5.1	22.7	7		191				36	5.50	30
Akolmiut City	641	51.2	12.6	54.8	5.9	20.1	18		620				129	4.97	111
Akutan City	169	32.0	4.7	87.6	5.3	27.2	68		67	31	15	100	17	4.06	15
Alakanuk City	522	49.4	13.4	49.8	2.5	17.9	30		491	1			105	4.97	95
Aleknagik City	154	44.2	9.1	59.1	5.8	25.0	16		138				38	4.05	34
Allakaket City	163	42.3	12.3	58.9	4.3	21.5	5		158				46	3.54	35
Ambler City	192	49.0	9.9	54.2	3.6	19.7	33	1	155		3		48	4.00	38
Anaktuvuk Pass City	203	50.2	16.3	58.1	2.0	21.2	10		191		6		51	3.98	47

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES—Continued

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	House-holds	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
Anchorage City	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
Anderson City	517	38.3	6.8	70.0	.8	27.5	481	16	16	3	1	127	118	3.31	100
Angoon City	465	51.0	11.8	59.8	6.2	23.7	45	.....	412	.....	10	.....	110	4.23	96
Aniak City	341	44.0	12.6	64.8	2.6	24.1	121	2	218	.....	3	.....	111	3.07	71
Anvik City	114	49.1	10.5	57.9	7.0	22.8	20	3	91	.....	.....	.....	36	3.17	26
Atmautluak City	219	47.0	15.1	54.3	2.7	20.3	11	.....	206	.....	.....	.....	47	4.66	36
Barrow City	2,207	46.2	9.3	64.1	3.5	24.1	455	10	1,720	15	5	3	607	3.63	413
Bethel City	3,576	48.0	11.7	61.9	2.0	23.6	1,110	13	2,417	26	46	49	1,083	3.26	718
Brevig Mission City	138	44.2	13.0	60.9	5.8	21.0	.....	.....	138	.....	1	.....	32	4.31	27
Buckland City	177	42.9	11.9	52.5	2.8	19.1	13	.....	161	.....	.....	.....	39	4.54	32
Chefornak City	230	46.5	14.3	50.4	6.5	18.5	9	.....	221	.....	.....	.....	38	6.05	35
Chevak City	466	46.1	13.7	53.6	2.8	19.3	21	.....	445	.....	1	.....	92	5.07	75
Chuathbaluk City	105	44.8	13.3	56.2	4.8	20.4	12	.....	93	.....	.....	.....	26	4.04	22
Clark's Point City	79	41.8	15.2	59.5	.....	23.5	9	.....	70	.....	.....	.....	22	3.59	17
Cordovo City	1,879	44.7	8.4	72.0	5.1	27.2	1,446	8	286	97	53	126	657	2.67	436
Craig City	527	46.1	8.3	67.9	4.9	26.6	352	.....	170	2	6	11	176	2.93	125
Deering City	150	46.7	12.7	56.0	2.7	20.0	12	.....	138	.....	.....	.....	35	4.29	28
Delta Junction City	945	46.2	11.5	70.6	1.4	25.8	808	68	27	27	38	.....	348	2.72	279
Dillingham City	1,563	48.4	9.7	63.5	3.3	24.9	660	1	891	4	2	.....	467	3.35	339
Diomede City	139	42.4	12.2	54.0	2.2	20.5	3	.....	136	.....	.....	.....	30	4.63	22
Eagle City	110	45.5	2.7	71.8	8.2	32.0	103	.....	7	.....	.....	.....	48	2.29	26
Eek City	228	43.4	11.4	64.0	5.7	23.4	8	.....	220	.....	.....	.....	56	4.07	44
Ekwok City	77	42.9	5.2	64.9	6.5	23.5	5	.....	71	.....	.....	.....	20	3.85	18
Elim City	211	41.7	13.7	58.3	7.6	22.8	8	.....	203	.....	.....	.....	48	4.40	41
Emmonak City	567	47.8	11.8	54.3	3.7	20.3	43	.....	517	.....	1	3	127	4.44	108
Fairbanks City	22,645	46.5	10.2	71.1	4.0	25.9	18,085	1,991	1,596	424	801	1,481	8,145	2.60	5,352
Fortuna Ledge City	262	47.7	12.2	61.1	4.6	25.0	16	.....	246	.....	.....	.....	64	4.09	55
Fort Yukon City	619	43.6	12.8	65.6	5.3	25.4	167	2	442	3	1	33	187	3.13	132
Galena City	765	30.7	6.8	75.9	1.3	25.4	344	53	350	4	15	302	145	3.19	94
Gambell City	445	42.0	13.5	57.1	4.5	21.4	20	.....	425	.....	.....	.....	103	4.32	89
Golovin City	87	46.0	10.3	64.4	9.2	26.6	2	.....	85	.....	.....	.....	31	2.81	22
Goodnews Bay City	168	44.0	5.4	64.9	6.5	23.9	7	.....	161	.....	1	.....	42	4.00	30
Grayling City	209	49.3	15.3	47.8	2.4	17.3	80	.....	129	.....	2	.....	52	4.02	47
Haines City	993	47.1	8.3	66.7	4.8	28.6	788	3	188	4	9	.....	336	2.96	253
Holy Cross City	241	44.8	10.4	57.3	5.8	21.3	20	.....	221	.....	.....	.....	63	3.83	44
Homer City	2,209	46.9	9.0	69.6	4.7	27.8	2,076	9	66	38	39	49	812	2.66	551
Hoonah City	680	46.6	12.5	59.0	5.3	23.7	106	1	543	1	12	5	169	3.99	147
Hooper Bay City	627	45.8	11.2	57.4	5.3	21.0	28	.....	598	1	1	.....	125	5.02	104
Houston City	370	46.5	10.8	64.3	3.2	27.2	347	2	15	4	12	.....	129	2.87	97
Hughes City	73	42.5	16.4	63.0	2.7	24.4	2	.....	71	.....	.....	.....	22	3.32	14
Huslia City	188	44.1	17.6	57.4	4.8	22.8	10	.....	178	.....	.....	.....	59	3.19	43
Hydaburg City	298	44.3	11.1	61.7	8.7	26.4	45	.....	253	.....	.....	.....	97	3.07	70
Juneau City	19,528	48.7	8.6	69.7	3.9	28.1	16,459	142	2,190	504	383	273	7,035	2.74	4,796
Kachemak City	403	47.1	7.7	64.5	4.7	29.6	384	.....	15	4	2	.....	129	3.12	108
Kake City	555	47.6	11.2	57.5	4.7	23.0	75	2	467	.....	3	7	146	3.75	118
Kaktovik City	165	45.5	4.8	64.8	3.6	24.5	17	.....	148	.....	1	.....	38	4.34	30
Kohog City	247	43.3	13.8	56.7	3.6	20.3	10	1	236	—	—	—	58	4.26	43
Kosoon City	25	44.0	12.0	64.0	16.0	38.0	9	—	14	1	—	—	9	2.78	9
Kenai City	4,324	48.8	9.1	66.2	2.2	26.2	3,935	6	265	49	74	8	1,506	2.87	1,125
Ketchikan City	7,198	49.0	8.4	69.7	6.6	28.3	5,816	34	1,050	226	159	178	2,644	2.66	1,736
Kiono City	345	46.7	15.7	54.2	4.6	20.0	20	—	325	—	2	—	75	4.60	59
King Cove City	460	49.3	12.4	63.5	2.8	24.2	84	2	367	6	2	1	114	4.03	99
Kivalina City	241	47.3	11.6	54.8	3.3	20.1	2	—	237	—	—	—	37	6.51	34
Klawock City	318	45.9	10.4	58.2	2.5	23.0	81	—	210	—	1	—	79	4.03	65
Kobuk City	62	54.8	17.7	43.5	9.7	14.0	3	—	59	—	—	—	16	3.88	11
Kodiak City	4,756	46.0	8.7	71.4	3.4	27.4	3,337	26	666	663	196	192	1,535	2.97	1,064
Kotlik City	293	48.5	9.2	60.4	4.4	22.1	13	—	280	—	3	—	59	4.97	53
Kotzebue City	2,054	47.2	11.4	59.9	5.5	23.1	471	3	1,574	5	4	8	565	3.62	413
Koyuk City	188	45.7	11.7	56.9	6.9	20.5	7	—	180	1	—	—	48	3.92	34
Koyukuk City	98	45.9	10.2	65.3	4.1	22.6	5	—	91	—	—	—	26	3.77	19
Kupreanof City	47	40.4	2.1	85.1	—	31.3	45	—	2	—	—	—	21	2.24	9
Kwethluk City	454	47.8	12.3	55.9	5.5	21.0	11	1	441	—	1	—	88	5.16	80
Larsen Bay City	168	44.0	14.3	60.1	3.0	26.8	41	2	120	5	1	24	41	3.51	29
Lower Kalskog City	246	46.3	15.0	57.3	5.3	20.4	6	—	237	—	—	—	55	4.47	46
McGrath City	355	47.3	9.6	62.5	4.5	25.8	187	1	165	2	6	—	129	2.75	74
Manokotok City	294	49.0	11.9	51.7	2.0	18.6	20	—	273	1	—	—	57	5.16	52
Mekoryuk City	160	37.5	8.1	63.8	9.4	24.5	5	—	153	1	—	—	44	3.64	32
Mountain Village City	583	48.0	10.6	49.9	2.9	18.0	43	—	539	—	1	—	107	5.45	96
Napakiak City	262	51.5	9.9	58.8	6.9	23.5	4	—	254	—	4	—	60	4.37	55
Napaskiak City	244	45.1	11.1	52.5	4.9	18.9	5	—	239	—	—	—	49	4.98	41
Nenana City	470	45.1	10.4	66.2	5.1	27.9	250	5	214	—	1	—	163	2.88	110
Newhalen City	87	37.9	11.5	55.2	2.3	20.5	5	—	82	—	—	—	18	4.83	16
New Stuyahok City	331	48.6	10.9	56.8	5.4	20.6	20	—	311	—	—	—	65	5.09	60
Newtok City	131	51.1	17.6	52.7	3.1	21.4	4	—	124	—	—	—	28	4.68	25
Nightmute City	119	47.1	10.9	56.3	9.2	22.6	3	—	116	—	—	—	24	4.96	22
Nikolai City	91	47.3	11.0	60.4	3.3	22.9	9	—	82	—	—	—	22	4.14	21
Nome City	2,301	47.2	9.0	65.2	5.8	26.0	900	14	1,347	20	19	43	697	3.24	476
Nondalton City	173	46.8	9.2	63.0	5.8	23.0	11	—	161	—	5	—	42	4.12	33
Noorvik City	492	44.3	10.8	57.1	3.9	20.3	24	—	467	—	1	—	91	5.41	77
North Pole City	724	49.6	10.6	65.9	1.2	24.2	673	31	15	1	21	—	249	2.91	200
Nunisut City	208	48.6	12.5	59.1	3.4	23.0	26	1	181	—	—	—	50	4.16	45
Nulato City	350	50.6	11.7	57.1	3.7	20.9	18	1	329	—	1	—	71	4.93	55
Old Harbor City	340	49.1	13.8	58.5	2.1	21.1	24	—	315	—	3	—	88	3.86	70
Ouzinkie City	173	45.7	6.4	66.5	6.9	29.7	10	—	163	—	5	—	57	3.04	43
Palmer City	2,141	50.7	12.7	65.3	8.8	25.8	1,998	40	75	11	40	98	725	2.82	537
Pelican City	180	43.9	10.6	76.1	3.9	29.2	147	—	33	—	1	8	64	2.69	46
Petersburg City	2,821	46.2	10.0	69.8	6.1	27.2	2,418	3	312	57	52	38	979	2.84	718
Pilot Station City	325	49.8	15.7	52.6	3.4	19.2	14	2	306	1	.....	5	61	5.25	57
Platinum City	55	41.8	5.5	58.2	7.3	25.8	11	.....	44	.....	.....	.....	14	3.93	10
Point Hope City	464	46.3	12.9	58.0	5.0	20.5	28	1	434	.....	5	.....	98	4.73	83
Port Alexander City	86	45.3	12.8	67.4	5.8	27.2	79	.....	5	.....	3	.....	37	2.32	17
Port Heiden City	92	42.4	6.5	68.5	3.3	23.7	31	.....	59	.....	.....	.....	29	3.17	22
Port Lions City	215	42.8	12.1	63.7	7.0	25.6	52	.....	158	1	3	.....	66	3.26	55
Quinhogak City	412	47.6	13.3	56.1	3.6	20.8	10	.....	402	.....	.....	.....	82	5.02	78
Ruby City	197	43.7	14.7	60.4	6.1	24.3	25	.....	171	1	.....	.....	63	3.13	41
Russian Mission City	169	49.1	17.2	49.7	1.8	17.9	7	.....	159	3	.....	.....	41	4.12	31
St. Mary's City	382	49.7	7.9	60.2	4.2	21.8	44	.....	336	1	1	28	72	4.92	62

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES—Continued

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	House-holds	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
St. Michael City	239	47.3	15.5	53.1	3.3	19.4	12		227				57	4.19	48
St. Paul City	551	42.8	11.4	61.0	3.4	22.2	61		483	3	2	24	126	4.18	113
Sand Point City	625	45.6	9.1	68.5	2.2	24.1	241		357	13	11	48	186	3.10	126
Savoongo City	491	46.4	12.0	58.2	3.7	21.8	27		463	1			109	4.50	94
Saxman City	273	44.7	8.4	61.2	7.3	23.7	67		194	3	4	15	66	3.91	55
Scommon Bay City	250	47.6	15.6	52.0	6.0	19.0	9		241		1		47	5.32	42
Selawik City	361	44.6	14.4	56.8	6.4	20.7	8		352	1			69	5.23	62
Seldovia City	479	48.0	5.6	67.4	4.8	28.4	334		117	19	8		175	2.74	102
Seward City	1,843	45.0	6.9	75.7	7.8	28.7	1,564	7	238	16	34	166	670	2.50	415
Shogeluk City	131	46.6	9.2	63.4	4.6	25.8	11		120				35	3.74	29
Shaktoolik City	164	49.4	15.2	57.9	4.3	22.0	5		159				43	3.81	35
Sheldon Point City	103	41.7	8.7	45.6	1.0	16.5	4		98	1			20	5.15	17
Shishmoref City	394	45.9	13.5	54.8	2.8	19.6	25		369				86	4.58	71
Shungnak City	202	46.0	11.9	57.4	5.9	20.8	14		179				47	4.30	39
Sitko City	7,803	47.3	10.2	67.0	4.6	26.4	5,768	44	1,669	235	108	367	2,440	3.05	1,849
Skogway City	768	47.3	10.8	67.3	4.3	27.4	722		35	8	2		289	2.66	195
Soldotna City	2,320	48.4	9.4	65.8	1.7	25.9	2,216	1	72	18	25		808	2.87	600
Stebbins City	331	49.8	17.5	49.2	3.3	17.5	11	1	316				69	4.80	59
Tanana City	388	46.1	10.1	62.6	5.7	23.9	76	2	307		3	12	118	3.19	78
Teller City	212	43.4	13.2	67.5	7.1	24.6	15	1	196				65	3.26	46
Tenokee Springs City	138	47.8	3.6	79.7	22.5	33.9	127	1	7	3			70	1.97	32
Togiak City	470	48.7	8.1	60.4	3.4	22.2	26		443	1			101	4.65	86
Toksook Bay City	333	48.0	9.6	50.2	3.0	18.1	21		312				65	5.12	58
Tuluksok City	236	52.5	13.6	53.0	4.7	20.2	5		228		2		42	5.62	39
Tununak City	298	46.6	11.1	56.4	3.7	20.1	13	1	283	1			68	4.38	54
Unoloklleet City	623	46.5	10.8	60.0	5.0	22.8	75		546		1		158	3.94	128
Unalaska City	1,322	35.1	3.5	86.1	.9	26.8	848	19	200	220	42	600	304	2.38	156
Upper Kalskog City	129	48.1	6.2	62.8	6.2	23.2	21		108				34	3.79	26
Voldez City	3,079	44.1	8.4	70.1	1.5	27.0	2,745	38	175	63	92	324	957	2.88	691
Wainwright City	405	44.0	14.3	58.3	4.7	21.9	33		372		1		93	4.35	82
Wales City	133	41.4	6.8	69.2	6.0	24.9	5		122	6			37	3.59	27
Wasilla City	1,559	49.3	8.8	63.3	3.9	26.9	1,466	6	74	4	22		507	3.07	394
White Mountain City	125	40.8	8.0	67.2	9.6	25.2	9		116				36	3.47	26
Whittier City	198	46.0	10.1	72.2	3.0	28.9	175	3	17	2	5	13	77	2.40	41
Wrangell City	2,184	47.6	8.2	68.0	6.7	28.2	1,737	4	390	29	15	50	758	2.82	551
Yokutat City	449	47.7	10.9	64.1	5.8	25.4	164		279	6	9		139	3.23	99

[1] Excludes "Other Asian and Pacific Islander" groups identified in sample tabulations.
[2] Persons of Spanish origin may be of any race.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2922) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2923

(Purpose: To strike certain special interest provisions in the insurance title of the bill and for other purposes)

The PRESIDING OFFICER. The Senator from Ohio is recognized.

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an amendment numbered 2923.

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:

On page 558 strike out everything beginning on line 13 through line 15 on page 562 (relating to election of the alternative life insurance company deduction).

On page 589 strike out everything beginning on line 19 through the end of line 11 on page 590.

On page 590 strike out everything beginning on line 19 through the end of line 6 on page 591.

On page 592 strike out everything beginning on line 24 through the end of line 14 on page 595.

On page 573 strike out everything beginning on line 10 through the end of line 20 on page 574.

On page 655 strike out everything beginning on line 10 through the end of line 4 on page 656.

On page 552, strike lines 10 through 14 and insert in lieu thereof:

(a) SPECIAL LIFE INSURANCE COMPANY DEDUCTION.—

(1) IN GENERAL.—For purposes of section 804, the special life insurance deduction for any taxable years is the applicable percentage (determined in accordance with the table contained in paragraph (2) of the excess of the tentative LICTI for such taxable year over the small life insurance deduction (if any)).

(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

In the case of taxable years beginning in or with:	The applicable percentage is:
1984	20
1985	15
1986	10
1987	5
1988 and thereafter	0

On page 656 strike out everything beginning on line 18 through the end of line 23 on page 657.

On page 658 strike out everything beginning on line 15 through the end of line 23 on page 658.

On page 646 strike out everything beginning on line 1 through the end of line 16 on page 654.

Mr. METZENBAUM. Mr. President, 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 Senator from Louisiana is recognized.

Mr. LONG. 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. DOLE. 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. DOLE. Mr. President, as I understand the amendment that has been offered by the distinguished Senator from Ohio, it would do a number of things. I will list these so that the Members may know.

It would phase out over 4 years the special 20 percent life insurance company deduction. The deduction will be 20 percent in 1984; 15 percent in 1985; 10 percent in 1986; 5 percent in 1987; and zero in 1988 and years thereafter.

But it also strikes the alternative life insurance company deduction for small- and medium-sized growing companies, and would strike the following provisions benefiting the following companies: security benefits of Pan American Life; certain high surplus mutual companies; Western and Southern Life of Ohio; companies in Texas, Oklahoma, Alabama that acquired life insurance companies; Dial Financing; Northwest Group in Iowa and Minnesota; certain assessment companies in Texas. It would also strike a special provision for giving the recapture of certain tax deductions.

Is that essentially it?

Mr. METZENBAUM. I am not certain about all those companies. We left some of those provisions in that we thought had some merit. I think it also should be pointed out that without the amendment the reduction for the industry would be $2.5 billion. With the amendment in, the deduction for the industry would be $1.5 billion. So it picks up about $1 billion.

Mr. DOLE. I think it would increase the taxes of the insurance industry by about $1 billion. The Senator from Ohio indicated it would pick up about that much money.

I believe the Senator from Louisiana wanted to make a comment.

Mr. LONG. Mr. President, here is my understanding of the situation: Under the stopgap legislation enacted in 1982, the life insurance companies are paying a total of about $2 billion a year in taxes.

Under the committee amendment which is before us now, they would pay about $3 billion a year.

Under the Metzenbaum amendment, I think they would start out in the first year paying about $200 million more than under the committee provisions. But when the Metzenbaum amendment is in full effect, it would increase the tax by about $2 billion a year.

Mr. METZENBAUM. Senator DOLE said $1 billion.

Mr. DOLE. It is $40 million per percentage point. So 20 times $40 million is $800 million.

Mr. METZENBAUM. It is 20 for 1 year, 15 for another, 10 for another and 5 for another, because it is phased out.

Mr. LONG. I think the people ought to know how much of an increase in tax is involved. Mr. President, I am asking the staff to give us the total for the Metzenbaum amendment.

Mr. METZENBAUM. Will they also tell us how much will be the deduction as compared to the deduction provided under the present proposal? There still will be a very substantial deduction under present law.

Mr. LONG. My understanding, Mr. President, is that with the Metzenbaum amendment in full effect, it would amount to an increase of about $1 billion a year above what the Committee provisions would raise. The amendment, as I understand it, would increase taxes on every life insurance company paying taxes, compared both to the law under which they paid their taxes this last year, and also compared to what is recommended by the committee.

The committee has recommended that the tax be increased by roughly 50 percent over what they paid last year. The Metzenbaum amendment would give them a chance to pay eventually a 100-percent increase in taxes over what they paid last year. They can be fairly sure that they are going to pay more with this amendment.

There is no way that you can put this additional $1 billion of taxes on the industry without affecting the policyholders. The industry cannot pay these taxes except by getting it from their policyholders. Any company attempts to pass the taxes through to the customers to the extent they can. The only customers the insurance companies are apt to pass this tax on to would be their policyholders.

It is not my business to tell them how to do that, but it would be my opinion that every company in America would be trying to find a way to do this if their taxes are doubled, which is what the overall effect of the Metzenbaum amendment would be. They paid $2 billion last year; the committee would raise that by $1 billion; and the Metzenbaum amendment would raise it another $1 billion.

With their taxes doubled, I would think that any enterprising company would try to find a way to pass the tax increase on to their customers any way they could. The only customers life insurance companies have to pass the taxes on to would be their policyholders.

Mr. METZENBAUM. Mr. President, I have to compliment my friend from Louisiana. He is masterful in obfuscating the facts. There is nothing about increasing taxes $1 billion a year in this proposal that is before us. This proposal that is before us, not mine but theirs, will reduce taxes $2.5 billion. I did not make up those figures. They are in this green book. They are on everybody's desk. You can read them. How can they come to this floor and say that the taxes are being increased by the committee $1 billion a year and then look at the report which says they are being reduced $2.5 billion over a 5-year period?

There are just certain facts that are irrefutable.

What my amendment will do will not increase taxes $1 billion a year. What my amendment will do will be to phase it in, and it will increase it probably $1 billion over the first 4 years, according to the information that the staff has given me. But that will be $1 billion as against the $2.5 billion reduction.

So I say to you that what you are talking about is a matter of phasing in this equitable measure which will still provide a reduction in taxes for the industry over what the present law would provide. That is what we have to keep our eye on.

We are talking about everybody who comes here wanting to reduce the deficit. Everybody says they want to balance the budget. The only reason this Senator is on the floor tonight and was on the floor yesterday was because I object to a revenue measure which provides loophole after loophole after loophole, tax reduction after tax reduction after tax reduction.

I commend the Senator from Kansas for his candor. He said, "It is the best we can get." He said, "Under the circumstances we had to negotiate with the industry. Maybe we should have gone further but we could not get any further."

I respect that, but my amendment will at least move us in the direction of equity, and if you are talking about equity, then you ought to accept this amendment because it will still provide for the insurance industry a substantial reduction over the taxes they would have to pay if you did not have any provision at all in this tax bill.

Mr. DOLE. Mr. President, I thank the Senator from Ohio. I think he has some concerns. I do not know how many billions are in this tax bill. There will be some provisons that probably could have been scrutinized more closely. Maybe we could have done a better job. We do get $600 million more in our package than the House did. Not that that gets any merit badge, but just a piece of one.

A phaseout of the 20-percent reduction is estimated by the Joint Committee to increase revenues by about $1.4 billion through 1987, and after it is fully phased out it will be about $1 billion a year.

Again, let us face it. We will be back next year looking for revenues. I am not suggesting we are going after anyone, but everything is on the table again. If we see what revenues we bring in, we will have some experience by then. Maybe the idea of the Senator from Ohio would make a lot of sense.

I would hope we could keep this package together. We worked hard on it. The vote was 20 to 0. Every Democrat and Republican voted for the proposal. If we start it apart piece by piece, it will totally unravel.

I am prepared to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUMPERS (when his name was called). Present.

Mr. FORD. (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Colorado (Mr. HART), and the Senator from South Carolina (Mr. HOLLINGS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 3, nays 89, as follows:

[Rollcall Vote No. 60 Leg.]

YEAS—3

Chiles	Metzenbaum	Proxmire

NAYS—89

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hatch	Packwood
Biden	Hatfield	Pell
Bingaman	Hawkins	Percy
Boren	Hecht	Pressler
Boschwitz	Heflin	Pryor
Bradley	Heinz	Quayle
Burdick	Helms	Randolph
Byrd	Huddleston	Riegle
Chafee	Humphrey	Roth
Cochran	Inouye	Rudman
Cohen	Jepsen	Sarbanes
Cranston	Johnston	Sasser
D'Amato	Kassebaum	Simpson
Danforth	Kasten	Specter
DeConcini	Kennedy	Stafford
Denton	Lautenberg	Stennis
Dixon	Laxalt	Stevens
Dodd	Leahy	Symms
Dole	Levin	Thurmond
Domenici	Long	Trible
Durenberger	Lugar	Tsongas
Eagleton	Matsunaga	Wallop
East	Mattingly	Warner
Evans	McClure	Wilson
Exon	Melcher	Zorinsky
Garn	Mitchell	

ANSWERED "PRESENT"—2

Bumpers	Ford

NOT VOTING—6

Bentsen	Hollings	Tower
Hart	Mathias	Weicker

So Mr. METZENBAUM'S amendment (No. 2923) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. WEICKER. Mr. President, due to a prior commitment, I was necessarily absent for the Metzenbaum amendment to strike the life insurance provisions of the Finance Committee amendment to H.R. 21630. Had I been present, I would have voted against Mr. Metzenbaum's amendment regarding the life insurance provision to H.R. 2163.●

Mr. LONG. Mr. President, it is misleading to say that expiration of the stopgap life insurance provisions of TEFRA will cause a return to 1959 law, and thereby raise more revenue. Let me point out that the Finance Committee's 1982 TEFRA bill permanently repealed the modified coinsurance, or "modco," loophole of the 1959 law. Repeal of modco increased life insurance company taxes by approximately $2 billion a year.

Accordingly, if we do not enact new legislation to replace the stopgap rules, we will not return to the status quo under the 1959 law. Instead, we would go to a law that has never been in effect for a single day. That is, we would go to the 1959 law without the modco loophole. That is because of the good work of the Senator from Kansas (Mr. DOLE), the Finance Committee, and the Senate in 1982. When we did that, we felt that the impact would be too great, so we passed a stopgap law which we now replace with a more permanent and more fair law which increases taxes on insurance companies by about 50 percent, compared to the expiring stopgap law.

When the Senator from Ohio (Mr. METZENBAUM) speaks of going back to the 1959 law, he is talking about going back to a law that has never existed at anytime and never will exist.

He is basing his revenue estimates on the assumption that Congress would choose to put into effect a law that neither he nor anyone else, to my knowledge, has advocated.

In my view, revenue estimates based on any such assumption is mere fantasy.

Mr. DOLE. Mr. President, I understand that the distinguished Senator from New York (Mr. D'AMATO), in a few minutes, will propose an amendment, and we will have a vote on it. I hope we can round up some additional amendments. I have no desire to keep Senators here, but we need some idea of how many amendments there are, in the hope that we might finish on Thursday evening.

If there are any Members who have amendments that are in the negotiation stage, we might be able to take a look at some of those.

Does the Senator from Rhode Island have an amendment?

Mr. CHAFEE. Yes.

Mr. President, as we begin debate on the deficit reduction package, I would like to commend the chairman of the Finance Committee for the work he has done in bringing the committee to unanimous agreement on the final package. It was not an easy task. There were some members of the committee who wanted to reduce the deficit mainly by cutting spending and others who preferred to solve the problem mainly by raising taxes. What we finally agreed to was a major Finance Committee contribution to deficit reduction. This consists of $48 billion in revenue increases through fiscal year 1987 and $14.8 billion in spending reductions in programs under the Finance Committee's jurisdiction.

The amendment prepared by the Finance Committee is one part of the so-called $100 billion downpayment. The other elements of the plan will be contributed by other committees. The result will be a deficit reduction effort consisting half of revenue increases and half of spending reductions.

I would like to see us make a larger downpayment on the budget deficit, but that desire will not keep me from working hard to see this small downpayment passes. The bill is very long and complicated, and I do not want to discuss or describe every provision. But I would like to point out that no one segment of the society has been singled out to bear the entire burden of either the spending reductions or the tax increases.

First, we have simply deferred certain tax reductions which were scheduled to go into effect in the future. Several of these provisions were provisions I had been very supportive of in the past and I am still supportive of them. However, in the spirit of deficit reduction, we agreed to delay these. For example, I reluctantly agreed to the deferral of future increases in the amount of the exclusion for Americans working abroad and the deferral of the net interest exclusion in view of these budget deficits. Postponing scheduled tax reductions was a first step in the deficit reduction plan.

Next, we turned to the area of corporate tax reform and tax accounting practices. Here we faced a difficult task of untangling the many intricate and complex business practices that have grown up often as a result of the well-intended tax incentives we have enacted over the years. The President has stated that in 1985 he wants to tackle the serious job of major tax reform and simplification; but, in the meantime, we are faced with correcting the problems we have in the operation of the existing law. This is necessary maintenance if we want to keep the tax code operating fairly.

For example, this package contains a very important section dealing with abuses that had arisen in the area of tax-exempt entity leasing. Without this legislation, we could have a serious hemorrhage in our Federal Treasury as a result of the unintended transfer of tax benefits through leases

or sale leasebacks by tax-exempt entities.

In the corporate tax reform area, the bill has taken several suggestions from the lengthy study done of the corporate tax system by the Finance Committee staff working with leading members of the tax bar. For example, the bill reduces the dividends received, deduction for dividends from debt-financed portfolio stock, and the bill would tax a corporation making distributions of appreciated property in a nonliquidating distribution.

One provision not derived from the staff study, which I am pleased to have offered, is a proposal to curb the use of so-called golden parachutes. Top management in corporations anticipating the possibility of a takeover may obtain a golden parachute contract which promises to pay them exorbitant salaries or benefits in the event there is a takeover and they have to bail out. These golden parachutes can protect or reward bad management, and under this bill payments under these contracts will be presumed to be nondeductible to the corporation, on the basis that they are not ordinary and necessary business expenses. In addition, the person receiving the payment will have to pay a nondeductible excise tax of 20 percent of the payment. I hope that this treatment will discourage, if not eliminate, these golden parachute arrangements.

The sections of this bill dealing with accounting abuses are very complicated but they are based on two very simple and important principles. First, in tax accounting, whenever we have two parties to a transaction, one deducting a payment and one recognizing income as a result of this payment, there ought to be a matching of the timing of the deduction and the income recognition. We have tried to eliminate situations in which one party is taking large deductions for payments made in one year, yet the person receiving the payments is not reporting them in income for a year or more later.

The second principle behind the accounting changes is the recognition of the so-called time value of money. This is a principle which we have all become aware of because of the high interest rates. A classic example of this is in the area of so-called premature accruals. Businesses, as accrual basis taxpayers, can deduct expenses which they have not actually paid, but which they are liable for. In some situations, businesses have been trying to deduct currently the expenses for which they know they are going to be liable, as a result overstating the deduction. The bill establishes a principle that the business cannot deduct the expense until economic performance occurs.

The bill contains additional taxpayer compliance provisions which are aimed at improving the ability of the IRS to audit tax returns and collect taxes from those not properly reporting their income. Improving compliance with our tax laws must continue to be an important priority for two reasons. First, it is not fair to raise the taxes of those already paying without first collecting from those who are not; and second, taxpayers lose respect for tax laws which are not enforced.

In the compliance area, among other things, this bill requires that tax shelter promoters keep lists of participants so that when the IRS does find irregularities, they can more easily track down individual investors. The bill institutes new reporting requirements for large—more than $10,000—cash transactions. These requirements are designed to help catch those with illegal sources of income. The bill contains a provision regulating appraisers practicing before the IRS. This is to curb the abuses that continue to occur as the result of the overvaluation of property deducted for tax purposes.

One area of abuse that has been particularly difficult for the IRS to handle on an individual audit basis has been the personal use of luxury automobiles that are also deducted as business expenses. I cosponsored an amendment which I hoped would eliminate many of the problems in this area. It would have simply denied any business a deduction for an automobile which cost more than $15,000. The committee defeated this proposal by a very close vote and instead adopted a provision which will limit tax deductions for any property—not just automobiles—which is not used 90 percent of the time for business purposes. While I am pleased with this provision insofar as it addresses the business versus personal use question, I still think we cannot afford to allow businesses tax benefits on the purchase of $100,000 luxury automobiles.

Unfortunately, the provisions of this bill which correct accounting abuses, institute corporate tax reform and improve taxpayer compliance do not raise sufficient revenue. The committee had to turn to other measures, and some of them will not be popular. Nevertheless, after consideration, I think Senators will agree that they are necessary.

We decided on these measures as a package since all of them primarily affect real estate. The bill contains some items that many in the real estate community want, but some will not be welcomed. It includes an extension of the mortgage revenue bond program for 4 more years and the creation of the alternative mortgage tax credit certificates, but it provides some new restrictions on industrial revenue bonds and an increase from 15 to 20 years in the ACRS life of all real property, except low-income housing. In view of our budget deficits, we have had to take a very hard look at how many tax benefits for real estate we can afford. It is not a matter of curbing abuses in these areas anymore. It is a matter of how many tax incentives the Federal Treasury can afford, even for very good purposes. There are still an enormous number of tax benefits available in connection with the ownership and/or development of real estate. After looking at several other possible changes, such as tightening the recapture rules, the committee compromised and adopted these provisions.

Despite the committee's overriding goal of deficit reduction, there are some provisions in this bill which lose revenue. This is because there are certain tax incentives which the committee felt were of great importance to the long-range success of our economy. For example, this bill makes the R&D tax credit permanent. However, the definition of research and experimentation has been narrowed to more carefully limit the availability of the credit to truly innovative activities. As one of the original cosponsors, I applaud the inclusion of this provision.

The bill also contains a scaled-down version of the Enterprise Zone legislation which I orginally introduced. The new proposal would provide for 75 designated enterprise zones selected by the Secretary of HUD, which would be eligible for special tax incentives. No zones would be designated until after January 1, 1985.

One of the major provisions of this bill is the complete revision of the taxation of the life insurance industry. This is the first revision of the taxation of this industry since 1959. Although it shows up as a revenue loser in the context of this bill, it will actually result in the industry paying more tax than it has been during the last 2 years while it has been operating under the so-called stopgap proposal. The fact that we did not enact this legislation prior to the expiration of the stopgap, means that the revenue impact is now measured against the old 1959 law, even though no one is seriously suggesting that the companies continue to be taxed under those provisions. Whatever happens to this bill, I would like to emphasize how important it is to resolve the uncertainty in the insurance industry taxation in any bill we pass this year.

There is another provision in the bill which, although it now appears to be a slight revenue loser, was originally estimated by the Treasury Department to be a revenue gainer, and which I still heartily support—the repeal of the 30-percent withholding tax on interest paid to foreigners. The bill will phase out this tax over the next 5 years and thus increase the access of many U.S. businesses to the capital markets of Europe. This provision will

eliminate the necessity for U.S. businesses to go through the Netherlands Antilles in order to participate in the Eurobond market. I think this provision is especially important in view of the increased pressures we will face in our own capital markets as we try to finance our budget deficits.

This bill contains a number of changes in the pension area, which I as chairman of the Subcommittee on Pensions, Savings, and Investment Policy am glad to see. First, we have proposed repeal of the super top-heavy rules enacted in the Tax Equity and Fiscal Responsibility Act of 1982. The rules have proved burdensome and unnecessary and after holding hearings on the problems last spring, I was pleased to join Senator BENTSEN in cosponsoring the amendment for their repeal.

There is one other provision in this bill which I sponsored, namely the lowering of the tax on methanol from 9 cents per gallon to 4.5 cents per gallon. This was approved by a vote of 15 to 0 by the committee, and it is totally meritorious.

In the Surface Transportation Assistance Act of 1982, the Congress increased the tax on gasoline to 9 cents per gallon in an effort to increase the ability of the highway trust fund to pay for necessary repairs to the Nation's roads and bridges. Congress exempted some alternative fuels from this tax in an effort to encourage their use. The House version of this bill completely exempted methanol from tax, but when the bill came to the Senate, an amendment was added subjecting methanol produced from natural gas to the full 9 cents per gallon tax because of concern that using natural gas to produce methanol would increase the cost of natural gas for home heating. The author of that amendment has now dropped his objection and voted for this decrease in committee.

This provision affects only neat methanol, that is methanol that is 85 percent pure. It has nothing to do with gasohol which is made from gasoline with small amounts of ethanol alcohol added. Neat methanol can only be used in specially equipped methanol cars, and currently there are fewer than 1,000 methanol cars in the United States. We hope to encourage more of them because methanol fueled cars are cleaner than gasoline fueled cars. They produce no sulfur or nitrogen oxides, and methanol has a higher flash point making it safer.

Neat methanol produced from coal or biomass is already totally exempt from the 9 cent per gallon tax. Eventually we hope that all methanol will be produced from those sources. In the meantime methanol is being produced from natural gas. In an effort not to handicap its development, I proposed lowering the tax to 4.5 cents on this type of methanol based on the theory that it takes approximately 2 gallons of methanol to go as far as you can go on 1 gallon of gasoline. This is simply a provision designed not to overtax this viable alternative fuel relative to gasoline, and I hope that once Senators have had time to examine the issue they will agree that the provision is deserving of support.

This bill contains many other very important provisions which I will not take time to describe. There are some major changes in the laws governing private foundations, the first since 1969. There is a proposal to repeal the current export incentive of domestic international sales corporations (DISC's) and substitute a new incentive called foreign sales corporations (FSC's) which would not violate GATT. In response to complaints from the trucking industry, the committee adopted an alternative to the heavy use tax which was to go into effect July 1, 1984, which involved lowering the maximum tax from $1,600 to $600 and imposing a 6-cents-per-gallon additional tax on diesel fuel.

Mr. President, the Finance Committee also made some important changes in other programs. The resulting savings total $14.8 billion through fiscal year 1987. Some of these changes will affect the medicare program, and I would like to discuss them briefly.

Yesterday, the Finance Committee held hearings on the solvency of the hospital insurance trust fund which is part A of the medicare program. At the hearing, the Advisory Council on Social Security, chaired by Dr. Otis Bowen, presented its recommendations on the medicare program. Its conclusion is that the trust fund will be insolvent by the end of this decade. I believe that, in light of this information, Congress will have to make some very fundamental changes in the program. This restructuring will have to occur as early as next year if we are to prevent its bankruptcy.

In view of this, I have been reluctant to make piecemeal changes in medicare. Nevertheless, I am supportive of the package reported by the Finance Committee because I believe it makes some necessary, but not fundamental, changes in the program.

Our actions are responsible both in the context of the deficit and in the context of the long-term health of the medicare program. This package will not affect our ability to grapple with the issues we will need to deal with next year. In fact, these savings, and the changes in the behavior of hospitals and physicians that will result, may buy us some valuable time to develop the reforms that will be needed to restructure the program.

I strongly urge my colleagues not to attempt to make any further changes in medicare at this point. To propose mandatory assignment or a freeze in the implementation of prospective reimbursement may preempt our ability to deal with these issues in a thoughtful and intelligent manner early next year.

Some of the more important proposals before us today deal with cost containment. We limit the increases in hospital reimbursement and establish a fee schedule for all out-patient clinical laboratory services. We also freeze physician reimbursement for 1 year beginning in July. The freeze would remain in effect for an additional year for all physicians who do not accept assignment. Some may argue that this freeze will have an adverse effect on beneficiaries because nonparticipating physicians will charge them directly for whatever amounts medicare will not pay. I believe we have addressed that issue by requiring the establishment of directories and hotlines to help beneficiaries identify which physicians accept assignment.

Another important change we make on the spending side is the increase in the maternal and child health block grant. We also mandate medicaid coverage for pregnant women. Programs like these which focus on preventive health care will lead to lower health care costs in the future.

In conclusion, Mr. President, I support the work of the Finance Committee. It makes an important contribution to deficit reduction, and it makes necessary revisions in current law. Although I, and several colleagues, will introduce shortly a comprehensive budget plan that will achieve much more substantial budget deficit reductions, I, nonetheless, strongly support the Finance Committee package.

AMENDMENT NO. 2924

(Purpose: To delay tax indexing until 1988)

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. CHAFEE), for himself, Mr. MATHIAS, and Mr. WEICKER, proposes an amendment numbered 2924.

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

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

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

SEC. . DELAY OF COST-OF-LIVING ADJUSTMENT TO 1988.

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1954 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) by striking out "1984" in paragraph (1) and inserting in lieu thereof "1987", and

(2) by striking out "1983" in paragraph (3)(B) and inserting in lieu thereof "1986".

(b) CONFORMING AMENDMENT.—Subsection (e) of section 100 of the Economic Recovery Tax Act of 1981 is amended by striking out "1984" and inserting in lieu thereof "1987".

Mr. CHAFEE. Mr. President, the amendment I have sent to the desk would defer the indexing of Federal income taxes for the next 3 years.

As people know, the indexing of individual income taxes is planned to take effect in 1985. What my amendment does is to defer the start of that indexing until 1988. This is not a removal of the indexing; it is a postponement of it.

Mr. President, the reasons for this amendment are very simple. Every Senator in this Chamber has given stirring speeches on the evils of deficits.

They have all pointed out that we are running deficits of $200 billion, and that these deficits are intolerable. We have each given speeches in our districts saying that these deficits are leading to the increased interest rates, that they are spoiling our exports, and that they present a thoroughly dangerous situation for the future of the country.

So, Mr. President, I am proposing to postpone indexing of the Tax Code for 3 years. I realize that this amendment will likely rekindle the debate on the merits of indexing generally.

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. JEPSEN). The Senator's point is well taken. The Senate will be in order.

Mr. CHAFEE. Mr. President, if you want to debate the merits of indexing generally, I would be glad to accept that challenge and engage in such a debate.

However, regardless of the philosophical differences which Senators may have on this subject, I believe that there is a separate question which we must address, namely, that of whether this country of ours can truly afford to embark on a costly new tax expenditure program at a time when we are running deficits of $200 billion a year.

I think the answer is clearly "No."

Now there is an irony in the debate over indexing. Proponents argue that indexing is essential to protect the taxpayers from the harmful effects of inflation, which pushes them into ever-higher tax brackets, thus eroding real income. But there is another consideration. Because indexing will cost the U.S. Treasury $51 billion over the next 3 years, the Federal Government will be forced to borrow that same amount, thus putting further pressure on interest rates and aggravating the self-same inflation that the indexing is supposed to mitigate against.

As a practical matter, indexing of Federal benefits, as opposed to taxes, has been established as a matter of course in several programs. We recognize that. There is indexing of social security. There is indexing of Federal pensions. There is indexing of military pensions. There is indexing of postal pensions, and there is indexing in other programs as well. So be it.

I think many of us, if we had to start all over again, might not have started this indexing, but we are now committed to it in certain programs. That is not a reason to expand it, which is what indexing the Tax Code would do.

Starting in 1985, we get into a whole new program, a program that is going to cost a Government which is already broke $51 billion additional a year.

It does not make any sense, Mr. President.

Now, Mr. President, we have seen other nations that have gotten deeply into indexing. We have seen nations in South America. We have seen Israel. We have seen other nations around the world assert that the answer to their inflation problems was to index. They have tried to index wages, to index pensions, and to index bank accounts. No matter what it is, index it. As a result, few people in those countries come to realize the dangers of inflation.

Mr. President, that is what we will have in this country starting in 1985. Indexing is one more shelter for the people against inflation. The best cure for inflation is for the people, the taxpayers of America, to recognize what inflation is and, Mr. President, I am anxious to hear the arguments against this.

The arguments will be that the middle-income people will benefit from indexing. Well, maybe they will. Every single group that we talk to as Senators come to us with programs they want. The realtors want this. The life insurance people want that. The middle-income people want something, and the lower income people want something else. The wealthy people want everything. But if we say to any of these groups, if you had a chance to balance the budget of the United States, would that be the thing you would want most of all, the answer is always yes.

So, Mr. President, this is not just a modest step in that direction. It is a major step in that direction. Here we are with a tax bill on the floor, which we hope we can finish in 3 days. When all the huffing and puffing is done, that tax bill will yield us $48 billion more in revenue. Yet next year we are starting a program that will cost us $51 billion. It will cost $3 billion more than what we will raise after all the effort we are making here. I was part of that effort in the Finance Committee, all this closing of loopholes, all this effort with insurance companies, all these changes in accounting practices, and all the closing up of the little escape holes for taxpayers. We are doing all of that, but when all is said and done, we raise $48 billion.

Here, Mr. President, is an amendment that in fairness, in fiscal responsibility, we must adopt. Unless we do something and do something substantial, both the deficits and the interest rates will continue to go up.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CHAFEE. I am glad to yield to the Senator.

Mr. LONG. Mr. President, I think we should have order in this Chamber.

Mr. SYMMS. Mr. President, could we have order please?

The PRESIDING OFFICER. The Senate will be in order.

All staff people will resume their seats as per the rules. Those who refuse to do so I will ask the Sergeant at Arms to escort them out of the Chamber.

The Senator may proceed.

Mr. LONG. Mr. President, will the Senator tell us how much additional revenue the Senator's bill would raise compared to the revenue to be raised by the tax portions of the existing bill that is before the Senate?

Mr. CHAFEE. The existing bill before the Senate raises $48 billion.

Mr. LONG. Over a 3-year period.

Mr. CHAFEE. Over a 3-year period.

The cost of indexing, which starts in effect in 1985 unless we do something about it now, will be $51 billion. In other words, we are like the squirrel in the cage, except we do not even hold our own. We fall to the bottom of the cage, the bottom of the squirrel cage.

Mr. BUMPERS. Mr. President, if the Senator will yield, he is talking about a 3-year period, is he not?

Mr. CHAFEE. I am.

Mr. BUMPERS. $51 billion from 1985, 1986, and 1987.

Mr. CHAFEE. The Senator is correct.

Mr. President, some say we should have this. Maybe we should. It is a lovely piece of candy, and I am not going to take it away from anyone. All I am saying is let us postpone it for 3 years and then we will have a chance to look at it. Maybe we will be a great big wealthy country with that balanced budget we have all been seeking and, wonderful, we will take it.

But how in the name of any sense of fiscal responsibility can we do it now?

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

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

Mr. CHAFEE. I certainly will yield to the Senator. The Senator from Arkansas has a question.

Mr. BUMPERS. I am sorry that I did not know the Senator from Rhode Island was going to offer this amendment because I had intended to offer a similar amendment tomorrow and I would certainly support the Senator's amendment. The only difference between the Senator's amendment and

the one I intended to offer is that my amendment would have protected the personal exemption and the zero bracket. The people who are not paying any taxes right now at that level, which we call the zero bracket amount, would be protected under my amendment. I do not know how many dollars that saves, because that is not a controlling consideration. But I am reluctant to force people who are just at the point of making enough money to pay taxes only due to inflation, because those are the poorest people in the country. I just want to say to all of our colleagues that the Senator from Rhode Island has taken a very courageous stand on this.

We talk endlessly about the deficit. The House of Representatives is talking about $178 billion downpayment over the next 3 years. The President is talking about $150 billion. Senator CHILES, who will offer one that will be around $200 billion when we take up the budget resolution, and it is the only one I know of that actually starts the deficits on a downward trend. The President's proposal does not even stop the escalation of the deficits.

Here is an opportunity to postpone something that has never taken effect and in my opinion should never take effect.

I know all the arguments for indexing. We have heard it, and we have it here.

Yet, here is an opportunity to pick up $51 billion and make a really serious effort at reducing the deficit, and I sincerely hope my colleagues will support it.

My question to the Senator is: Since his amendment is a second-degree amendment and is not subject to being further amended, would the Senator consider modifiying his amendment, which he has the right to do without unanimous consent, to protect the zero bracket amount?

Mr. CHAFEE. Let me say this to the Senator from Arkansas: The point he makes is a valid one, but I do not have the language to do that right now. Here we are with a head of steam up, and I would hate to get diverted at this particular point.

Could I say this to the Senator from Arkansas: Would he and his allies, those who believe as he does, pitch in and help with my amendment. Then tomorrow if this passes, we would be glad to have a further amendment to the tax bill to accomplish what the Senator from Arkansas proposes, and I would support it.

It makes sense, and I an not out to hurt anybody who normally would not be in the tax brackets if the inflation situation should continue to such an extent.

Mr. BUMPERS. Let me say to the Senator from Rhode Island that I intend to support his amendment. I applaud his courage and the timeliness of the amendment. I am a cosponsor of the amendment of Senator HOLLINGS, which also, I believe, postpones indexing.

I cannot give the Senator a vote count on this side of the aisle. I hope he will get substantial support on this side. Certainly I intend to support it.

Mr. CHAFEE. I appreciate that. Let me say one other thing to everybody gathered here tonight. There are those who say, "Oh, this is part of the President's program."

Now, that is not so. The President did not have this in his program, not when he campaigned in 1980 nor when he sent his proposals up to the Congress in 1981. Indexing was never part of it. Indexing crept in.

As a matter of fact—and the chairman of the Finance Committee can correct me on this—it is my memory that when we brought that tax bill to the floor it did not include indexing. Would the Senator from Kansas correct me? Am I right in that?

Mr. DOLE. That is correct.

Mr. SYMMS. It was a committee amendment.

Mr. CHAFEE. It was an amendment that came subsequently on the floor. Call it a committee amendment or call it whatever you want. It was neither part of the President's original proposal nor part of the Finance Committee's package that was brought to this floor.

Mr. SYMMS. Will the Senator yield for a question?

Mr. CHAFEE. I just want to make this point clear. Nobody who votes for postponing indexing is going against the President's original proposal. He never even discussed it in the campaign of 1980.

I know the President is enthusiastic about indexing now. But we are not eliminating it. All we are doing is postponing it. We cannot ignore what is happening to the interest rates in this country. They went up one-half a point a few weeks ago, and then they went up another half a point. If you believe what some of the prognosticators say on Wall Street, they are going to be at 13½ percent by this fall. If there is ever a reason for a downturn in the economy, that will be it.

Yes, I yield to the Senator from Idaho.

Mr. SYMMS. I thank the Senator for yielding.

I would like to continue the same line of questioning that the Senator from Arkansas was pursuing. I say to the Senator from Rhode Island, that in view of the fact that prior to the 1981 tax bill, when the American working man got a 10-percent pay raise, he got a 16-percent tax increase; in view of the fact that since President Carter left office and President Reagan came into office we have had a $150 billion increase in nondefense spending, which accounts for more than two-thirds of the deficit, would the Senator support an amendment which would wipe out indexing entirely from the language of the Federal Government?

There are 92 either indexed or inflation-adjusted programs on the spending side of the Federal budget. Would the Senator entertain and support an addition to his amendment which would delay all indexing on the spending side and on the tax side for 3 years? Then we really take a bite out of this deficit. Would the Senator entertain that amendment?

That is what I would like to support. That is a large compromise, as the Senator knows, from this Senator, because I believe that we should reduce spending, not increase taxes. Would not you agree that the Government has profited over the years from inflation and the lack of indexing in the tax code; that the politicians and the bureaucracy in Washington have had a self-interest in encouraging inflation because they pushed people into higher tax brackets forcing working people to pay higher taxes; enabling politicians to have more money with which to buy votes from other people? Let us just freeze everything across the board. Would the Senator support that?

Mr. CHAFEE. If the Senator wants to present that measure, no indexing in social security or in retirement, that is his business. I am not prepared to support that.

Mr. SYMMS. So just stick it to the taxpayers?

Mr. CHAFEE. The best thing we can do for the taxpayers of this country is to reduce that deficit. You can categorize it any way you want.

Mr. SYMMS. Will the Senator yield for another question?

Mr. CHAFEE. Let me finish. In answer to the Senator's question, the answer is no. If you want to present something tomorrow or whatever you want to do, that is the Senator's business. The amendment that I have before the Senate tonight only deals with the indexing of the Tax Code, which was an afterthought in the 1981 tax package.

Mr. SYMMS. Will the Senator yield for one more question? And I appreciate his sincerity. I serve with him and I am proud to be with him on the Finance Committee. I know his dedication on this matter. There is no Senator I respect more than the Senator from Rhode Island.

But I do not believe the Senator's amendment can pass under the current circumstances. If we just have to choose between indexing the tax side and not the spending side, it has no chance of passage. If we want to do the whole thing and take a courageous bite out of the deficit tonight, why do we not set the Senator's amendment

in a situation parliamentarily where we could offer another amendment so that we could have both spending cuts and tax increases together, and then we could fish or cut bait in here and see how much we really care about the deficit. I think the Senator might find he would get people from my perspective to make a compromise and vote with him on his amendment if he, in fact, would de-index all of the 92 either inflation adjusted or indexed programs on the Federal spending side of the ledger.

If we could do that, we would do something great for America. We would lower interest rates. We would help get people back to work and make this country truly stronger, and then those people who are less fortunate than others would not have to fight the problem of high interest rates and impending higher rates of inflation.

Mr. CHAFEE. I can tell the Senator from Idaho this: If he thinks my amendment has got tough sledding, if he added in all the provisions he has, that amendment would not even start sledding. It would be stuck before it could go anywhere.

So I say let us do what we can right now. If the Senator wants to come forward with another proposal, there is plenty of room. We are not going to finish tonight. As a matter of fact, I think we will probably be on this bill a good portion of tomorrow. So come forward with your measure then.

But, in the meantime, strike a blow for freedom, strike a blow for fiscal responsibility. I have room for one more cosponsor, and I would be glad to have the Senator's name on it.

[Laughter.]

Mr. SYMMS. Will the Senator yield for one more question? Is it not true that the Federal Government is spending approximately 25 percent of the gross national product, our tax revenues equal approximately 19 percent of the gross national product, and that we balance the budget by either borrowing or printing money to make up the difference? Is that true or false?

Mr. CHAFEE. That is true. We are borrowing.

Mr. SYMMS. Then why are we so afraid of my suggestion? In reality, we would be reducing expenditures and, therefore, reducing the burden off the backs of the taxpayers that are already overburdened.

Mr. CHAFEE. Why is the Senator taking time on my amendment to explain his?

[Laughter.]

Mr. SYMMS. Because if we pass them together we would have something worthwhile.

Mr. CHAFEE. There is time blocked out for the Senator to offer his amendment with what I presume will be nearly unanimous support in the Chamber based on what he has said.

But, meanwhile, I would like to move ahead with my little effort, modest though it is. It means a lot to me. It means a lot to the country.

Mr. BUMPERS. Will the Senator yield?

Mr. CHAFEE. Yes.

Mr. BUMPERS. I admire the Senator from Rhode Island. Let the Senator from Idaho offer his amendment. But on this particular amendment, I would say to the Senator from Idaho that the President has submitted a budget of $925 billion beginning October 1 of this year.

The ordinary man on the street in this country does not know that of that $925 billion, only $406 billion will be covered by personal and corporate taxes. Most people assume that when the President sends a budget over here of $925 billion, they pay for all but the $180 billion deficit in income taxes.

The truth is, well under 50 percent of the budget comes from personal and corporate taxes. The expenditures which are out of control in the budget are servicing the national debt.

In 1980, incidentally, 12 percent of all the taxes paid in this country went to service the national debt. In 1984, however, 27 percent of all the taxes collected in this country will be needed to service the national debt, and if we do not do something about the deficits, between 47 and 50 percent of all the taxes collected in 1988 will be needed to service the national debt.

So here is an opportunity. If you want to cut the deficit, here is a chance to cut $51 billion. But the best of it is you are going to be cutting $5 billion a year in expenditures forever because that is the interest we are going to be paying on the deficit, if we do not do what the Senator from Rhode Island is suggesting.

Mr. CHAFEE. I appreciate the remarks of the Senator from Arkansas, who has long been a leader in this effort. I know, ladies and gentlemen, tonight on this floor we are going to have all kinds of arguments thrown against it. I see the array of charts.

Mr. BUMPERS. We have those fancy charts.

Mr. CHAFEE. Are they going to show us that the lower the taxes we pay the better off the country is? I suppose if you follow that argument to its logical conclusion, we would not pay any taxes and things would be great. We would just borrow the balance from somebody. But the truth of the matter is, ladies and gentleman, it does not take any genius to figure out that when you do not have any money, you should not embark on a $51 billion expenditure program. That is what we are doing starting in 1985.

Here is a chance to end that before it even starts. The people will not object one bit. I wonder how many Senators have had people come up to them on the streets and say, "Isn't it marvelous? In 1985 you are going to start indexing my taxes." No one has said that to us. What people are interested in is how much it costs to finance their automobile and how much it costs for their children to buy a house. "When are you going to get these interest rates under control?" "When those are the questions people ask us, and are you going to do something about the Federal deficit?" here is a major effort to do something about it. In one single vote we will accomplish more than all that has been accomplished in about a month-and-a-half in the Finance Committee when we struggled, huffed and puffed and finally, with Herculean effort, come up with $48 billion.

Mr. MOYNIHAN. Would the Senator yield?

Mr. CHAFEE. I have completed my say.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I know there are a lot of Members who want to speak on indexing. I certainly want them to have that opportunity. But I would just suggest that if we want to do anything as far as putting together a deficit package, if the amendment should be adopted that would be the end. There are certain limits on what certain people will accept.

I would note that on the House side where they have a 100-vote Democratic margin, repealing or deferring tax indexing was not even raised in the Ways and Means Committee. They know better. They know it is popular with the American people. If we want to argue indexing, I guess we can argue for some time. But I think in the committee we pretty much agreed that we wanted to put together a $48 billion package.

Senator CHAFEE feels strongly about indexing. He offered the amendment, as he should have in the Finance Committee. The vote was 13 to 7 against deferring indexing. There are some charts back here that indicate where the money goes, in terms of which taxpayers are helped most by indexing.

It does not go to upper income Americans. That is the thing I never understood about some people who oppose indexing. Why is it so unfair, if you just have automatic tax stabilization, or you do not have bracket creep? Why is it so unfair if you have to come to Congress, and let the Finance Committee and the Ways and Means Committee in the Congress, the House and the Senate, vote on your taxes? I do not understand it. Why should we benefit from inflation? Why should the Government have a little windfall every year when you have high inflation?

There are a lot of people who support indexing, including the President, including the Secretary of the Treas-

ury, and including the Federal Reserve Bank of Philadelphia. I thought they made an interesting statement. In February 1982, they said:

> Perhaps the most important aspect of the tax package adopted in 1981 is the decision to index the tax code beginning in 1985 . . . indexing can prevent bracket creep and thus automatically prevent declines in labor supply and potential GNP caused by rising marginal tax rates . . . indexing is clearly one of the most significant changes in personal tax code in recent memory.

The same was said in a different way by the Institute for Research and Economics of Taxation; the same by the late William Fellner, who was resident scholar, economics, American Enterprise Institute; the same by the New York Times.

I will just quote the key phrase:

> It is a worthy idea that would restore honest packaging to Federal tax policy. If Government spending increases, Congress would have to actually vote to raise taxes to finance it.

That is one reason some people do not want indexing. They want somebody else to collect the taxes automatically so we can spend the money. With indexing, we are not going to have that luxury in Congress. If we want to spend more money, we have to stand up and vote for the taxes to pay for what we do.

The Detroit News said:

> But indexing won't deny Government the money it needs to operate.

The Wall Street Journal—and I can go on and on with endorsements—Louis Rukeyser, the Denver Post; Robert Samuelson for the National Journal; literally hundreds of endorsements are listed in a pamphlet put together by the distinguished Senator from Colorado, Senator Armstrong.

I would say that the President did discuss this before the election, and campaign on it. It was in the Republican Party platform. It was, as the Senator from Rhode Island pointed out, a Finance Committee amendment. It was offered by the chairman on behalf of Senator ARMSTRONG and others who felt very strongly about indexing.

I have never fully understood the reason organized labor opposes indexing. I do not understand it because the very people who benefit the most are those who make less than $30,000. Based on the distribution of tax increases that group gets about 43 percent, and by distribution of returns affected about 76 percent. So it would just seem to me if you are talking about raising taxes, you are going to raise taxes for those who make less than $30,000, and you are going to raise those in the $5,000 category—single individuals making $5,000.

This is a people's issue. This is a populist issue. This is something the American people will understand, if we do not defer it for 2 or 3 years.

The Senator from Kansas understands the deficit and how some would like to reduce it. Just raise taxes. If we would couple deferring indexing with some big spending cut, then it might be attractive. Then it would be a real package that the Senator from Kansas and others might support. But I think the President stated, and I think the leading Democrats understand that the polls in this country have indicated that people do not want more tax increases—by a margin of 79 to 20 in the most recent Gallup poll. Indexing may not be a panacea. Indexing may not be the only answer. But indexing is a discipline, and it is one that I hope Congress will retain.

Next year—if in fact there is some big move afoot—maybe we can look at ways to adjust indexing and put some floor under indexing if we do the same with other indexed programs, as suggested by Senator SYMMS, maybe something can be done. But beware of those who always want to raise your taxes—cut defense spending and raise taxes. That is the idea that some have of balancing the budget. I have not seen any Senator on the floor suggest that we cut more spending in nondefense areas. I suggest we ought to look into those areas, too.

It is a very important amendment. It is one on which I do not quarrel with Senator CHAFEE. He has always felt strongly about indexing, as have others in the Chamber.

But I would say very honestly, if this amendment were adopted, we would be finished. There would be no reason to proceed with this bill. There are a lot of things in this package that are very attractive to a lot of people, including the insurance package we just completed, and I would hope the amendment would be defeated.

I yield to the Senator from Idaho.

Mr. SYMMS. The Senator from Kansas has eloquently stated the position we are in. In terms of equity to the working people, the wage earners of this country who make $20,000 or $15,000 or $25,000 a year, to have 92 either inflation-adjusted or indexed programs from a spending side and then to abolish the one that comes off the backs of the working people in terms of the tax side, would be the most inequitable thing this Senate could do.

The chairman is absolutely right, that this is the only way that we take the profit out of inflation for the bureaucracy that has grown here in Washington in the last 50 years. Otherwise, there is a profit incentive for the bureaucracy and for the politicians who use the transfer payments, transferring the money from the family that earns it to the family that does not earn it, and buying the votes from one or from the other. There is a built-in incentive to have more spending in Washington.

So the chairman is absolutely right. Unless we get rid of all indexing at the same time, it would be inequitable to the people of this country. I urge this amendment be tabled or defeated or amended so that we take care of all indexing on the spending side as well as the taxing side at the same time. That would be equitable to the taxpayers and the people of this country.

Mr. DOLE. Here we have something that has not even gone into effect. That is why it is easy to defer it, because nobody understands the benefit. We can fool the American people, the working people, the 43 percent impact on those who make less than $30,000 who will benefit from this program. To me, that is deception. That is legislative deception.

If, in fact, we have indexing starting in January and decide it ought to be changed, maybe we can modify it.

But let me again indicate what the New York Times started in 1983.

It gave an excellent example of impact of taxiflation in reporting on this issue back in January 1983. As the Times noted, a family of four in 1980 with a 10-percent cost-of-living increase with $15,000 to $16,500 jumped from the 18-percent tax bracket to the 21-percent tax bracket. The value of the personal exemption of $1,000 per taxpayer also declined 10 percent for inflation. This family's tax bill then rose by over 23 percent, from $1,242 to $1,532, yet income grew by only 10 percent.

So it seems to me, I say to my colleagues on both sides, this is not a partisan issue. It is an issue that has broad bipartisan support. The distinguished Senator from Arizona and the distinguished junior Senator from Colorado, who is not here tonight, but the senior Senator from Colorado is here, supported it. It is not a partisan issue or a Ronald Reagan issue. It is an issue that was brought to the forefront by the diligent efforts of the person I now yield to, the Senator from Colorado.

Mr. ARMSTRONG. I thank the Senator for yielding. I recall that Hugo said "that no greater a threat than an army is an idea whose time has come." This is an idea whose time has come.

When Senator DOLE moves to table the amendment, he will prevail. I recall when indexing was not a popular or a known idea, that day after day and week after week Senator DOLE came to this Chamber and pointed out the need to index our personal tax rates in order to restore a degree of economic and tax justice. It is not surprising to me that having fought long and hard and effectively and emerged as the leading champion in America of tax indexing that Senator DOLE is here at 10 o'clock at night heading off at the pass the effort to repeal this important reform.

I congratulate him. I associate myself with everything he has said tonight. I am eager to vote on the tabling motion.

Mr. DOLE. Could I say one thing at that point so the RECORD will properly reflect the history of this provision? I really do not believe we would have indexing in the law today if it were not for the persistent efforts of the Senator from Colorado during the 1981 markup of the tax bill. I will be very candid about it. The Senator from Kansas supported it, but I had just become chairman and I did not know what to do anyway. I was a little nervous about all this money in the tax bill. It seemed to me that indexing, while I thought it was important, might be something that could wait a while. The Senator from Colorado had a different idea and I thank him for it now. I am certain I did at the time. It is in the law and we ought to give it a shot. It is going to take effect in January. It will be the best thing we have done for the working people in this country for the last 20 or 30 years.

Mr. ARMSTRONG. I thank the distinguished chairman for his overly generous observations about my role in putting indexing into action. I stand on what I said a moment ago, which is more than any single person in America, the Senator from Kansas is responsible for this great reform. And it is a great reform. It is the most important single reform of the Tax Code in recent memory. That is not just my idea. It is now the opinion of virtually everyone who has looked at this issue—not just the President of the United States, who has vowed to veto any legislation which repeals tax indexing, nor not just the opinion of the Secretary of the Treasury, who has so eloquently and accurately pointed out that tax indexing is primarily a benefit to low-and middle-income taxpayers. But to practically all of the most experienced, most astute observers of tax policy in this country. Martin Feldstein, who we all know and respect, pointed out that the day the Congress votes to rescind tax indexing, the commercial markets of this country will recognize the bad news and say, "Aha, that means the Congress has a bigger vested interest in higher interest rates in the future."

That is the general observation of the Wall Street Journal and columnists like Brook Heiser and others. It is the opinion of so many publications that I am not going to cite them here tonight.

Mr. DOLE. Will the Senator yield at that point?

Mr. ARMSTRONG. Yes.

Mr. DOLE. I believe I am correct that this is also supported by the American Farm Bureau Federation and the National Education Association.

Mr. ARMSTRONG. The Senator is absolutely correct, and also by the National Federation of Independent Business, the National Education Association, the National Taxpayers Union, and other groups. It has been endorsed by many publications—the New York Times, the Denver Post, the Rocky Mountain News and publications all over the country, one of which was the Minneapolis Star and Tribune.

I particularly wanted to call the attention of Senators to the editorial which the Minneapolis paper published on the 15th of February last year because it asks the question I hope Senators will ask tonight. It is this: Will expediency kill tax indexing?

I will not read this whole editorial but I want to read two very germane and relevant paragraphs. After pointing out what tax indexing is, the Minneapolis Star Tribune points out:

> Indexing protects taxpayers from excessive, inflation-driven increases in their tax rates. As inflation drives prices and wages higher, it pushes people into higher tax brackets, where they pay a greater proportion of their income in Federal taxes.

A bit later the editorial points out, and I ask all Senators to consider this point most seriously because it is the crux of the matter:

> Federal indexing would especially benefit low-income taxpayers. Because Federal taxes are more steeply progressive at lower levels, persons earning modest incomes suffer most from an unindexed tax.

The point is that we have, and properly so, in my opinion, given very significant relief over the last couple of years to high-income taxpayers and to corporations. I have supported those changes. I think they are important to provide not only tax equity but also to provide the incentives to people who are in a position to invest in job creating activity.

But the biggest, most important, most relevant, most significant reform that is directly of benefit to middle- and low-income taxpayers is indexing. If we take that away from them tonight or delay it, the result will be to leave us with an unbalanced tax system, in my opinion.

The Minneapolis Star Tribune concludes, upon reflection:

> If Congress repeals indexing, it won't be for high-sounding reasons. The Federal Government will need a tax increase in 1985, and indexing offers an expedient solution. But expediency at what price? The question for Congress is whether it will sacrifice long-term fairness to taxpayers to solve a short-term budget problem.

Mr. President, I know that there are others who have come to the floor and wish to speak on this, so I am not going to speak further.

I do ask unanimous consent that a sampling of editorial opinion appear in the RECORD at this point so that those who might have occasion to read the RECORD of tonight's proceedings will have some source of reference. I ask unanimous consent that the following editorials be printed in the RECORD at this point: Detroit News, January 21, 1983, "Indexing Under Attack"; the Wall Street Journal, Tuesday, March 1, 1983, an article by Martin Feldstein, "Why Tax Indexing Must Not Be Repealed"; and a Minneapolis Star and Tribune editorial which I referred to a moment ago of Tuesday, February 15.

I ask unanimous consent also that the Dallas Morning News editorial of Tuesday, March 16, 1982, "Tax Indexing, Hold That Line," be printed in the RECORD.

My request is, Mr. President, that these editorials be printed in the RECORD for the benefit of Members and other readers.

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

[From the Detroit News, Jan. 21, 1983]

OUR OPINIONS: INDEXING UNDER ATTACK

From the beginning, many of us expected it to happen and now it is happening: Opponents of income-tax indexing are working feverishly to kill the baby before it's born.

As you know, President Reagan's 1981 tax-cut package included a provision to prevent "bracket creep." That is, come 1985, under the law as it now stands, income-tax obligations will no longer be swollen by inflation. Instead, the amount of tax due will be adjusted for increases in the general price level so that individuals and families won't be automatically jacked up into higher tax brackets.

Bracket creep is particularly burdensome to lower-income families, as an article in the New York Times noted the other day. Writes the Times report.

"Take, for example, a family of four whose income rose from $15,000 to $16,500 because of a 10 percent increase in the inflation rate in 1980.

"Although its purchasing power was the same, the family jumped to the 21 percent from the 18 percent tax bracket. Moreover, the value of the $4,000 in personal exemptions the family had received before fell by 10 percent.

"As a result, the family's federal income tax bill rose more than 23 percent—to $1,530 from $1,242—while its money income grew only 10 percent."

Bracket creep is so obviously unjust that indexing has already been adopted by Canada, France, West Germany, Brazil and Denmark.

Why, then, is indexing passionately opposed by many liberal congressmen? Because, they say the government simply needs the extra billions that bracket creep brings in.

Well, it is not our position that the government should be denied revenues essential to domestic tranquility and national security. But indexing won't deny government the money it needs to operate. All that Congress has to do is to boost the tax rates.

And that, precisely, is the rub. Many liberal congressmen are prepared to boost spending gladly. They are not quite so prepared to risk their jobs by boosting income tax rates. They much prefer to rely on the huge windfall produced by bracket creep, because

that way they can increase taxes without voting to increase taxes.

But what about that suffering lower-income family?

Reply foes of indexing. Tough "apples."

[From the Wall Street Journal, Mar. 1, 1983]

WHY TAX INDEXING MUST NOT BE REPEALED

(By Martin Feldstein)

The most important legislative battle this year will be the attempt to repeal the indexing of the personal income tax that is now scheduled to begin in 1985. Although tax indexing may seem at first to be a rather technical tax matter, it actually holds the key to controlling the future growth of government spending and to preventing a resurgence of spiraling inflation. The long-term success or failure of Ronald Reagan's economic program is likely to hinge more on retaining tax indexing than on any other piece of legislation.

In practice, an indexed tax system prevents inflation from pushing individuals into higher tax brackets and increasing the share of income taken in taxes. This is achieved by increasing each of the bracket points by the rate of inflation during the previous year. For example, in 1984 the 18% tax bracket will include income between $16,000 and $20,200. If consumer prices rise by 5% in the year ending Oct. 1, 1984, the 18% tax bracket for 1985 would be adjusted to the range from $16,800 to $21,210. Indexing would also raise the personal exemption from $1,000 to $1,050.

The repeal of indexing would mean that bracket creep would raise taxes higher and higher, permitting Congress to finance ever greater amounts of government spending without having to vote explicitly for any increase in tax rates. The repeal of indexing would permit Congress to reduce the budget deficit over time without any cuts in government spending by just waiting while tax receipts grow and grow.

TAXES WOULD BE HIGHER

Even with inflation declining gradually over the next few years as the administration forecasts, the repeal of indexation would raise tax revenue by $17 billion in 1986, $30 billion in 1987, $44 billion in 1988 and ever higher amounts in later years. A $44 billion tax increase in 1988 would mean that the repeal of indexing had raised taxes by more than 10%. And after a decade of inflation at just 4% a year, taxes without indexing would be 25% higher than if indexing is retained.

Of course, a higher rate of inflation would mean more bracket creep and thus a bigger tax increase each year. If inflation averaged 6.5% for the next five years, the extra tax revenue in 1988 would be about $80 billion instead of $44 billion. And a replay of the inflation experience of the Carter years with inflation rising from 6.5% in 1985 to 13.5% in 1988—would raise tax receipts by about $120 billion more in 1988 if the tax system is not indexed.

The repeal of indexing would thus give Congress a strong incentive to pursue inflationary policies. With indexing gone, spiraling inflation would generate a surge of tax revenues that could finance greater government spending while permitting Congress the political luxury of voting occasional "tax cuts" that actually failed to offset inflation but provided a framework for further income redistribution.

Many financial investors and others would interpret the repeal of indexing as an indication that inflation would soon be on the rise. This change in the expected rate of inflation would raise interest rates, especially long-term interest rates on bonds and mortgages. Higher interest rates could threaten the recovery in housing and other interest-sensitive sectors and possibly bring the incipient recovery in the economy as a whole to a premature end.

Those who want to repeal indexing frequently wrap themselves in the cloak of fiscal responsibility and argue that "with the large budget deficits that we now face, we cannot afford an indexed tax system." What they should say is that the large budget deficits in future years means that we must either cut spending or raise taxes or both. The administration's budget calls for a balanced package of spending cuts and revenue increases, including a standby tax equal to 1% of GNP that will go into effect in October 1985 unless very rapid economic growth between now and then has reduced the deficit to less than 2.5% of GNP.

If tax revenue must be raised, the repeal of indexing isn't a satisfactory substitute for an explicit tax increase. Because the repeal of indexing is a hidden way of increasing taxes, it removes the pressure to choose between spending cuts and more taxes. And unlike voting an explicit tax increase, repealing indexing doesn't provide a fixed amount of additional tax revenue but starts a money machine that will squeeze more and more money from taxpayers in the years ahead. The repeal of indexing is politically tempting to many in Congress because it increases revenue without explicitly increasing taxes. But it is the very opposite of responsible budgeting.

A common alternative rationale for repealing indexing is given by those who mistakenly believe that the combination of indexed benefits and indexed taxes inevitably produces budget deficits because "indexing raises benefits but reduces taxes." This argument is wrong because it misrepresents what indexing is all about. The indexing of benefits means that benefits just keep pace with inflation. The indexing of tax rates means that tax receipts don't rise faster than inflation through bracket creep. With complete indexing, inflation doesn't alter the real value of either benefits or taxes and therefore doesn't increase or decrease the real value of the deficit.

There are finally those who claim that they don't want to repeal indexing but just to postpone it for a year or two to help shrink the budget deficit. In reality, postponing indexing would have relatively little effect on future budget deficits. Slipping the starting date for indexing to 1986 would only raise an extra $12 billion in 1988. It is hard to avoid the suspicion that those who advocate postponement believe that if indexing is postponed once, it will be postponed again and again until it is eventually repealed. It is critically important to start indexing on schedule in 1985 because once the American taxpayers experience indexing it will be here to stay.

If indexing were repealed, the resulting tax increases would be relatively greatest for the lowest income taxpayers. It is the lowest income taxpayer who benefits most from the indexing of the $1,000 personal exemption and the $3,400 zero bracket amount. In addition, since the tax brackets are narrower at lower incomes, bracket creep is more severe. Eliminating indexing would cause the 1985 tax liability of those with incomes under $10,000 to rise by more then 9% while the tax liability of those with incomes over $100,000 would rise by less than 2%.

The liberals who want to repeal indexing are unconcerned about this increase in the tax burden on low-income taxpayers. They know that the vast increase in tax revenue that would result from de-indexing would permit Congress to vote further tax cuts for these lower income groups that would more than offset the effect of bracket creep on their tax liabilities. Tax reform would thus be deflected from a proper concern about incentives and simplification and would be focused instead on annual debates about egalitarian redistribution.

NO NATURAL CONSTITUENCY

The current congressional discussion about the repeal of indexing is counterproductive in several ways. By raising the possibility that indexing might be repealed, it increases the risk of high inflation in future years and thereby keeps current long-term interest rates higher than they should be. By focusing attention on the indexing issue, Congress avoids facing the difficult decisions about the control of spending and about the explicit tax changes that must eventually be made as part of this year's budget process.

Unfortunately, despite the critical importance of the indexing issue, it doesn't generate much pressure on Congress from individuals or from representative groups. While proposed policies that would affect a segment of the population often induce intensive lobbying activity, a major subject like indexing that influences the entire economy doesn't have a natural constituency. There is therefore the danger that Congress won't recognize now important indexing is to the public both now and in the future.

President Reagan strongly supports indexing as a central feature of his tax program. He has said clearly that he will veto any legislation that would repeal indexing or postpone its starting date. The president believes that an unindexed tax system is fundamentally dishonest. The repeal of indexing would eliminate political accountability and encourage wasteful government spending. It would make greater inflation an aid to politicians and an extra burden to taxpayers. It would initiate a continuous battle over the distribution of the tax burden.

The indexing of the personal income tax is the most fundamental and far-reaching aspect of Ronald Reagan's tax program. It must not be repealed.

[From the Minneapolis Star and Tribune, Feb. 15, 1983]

WILL EXPEDIENCY KILL FEDERAL INDEXING?

Burgeoning federal deficits are causing Congress to take a hard second look at federal income-tax indexing, scheduled to start in 1985. Arguments for repealing indexing bring an unwelcome sense of deja vu: They are the same weak, sometimes silly, reasons advanced by opponents of Minnesota's indexed tax. The state system appears to have weathered the storm. But federal indexing may not survive, to the detriment of the federal tax system and taxpayers.

Indexing protects taxpayers from excessive, inflation-driven increases in their tax rates: As inflation drives prices and wages higher, it pushes people into higher tax brackets, where they pay a greater proportion of their income in federal taxes—even though they are no better off. Inflation also penalizes people who use the standard deduction. Unless federal and state legisla-

tures adjust that deduction each year (they don't), inflation erodes its value and artificially increases a taxpayer's tax bill.

Federal indexing would especially benefit low-income taxpayers. Because federal taxes are more steeply progressive at lower levels, persons earning modest incomes suffer most from an unindexed tax.

Rep. James Jones, D-Okla., chairman of the House Budget Committee, argues that indexing should be repealed because it "makes inflation easier to live with." For individual taxpayers, Jones is right—in the same sense that lack of a death penalty makes traffic violations easier to live with. Indexing removes only the excessive inflation-imposed tax penalty. Indexed taxes still rise with inflation, but not faster than inflation.

The real beneficiaries of unindexed taxes are lawmakers. Such taxes automatically increase govenment revenues, which Congress can offset by a "tax cut." Indexing robs government of automatic, unlegislated tax increases. It requires elected officials to vote for higher taxes if they seek more revenue than existing tax rates provide.

Some argue that indexing, if applied to both taxes and benefits, pushes government costs higher while retarding growth of government revenues. That shouldn't happen. Proper indexing causes revenues and costs to rise at about the same rate. If they don't, something other than indexing is at fault.

Critics point to Minnesota's financial troubles as an example of the harm indexing does. That's a bum rap. The recession, overoptimistic revenue forecasts and heavy reliance on recession-sensitive taxes knocked the hole in the state budget. Indexing brought on the difficulty sooner and made it more severe, but did not cause it.

If Congress repeals indexing, it won't be for high-sounding reasons. The federal government will need a tax increase in 1985, and indexing offers an expedient solution. But expediency at what price? The question for Congress is whether it will sacrifice long-term fairness to taxpayers to solve a short-term budget problem.

[From the Dallas Morning News, Mar. 16, 1982]

TAX INDEXING: HOLD THAT LINE

Business columnist Louis Rukeyser calls it "the best tax benefit you never got." Which may prove no very far-fetched notion, because the born-again budget balancers are zeroing in on tax indexing.

Ted Kennedy mentioned it on television the other day, and the Reagan administration—which originally saw indexing as something to do later, rather than in the first inning of play—gives hints of being open to the closing of this large "tax expenditure."

Before Congress' Indian givers start whooping around the fire, it is well to reflect on what we're talking about. Indexing means that, beginning in 1985, individual income taxes will be adjusted to prevent "bracket creep."

If you're a taxpayer you hardly need more explanation. Up goes inflation; up go salaries; up go federal taxes, but even faster: Such is the dismal and costly progression.

It all gets down to this: The federal government is rewarding itself for its inability or unwillingness to cure inflation. The more inflation the more taxes. And it's automatic. The pusillanimous politician need not go to the hustings to explain how he voted in the national interest to increase taxes. If this is not taxation without representation, then how, pray, may the definition realistically be formulated?

The wrong will be righted shortly (unless Sen. Kennedy's tongue proves more persuasive than his personal example as a balancer of budgets). For instance, suppose in fiscal 1984 inflation rises 10 percent. Then the lowest tax bracket, now $3,400 to $5,500, would rise from $3,740 to $6,050.

The way Republican Sen. John Chafee explained this, in opposing indexation last year, was: "What this measure does is create a whole new class of citizens who can shrug at inflation." The fatuity of the senator's remark needs time to sink in. "Class of citizens"? He is talking of everybody. "Shrug at inflation"? That is Congress' specialty, not the public's.

Indexing kills the goose that lays Congress' golden eggs. Small wonder that the business-as-usual set on Capitol Hill wants indexing killed instead.

Indexing was one of those pleasant surprises—like the liberalization of eligibility for Individual Retirement Accounts—that emerged from the welter of tax-cut proposals in 1981. Here were injustices that needed righting; but the general supposition was that Congress wouldn't have the courage.

Whether out of conviction or in a fit of absence of mind, Congress did just what needed doing and therefore, in these critical days, merits strong support from those it benefited—all 200 million of them.

Mr. PERCY. Mr. President, I believe that individual income taxes should be indexed to take the inflation penalty out of the tax law and, therefore, oppose the amendment of the Senator from Rhode Island. I have supported legislation to institute tax indexing for many years, and in 1981, I cosponsored the Tax Equalization Act to reduce the amount of income which is taxable and adjust the tax brackets as the cost of living increases to prevent taxpayers from being pushed into higher tax brackets as salaries rise to compensate for inflation.

Let me report to my colleagues, as I have had the opportunity to travel to every corner of the State of Illinois, the people want tax indexing. They want honesty in Government.

Indexation is fair to all taxpayers. It has one primary function: to end "taxflation" or "bracket creep," which is a nonlegislated tax increase. Let me make it clear, indexation does not deprive Congress of the discretion to formulate tax policy, revive the tax law, and cut or raise taxes. The fact of the matter is—automatic tax increases without congressional action do not stabilize the economy. Tax increases caused by inflation fuel further inflation. The combination of inflation and the tax structure has long been a problem for American taxpayers. Despite pay increases, the taxpayer feels that he is on a treadmill—that despite gains, he can never really get ahead of inflationary pressures and may in fact be losing ground. Today, the real tax liability increases at a faster rate than real income. The victim is the taxpayer.

Mr. President, the American taxpayer has shown a greater awareness of taxation as the burden has become heavier and heavier. An inflation corrected tax is one whose real yield is independent of the rate of inflation. This means that the average rate of tax remains constant, and the share of the national income yielded by the tax remains fixed.

This amendment should be tabled or rejected. It is the wrong policy at the wrong time.

Mr. GRASSLEY. Mr. President, I rise to join my friends and colleagues, the distinguished Senators from Colorado and Kansas, to oppose the repeal of indexing.

It is interesting to me that indexing of income tax brackets gains more adherents the longer the provision remains on the books. Although this reform was initially billed as another pro-rich item in the Economic Recovery Tax Act of 1981, the record reflects a different result. Seventy-eight percent of the tax increase from the repeal of tax indexing will fall on taxpayers earning less than $50,000 annually. Only 1.2 percent of the tax increase from the repeal of indexing would affect taxpayers earning $200,000 or more. To underline this point, a taxpayer earning less than $10,000 annually would face a 9.5 percent tax increase, while those earning $200,000 or more would see only .6% hike in their tax bill.

Members of Congress are awakening to the fact that indexing disproportionately helps their low- and moderate-income constituents. In 1960, only 3 percent of all taxpayers faced a marginal tax rate of 30 percent or more: by 1981, inflation had pushed 34 percent of all taxpayers into the percent bracket or higher.

Indexing is particularly important to working women. Since women still earn less than 60 percent of the amount earned by their male counterparts for performing the same task, bracket creep has affected the working woman particularly harshly. These individuals are struggling to gain wage parity with their male counterparts. As they struggle to earn the same salary, the Government taxes more and more of their income away.

For instance, if indexing is repealed, women earning $10,000 annually will face a 14 percent tax hike in 1985, the first year indexing is scheduled to take effect. Women earning between $15,000 and $20,000 annually will face a 14 percent increase by 1988 if indexing is repealed. Women earning $15,000 to $30,000 annually will face the swiftest tax increases if indexing is repealed since the tax brackets are narrowest in these income ranges.

As my colleagues know, individuals who are currently in the 50 percent bracket are not harmed by the repeal of indexing. It is only low- and moderate-income individuals who are

harmed by the repeal of this important provision.

On a philosophical note, indexing is honest. The Government should not profit from its inability to control the Federal deficit. If Congress wants to spend more money, it should engage in painful exercises of this nature to raise taxes. The progressive rate structure permits the Government to profit from inflation silently. Congress need never increase taxes to increase revenues if indexing is repealed.

Our predecessors have left us with many difficult budgetary choices. As the President has said, we do not have adequate resources to fund every worthwhile project. As we establish priorities, it is important for the American voter to understand how we collect revenue and how we spend revenue. Silently taking a larger and larger percentage of an individual's paycheck merely because they received a salary increase does not assist us in understanding the views and priorities of our constituents.

If voters want more spending programs, it is important that the nation is involved in the debate as to how to finance those programs. Indexing promotes budgetary honesty and is a significant economic reform which should be retained.

● Mr. BAUCUS. Mr. President, I oppose Senator Chafee's amendment to postpone indexing.

The budget deficit is increasing at the rate of $22 million an hour. By 1990, our total public debt will reach $3 trillion. This situation is intolerable, and we must work hard and to reduce the deficit quickly.

At the same time, if we rashly abandon important tax reforms, we do more harm than good. And indexing is one of the most important tax reforms of all.

Let me briefly explain why.

First, indexing stops bracket creep.

And bracket creep hurts the low income taxpayer, and the middle income taxpayer, most. It's simple. Tax brackets are narrowest at the lower end of the income scale. As a result, it does not take much inflation to kick someone into a higher bracket, even if their real earnings have not increased at all.

But at the upper end of the income scale, there is no higher bracket to creep into. So inflation has no direct tax effect.

As a result, if we repeal indexing, we shall effectively impose a large and very regressive tax increase. Lower- and middle-income taxpayers might not realize it, but they will be getting hit hard.

Second, indexing is simply good tax policy. It prevents Congress from reaping automatic tax windfalls. Instead, we can only have a tax increase if we have the guts to expressly vote for one.

This, to use an old cliche, is "government in the sunshine." It is good Government and good tax policy.

Yes, Mr. President, we must reduce the deficit. But repealing indexing would do more harm than good. I oppose the amendment.●

● Mr. LEVIN. Mr. President, I will vote against this amendment to defer indexing. Indexing is a sound tax policy. This Senate should only consider deferring it as part of an overall package of shared sacrifice which would restrain both defense and domestic spending, and which would substantially reduce the deficit. In that event, it might be worth considering a deferral of indexing on behalf of the greater good of deficit reduction and sustained economic growth.

But that is not the bill before us now. This legislation as it stands now would not affect the huge increases in defense spending that are being proposed. It does not require an adequate degree of spending restraint across the broad spectrum of the budget. It does not deal with the bulk of the deficit problem that confronts us over the next few years. Simply stated, given the package before the Senate right now, deferring indexing is too high a price to pay for too little.●

Mr. HOLLINGS. Mr. President.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, very quickly, because the hour is late, we notice various comments and the impression left by them should be corrected. For one thing, I heard the distinguished Senator from Kansas talking about every time now that we have come to try to solve the deficit problem, we have gone to defense and raising taxes. To the Senator from Kansas, that is exactly right; that is what caused our trouble. We have not increased programs under this administration. After all, when the Reagan administration came in, we started cutting our own staffs 10 percent, we cut the committee staffs 10 percent, we went about cutting all the programs to such a point that the Senator from Knasas should remember, when asked, the Senator from Vermont, in charge of education, said, "No, I am not cutting education." Or the Senator from Idaho (Mr. McCLURE) said, "No, I am not cutting energy."

He ought to sit—sit, I said—on the Appropriations Committee. His own colleagues, whether it is health—I can get Senator WEICKER's vote for my budget freeze, but he wants more for health costs. He is sitting on that Appropriations Committee asking for increases for those programs he favors.

You can pretty well analyze this budget and the two opportunities, and that is not demagoging. Oh, they all say defense and raising taxes. Well, if you are going to do it that way, lowering the deficit is not going to be done. I am putting in another aspect. I am trying to hold the line on entitlements.

What really caused our difficulty was not supply side, it was coming in with an inordinate amount of revenue loss, $750 billion over a 5-year period, plus a $1.6 trillion defense budget over a 5-year period. No city or no State, I say to the Senator, could possibly come in and cut their revenue resources some 25 percent and raise their transportation or housing, or whatever local endeavors they have, by rapidly increasing, say, transportation as we have in a corresponding way the defense budget. So let us stop, look, and listen at what has gotten us in this dilemma.

It is absolutely irresponsible, in this Senator's opinion, to stand on the floor and say, "We are going to make them stand and vote for the taxes." That was a naive chamber of commerce viewpoint that we had to listen to in 1981, when we were passing this indexing nonsense. The record has proved otherwise. You have a Budget Committee holdup on the resolution now. The only reason the distinguished Senator, the chairman of the Budget Committee, has withheld is that he says it is an exercise in futility. He said, "We put out a budget resolution, but they are not going to vote for revenues." So he is totally frustrated.

He got a resolution last year. Did that make them stand up and vote the taxes necessary to cut the deficit? Why do you take yourself seriously on that? You know that is outrageous nonsense. They are not standing up and voting for the taxes.

No one in his right mind would say at the State level that what you are really doing is for the working people—index your revenues. Go back to Kansas and run on that for reelection. See how far you get. Or in Louisiana. Or anywhere else.

They have not done that. They tried it a little bit in Minnesota, and they lost their credit rating. They did it in Israel and got to 135-percent inflation. They did it in Argentina and barely got by last Friday night. That is the record on indexing.

Where are you coming from on the floor of the Senate? We had, and I had it made as chairman of the Budget Committee, a study in 1980 wherein we took the programs that our good friend, STEVE SYMMS, is talking about, the Senator from Idaho. We took the indexed revenues. And we put the lie to that assumption that somehow or other we just bracketed everybody way up high and all we did as Budget Committee members was walk into the

committee room and say, "Man, look at this big pile of money, let us divide this into new programs."

The truth of the matter is we sat down and found out—and I am giving these figures from memory, and I shall correct it in the RECORD. We found the biggest increase was a $52 billion increase by those coming into the income tax or revenue system for the first time.

It was another $18 billion that was added to it for a total of $70 billion. And we looked around and found out that our indexed spending programs exceeded it by $13.1 billion—it was $83.1 billion.

So, as members of the Budget Committee, we sat around the table and, rather than dividing the pot as we are talking about on the floor of the Senate tonight, we said in order to keep the programs constant—that is the discipline, and we are suffering under that discipline—we have to raise some revenues.

We were not dividing up a pot of money. That chamber of commerce nonsense and rationale is about to wreck this country.

Five years, I say to the Senator from Arkansas, you talk about $50 billion in 3 years, but it goes up; in the next 2 years, it goes up another $100 billion. It is actually, over the 5-year period, $165 billion. That is the revenue hemorrhage that we need to put a tourniquet on here tonight.

I commend the Senator from Rhode Island for coming here and bringing this to our attention, because we have been misled on this score about its a popular thing. The Wall Street Journal for God's sake. The rich crowd, Dallas, Minneapolis. He mentioned every rich place out West except Rancho Mirage. Does the Beverly Hills Surprise endorse this, too? Do they have a paper in Beverly Hills? I guess they do. But they do not have a ghetto. They do not even have a mayor in Pacific Palisades. They are not worried about it.

But go to any responsible individual who has been administering budgets, running government, and give him that nonsense about let us look out for the backs of the working people. You are putting it on their backs indirectly. That is why they are out of a job. We still have unemployment, industry is not investing. Why not? Because they are waiting for this Congress to get its act together.

They see those interest rates rising and going back up again, and they got caught off base in 1980. They had to fire, they had to close down marginal operations, and they do not want to get caught off base. And they will not. They will sit on the sideline waiting for a signal from Congress.

So you are putting it on the backs—you are not avoiding the backs, you are putting it on their backs tonight, by continuing this nonsensical idea of the projected $165 billion revenue hemorrhage. Eliminate that and see where you get that $165 billion.

You could reduce that deficit materially in half from what the CBO is projecting for 1989, cut it right in half, and we would be making some progress. When are you going to cut spending and stop running around like dogs chasing their tails?

Let me correct one particular proposition or two, Mr. President. I hear tax and tax and spend and spend. In fact, I just heard it a little while ago on the floor of the Senate. I remember two Sundays ago, our friend David Brinkley closed off his Sunday program and said, "Well, for 40 years they have been taxing and taxing, spending and spending up in the Congress, and they haven't done anything for 40 years, why do they expect to do anything in an election year?"

No. 1, it is only going to be done in an election year, it is not going to be done after. If the people do not pressure us, and the best things we ever hold is general elections, that is the best and final tonic. I say to the Senator from Kansas if I walked down the capitol steps in Columbia, SC, and they stuck a microphone under my nose and said, "Governor, what are you going to do about this $400 million deficit—that would compare to the $200 billion on the Federal level—I would say, "Well, now, you know, this is an election year and there are certain political costs and we cannot afford those costs in an election year but after my reelection, I am going to get a bipartisan group together and we are going to study this thing."

You would look at me and say, "Governor, there is not going to be any reelection for you. You better get to the task and do it now." The worst politics I know would be to say, "No, no, no. This is an election and you can't get anything done in an election year." But it is the best politics in Washington. That is how disastrous this thing has gotten. Get out like I have for 2 years and come back and look at it. It is a mess. It is absolutely irresponsible. You are getting by and you are really mortgaging the future. I hear these terms coming now that the other candidates are using. But you will have a grid lock before long, in about 4 years, and all you will be doing is providing a nominal defense, health costs, social security, and then an annual wrangle to raise the revenues to pay the interest costs, as the Senator from Arkansas says. It is $150 billion a year right now, $3 billion a week—$3 billion a week. That is what we are putting on the working people right this minute. You are not avoiding it. You are exacerbating it. When they said tax and tax and spend and spend, I said halt. We got into this dilemma. Why? We were cutting taxes.

This is my 18th year. We have had one general tax increase up until this administration in that period of time. Specifically, it was the surtax in 1968 we put in for the war in Vietnam. It lasted a year-and-a-half. And we gave President Nixon a balanced budget, a $3.2 billion surplus. But in that 1970's decade we passed seven tax cuts, all of them so-called reforms.

Every time we looked around there was a Senator with a tax cut and a reform. I remember we were going to reindustrialize America. We were going to cut the capital gains from 48 to 28 percent.

My friend, Gaylord, who used to sit there, was chairman of the Small Business Committee so he put in 14 exemptions—"Jobs come from small business, small business. It does not come from large but small business."

We were going to reelect Gaylord and reindustrialize America. Well, America is not reindustrialized and Gaylord is not here. [Laughter.]

But we went in and we literally cut taxes and cut taxes, and cut taxes until BILL ROTH and JACK KEMP said, "If you cannot beat them, join them. By gosh, we are going to give them the family size. We are going to give them 10, 10, and 10, across the board. That will stop it." They were going to redistribute the wealth of the country. "We are going to do it and take care of our rich crowd."

They knew what they were doing. And I wish I had the comments of the distinguished Senator from Kansas when they first recommended that thing. That was a scathing comment the Senator made about the so-called Kemp-Roth tax plan.

But be that as it may, we passed it and that is how we got into this dilemma. And it was, I say to the Senator from Rhode Island, a plan that ran amuck in the U.S. Senate. Indexing was not in Kemp-Roth. The Senator is right. They only put that in as an add-on right along with, I guess, leasing. Someone come running in with his indexing. You could come in with anything in 1981 until it became so embarrassing that you needed to repeal it right away. We need to repeal this one. And it was not spend and spend. I want my colleagues to understand that. Go back 35 years, like they say, to the end of World War II, in 1947, and take a 33-year period. I want Senators to add it up. From 1947 through 1980, the total cumulative deficit in this Government was $465.5 billion. The deficit for just 3 years, 1982, 1983, and 1984, is $495 billion. The greatest virus, disease, or ailment we have is to have gone along with the revenue hemorrhage. But the Congress had developed a discipline.

As a Democrat in a lameduck Senate with a lameduck President, I went to President Carter and said, "You are

going to leave a bigger deficit than what you inherited from President Ford."

He said, "How much?" I said, "$75 billion. And we can't do that."

Well, we passed the first reconciliation, or spending cut with a lameduck Senate. We had Gaylord Nelson, George McGovern, and Birch Bayh, to help me with it and we voted it because we had a discipline, but the discipline is gone. It has now broken down in this body. It is broken in this Government and nobody cares about it. They are all blustering around the fire to identify a "freeze, freeze, freeze," but there is not any freeze. They are using the terminology "a 1-year little plan," another one will get the deficits down to $170 billion in 3 years, the House one is $182 billion. Unless we really do something dramatic, as suggested by the Senator from Rhode Island, to put a tourniquet on this revenue hemorrhage, you are going to gather around the fire and have 3 more weeks of meetings, 2 more months of debate, and pick up 50. I am telling you here is a chance, with Senator CHAFEE's amendment to pick up $165 billion. You are really going to start the worst practice possible. Yes; I say to the Senator from Idaho, wherever he is, "Sure, you would not cut the indexing of food and food stamps." Senator DOLE would not do that. He has led the way for the reforms. The cost of food goes up in the Senator's State, out in the Midwest, wheat and everything else, health care costs. We have all been wrestling with that. You cannot just stop the indexing of those things. The cost of all these particular programs goes up.

But I can tell you here and now that the only way we are going to get it, I say to the Senator from Kansas, is, yes, raising taxes, raising revenues on the one hand and holding back on defense on the other hand.

I will give a talk on defense later and show where you are spending and spending and you have a weaker defense than we have ever had in this country. We do not have a strong defense. It is a pitiful thing—buying all of these glittering strategic weapons but doing very little for conventional forces.

But the truth of the matter is we have a chance here. And do not give me this talk about the people's issue. When explained to them, there is no mayor indexing his revenues. There is no State Governor indexing his taxes. Do not go back to Kansas, Louisiana, or any of these other States you are talking about and recommend it to your Governor. He will run you out. He is doing business. It is not all of those little editorials and little charts. I have been in the Senate. If I had been ratcheted and bracketed up, I would be making over a hundred thousand in salary. In fact, the House Member from Bug Tussel, the former Speaker, he is over $100,000 annually in retirement pay down there in Oklahoma. How wonderful, because he has gotten pushed up and we have not been, have we?

So we know what is happening and who gets increases but everybody is not being increased. We have a chance here this evening to really pick up some revenues and treat this problem seriously. It is our problem in the last 3 years, this Senate, not the last 40 years, not President Eisenhower or President Truman—he balanced the budget four times—not even President Carter or President Johnson, but this crowd right here in the White House. Get a mirror and look at the most woeful deficits ever and the demise of our economy. We are the ones who started this $200 billion nonsense. Why, you have your Budget Committee that cannot even meet and put out a budget. They are all putting out show pieces and all kinds of charts to say they are making down payments and everything else. Would you not be embarrassed if you had submitted a budget that only one Member of the House of Representatives would vote for? 427 to 1 last week. That was the President's budget. Last year they did not have a Member of the House or the Senate to even introduce it.

The year before, I moved the President's budget, and all the members on the other side voted against it—all 12 members of the Budget Committee.

We have had total irresponsibility in the matter of fiscal affairs, and you go back home and you see Governors freezing their budgets, raising revenues.

My Governor just got it through the House and we are going to get it through the Senate—another penny of sales tax for public education. We are offloading all these responsibilities and the States are trying to meet needs. The mayors are working and facing up, and we are giving each other this malarkey about "the backs of the working people" and "the bureaucracy" and all that kind of nonsense. That is not selling back home. They know that no one up here cares.

That is why the Governors came in February, I say to the Senator from Mississippi, a bipartisan group. Governor Scott Matherson and the whole group came in; and the mayors came; Pete Peterson, the former Secretaries of the Treasury; the former Secretaries of Defense—they all came in and said, "Hold the line." But they cannot get anybody's attention.

When the Senator from Rhode Island made a presentation, I just could not sit here any longer and listen to that kind of nonsense going on, about tax and tax and spend and spend, or this has been going on for 40 years, or the backs of the working people, or popular with the working people, or windfall. It has not been a windfall.

We have not sat around in this Government of ours—and I have sat on the Budget Committee—and said, "Look at all the extra money." Rather, we have been cutting taxes, and now you have the big whopper in Kemp-Roth plus the indexing that is going to destroy us all.

Mr. HEINZ. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, a lot of reasons have been put forth tonight as to why we should or should not support Senator CHAFEE's amendment. I support it; and, at the risk of taxing the listening capacity of Senators, I suggest one reason and one reason above all out of many good reasons put forth to support Senator CHAFEE's amendment, and it is the interest rates.

If we want to do something about the interest rates that increased significantly just last week, both the prime rate and the discount rate. The discount rate went from 9 percent to 9.5 percent—the first time it has increased in a very long time, and if we want to do something about the predictions of gloom and doom by Mr. Henry Kaufman, that sage from City Bank, who says interest rates are going to go up another 2 points or so, then we ought to adopt Senator CHAFEE's amendment. It will at least narrow the boundaries of that ever widening river of red ink that CBO projects. Maybe some day, that is if we ever get up the gumption, we will be able to jump across that river and do something about the deficit, instead of just minimal damage control that we are now considering.

Mr. President, I mentioned this stream of red ink, and there are two projections we have all seen. One is by the Congressional Budget Office, and the other by OMB. The CBO projections show that the deficit is getting worse, even after we pass this tax bill, CBO projects a deficit at approximately $200 billion.

I will not repeat the speech of my friend from South Carolina, who I am sure, somewhere in his speech—he did not miss much—he mentioned the $30 billion deficit that was proposed by President Carter and that horrified Democrats and Republicans.

The administration says, if you look at the OMB budget estimates, not to worry; the deficits are coming down.

You have two credible sources making those estimates. What is the difference between them? The difference between them is as assumption, in small part, over defense spending and spendout rates, and in large part it is over interest rates.

The Office of Management and Budget says not to worry: Within 3 years, the T-bill rate will be a modest 1.5 or 2 percentage points above the rate of inflation. Once upon a time, back in 1963—that is, 20 years ago—the T-bill rate was about 2 points over the rate of inflation. The so-called real interest rate was 2 percent back then.

I do not know how many people think the real interest rate is going to be 2 percent next year, the year after that, and the year after that, but I hope they will see me afterward and place their bets. I would like to take their money, because the real interest rate is not going to be anything like 2 percent, even if we wish it were, not with a $200 billion deficit. It cannot be.

If that does not convince Senators as to why we should support the amendment of the Senator from Rhode Island—that is to say, keeping interest rates down, keeping economic recovery moving ahead rather than going into first gear—let me also suggest that, apart from the fact that indexing is something we all scream about when it is part of an entitlement program, we might want to be consistent when we scream about it and do something about it when it is part of the tax.

This was not a part of Ronald Reagan's original tax program. I was in the room when the President, at the White House, made the mistake of agreeing to a bunch of Republicans, who went down there to beat him over the head to adopt it as part of his tax plan. I hope he has seen the wisdom of his ways, but I think it was a mistake for the President to agree to this.

The other thing I suppose some people might say, those people who favor retaining indexing, is that, somehow, this is really unfair to all these people, who are going to miss this tax decrease that they have not yet received. Indexing does not go into effect, as we all know, until next year.

It would be a new construction of the English language, so far as this Senator is concerned, to tell people, "Something you're going to get in the future and that we're taking away from you is a terrible sacrifice." Let me tell Senators what is a sacrifice.

In the overall budget proposal that is being worked on by the Budget Committee, and virtually all the other budget proposals—somebody said that you cannot be a Senator if you do not have a budget proposal—almost all of them freeze a variety of spending proposals, usually in the nondefense area. Defense gets inflation plus 4, 5, or 6 percent. But everything else gets frozen—not for 1 but often for 2 and quite often for 3 years.

All Senator CHAFEE's amendment is doing is saying let us be even-handed about it. If we are going to freeze nondefense spending for 3 years, how about freezing indexing for 3 years by not implementing it for that length of time?

Mr. President, $50 billion is what we are talking about—$51 billion, I suppose, to be accurate; $50 billion is still a lot of money. As Everett McKinley Dirksen used to say, "A billion here, a billion there, and pretty soon that's real money." I hope that $50 billion is still considered real money. It is to this Senator. Postponing indexing will be considered a real attack on the budget deficit, and it will be considered responsible action by this body, further it will contribute to bringing interest rates down instead of up.

One last word. I have taken too much time.

Mr. President, we talk in terms of a $200-billion deficit, and that is this year's deficit, and we know that next year's deficit is going to be in pretty much the same ball park.

What should shock us, our constituents, and anyone who cares to observe the national income accounts and the Federal budget accounts is that interest on the national debt will very quickly be at $150 billion a year. That is just the interest. That is not a payment to the Defense Department. That is not a payment for roads or bridges or sewers or health insurance or medicare or social security. It is certainly not a repayment of the principal on the debt; $150 billion in interest represents three-quarters of the entire Federal budget deficit we have—three-quarters. That is the issue.

Do you want to perpetuate Federal budget deficits simply by building up higher and higher interest rate payments? You tell me how you get out of that box. Mr. President, procrastination is not the way to get out of that box. We need to start drilling holes to get out of that box and we need to start tonight. I hope my colleagues support the amendment to postpone indexing for 3 years.

Mr. DOLE. Mr. President, I think we have had some good discussion here, and I do not wish to shut anyone off. I know there are going to be other indexing amendments, I understand, in different form offered tomorrow. We have had some good discussion. We have heard the distinguished Senator from South Carolina. He has been gone a lot. He had a great crowd here tonight.

Mr. HOLLINGS. The best crowd.

Mr. DOLE. The best crowd.

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

Mr. DOLE. I am happy to yield.

Mr. SYMMS. I cannot let the Senator from South Carolina walk out of here, as great as it is to have him back here to give the great speeches, and I sit here and I say that I enjoy them. But the fact is that the Government revenues have gone up on an average every year for the last 20 years somewhat, and they are still going up.

I have one of our Budget Committee sheets here that says revenues are $663 billion this year and $733 billion next year, $794 billion the next year, $863 billion, and that is a conservative estimate.

Would the Senator not have to agree the problem is we spend too much money? Revenues are going up every year. And all that talk the Senator gives tonight does not answer the question. We are spending too much money. The Senator may call it hogwash and nonsense, but that fact is this Congress will not bite the bullet and cut spending. We want to raise taxes because that is easier. If we get rid of indexing it is an easy way to raise taxes on people without them knowing we are raising taxes.

Mr. HOLLINGS. Mr. President, if the distinguished Senator from Idaho presents a revenue measure, I will be happy to listen to the Chamber of Commerce talk on what we should do.

Mr. DOLE. Mr President, do I have the floor?

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. DOLE. I am happy to yield to the Senator.

Mr. HOLLINGS. Mr. President, I observed that I am trying to follow the logic. The Senator from Idaho says if we do away with the pending amendment and have this indexing then people will stand up and put in a revenue measure. Then where is the revenue measure? I did not get it from him.

Mr. SYMMS. I say I am willing to offer an amendment to the amendment of the Senator from Rhode Island that gets rid of all indexing. I was going to offer that earlier, but it was not in order.

Mr. DOLE. Mr. President, let me say 10 States had indexing. One is South Carolina that passed it in 1980. So I think the Senator from South Carolina will appreciate that bit of news.

They are Arizona, California, Colorado, Iowa, Minnesota, Montana, Oregon, South Carolina, and Wisconsin.

So these are States that believe in indexing. That is probably where we got the idea. I think it did come from the Senators that had indexing, Iowa, Colorado, Arizona, and I ask unanimous consent to print that in the RECORD because some States index differently. In South Carolina it took effect in 1982, 3 years ahead of President Reagan. That indicates that they are really on the ball in South Carolina.

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

APPENDIX TABLE A.—CHARACTERISTICS OF STAT PERSONAL INCOME INDEXING LAWS

State	Features indexed	Index used	Effective date	Legal citations
Arizona	Personal, dependent, blind and aged exemptions, standard deduction, property tax and renter's credit.	Average change in Phoenix CPI from fiscal year 1978 to current fiscal year.	1978 tax year and permanently thereafter	Ch. 211 laws (1978), S.B. 1145 (1979) as amended by S.B. 1172 (1980).
California	Personal and dependent credits, standard deduction, income brackets and low income credit.	Brackets indexed by change in state CPI less 3 percent in 1978–79, 1982 and years thereafter. Full change in CPI for other features.	Brackets indexed starting in 1978 tax year; other features indexed beginning 1979 tax year. All indexed permanently.	Ch. 569, laws (1979), and A.B. 276 as passed by 1979 legislature.
Colorado	Personal exemption, standard deduction and income brackets.	Set annually by the General Assembly based on various price data. (9 percent in 1980).	1978 tax year and permanently thereafter	Ch. 105, laws (1978).
Iowa	Income brackets and maximum annuity excluded from taxable income.	25 percent of change in U.S. CPI for 1979, 50 percent of change in GNP deflator for 1980–81.	1979–81 tax years provided the June 30 general fund balance exceeds $60 million.	S.F. 494 as passed by 1979 legislature and amended in 1980.
Minnesota	Personal credits, standard deduction, and income brackets.	Brackets 85 percent of Minneapolis-St. Paul CPI from August to August. Other features indexed by full CPI.	Brackets indexed starting the 1979 tax year; other featurs indexed beginning 1981 tax year. All indexed permanently.	Ch. 303, laws (1979), as amended by Ch. 607. laws (1980).
Montana	Income brackets and personal exemptions	Full change in average U.S. CPI from fiscal year 1980 to current fiscal year.	1981 tax and permanently thereafter	Referendum passed Nov. 4, 1980.
Oregon	Personal exemptions	Percent change in Portland CPI	1981 tax year and permanently thereafter	Ch. 240, laws (1979).
South Carolina	Income brackets, personal exemption and standard deduction.	Change in State CPI as determined by budget and control board, not to exceed 6 percent.	1982 tax year and permanently thereafter	H.B. 3241 as passed by 1980 legislature.
Wisconsin	Income bracket	Percent change in U.S. CPI from June to June not to exceed 10 percent in a single year.	1980 tax year and permanently thereafter	Ch. 1, laws (1979).

Source: ACIR, the Inflation Tax, M–117, January 1980, pp 22–23, updated.

Mr. FORD. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. FORD. Since the Senator is entering in the RECORD the indexing of various States, would he also list the other taxes that are being charged in comparison with the other States, rather than just list the indexing?

Mr. DOLE. How does the Senator mean?

Mr. FORD. The Senator is saying they have indexing, but it also is a tax package that applies to that State. There may be a reason for indexing, whether taxing the other things is higher and indexing some income, so I do not think just the indexing here will level it out with what those States are doing.

Mr. DOLE. That may be correct, but I want to indicate there was some support for indexing at the State level. There are some in other countries that have indexing, and again, we can reinvent the wheel tonight. I do not know that is necessary.

Mr. BUMPERS. Argentina has indexing.

Mr. DOLE. It may have.

Mr. BAKER. Mr. President, will the Senator yield me a minute?

Mr. DOLE. Let me yield to the majority leader.

Mr. BAKER. Mr. President, I will not take but a moment, but I inquire of the distinguished manager on this side whether or not he expects a vote soon and whether he expects other rollcall votes after the next one?

Mr. DOLE. Yes. I shall move to table this amendment in the next 5 or 10 minutes.

It seems to me that we had a good debate, and we are going to have more debate on indexing tomorrow. It is my hope that this will be the last vote of the evening. It is still my hope we could finish by Thursday evening, if that is satisfactory with the majority leader.

Mr. BAKER. Mr. President, I hope that is so also.

While I have opposed indexing in the past and have spoken on this floor to that effect, I intend to vote to table, and I think to do otherwise would destroy any chance we have to try to hold the package together.

I hope it will be tabled but, Mr. President, I also hope that we can make that the last vote of the evening and that we can then plan to come in at a fairly early hour tomorrow, say at 10 a.m., and be back on the bill at 10:30 a.m. If the manager is willing to indicate that he is willing to stop now, I am ready to announce there will be no more record votes after the next record vote.

Mr. CHAFEE. Mr. President, if the Senator will yield, could I ask the majority leader a question?

Mr. BAKER. Yes, but I do not have the floor.

Mr. DOLE. I yield for that purpose.

Mr. CHAFEE. Mr. President, I am not quite willing to concede that the motion to table is going to prevail. What would be the majority leader's position if it did not prevail?

Mr. BAKER. Mr. President, I assume if it is not tabled, we would be on it tomorrow.

Mr. DOLE. That is right.

Mr. BAKER. It would still be the pending question. But I think that one more vote is about all we can handle tonight.

Mr. CHAFEE. Mr. President, I wish to say to the majority leader that the Senator from New York wishes to speak for a couple minutes, and as far as I am concerned, we can vote certainly before 11 p.m. and within a few minutes. So why do we not split the time between now and 11 p.m.?

Mr. DOLE. Equally divided.

Mr. CHAFEE. That is 7½ minutes apiece—fair enough?

Mr. DOLE. Fine.

Mr. BAKER. Mr. President, I make that unanimous consent request, if the Senator will yield to me for that purpose.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. BAKER. Mr. President, was the request granted for the time to be allocated between now and 11 p.m. equally between the Senator from Rhode Island and the Senator from Kansas?

Mr. DOLE. Yes.

Mr. CHAFEE. I do not know what the time is—7½ and 7½, is that fair enough?

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

Who yields time?

Mr. CHAFEE. I yield 2 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I wish to introduce an idea into this discussion. The discussion of the deficit is going to go on for a long time, and perhaps this idea could win some following.

I simply say that in 1913 when the 17th amendment was adopted, one of the major arguments in favor of doing so was that the U.S. Senate had become a plutocracy and that popular election of U.S. Senators would change that.

I begin to look at the composition of our body, the large number of millionaire Senators, and I wonder if this has not again become the case. When I look at our behavior over the last 3 and 4 years with respect to taxes I know one thing: We are going in 8 years to triple the debt of the United States. This means that by 1989 it will require almost one-half the personal income tax to pay the interest on the public debt. Eighty percent of the personal income tax is withheld from the wages of working Americans. As that debt service mounts toward $200 billion per year forever, we will see the largest transfer of wealth from labor to capital in the history of this Republic. We will see the working people of this country using half their taxes to pay interest to the owners of the enormous wealth held as Government bonds. We will see the concomitant rise of interest rates parallel the increase in the plain elemental transfer of wealth from wages to capital. We

will be talking about this transfer of wealth for decades.

I thank the Chair.

Mr. CHAFEE. Mr. President, I yield to the Senator from Arkansas 1 minute.

Mr. BUMPERS. Mr. President, I wish to make two observations.

Much has been said tonight about how this is a workingman's provision indexing. Let me tell you something. Let me tell you what the deficit is doing to the working people of this country. The Senator from Kansas has put something on each one of our desks showing from 1977 to 1980 a person making $18,723 in 1977 because of bracket creep will pay $1,573 more in the ensuing 4 years.

Let me tell you, if that workingman is making a payment on a $50,000 home and the interest rate goes up 1 percent on that home, as it has in the past 10 days, the cost to him because of that 1 percent interest rate is $2,064 in the same period of time. Do you know what you are doing to the working people? Every man, woman, and living child in the United States in January 1981 owed as his share of the national debt $4,400. On September 30, 1984, their share will be $7,300. You talk about the peanuts you are going to save working people with indexing while you are putting $1,000 a year on him just on the national debt alone.

Mr. CHAFEE. Mr. President, I yield myself 2 minutes.

Mr. President, there is an Alice in Wonderland atmosphere to the debate here tonight by the presentation of the opponents to this amendment. They have charts, they quote editorials, they quote Martin Feldstein, they quote the Wall Street Journal, that renowned friend of the working man, all to show that if indexing starts next year what a marvelous thing it is going to be for the working people of this country.

We do not need editorials from anyplace in the country to tell us that the worst thing that is happening is the growth of these deficits. The worst thing that is happening to the workingman is the rise in the interest rates, the inability of his children to buy a home at a decent price, the inability of anyone to finance an automobile, and the inability of industry to expand so that his children can get jobs. So set aside all of this talk of editorials and what these charts show. Every one of us knows in his or her heart that these deficits are horrendous and must be brought down. The amendment that I am presenting tonight is the largest significant effort toward bringing those down that has been presented on this floor—$51 billion.

The second point is that there is a hobgoblin stalking the floor that if we pass this the President will veto it. Now does anybody seriously believe that? If the President gets a package that is going to save him $200 billion, that is going to help bring down the interest rates, that is going to help this economy keep moving forward, does anybody seriously think the President of the United States is going to veto that package?

I say let him try. He did not promise that when he campaigned. Let us present it to him and if he wants to veto it, go to it.

I reserve the balance of my time.

Mr. DOLE. I yield 2 minutes to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, there is an Alice in Wonderland attitude present here, I will grant the proponent of this amendment. He says set aside the editorials, set aside the opinion of people in Minnesota, Colorado, and everywhere else; set aside the farmers in this country, set aside the small business people of this country, set aside everybody except the few people in this Chamber who somehow or other want to go back to the days when we can use inflation to increase the tax.

Now to the credit of the Senator from South Carolina, we are glad you are back. But in the 2 years you have been gone, something has happened in Minnesota. When you left, yes, they had a problem with their credit rating, but today they got that credit rating back and they got a better credit rating. On top of that, they just ran up a $1 billion surplus this year in that State, and that is a State that started tax indexing.

I have not heard a good argument that could not have been made back in the seventies when we were running up the cost of this Government made here tonight. And all of the good arguments are made on the side of the folks that are saying we finally did one good piece of tax reform in the last 3 years and that is we took inflation out of the process of Government.

Mr. BUMPERS. What happened in Minnesota?

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Tell us how they built that surplus.

Mr. DOLE. Does the Senator want a minute of my time?

Mr. BUMPERS. I just wanted the Senator from Minnesota to tell us how they got that big surplus when they were virtually bankrupt 2 years ago.

Mr. DURENBERGER. The way they got the surplus is when they put in indexing they decided——

Mr. BUMPERS. They raised taxes.

Mr. DURENBERGER. They decided to do something about the spending in that State. That is one of the big advantages of putting indexing in. You finally have to do something about the spending.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I do not want to quarrel with my colleague from Rhode Island because he has worked very hard on this package.

Maybe some do not care whether or not the President vetoes it or not. Maybe some do not want deficit reduction. But we have labored long and hard to try to get $150 billion. I know the game around here and some will say that we have one for $200 billion, we have one for $220 billion.

They had eight different budgets on the House side. Not a one of them has cut the budget.

We passed a budget resolution to raise $73 billion in taxes and got 50-some votes for it and voted on the taxes and we got 36 votes. We are trying to do the real thing, trying to put together a deficit-reduction package. It is not very big, but if we do get $150 billion it would be more than anybody expected in an election year or any other year.

We are doing some nondefense spending cuts—$24 billion in the Senate Finance Committee, I would say to my friend from South Carolina. We are not backing away from our responsibility to reduce Federal spending. In the Senate Finance Committee, over a 5-year period we have cut spending in the neighborhood of $95 billion. So we are not going to apologize for the work in our committee on both sides of the aisle. For the most part, it has been bipartisan.

We have reduced the growth of programs. We have some very sensitive programs—medicare, medicaid, social security, AFDC, unemployment, trade adjustment assistance, as well as the taxes.

It seems to me that if we want to give up on the package, we can just adopt this amendment. I know that is not the intent, but that would be the result. I hope that we could vote to table this amendment, get on with other amendments that Senators have tomorrow morning, and finish this bill maybe even by tomorrow evening.

I reserve the balance of my time.

Mr. CHAFEE. Mr. President, there is going to be a motion to table. I certainly hope everybody here will vote no. Those who do not vote no should put away the wonderful speeches they have on the need to balance the budget.

Here is a major step we can take to balance this budget. Let us not get tied up in what the President will do or what the President will not do. We all know this is the finest thing we can do for the citizens of America. I do not care where they work, what income bracket they are in, whether they are rich or they are poor or they are in the middle. The best thing we can do to help them all is reduce these defi-

cits. Here is the largest single step that we can take.

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

Mr. DOLE. Mr. President, let me just say one thing before I make the motion. If we want to raise taxes, why take it out on the working people? We got all kinds of big loopholes. I hear all this from the other side about corporations not paying any tax; we have investment tax credits for everybody who can buy a Mercedes car and if you use it in business you can get an investment tax credit.

Why are we coming in here at 11 o'clock at night trying to take a few dollars from working families in America when we have got all kinds of possibilities in the Tax Code? We did $100 billion in 1982 and did not get a vote on that side of the aisle for tax reform. We are going to do about $48 billion in this package. So it is not that we have been asleep in trying to close up some of the big loopholes.

But let us not take this away. Forty-three percent of it goes to those who make less than $30,000. Let us give the working people a break and let us give ourselves a break. Let us table this and go home.

Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. DOLE. I yield back my time.

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

The yeas and nays were ordered.

Mr. BAKER. Mr. President, this will be the last rollcall vote this evening.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas (Mr. DOLE) to table the amendment of the Senator from Rhode Island (Mr. CHAFEE). 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 Maryland (Mr. MATHIAS) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Colorado (Mr. HART), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

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

The result was announced—yeas 57, nays 38, as follows:

[Rollcall Vote No. 61 Leg.]

YEAS—57

Abdnor	Garn	Murkowski
Armstrong	Goldwater	Nickles
Baker	Gorton	Packwood
Baucus	Grassley	Percy
Boren	Hatch	Pryor
Boschwitz	Hatfield	Quayle
Bradley	Hawkins	Roth
Byrd	Hecht	Rudman
Cochran	Heflin	Simpson
Cohen	Helms	Specter
D'Amato	Humphrey	Stevens
Danforth	Jepsen	Symms
DeConcini	Kassebaum	Thurmond
Denton	Kasten	Tower
Dole	Laxalt	Trible
Domenici	Levin	Wallop
Durenberger	Mattingly	Warner
East	McClure	Wilson
Exon	Melcher	Zorinsky

NAYS—38

Andrews	Glenn	Mitchell
Biden	Heinz	Moynihan
Bingaman	Hollings	Nunn
Bumpers	Huddleston	Pell
Burdick	Inouye	Pressler
Chafee	Johnston	Proxmire
Chiles	Kennedy	Randolph
Cranston	Lautenberg	Riegle
Dixon	Leahy	Sarbanes
Dodd	Long	Sasser
Eagleton	Lugar	Stafford
Evans	Matsunaga	Tsongas
Ford	Metzenbaum	

NOT VOTING—5

Bentsen	Mathias	Weicker
Hart	Stennis	

So the motion to lay on the table amendment 2924 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

Mr. WEICKER. Mr. President, if I had been present, I would have voted in favor of Senator CHAFEE's amendment to delay indexing and against a motion to table the Chafee amendment.

Mr. CHAFEE. Mr. President, I am pleased to join with Senators MATHIAS, STAFFORD, and WEICKER in proposing today an alternative Republican budget plan that would achieve a 3-year reduction in deficits of $206 billion.

There have been a number of disquieting signals over the last weeks and days that indicate it has become even more urgent to reduce the deficit. The predicted credit squeeze created by the competing demands of a robust business recovery and a spendthrift Government seems in fact to be occurring. The preponderance of informed opinion is that Government policy is creating too much fiscal stimulus, and that this will lead to economic stagnation and higher unemployment.

In short, Mr. President, while I support the effort to obtain a deficit reduction of $100 billion as entailed in the so-called leadership plan or downpayment, I think we can do much more, and I think that the country would welcome it.

The plan we offer today cuts spending by a total of $89 billion, including $24 billion of interest savings. It raises revenues by $117 billion through fiscal year 1987. The result is to reduce deficits to $164 billion in fiscal year 1985, $150 billion in fiscal year 1986, and $139 billion in fiscal year 1987. The deficit reductions thus accomplished are larger than those proposed in the so-called Democratic Caucus plan, or in the Republican leadership plan.

With regard to revenues, the plan presumes adoption of the Finance Committee amendment and the tax increases it entails, totaling about $48 billion. It also presumes adoption of substantial additional revenues which could be obtained in a number of ways. One of the obvious ways of raising substantial revenues is by postponing tax bracket indexing to calendar year 1988. We simply do not believe that we can afford what is effectively a tax cut of $51 billion at a moment of absolute crisis in budget policy. This is one means of raising additional revenues which seems especially appropriate. There are many others.

With regard to spending, the plan projects spending cuts through fiscal year 1987 of $65 billion, of which $24 is reduced defense spending and $41 is reduced entitlement spending. The plan does not contemplate cuts in overall nondefense appropriations.

With regard to defense spending, the plan provides a real growth rate of 3 percent. Much confusion seems to surround discussions of defense spending. One major reason is that different people choose different baselines against which to apply cuts. The baseline that our plan adopts is the CBO baseline of 5 percent real growth. We use the CBO's baselines for all the other accounts in the budget. Not to do so for defense would be questionable. Our plan cuts $24 billion in fiscal year 1985–87 from baseline defense spending by lowering real growth to 3 percent. For fiscal year 1985, this reduces outlays by only $3 billion. No one can convince me that this is an insupportable, draconian amount. It permits total defense spending for fiscal year 1985 to be $260 billion, an increase of fully $25 billion from fiscal year 1984.

With regard to entitlements, the largest single element of the budget, the plan provides a 3-year reduction of $41 billion. This could result from reforms in revenue sharing, unemployment compensation, farm programs, and medicare and medicaid. For example, the CBO's recommendation that general revenue sharing be limited only to those jurisdictions experiencing fiscal distress would save $4 billion over 3 years. Reforms in unemployment compensation could result in sav-

ings of nearly $3 billion. Changes in the medicare and medicaid programs could include those programs already reported by the Finance Committee as part of the tax package. I believe there is a very substantial opportunity for savings in farm programs. Saving $41 billion in entitlement spending nonetheless permits total entitlement spending for fiscal year 1987 to rise to $470 billion, compared to the $400 billion spent in fiscal year 1984.

With regard to nondefense appropriations, the plan accepts the CBO baseline, providing therefore no cuts or increases in total projected spending for these programs. Relative to defense and to entitlement spending, the appropriated nondefense programs are a small share of the budget, particularly considering their scope. They encompass every area of domestic spending from the national parks to housing, education, and health research. Yet these accounts have borne the main burden of the effort since 1981 to reduce the growth rate of Government spending. And, in fact, the share of total spending taken by these programs has fallen from 24 percent in fiscal year 1980 to 17 percent in fiscal year 1984. Our plan therefore provides for baseline funding, but it would also permit increases in certain high priority programs, to be offset by compensating cuts in other, lower priority programs.

The result of this plan would be a substantial 3-year reduction of the deficit by $206 billion, double the reduction of the leadership plan as estimated by the CBO, on the Democratic Caucus plan. We believe this to be a responsible program which is needed to achieve the deficit reductions that are necessary to insure economic prosperity.

I ask unanimous consent that at the conclusion of remarks by my colleagues Senators MATHIAS, STAFFORD, and WEICKER, a summary of our budget plan and an explanation be included in the RECORD.

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

(See exhibit 1.)

Mr. STAFFORD. Mr. President, I am pleased to join with my colleagues, Senators CHAFEE, MATHIAS, and WEICKER in introducing this plan today. I believe that this package proposal deserves serious consideration by the Members of the Senate. It provides for deficit reductions of over $30 billion from the CBO deficit in fiscal year 1985 and over $200 billion over the 3-year period fiscal year 1985–87.

I believe that deficit reductions of this magnitude are required this year in order to indicate to the public and to the financial markets that we in Congress are serious about attempting to get the Federal budget under control. I also believe the composition of this package is fair and equitable.

The plan assumes a one-for-one balance in spending cuts and revenue increases. This is consistent with the target that the Senate Finance Committee chose for itself earlier this year, and is a goal that can be achieved. Adoption of the provisions recommended by the Senate Finance Committee would achieve $48 billion in revenue increases. Simply delaying implementation of indexing would achieve three-quarters of the remaining increase targeted under the plan.

The plan allows substantial real growth in defense spending, which will not in any way jeopardize our national security. Savings can easily be achieved in weapons systems without jeopardizing readiness.

The plan assumes some reductions in entitlements beyond those already achieved by the Finance Committee in the amendment which is now under consideration on the floor. Additional savings can be achieved in farm programs, and in nonhealth programs. The plan would not cut COLA's in social security or the other entitlement programs.

For nondefense appropriated programs, the plan assumes CBO's estimate of baseline spending because these programs have borne the brunt of the spending reduction effort since 1980. Within this baseline spending level, increases above the baseline for programs in areas such as education and environmental protection are assumed. It is further assumed that these increases will be offset by reductions below the baseline in lower priority programs.

I believe that Congress can make a good-faith effort to reduce budget deficits, and I believe that the revenue increases and spending cuts targeted n this plan are achievable. This budget plan is just that, a plan setting out spending and revenue targets for the Federal budget. Its implementation requires restraint on the part of both Congress and the administration. We should show the American people that this can be done now.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mr. WEICKER. Mr. President, one of the welcome signs of the budget debate this year is that everyone involved in the debate finally agrees that large Federal deficits are bad for our economy.

Accordingly, at least six different deficit reduction proposals have been introduced in the U.S. Senate. Countless others were introduced in the House, prior to that Chambers action last week.

Unfortunately, all of these proposals are deficient in at least some regard. Either they are not ambitious in their deficit reduction, or the proposals cover only 1 year, or the mix of spending cuts and tax increases is not weighted correctly.

Our proposal is ambitious in that it seeks to reduce Federal deficits by $206 billion, and to redirect fiscal policy in the next 3 years. We also believe that the mix of spending cuts and tax increases in our proposal is fair given the factors that have led to our current deficit problem.

Mr. President, the proposal which we introduce today calls for 3 percent real growth in defense budget authority and no real growth in nondefense discretionary programs, and reduces spending for nonmeans tested entitlements by over $41 billion over 3 years. As I mentioned, the proposal would save $206 billion in Federal borrowing needs over the next 3 years, and would reduce the 1987 deficit to $139 billion as compared to the $245 billion deficit under current law.

One of the ways in which this plan differs from the other proposals now before the Senate is that it allows nondefense discretionary programs to maintain their current level of services. This is an acknowledgement that some of our Nation's programs, including education, job training, biomedical research, or health care—have borne a disproportionate share of the budgeteer's axe. Yes, there are low priority discretionary programs. But, education for the economically disadvantaged or the handicapped are essential investments in our future. So too is biomedical research. For every dollar spent on research, we have saved $13 in health care costs. With health care consuming 10 percent of our gross national product, a freeze is an economy we cannot afford. At current services, Congress maintains the flexibility to weed out those programs which are no longer required or which can be cut and redistribute funds to provide real increases for other programs or new initiatives.

This, then, is the Chafee-Mathias-Weicker-Stafford proposal, a fuller description of which has been provided. We realize that our proposal is only one of many that have sprouted this spring, but we believe that it is ambitious, and fair, and we hope that it will serve as a blueprint for action the Senate will take this week on reducing deficits.●

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mr. MATHIAS. Mr. President, after long months of political skirmishing and public hand-wringing, Congress is finally getting down to the business of cutting Federal deficits. It is not a moment too soon, and I pray it is not too late. Credit markets are skittish. The prime rate went up another half-point last week, the stock market went down 33 points, and inflation began to heave into view. To arrest these

trends, the Senate should be urgently debating how to reduce the deficit for the 1984 fiscal year. But with the legislative vehicle before us, the best we can do is to devise ways to cut deficits over the next 3 years.

Congress duty here is clear: Over the next several weeks, we must demonstrate to the country and the rest of the world that the U.S. political system is capable of keeping its financial house in order. If we fail to make significant inroads against the enormous budget shortfalls, we will destroy the confidence of domestic and international financial markets and very likely precipitate a new global recession sometime in 1985.

The budget package submitted today by Senator CHAFEE, Senator WEICKER, Senator STAFFORD, and myself goes a long way toward demonstrating U.S. fiscal responsibility. It cuts the budget by $206 billion over 3 years—about double the amount achieved under the plan sponsored by the President and the majority leadership. And these numbers are real, taken from the Congressional Budget Office's baseline, not based on what are generally conceded to be overly optimistic economic projections. With $89 billion in spending and interest reductions and $117 billion in new revenues, this package is fair, well-balanced and politically achievable even in an election year. I only wish the deficit reductions were bigger. But if all we can realistically achieve in 1984 is a "downpayment" on the deficit, we should at least make as sizable a downpayment as possible with the promise of quick payment in the near future. That is what this package does.

Mr. President, others have gone into detail on this plan and an outline has been put into the RECORD. At this time, I only wish to call my colleagues' attention to the fact that this budget package repeals tax indexing. Indexing was a bad idea when it was introduced in the 1981 tax bill and it is a bad idea now. Until Congress agrees to make a comprehensive review and reform of COLA adjustments in entitlement programs, we cannot honestly tell the American people that their benefits will be fully adjusted to inflation, but their taxes will be fully protected against it. There is no surer way of guaranteeing the country a massive structural deficit for the rest of the century.

Finally, this budget package begins to address the enormous damage Federal deficits are doing to the international economy. Not only are U.S. exporters suffering from the exorbitantly priced dollar, but so are oil importers, Third World debtor nations and our NATO allies. To finance the deficits, we are counting on European capital that Europeans now need desperately to keep their own economic expansion growing. It is a sad spectacle to see the United States, the world's greatest capital exporter, rapidly evolving into a debtor nation. But, Mr. President, that is where we are headed unless we turn this deficit mess around. I urge my Senate colleagues to give this plan careful consideration. It is the minimum we should accomplish this legislative session.●

EXHIBIT 1.—ALTERNATIVE REPUBLICAN BUDGET PLAN, APR. 10, 1984

[In billions of dollars]

	1984	1985	1986	1987	3-yr total
A. Revenues:					
CBO baseline	663	733	795	863	
Plan Revenue		19	39	59	117
Total plan revenues		752	834	922	
B. Defense CBO:					
Baseline presumes 5 percent real BA growth	235	263	295	331	
Plan provides 3 percent BA growth		−3	−7	−14	−24
Total plan defense		260	288	317	
C. Entitlements:					
CBO baseline	400	427	455	488	
Plan entitlement reforms		−9	−14	−18	−41
Total plan entitlements		418	441	470	
D. Nondefense discretionary:					
CBO baseline	156	161	168	178	
Plan (assumes baseline)					
Total plan nondefense		161	168	178	
F. Interest:					
CBO baseline	108	127	145	168	
Plan interest reduction		−2	−7	−15	−24
Total plan interest after reduction		125	138	153	
G. Plan outlay cuts (B+C+D): (Excluding interest)		−12	−21	−32	−65
Total plan outlays including interest (B+C+D+F)		964	1,035	1,118	
Less offsetting receipts		−48	−51	−57	
Total outlays (including interest and offsetting receipts		916	984	1,061	
H. Total plan deficit reduction: (Revenue gains and spending cuts)		−33	−67	−106	−206
I. Deficit:					
CBO baseline	189	−197	−217	−245	
Pres. Budget Re-Est	186	192	211	233	
Democrat caucus plan		172	170	168	
Leadership Plan Deficit Re-Est	186	181	184	198	
Plan Deficit (B–A)		164	150	139	

ALTERNATIVE REPUBLICAN BUDGET PLAN—APRIL 9, 1984

The Alternative Republican Budget Plan introduced by Senators Chafee, Mathias, Stafford, and Weicker provides a total three-year deficit reduction from the CBO baseline of $206 billion, with spending cuts and interest savings totaling $89 billion, and revenue increases totaling $117 billion.

REVENUES

The Plan presumes adoption of the $48 billion revenue package reported by the Finance Committee but includes additional revenues that would result from adoption of measures such as the postponement of tax bracket indexing, which alone produces additional revenues of $51 billion for the three years of the budget. There are other means of obtaining revenue. One might be to adopt a version of the tax on corporate economic income as proposed by Senator Dole in the deficit reduction package initially offered last fall.

DEFENSE

The Plan provides for 3 percent real growth in defense spending, slightly less than actual defense spending in fiscal year 1984. This means a three-year reduction totaling $24 billion from the CBO baseline which projects 5 percent real growth. This cut permits total defense spending to increase to $260 billion in fiscal year 1985, $25 billion more than in fiscal year 1984! The Plan cuts only $3 billion in outlays in fiscal year 1984. It permits inflationary growth (projected by CBO at $6 billion for fiscal year 1985), and it permits the full increase of $18 billion for fiscal year 1985 resulting from prior year increases in budget authority.

ENTITLEMENTS

The Plan projects a three-year reduction in entitlement spending of $41 billion. These cuts would result from reforms in revenue sharing, unemployment compensation, farm, and Medicare-Medicaid programs. For example, the CBO's recommendation that general revenue sharing be limited to those jurisdictions experiencing fiscal distress would save $4 billion over three years. Reforms in unemployment compensation, which could include a requirement for a two-week waiting period for UI benefits, would net nearly $3 billion. Changes in Medicare and Medicaid would include programs already reported by the Finance Committee as part of the tax package. And there is a large potential for savings in the farm programs. Savings of $41 billion in entitlements nonetheless permits total entitlement spending to rise to $470 billion in fiscal year 1987, compared to $400 billion in fiscal year 1984.

NON-DEFENSE APPROPRIATED PROGRAMS

The Plan accepts CBO's estimate of baseline spending for the non-defense appropriated accounts. This does not imply that the Plan would fund all programs at current policy levels. This approach provides the flexibility to increase spending above the baseline for high priority programs like education, while making offsetting reductions in programs having lower priority. In 1980, non-defense appropriated programs accounted for 25 percent of all federal spending, but in 1984 these programs accounted for 17 percent. These accounts have borne the brunt of the spending reduction effort since 1980. The effort to cut spending should now be focused on other areas of the budget, and that is what the Alternative Republican Budget Plan attemps to accomplish.

NET INTEREST AND OFFSETTING RECEIPTS

The Plan would result in a net interest savings over the three-year period of $24 billion.

The Plan also accounts for offsetting receipts in entry G.

DEFICITS

The Alternative Republican Budget Plan reduces deficits over the three coming fiscal years by $206 billion, significantly more than the Democratic Caucus plan or the Leadership plan, or the House budget plan.

IRS UNEARNED INCOME DATA

Mr. HEINZ. Mr. President, I want to thank the chairman of the Finance Committee for his cooperation in including a provision in the amendments to modify section 991 of the Deficit Reduction Act of 1984. This section of the act as originally reported by the committee, requires States to implement income and eligibility systems for certain means-tested Federal bene-

fit programs and requires the Internal Revenue Service to make data on unearned income available to Federal and State agencies administering means-tested Federal benefit programs. The data is to be used by the State and Federal agencies in verifying eligibility and determining benefit amounts in benefit programs which have income and asset eligibility standards. It is also to be used in identifying those recipients with income or assets in excess of the maximum allowable limits for Federal benefit programs.

The corrections the chairman included in his amendment will provide procedural safeguards and protections to individuals whose eligibility or benefits may be affected by this new procedure. Testimony received last year by the Senate Subcommittee on Oversight of Government Management, Committee on Governmental Affairs on a program in Massachusetts which matched unearned income reported by banks with a recipient's social security number revealed many problems. Most of the matches were done on the basis of social security numbers which often proved to be an unreliable identifier. The data was sometimes old and did not precisely reflect the financial situation of recipients. Errors were made by financial institutions in reporting the unearned income. Individuals listed on joint bank accounts sometimes had no access to the account and were not even aware of its existence. The unearned income sometimes came from assets which are excluded from the assets limits imposed by the program. Additionally, in a hearing before the Special Committee on Aging last November, I received testimony on cases in which benefits had been terminated or reduced in error due to mistakes in matching computer records. In one case, an error in matching death records to social security records caused the Treasury to recover benefits from the bank account of a beneficiary who was still alive, without his knowledge.

Terminations or reductions of payments to beneficiaries on the sole basis of a computer "hit," without independent verification of the accuracy of the data, and without giving the beneficiary an opportunity to contest the determination of ineligibility may cause the wrong people to be unfairly terminated or assessed overpayments. The modification would provide some basic protections for those whose survival depends on public assistance programs. First, it would require that beneficiaries of Government programs be informed that unearned income data is available to the administering agency and may be used to find out if they have undisclosed assets that would make them ineligible for public assistance benefits. This notice is not only fair, but it would also have an important deterrent effect. Second, it would not permit data to be used as the sole basis for terminating or reducing benefits without verification of its accuracy and notice to the beneficiary of the excess assets determination. This change will help to reduce incorrect termination determinations.

Finally, I want to thank Senator COHEN for his valuable work in the area of computer matching and for his assistance in adding these basic procedural safeguards.

Mr. COHEN. Mr. President, I want to thank the chairman of the Finance Committee for his cooperation in accepting an amendment proposed by Senator HEINZ and myself to modify section 911 of the committee amendment to H.R. 2163.

Under the bill as originally reported by the Finance Committee, the Internal Revenue Service, and the Social Security Administration are required to make data on unearned and earned income of taxpayers available to Federal and State agencies that administer means-tested Federal benefit programs. For example, the IRS would be required to provide data concerning bank interest income of taxpayers to agencies administering the SSI or the AFDC program. This data would then be used by the recipient agencies in computer matches to verify the eligibility of individuals who are receiving, or who have applied for, benefits under these programs. The purpose of this provision, which is based on a recommendation of the Grace Commission, is to reduce fraud and waste in Government benefit programs. If adopted, it will constitute one of the biggest computer matching programs that has been conducted in the United States.

Matching of Federal Government records is not new. In December 1982, the Subcommittee on Oversight of Government Management examined the use of computer matching by Federal and State agencies and found that matching has exploded throughout the Government. As of last year, Federal Government agencies had completed almost 100 extensive matching programs, and State agencies were performing close to 200 matches. These programs involved matching of public assistance, unemployment compensation, employee, and other Government records, as well as the records of private companies, and involved the records of hundreds of thousands of citizens.

In almost every case, the justification for the matching program, as for the ones mandated in the committee amendment, is the need to insure efficiency in Government programs.

No one disagrees with the notion that the Government should make the best use of information available to it to insure the integrity of its programs. Indeed, too often, one arm of the Government does not know what another arm of the Government is doing. Also, everyone agrees that the Government should take full advantage of technology to eliminate waste, fraud, and abuse from its programs. In doing this, however, we must also remain mindful of the effects that these technological advances and information sharing programs can have on the individual rights of our citizens. The matching of thousands of records and the widespread transfer of personal data contained in them can have serious implications for the privacy and due process rights of individuals whose records are matched.

At its hearing, the Subcommittee on Oversight of Government Management heard much testimony on the adverse effects of matching programs. In some cases, individuals are not given adequate notice that their records are being matched by Government agencies, or given adequate opportunities to correct erroneous information revealed by the matches. The absence of such procedural safeguards can result in persons being labeled solely on the basis of a computer error, or worse still, being denied valuable Government benefits because a computer match has produced false, or out-of-date information.

One program reviewed by the subcommittee vividly illustrates the potential dangers posed by the widespread use of matching to find fraud in Government programs. In 1982, the Massachusetts Department of Public Welfare conducted a bank matching program whereby the names and social security numbers of welfare recipients were matched against the deposit records of Massachusetts banks. When the computer matches revealed that a welfare recipient had excess assets in the bank, a termination notice was sent to the recipient. While the purpose of this program was to ferret out fraud and abuse in the benefit programs, the Massachusetts Welfare Department soon found that the matching program was netting innocent persons as well. In one case, for example, the State terminated the medicaid benefits of an elderly woman in a nursing home because she possessed assets over the allowable limit. It was later found, however, that her major holding was a funeral bond, which was permitted under Massachusetts law. This woman, whose only crime was holding a meager sum for her funeral expenses, was forced to convince the department in an appeals proceeding that she was not a crook. In another case, the bank match caught a woman whose assets exceeded the income level requirement for welfare benefits. After she had been sent a termination notice, however, the Massachusetts officials found that she was a paraplegic, whose bank

assets were those of her son, who had temporarily placed his student loan funds in her account.

These cases illustrate that strong procedural safeguards must be in place to insure that overzealous bureaucrats do not terminate or reduce the benefits of individuals solely on the basis of computer match results.

The amendment that Senator HEINZ and I have proposed to the Finance Committee would limit the dangers of computer matching programs by insuring that program administrators do not rely solely on the "raw hits" that are generated by a match. First, the amendment provides that each agency receiving IRS or SSA data must notify the recipients, upon application to the program and periodically thereafter, that these data will be used to verify their eligibility of benefits. This will better insure that individuals are not being targeted in matches without their knowledge. Second, the amendment specifies that no agency receiving IRS or SSA information under this provision may reduce or terminate benefits without having first obtained independent verification of the accuracy of the information received, notified the affected individual of the reduction or termination, and given the individual an opportunity to refute such information. Such independent verification, from a source other than the IRS, will insure that individuals are not placed in the position of losing valuable benefits due to out-of-date or incorrect information. I am pleased that the Finance Committee has agreed to adopt these proposals as part of its technical amendment to the committee's tax amendment.

These procedural safeguards are crucial to maintain the privacy and due process rights of recipients of Government programs and should be adopted. Still, I have grave concerns over the wide dissemination of IRS data that is mandated by this provision of the Finance Committee bill. In passing the Tax Reform Act of 1976, the Congress placed strict limitations on the availability of IRS data in order to protect individual privacy and to encourage voluntary compliance with our tax laws. Since 1976, however, the Congress has chipped away the confidentiality of IRS data, without adequately addressing the privacy concerns.

Mr. President, once again I stress that fraud or waste in Government programs must not be condoned. The Congress must not, however, sacrifice individual rights and liberties in the name of either efficiency or advanced technology. What is seen today as an ally against fraud and abuse may, unless it is controlled, grow into an enemy of the very liberties that we profess to cherish most. I am pleased that the Finance Committee has agreed to adopt this amendment so that we can give high priority to the rights of our citizens in conducting matches and in eliminating fraud from Government programs.

I ask unanimous consent that a letter in support of this amendment from the National Senior Citizens Law Center be inserted in the RECORD at this time.

NATIONAL SENIOR CITIZENS LAW CENTER,
Washington, D.C., March 28, 1984.

Senator WILLIAM S. COHEN,
Committee on Government Affairs, Subcommittee on Oversight of Government Management, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to your request of March 27, 1984, please accept this letter as the National Senior Citizens Law Center's (NSCLC) views on the Senate Finance Committee's provision that would authorize and require the Internal Revenue Service (IRS) to make available data on unearned-income to federal and state agencies administering means-tested federal benefits programs.

While no specific legislative language has been adopted by the Finance Committee, I will assume that the Finance Committee Press Release No. 84-4, dated March 12, 1984 encapsules the essence of the provision.

As you may know, I have considered many of the issues presented by this provision in the course of my representing clients in two cases, *Tierney* v. *Schweiker*, Civil Action No. 82-1638 (D.D.C.) and *Trahan* v. *Reagan*, Civil Action No. 82-3004 (D.D.C.). These two cases challenged the validity of the "consent" forms which the Social Security Administration sent to 4 million SSI recipients around May 1982 requiring that they agree to release of unearned-income information held by the IRS or risk loss of their SSI benefits. In *Trahan*, the Circuit Court of Appeals for the District of Columbia ruled that the notices were coercive and did not permit voluntary consent.

Also, the state of Massachusetts has implemented a policy similar to the Finance Committee provision, whereby bank records are computer matched with the Social Security numbers of public assistance recipients for the purpose of identifying recipients with excess assets. This program is virtually a pilot project for the Finance Committee provision and, as such, has helped to identify many of the flaws in this process.

While the provision may identify some people with income or assets in excess of the relevant limits, our information both about the quality of the data and the manner in which it is utilized suggests that there is a very real possibility that the data will be used to terminate the benefits of eligible recipients. As the Massachusetts experience revealed, once the state agency received the data from the banks it created a presumption, based solely on that information, that a recipient's income or resources exceeded the relevant limit. The recipient was not contacted nor was any other effort made to verify the accuracy of the information.

An investigation into the validity of the presumptions and the policy in general revealed the following:

Some recipients presumed by the state to have excess income or resources were merely listed on a bank account as a matter of convenience, and, in fact, had no interest in or access to the account for their own needs. (This is particularly common with elderly and disabled individuals who will ask another relative to place his/her name on the account in order to assure that there will be access to the funds if the elderly person is too ill or otherwise incapable of getting to the bank. NSCLC has received numerous calls on joint bank account problems in SSI over the years. One common problem is that of the younger disabled or elderly SSI recipient whose name is on an elderly parent's account for convenience. SSA often tries to claim that the account belongs to the younger person.)

In some cases, non-welfare recipient individuals interested in avoiding payment of taxes on their interest income have given the financial institution a false Social Security number, in order to avoid detection by the IRS. In some cases in Massachusetts, the number actually belonged to a welfare recipient who had no knowledge of the illegal activity. However, because only the Social Security number was utilized in obtaining information, they soon discovered the problem when the state terminated their benefits. No effort was made by the state to verify that recipients really had the accounts before action to terminate took place.

Financial institutions made clerical errors in reporting unearned income to the IRS, often resulting in overstated earnings. Because the state did not verify the accuracy of the information, recipients were illegally terminated.

There is a fairly significant time delay problem with the information. For example, if SSA receives information from the IRS today, it will probably be at least one to two years old. In Massachusetts, termination actions were based solely on the outdated information without regard for the current financial circumstances of the recipient.

We are very concerned that there be language which states that, due to the types of problems mentioned above, before a federal or state agency can take action against an individual who appears to have excess income or resources based on IRS data, the agency must verify both the accuracy and current applicability of the data. The need for such verification is underscored by a recent decision by SSA to suspend, in Massachusetts, the procedure used in the SSI program to identify recipients and applicants with excess liquid resources because of the computerized bank match. (See the attached POMS transmittal.)

We are particularly concerned about the mismanagement of SSA's "debt collection" initiatives and incredible miseries which those initiatives have visited upon elderly and disabled SSI recipients. In the context of the SSI program, we are very concerned that the provision not supply SSA with any new opportunities for abuse both in terminating benefits and in creating alleged overpayments and forcing their repayment. We believe our recommendation that there be an independent verification of the IRS information will substantially reduce the potential for abusive use of the information.

I am also disturbed that the Committee's provision only applies to recipients of Federal means-tested programs. Surely, if the government has an interest in assuring accuracy in payments, that interest is no less strong in other Federally-funded programs where the monies involved often far exceed a welfare benefit. For example, the provision does not address the government's interest in accuracy in programs such as student loans, loans to farmers, VA and FHA mortgages, or small business loans.

If you have any questions on this matter, please give me a call.

Sincerely yours,

BRUCE M. FRIED,
Attorney at Law.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 p.m. in which Senators may speak.

PANAMA ELECTIONS

Mr. DECONCINI. Mr. President, the recent resignation of President Ricardo de la Espriella of Panama has raised some speculation that the general elections may not take place on May 6 as scheduled. Although the new President has pledged to adhere to the commitment to hold elections on that date, concern has been voiced that a political battle in the Panamanian Cabinet may prompt the military to interfere with the May 6 schedule.

Panama has made significant progress over the past 4 years toward the adoption of a democratic government. It would be a serious setback if the country were deprived of its first general election since the military seized power in 1968.

The evolution toward civilian rule in Panama has been marked by a tenuous and uneasy truce between the country's military and civilian political leaders. It is clear from de la Espriella's sudden resignation that this historical conflict has not been resolved. The political stability of Panama must not be jeopardized by any efforts to thwart the country's mandated progression toward free elections. Internal disruptions in Panama's status quo would have severe negative ramifications for the already fragile region of Central America.

It is the sincere hope of this Senator, therefore, that the transition to democratic rule will be permitted to take place without impediment. The role of the military in Panamanian Government should be decided by its citizens. A distortion of their voice would seriously undermine the credibility of those who profess to represent them.

FRANK CHURCH

Mr. DECONCINI. Mr. President, much that has been written about Frank Church has to do with his many accomplishments as a young man. I did not know him then; yet it is evident that the notoriety which came to him in those years only enhanced his gifts of generosity and concern.

He was in his ripening middle age when I came to the Senate, and my most enduring memories of him will be of the care he showed me as a very junior Member of this body. He took the time to care about me and other younger Members. When I began to venture into foreign policy issues, Chairman Church had no hesitation in offering to conduct hearings on my areas of concern. Because he so freely offered opportunities to work with him, I began to seek out his opinions on foreign policy. Many of the views I strongly cling to today developed during those periods when I as a very junior Member of the Senate could freely discuss my concerns with the chairman of the Senate Foreign Relations Committee.

As Frank Church and I became friends, I gained the added pleasure of knowing his wonderful wife, Bethine. She is a woman of warmth and dedication. Her relationship with Frank has been an inspiration to many Members of the Senate and their families. We are all pained by the sadness of her loss.

Mr. President, I was a better Senator because of Frank Church, and we are a more caring and conscientious body because of the time he spent here. His departure from us, from all who loved him, brings so much sadness. It also fills this Senator with the resolve to help perpetuate the spirit of Frank Church in this body.

THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

Mr. PERCY. Mr. President, I would like to commend my colleagues for the wisdom they showed in passing H.R. 3249 to charter the National Academy of Public Administration. The charter should insure that the National Academy is called upon even more frequently for its expertise in advising government on more effective management of complex issues and institutions.

Since 1967 the National Academy has been a trusted, experienced counselor to government at all levels—Federal, State, and local. It has served government on the administrative side, much as the National Academy of Sciences has been a resource on scientific matters. In 1863, President Lincoln signed legislation chartering the National Academy of Sciences, now a significant landmark on America's intellectual landscape. It is only fitting that its sister institution, the National Academy of Public Administration, is now receiving a charter.

Chaired by Phillip S. Hughes, Under Secretary of the Smithsonian Institution, the National Academy is made up of more than 300 distinguished practitioners and scholars in the field of public administration. They included former Cabinet members and Governors, current White House officials, Members of Congress, government managers, and businessmen and women who were formerly government officials.

Their broad collective experience provides governmental institutions with thoughtful, objective counsel.

The National Academy has performed services or conducted studies for the Congress, the Judiciary, and nearly every department and major agency of the Federal Government, as well as State and local governments.

Over the years the National Aeronautics and Space Administration alone has called upon it for 11 studies. Last year 16 Federal agencies joined to ask the National Academy for ways to streamline management and regulations, avoid overburdening of systems, and motivate Federal managers. A recent report made recommendations on ways to improve the Presidential appointment process.

These are only a few of the contributions the National Academy has made toward helping our public institutions work more efficiently. As a chartered institution, it will be called upon even more frequently for assistance.

CHILDREN AGAINST THE NUKES

Mr. HATCH. Mr. President, on numerous occasions in the past I have expressed my concern over the materials that are being used in the classrooms of our Nation to indoctrinate the impressionable minds of our children. On July 20, 1983, I spoke to this body on the curriculum developed by the National Education Association, "Choices," which offered little or no choice at all but to conclude that we are about to be blown up. You may recall that in my floor statement, I called attention to the deluge of letters written to President Reagan by frightened schoolchildren worried about their chances of growing up.

In recent days, Mr. President, Secretary Bell has expressed his concern for what he calls the "dumbing down" of textbooks. He deplores the lack of academic sophistication in the materials currently available from textbook publishers. While I share that concern, I am much more alarmed about the content, or the substance, of what lies between the covers of increasing numbers of the books our children are using.

For that reason, I also share the concern of Congresswoman ROUKEMA of New Jersey, as expressed on the House floor on March 8, 1984, when her amendment was added to the vocational education reauthorization bill prohibiting the National Education Association from profiting from the "teacher certified" computer software to be merchandised by its affiliate—whatever that is—Cordatum. While I certainly join in the Congresswoman's conflict-of-interest remarks on the matter, I am much more alarmed at the prospect of NEA selected teachers putting the stamp of approval on the

content of curriculum materials to be distributed nationally, whether or not they are paid for with Federal funds.

Mr. President, in the Thursday, April 5, 1984, issue of the Washington Times, Morton Kondracke, executive editor of the New Republic, expressed my apprehension well in his provocative article, "The Children Against Nukes." He carefully looks at what some of the most legendary of writers of such children's books as "The Grinch Who Stole Christmas" are now telling children. In story form, impressionable children are told that Americans are no different from Russians and that to defend one's values is "stupid, bigoted and dangerous to living things."

Mr. President, because Mr. Kondracke has a message I feel deserves the widest possible attention, I ask unanimous consent that his editorial as it appeared in the Washington Times on April 5, 1984, be printed in the CONGRESSIONAL RECORD.

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

THE CHILDREN AGAINST NUKES

(By Morton Kondracke)[1]

It's perfectly appropriate—absolutely essential, in fact—for Americans to debate U.S. nuclear weapons policy. But is it necessary to terrorize and propagandize our children in the process?

The evidence is mounting that American children increasingly suffer from nightmares, depression, and a fundamental conviction that they will not live long enough to grow up.

Some of the latest research is reviewed in the April issue of Psychology Today. One study, of graduating seniors from 130 high schools across the nation, by Jerald Bachman of the University of Michigan, showed that in 1975, about 7.2 percent of boys questioned said that they often worry about nuclear war, whereas in 1982, the figure was 31.2 percent.

Also in 1982, more than one-third of all high school seniors agreed with the statement "Nuclear or biological annihilation will probably be the fate of all mankind within my lifetime."

Psychology Today did not report on the attitudes of girls, but a Washington Post survey this February found that two-thirds of the female students interviewed feared that nuclear war would occur by the year 2000, compared to just under half of male students.

Fear of the U.S.-Soviet nuclear buildup was listed as the top concern of 64 percent of the young people (ages 13 to 17) interviewed by the Post. It ranked tops for just 43 percent of adults. Twenty-four percent of the young people said they had dreams about nuclear war, compared to 12 percent for adults.

This kind of evidence is often cited—especially by nuclear freeze groups—as an argument against President Reagan's nuclear policies.

"See," the freeze movement says, "the U.S. nuclear buildup is terrifying our children, and it must stop."

But I think the real culprit in traumatizing children is the nuclear freeze movement itself, which has not been satisfied merely to conduct an adult debate on nuclear policy with the Reagan administration, but has used fear of a nuclear holocaust as a basic organizing tool.

Children, being impressionable, have been affected by the movement's graphic propaganda more than adults, as the survey research shows.

The fact that nuclear fears among children are more prevalent now than they were nine years ago—four times as great, according to the Michigan study—is futher evidence of the freeze movement's responsibility.

It's perfectly true that administration officials spoke irresponsibly about the winnability of nuclear wars during their early months in office, but Reagan policies in fact have been little different from those of the Carter administration. Children had far fewer nuclear nightmares in 1980 than they do now.

The big changes occuring in the past three years are the rise of the freeze movement and the new attention that TV dramatists and movie producers have given to the topic.

Even more troubling than the terror induced in children are the ideological messages being given them by freeze advocates—most notably now by the legendary Dr. Seuss.

America's foremost writer of books for children—the man who gave us "Yertle the Turtle" and "The Grinch Who Stole Christmas"—has just published a new book, "The Butter Battle Book," whose not-very subliminal message to youngsters is that there is no essential difference between the United States and the Soviet Union, certainly none worth fighting for.

His characters aren't openly Americans and Russians of course, but Yooks and Zooks. They build a wall between them and then launch an arms race—all because Yooks spread butter on the top of their bread and Zooks spread it on the bottom.

As it's put by a Yook elder who works for the Zook-Watching Border Patrol, "You can't trust a Zook who spreads bread underneath. Every Zook must be watched! He has kinks in his soul!"

In their enmity, the two sides first resort to slingshots to scare and deter each other, then cannons (like "the eight-nozzled, elephant-toted Boom-blitz" that "shoots high-explosive sour cherry stone pits"), then airborne chemical warfare devices and, finally, the "Big Boy Boomeroo," which can blow them both to smithereens.

Dr. Seuss neglects to inform children that there are real differences between the Yooks and the Zooks of this world. One side built the wall between them in order to keep its own people from moving to the other side. One side has repeatedly rolled its tanks into other countries to keep them enslaved. One side lets people speak, vote and worship freely; the other employs secret police and psychiatric prisons to keep people in line. One side is content to maintain the status quo in the world; the other side exports revolution and violence as a matter of principle.

The burden of Dr. Seuss's book is worse than the "Better Red than Dead" message adopted by nuclear disarmament groups over the years. Dr. Seuss's message to American children is, "Red? It's not so different." More subtly, the message is that to defend one's values is stupid, bigoted and dangerous to living things.

Sure enough, such messages are getting through to America's youngters. As "Psychology Today" notes, three years ago a group of teenagers founded the Children's Campaign for Nuclear Disarmament, which has generated thousands and thousands of letters to President Reagan asking him to stop building nuclear weapons.

The article notes that researchers have found that Soviet children also fear nuclear war, though less intensely than American children, and that they, too, take action to prevent it—such as writing letters to people in NATO countries.

Which means, of course, that the children of the world are being mobilized against American nuclear preparedness. In the name of humanity, who is writing letters to Chairman Chernenko?

[1] Morton Kondracke is executive editor of The New Republic.

DEATH OF FORMER SENATOR FRANK CHURCH

Mr. HOLLINGS. Mr. President, in paying tribute to our friend Frank Church, we honor both a man and an ideal. For his memory rings loud and clear in this Chamber today—as clear and distinct as the stirring and memorable oratory for which he was famous. The ideal was his unrelenting integrity. Integrity of thought, integrity of action. Here was a man whose steady goal was to serve the Nation and serve it well.

Across the gamut of public policy, he contributed greatly to the progress of his Nation. We remember the Cooper-Church amendments which put an end to expansion of the war in Indochina, after it became clear that stubborn insistence on mistaken policy was only dragging America in deeper without the necessary commitment to win.

We recall his path-breaking record on conservation. Long before it was fashionable to be an environmentalist the Senator from Idaho was seeing through to passage such landmarks as the National Wilderness System legislation, the Land and Water Conservation Fund, and the Wild and Scenic Rivers Act.

Time and again, the Senate turned to Frank Church on the tough ones. The thorough investigation he conducted into the operation of our intelligence activities, which put the brakes on excess zeal and which led directly to the creation of the permanent Senate Intelligence Committee. Or the tightly run inquiry into the operation of the multinational corporations, exposing the abuses of some and the impact of all in a business environment made forever different and more complex by the growing ties of international finance and business combinations.

I could go on. There was his leadership role in dozens of foreign policy issues, including his floor leadership of the Panama Canal treaties which for one time put us on the side of the angels in Latin America. His leadership of the Senate Committee on

Aging and his many contributions to the well-being of America's elderly.

So the specific accomplishments are there—and there in abundance. If you seek a monument, look around. But then, more important than even the individual feats, was the character of the man. The integrity. The clarity of vision. The courage with which he followed up. Political courage on those many issues where he sought to educate rather then emulate. But personal courage, too. Personal courage, testified to by the Bronze Star, for service as a military intelligence officer with the American Chinese Combat Command in the China-Burma-India theater. Personal courage in beating back cancer as a young man. Personal courage in sticking to his principles when expedience might have motivated lesser men. And personal courage for the way he died—with his faith unshaken and with such dignity and bravery as to inspire us all.

We think back today, back to those many debates in which he took part, with his ringing voice and clear intellect discussing the issues as Senators are supposed to discuss issues. Somehow we do not have a lot of those debates any more, and the country is poorer for it. Incidentally, my hometown, Charleston, hosted the American Legion's National Americanism oratorical contest where young Frank took first prize. We think back, those of us who were privileged to serve with him, to his character—as good and decent a man as ever walked the Halls of Congress. Long before the tawdy revelations of Watergate, he practiced full disclosure and public service in the sunshine. To him public office was a public trust, and his own code of ethics was long in place before Congress got around to legislating one. When we counseled with Frank Church, we knew we were getting it straight from the shoulder, without guile, without political manipulation. He was as incapable of deception as he was of pomp and pretension.

I am honored to have served with him as a colleague and to have known him as a warm and caring friend. Peatsy and I will always cherish the memories we have of Frank, and today our hearts go out to his gallant wife, Bethine, to his sons, to all his relatives. We grieve too for the country, which has lost a voice of reason, judgment, and statesmanship. Yet even as we grieve, we feel tremendous pride. Pride for who Frank Church was, pride in what he accomplished, pride in how he went about everything he did. Therein is a lasting legacy to America, a life well and productively lived in service to his fellow man, a life from which those who come after him can draw sustenance and inspiration, renewing America and renewing the good which Frank Church stood for and served all his life.

DR. BENJAMIN BYRD: A FEARLESS WARRIOR

Mr. SASSER. Mr. President, I rise today to pay tribute to Dr. Benjamin Franklin Byrd, Jr., Dr. Byrd, a native Nashvillian, may be described as a hero in his own lifetime. After earning both a Purple Heart and a Silver Star for the bravery demonstrated during World War II, Dr. Byrd began a tireless battle against a dreaded killer in our society, cancer. Dr. Byrd's efforts continue to this day, and he has served a president of the local, State and National Levels of the American Cancer Society.

I have had the pleasure, indeed the honor, of knowing Dr. Byrd for many years. He has assisted me on a number of occasions. Most recently, Dr. Byrd made a special trip to Washington to show his strong support for legislation that I introduced in order to correct severe inequities currently found in our social security disability laws.

The Nashville Banner recently included an article highlighting the numerous accomplishments enjoyed by Dr. Byrd. The article correctly recognized Dr. Benjamin Byrd as a uniquely unselfish man who has dedicated both his career and personal life to serving his community and his country. As a tribute to Dr. Byrd, I ask unanimous consent that the text of the Nashville Banner article be included in the RECORD.

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

[From the Nashville (Tenn.) Banner]

DR. BENJAMIN FRANKLIN BYRD JR.—THIS HAWKEYE FACES "WAR" HE CAN NEVER STOP FIGHTING

(By Bill Snyder)

Dr. Benjamin Franklin Byrd Jr. of Nashville is a modern-day "Hawkeye" Pierce.

Like the leading character of the long-running M*A*S*H television series, Byrd was an Army doctor during wartime, only his battles were fought on the beaches of Normandy instead of in Korea.

Both surgeons are known for their compassion and humor, and they share the same first and middle names.

Unlike Hawkeye, however, Byrd is a big, quiet man who doesn't talk much about his achievements. And when World War II ended, Byrd waded into conflict against breast cancer—an insidious foe that kills nearly 40,000 American women every year.

He is still fighting that battle today.

At 65, Byrd's war on cancer has taken him from local committees of physicians who do their best to treat the disease to national organizations that raise millions of dollars to find a cure.

He served as local, state and national president of the American Cancer Society, chairman of the American College of Surgeons' Commission on Cancer and chairman of the Tennessee Medical Association's Committee on Cancer.

Byrd is best known, however, for helping to implement a nationwide breast cancer detection program that proved the value of early screening and self-examination.

Byrd will be recognized Friday for his many contributions to the fight against cancer by the Nashville-Davidson County unit of the American Cancer Society during its annual "April Evening" fund-raiser at the Belle Meade Country Club.

"He's sort of an institution," said Dr. Seth Cooper, chairman of the local cancer society's board. "He's been a prominent surgeon in the community for years, and patients all seem to adore him.

"He's provided the care people need in every sense of the word—medical expertise as well as being there when they needed him," Cooper said.

Dr. Arthur Holleb, a close friend and senior vice president for medical affairs of the American Cancer Society in New York, said Byrd is "an exemplar of medical volunteerism."

"He is never too busy to do a job for the American Cancer Society, whether it is testifying before Congress or reviewing a grant application," Holleb said.

At the same time, "he is a man of great kindness and compassion toward his patients," his friend said. Around the cancer society, "he is lovingly known as 'Big Ben.' "

Byrd's contributions are not confined to the cancer field. The Nashville native currently is president-elect of the Nashville Area Chamber of Commerce and serves on the boards of the Cumberland Museum, Ladies Hermitage Association and the Junior League.

His activities don't leave much time for hobbies.

"I used to golf, but I never could keep my appointments," the open-faced, white-haired physician said with a soft chuckle. "My partners weren't too happy about that so I stopped playing.

"I work for recreation."

Byrd said he always wanted to be a doctor. "I never even thought about anything else." he said.

His father, a 1916 graduate of Vanderbilt University Medical School, was director of the medical department of the National Life and Accident Insurance Co. for 16 years and helped guide the firm into the health and accident business, Byrd said.

His mother, Ida Brister Byrd, was a former school teacher from Brookhaven, Miss., where she met and married her husband.

Byrd Jr. was educated at the Peabody Demonstration School (now the University School of Nashville), Duncan College Preparatory School, where Vanderbilt's Memorial Gym now stands, and Vanderbilt undergraduate and medical schools.

He played basketball on "the famous 1937 basketball team" at Vanderbilt but said he was not coordinated enough to attain star status. "I was one of those that made the first team possible," he said with a laugh.

Byrd joined the U.S. Army soon after graduation from medical school, and by 1943 the young first lieutenant found himself in England planning medical back-up for the invasion of German-held Normandy.

D-Day found him on Omaha Beach, directing the evacuation of wounded troops. He was awarded the Bronze Star with Oak Leaf Cluster for "meritorious performance of duty" that day.

Months later, while following the army into Germany after the Battle of the Bulge, Byrd was wounded in the left leg by a shell fragment. After stopping briefly to get patched up, he continued directing the evacuation of more seriously wounded soldiers.

His bravery earned him a Purple Heart and Silver Star.

Byrd doesn't talk much about his war experiences. He prefers to move on to the late 1940s, when he discovered a love for surgery and for the woman who would become his wife, the former Allison Caldwell.

"I'm probably going to catch it for saying this, but I remember when I came back from Europe, she was the most beautiful thing I had ever seen," Byrd said. The couple married in 1950 in her parents' home, now known as the Belle Meade Mansion.

The couple had six children. Ben Byrd III followed the family tradition and graduated from Vanderbilt Medical School in 1977.

Byrd said he became interested in breast cancer as resident physician under the late Dr. Barney Brooks, then chairman of surgery at Vanderbilt.

At that time, "early diagnosis was just happenstance," he said, and in many cases breast cancer was discovered too late to save the patient's life.

Byrd was chairman of the American Cancer Society's breast cancer task force in the early 1970s when it was decided to test the value of an early screening program. The hope was that fewer women would die if the disease was detected and treated early.

With the financial backing of the National Cancer Institute, the American Cancer Society organized 27 breast cancer detection centers throughout the country, including one at Vanderbilt.

Over the next few years, 280,000 women over age 35 were screened, and 4,500 cases of breast cancer were detected.

"I can't over-emphasize the value of self-examination," Byrd said. One in 11 women can expect to develop breast cancer in her lifetime, but if caught early, the chances for successful treatment are better than ever before, he said.

Byrd said he hoped the breast cancer detection project would have indicated risk factors for the development of the disease, but it did not.

Although there are suggestive clues including the role of diet and viruses, only two known risk factors have been identified—history of breast cancer on the maternal side of the family and a previous breast cancer.

That's why supporting basic research is important, Byrd said.

Byrd said he has enjoyed his long association with the cancer society because it provided "an opportunity to influence the direction of diagnosis and treatment of cancer in this country."

He gets the most pleasure however, out of performing surgery.

"The rewards of being able to practice surgery make every day a joy," he said. "Sometimes it's not an unmixed joy, but at least it is a joy."

One can imagine Hawkeye Pierce saying something along those lines.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages form the President of the United States submitting a nomination which was referred to the Committee on Labor and Human Resources.

(The nomination received today is printed at the end of the Senate proceedings.)

FISCAL YEAR 1985 BUDGET OF THE DISTRICT OF COLUMBIA—MESSAGE FROM THE PRESIDENT—PM 128

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Appropriations:

To the Congress of the United States:

In accordance with the District of Columbia Self-Government and Governmental Reorganization Act, I am transmitting the fiscal year 1985 Budget of the District of Columbia.

The proposals for Federal Payments to the District of Columbia reflected in this document are consistent with those shown in the 1985 Budget submitted to the Congress on February 1, 1984.

RONALD REAGAN.

THE WHITE HOUSE, *April 10, 1984.*

MESSAGES FROM THE HOUSE

At 3:11 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 joint resolution, with amendments, in which it requests the concurrence of the Senate:

S.J. Res. 173. Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior.

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 102. A concurrent resolution to correct the enrollment of H.R. 4169.

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

H.R. 4214. An act to establish a State Mining and Mineral Resources Research Institute program, and for other purposes;

H.R. 5155. An act to establish a system to promote the use of land remote-sensing satellite data, and for other purposes; and

H.R. 5298. An act to provide for a White House Conference on Small Business.

ENROLLED BILL SIGNED

At 4:43 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

MEASURES REFERRED

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

H.R. 4214. An act to establish a State Mining and Mineral Resources Research Institute program, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 5155. An act to establish a system to promote the use of land remote-sensing satellite data, and for other purposes; to the Committee on Commerce, Science, and Transportation.

MEASURE PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5298. An act to provide for a White House Conference on Small Business.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3023. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Watershed Protection and Flood Prevention Act to provide the Federal Government with the flexibility to reduce the amount of cost sharing for construction of flood prevention projects; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3024. A communication from the Acting Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a listing of contract award dates for the period May 1, 1984 to June 30, 1984; to the Committee on Armed Services.

EC-3025. A communication from the President of the United States, transmitting, pursuant to law his determination that the authority available to the Export-Import Board for fiscal year 1984 is sufficient to meet the needs of the Bank; to the Committee on Banking, Housing, and Urban Affairs.

EC-3026. A communication from the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, transmitting, pursuant to law, the 1984 annual report of the Board; to the Committee on Finance.

EC-3027. A communication from the Board of Trustees of the Federal Hospital Insurance Trust Fund, transmitting, pursuant to law, the 1984 annual report of the Board; to the Committee on Finance.

EC-3028. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting,

pursuant to law, the determination of the Secretary of State that the furnishing of direct assistance to Mozambique would further the foreign policy interests of the United States; to the Committee on Foreign Relations.

EC-3029. A communication form the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the 60-day period prior to April 4, 1984; to the Committee on Foreign Relations.

EC-3030. A communication from the Acting Assistant Secretary of the Treasury (Administration), transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3031. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 5-123, adopted by the Council on March 27, 1984; to the Committee on Governmental Affairs.

EC-3032. A Communication from the Staff Director of the U.S. Commission on Civil Rights, transmitting, pursuant to law, the annual report of Commission for calendar year 1983; to the Committee on Governmental Affairs.

EC-3033. A Communication from the Records Officer of the U.S. Postal Service, transmitting, pursuant to law, a proposed modification to a Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3034. A Communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report of the Board under the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-3035. A Communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting, pursuant to law, the annual report of the Corporation under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3036. A Communication from the Chairman of the Office of Environmental Quality, Executive Office of the President, transmitting, pursuant to law, the annual report of the Office of Environmental Quality under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3037. A communication from the Supervisory Copyright Information Specialist, Copyright Office, Library of Congress, transmitting, pursuant to law, the annual report of the Copyright Office under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3038. A communication from the National Commander of the Civil Air Patrol, transmitting, pursuant to law, the annual report of the Civil Air Patrol for 1984; to the Committee on the Judiciary.

EC-3039. A communication from the Secretary of Labor, transmitting a draft of proposed legislation to authorize adequate appropriations for the President's Committee on Unemployment of the Handicapped, and for other purposes; to the Committee on Labor and Human Resources.

EC-3040. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on grants to State Mining and Mineral Resources and Research Institutes for fiscal year 1983; to the Committee on Labor and Human Resources.

EC-3041. A communication from the Chairman of the Task Force on Environmental Cancer and Heart and Lung Disease, transmitting, pursuant to law, the annual report of the task force describing its activities for the period September 1982 through August 1983; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Res. 366. An original resolution expressing appreciation to Prime Minister Prem of Thailand for Thailand's assistance to Indochinese refugees.

EXECUTIVE REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations:

Barrington King, of Georgia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to Brunei:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the momination.

Nominee: Barrington King;

Post: Brunei.

Contributions, amount, date, donee:

1. Self: Barrington King, none.

2. Spouse: Sarah T. King, none.

3. Children and spouses names: Sarah Sevilla King, none, Barrington King IV, none.

4. Parents names: Barrington King, Sr., unknown; Madeline P. King, unknown.

5. Grandparents names: none.

6. Brothers and spouses names: none.

7. Sisters and spouses names: Madeline K. Porter, unknown.

Stephen Warren Bosworth, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of the Philippines:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Stephen W. Bosworth.

Post: Philippines.

Contributions, amount, date, donee.

1. Self: None.

2. Spouse: None.

3. Children and spouses names: Andrew, none, Allison, none.

4. Parents names: Warren and Mina Bosworth, none.

5. Grandparents names: Deceased.

6. Brothers and spouses names: Barry & Nancy Bosworth, none; Brian & Sally Bosworth, $20.00, 1979. Otis Bowen, John Anderson, $20.00, 1979.

7. Sisters and spouses names (no sisters).

Gerald P. Carmen, of New Hampshire, to be the Representative of the United States to the European Office of the United Nations, with the rank of Ambassador:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Gerald P. Carmen.

Post: The Representative of the United States of America to the European Office of the United Nations and Other International Organizations, with the Rank of Ambassador.

Contributions, amount, date, donee:

1. Self: $100 February 27, 1980, NECPAC; $150 March 28, 1981, Rudman for Senate; $140 March 10, 1982, Emery for Senate; $50 May 25, 1982, Granite Staters to Re-Elect Judd Gregg; $100 May 23, 1983, Humphrey for Senate Committee; $250 November 7, 1983, Reagan-Bush '84 (this contribution was returned to me at my request); and $300 February 6, 1984, Campaign for Republican Women.

2. Spouse: None.

3. Daughter: Melinda Carmen, none; Son, David Carmen, $100 1984, Reagan-Bush 1984; Daughter-in-law, Alita Carmen, none.

4. Parents: Edward Carmen, Hilda Carmen, $150 1984, Humphrey for Senate Committee.

5. Grandparents names: Deceased.

6. Brother & Spouse: Mr. & Mrs. Robert Carmen, none.

7. Sisters and spouses names: Deceased.

The following-named Career Members of the Senior Foreign Service, Class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

Lawrence S. Eagleburger, of Florida.

Arthur Adair Hartman, of New Jersey.

Edward Noonan Ney, of New York, to be a Member of the Board for International Broadcasting for a term expiring April 28, 1985.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. ANDREWS (by request):

S. 2546. A bill to extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in section 155 of the Omnibus Reconciliation Act of 1981 remain effective, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. STAFFORD (by request):

S. 2547. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes; to the Committee on Environment and Public Works.

By Mr. LEVIN:

S. 2548. A bill to authorize the Secretary of Housing and Urban Development, through the Federal Housing Administration to assist homeowners in taking correc-

tive measures with respect to urea formaldehyde foam insulation in their homes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LAUTENBERG (for himself, Mr. WILSON, Mr. INOUYE, Mr. LEAHY, Mr. DIXON, Mr. RIEGLE, Mr. GORTON, and Mr. HEFLIN):

S. 2549. A bill to provide additional protection of the intellectual property rights of United States nationals in foreign countries; to the Committee on Finance.

By Mr. MATSUNAGA:

S. 2550. A bill for the relief of Herbert T. Matsuo, Patrick Wayne Matsuo, Susan Villarta, and the estate of Arline L. Matsuo; to the Committee on the Judiciary.

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

S. 2551. A bill to designate certain areas in the Allegheny National Forest as wilderness and recreation areas; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KENNEDY (for himself, Mr. MOYNIHAN, and Mr. SARBANES):

S.J. Res. 271. Joint resolution calling on the President to withdraw the modification of the jurisdiction of the International Court of Justice; to the Committee on Foreign Relations.

By Mr. MURKOWSKI:

S.J. Res 272. Joint resolution recognizing the anniversaries of the Warsaw Uprising and the Polish resistance to the invasion of Poland during World War II; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. PERCY (from the Committee on Foreign Relations):

S. Res. 366. An original resolution expressing appreciation to Prime Minister Prem of Thailand for Thailand's assistance to Indochinese refugees; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ANDREWS (by request):

S. 2546. A bill to extend through September 30, 1988, the period during which amendments to the U.S. Grain Standards Act contained in section 155 of the Omnibus Reconciliation Act of 1981 remain effective, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

NATIONAL INSPECTION SYSTEM FOR GRAINS

● Mr. ANDREWS. Mr. President, at the request of the Deputy Secretary of Agriculture, Richard E. Lyng, I offer this bill to extend through September 30, 1988, the amendments to the U.S. Grain Standards Act contained in section 155 of the Omnibus Budget Reconciliation Act of 1981, which would normally expire on September 30, 1984.

Implementation of the amendments has led to orderly and timely marketing of grain by establishing offical U.S. standards for grain, promoting uniform application thereof by official inspection personnel, and regulation of the weighing and certification of the weight of grain. User fees and input by the Advisory Committee have aided the Federal Grain Inspection Service in managing its programs more effectively.

The administration believes that the amendments contained in the Omnibus Budget Reconciliation Act of 1981, with the exception of the 35-percent limitation on administrative supervisory costs, should be continued for 4 years, and that enactment of this bill will assure that the national inspection system will continue to be operated in a cost-effective manner in both the foreign and domestic markets.

Mr. President, I ask unanimous consent that the transmittal letter from the U.S. Department of Agriculture as well as the text of the bill be printed in the RECORD.

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

S. 2546

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 155 of the Omnibus Budget Reconciliation Act of 1981, 95 Stat. 371, is amended by—

(1) deleting "Effective for the period October 1, 1981, through September 30, 1984, inclusive, the United States Grain Standards Act is amended by—", and inserting in lieu thereof, "Effective for the period October 1, 1981 through September 30, 1988, inclusive, the United States Grain Standards Act is amended by—";

(2) deleting paragraph (3) thereof which reads:

"(3) adding a new section 7C as follows:

'LIMITATION ON ADMINISTRATIVE AND SUPERVISORY COSTS

'SEC. 7C. The total administrative and supervisory costs which may be incurred under this Act for inspection and weighing (excluding standardization, compliance, and foreign monitoring activities) for each of the fiscal years 1982 through 1984 shall not exceed 35 per centum of the total costs for such activities carried out by the Service for such year.' ";

(3) renumbering paragraphs (4) and (5), respectively, as paragraphs (3) and (4); and

(4) amending paragraph (3), as so renumbered, by deleting "during the period beginning October 1, 1981, and ending September 30, 1984", and inserting in lieu thereof "during the period beginning October 1, 1981, and ending September 30, 1988".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, March 12, 1984.

Hon. GEORGE BUSH,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: We submit, herewith, for the consideration of the Congress, a draft bill "To extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in Section 155 of the Omnibus Budget Reconciliation Act of 1981 remain effective and for other purposes.

The amendments in the Omnibus Budget Reconciliation Act, effective for the period October 1, 1981, through September 30, 1984, required collection of user fees to cover administrative and supervisory costs related to official grain inspection and weighing, imposed a 35 percent limitation on administrative and supervisory costs, authorized appropriations for standardization, compliance, and foreign monitoring activities, and required establishment of an advisory committee. The amendments enabled the Federal Grain Inspection Service (FGIS) to facilitate the orderly and timely marketing of grain in carrying out its responsibilities to provide for the establishment of official United States standards for grain, to promote the uniform application thereof by official inspection personnel, and to regulate the weighing and certification of the weight of grain.

With the implementation of these user fees and input by the Advisory Committee, the FGIS programs have been more aggressively managed. This has resulted in increased efficiency of program administration and a more cost-effective delivery of program services. During the past 2 fiscal years, staff has been reduced to less than 900 full-time permanent employees from approximately 1,500 and total expenditures from $57.2 million to $38.6 million.

Although administrative costs have been substantially reduced, the 35 percent limitation presents problems in the effective management of the FGIS program. Since the volume of work varies seasonally, the fixed cost for specific periods can in fact exceed 35 percent. Because of the artificial cap, qualified personnel may be let go only to be hired again and retrained. This personnel practice is not cost-effective. Generally, administrative expenses are not expected to substantially exceed 35 percent during any period. Deletion of the cap should result in more efficient and effective resource management.

For these reasons, I am recommending that the amendments contained in the Omnibus Budget Reconciliation Act of 1981, except for the 35 percent limitation on administrative and supervisory costs, be continued for 4 years. Enactment of the enclosed draft bill will assure that the national inspection system will continue to be operated in a cost-effective manner in both the foreign and domestic markets.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the Administration's program.

An identical letter has been sent to the Speaker of the House of Representatives.

Sincerely,

RICHARD E. LYNG,
Deputy Secretary.●

By Mr. LEVIN:

S. 2548. A bill to authorize the Secretary of Housing and Urban Development, through the Federal Housing Administration, to assist homeowners in taking corrective measures with respect to urea formaldehyde foam insulation in their homes; to the Committee on Banking, Housing, and Urban Affairs.

UREA FORMALDEHYDE FOAM INSULATION CORRECTIVE MEASURES ACT

● Mr. LEVIN. Mr. President, on November 18, 1983, I introduced S. 2170, which would authorize low-interest, guaranteed loans to assist homeowners to remove urea formaldehyde foam insulation (UFFI) from their homes. The subsidized interest rate in S. 2170

is equal to the Federal Housing Administration (FHA) home loan rate. This FHA interest rate has since been deregulated. My intent in November was to provide assistance to homeowners who installed UFFI in compliance with Federal Government energy conservation policy, but later discovered the serious problems related to this insulation.

Today, Mr. President, I am, with the same intention, introducing a similar bill. The difference between my two bills is the replacement of the FHA home loan interest rate with the Small Business Administration (SBA) disaster loan rate for homeowners unable to obtain commercial credit. This SBA rate is currently 6.375 percent.

During the late 1970's, approximately 500,000 homeowners installed UFFI, in large part due to the tax credits offered to homeowners by the Federal Government as encouragement to insulate. About 75,000 homeowners in my State of Michigan installed UFFI with high hopes of eventual net savings. Tragically, many of these homeowners now face a net loss of up to, in some cases, 60 percent of their home value.

Soon after UFFI became popular, the Consumer Product Safety Commission (CPSC) began to receive numerous consumer complaints. Consumers complained of acute health effects that arose after UFFI was installed, such as recurring headaches, respiratory problems, and chronic eye, nose, and throat irritation.

Several sound scientific studies, including one performed by the National Academy of Sciences, confirmed these consumers' claims that the health effects from which they suffered were related to UFFI. After other studies concluded that UFFI might be a human carcinogen, the CPSC, on April 2, 1982, announced a ban effective August 10, 1982. One year after the announcement, on April 7, 1983, the Fifth Circuit Court of Appeals overturned the ban. Although the court stated that, taken as a whole, consumer complaints of UFFI's acute health effects did constitute a serious problem, it held UFFI did not pose an unreasonable risk of cancer to consumers. The ban has not been reimposed.

The CPSC is still concerned about UFFI's effect on consumers' health. It is continuing to monitor consumer complaints and whether the UFFI market revives.

The presence of UFFI has greatly decreased resale value of homes. Many States require disclosure of UFFI in real estate contracts. In some cases, these homes can only be sold for 40 percent of their market values. Other homes cannot be sold at all because of the presence of UFFI. As a result, even homeowners whose families do not suffer from the adverse health effects are spending between $6,000 and $20,000 to remove this insulation. Many others cannot afford the cost of removal.

My bill consists of there basic provisions. First, it repeals the energy tax credit available to homeowners who install UFFI. This would remove the incentive offered by the Federal Government to install a product whose safety has been challenged by the CPSC. Second, federally guaranteed, low-interest loans of up to $10,000 would be made available to homeowners who wish to remove UFFI. These loans would be administered through the FHA which would set interest rates at the level of the SBA disaster loan rate for homeowners unable to acquire commercial credit.

Third, these loans would be limited to those homes in which UFFI was installed prior to the effective date of this bill. Therefore, if any homeowner were to install UFFI after enactment, he or she would be ineligible for these loans.

Mr. President, I believe this bill is worthy of the Senate's attention and I urge my colleagues to support it. I ask unanimous consent that a copy of this legislation be printed in the RECORD.

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

S. 2548

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Urea Formaldehyde Foam Insulation Corrective Measures Act".

TITLE I—FINANCIAL AND OTHER ASSISTANCE

FINANCIAL ASSISTANCE TO HOMEOWNERS

SEC. 101. (a) The Secretary of Housing and Urban Development, through the Federal Housing Administration, may guarantee and enter into contracts to guarantee loans, and make interest reduction payments on those loans to reduce interest rate levels to the rate applicable to loans made under section 7(b) of the Small Business Act to borrowers described in section 7(c)(4)(A) of such Act, to any person eligible under section 103 for purposes of assisting such person in taking corrective measures with respect to urea formaldehyde foam insulation in a home owned by such person, or reimbursing such person for expenses incurred in taking such corrective measures.

(b) Loans guaranteed under this section may be used only for the following expenses relating to the taking of corrective measures with respect to urea formaldehyde foam insulation in a home:

(1) fees charged for the services of a contractor;

(2) fees charged for building permits;

(3) fees charged for the provision of estimates;

(4) fees charged for laboratory and onsite testing;

(5) fees charged for information;

(6) fees charged for materials;

(7) fees charged for the rental or, when appropriate, the purchase of equipment, including safety equipment;

(8) expenses incurred in cleaning a home that are required as a result of corrective measures taken in such home; and

(9) any other expense determined by the Secretary to be reasonable and directly related to the taking of corrective measures with respect to urea formaldehyde foam insulation in a home.

(c) (1) Except as provided in paragraph (2), each loan under this section shall be in an amount determined by the Secretary to be appropriate, taking into consideration the expenses of the homeowner involved, the number of applicants, and the amount of authority available for such guarantees and payments.

(2) No loan under this section may be for an amount exceeding $10,000.

TECHNICAL ASSISTANCE TO HOMEOWNERS

SEC. 102. The Secretary may provide technical information and assistance—

(1) to any homeowner, to assist such homeowner in identifying the presence of urea formaldehyde foam insulation in a home of such homeowner and detecting and measuring the level of formaldehyde gas in such home; and

(2) to any person eligible under section 103, to assist such person in taking corrective measures with respect to urea formaldehyde foam insulation in a home owned by such person.

ELIGIBILITY FOR ASSISTANCE

SEC. 4. (a) A person shall be eligible for assistance under section 101 or 102 (2) only if such person—

(1) is the owner of a home insulated with urea formaldehyde foam insulation, which has levels of formaldehyde gas that exceeded 0.1 part per million or such lower amount as the Secretary determines may cause adverse effects on the health of any resident of such home, and incurred expenses in taking corrective measures with respect to such insulation installed after December 31, 1969 and prior to the date of enactment of this title; and

(2) submits an application for such assistance not later than the expiration of the eighteen-month period following publication of notice of the availability of such assistance under section 104(b).

(b) No person may receive assistance under this title with respect to more than three homes.

APPLICATION FOR ASSISTANCE

SEC. 104. (a) Appplication for assistance under this Act shall be in such form, and according to such procedures, as the Secretary shall prescribe.

(b) As soon as practicable following the availability of funds to carry out this title, the Secretary shall publish in the Federal Register a notice of the availability of assistance under this title. Such notice shall include a clear and concise description of the program of assistance established in this title, the requirements for eligibility for such assistance, and the procedures for applying for such assistance.

AUDITS AND INSPECTIONS

SEC. 105. The Secretary shall conduct such audits of expenses and home inspections as the Secretary determines are appropriate to ensure that assistance provided under this title is utilized in accordance with the requirements set forth in this title and in any regulations issued by the Secretary under this title.

REGULATIONS

SEC. 106. Not later than the expiration of the ninety-day period following the date of the enactment of this title, the Secretary shall issue such regulations as are necessary to carry out the provisions of this title. The Secretary may revise such regulations from time to time, as the Secretary determines necessary.

ANNUAL REPORT

SEC. 107. The Secretary shall annually prepare and submit to the Congress a comprehensive report describing the activities of the Secretary in carrying out the program of assistance established in this title. Such report shall include any recommendations for modifications in such program that the Secretary considers necessary or desirable as a result of administering such program.

DEFINITIONS

SEC. 108. For purposes of this title:

(1) The term "corrective measure" means—

(A) an improvement in the sealing of interior surfaces of exterior walls in a home in a manner that prevents or effectively reduces the emission of formaldehyde gas from urea formaldehyde foam insulation into living areas in such home;

(B) an improvement in the ventilation of living areas and urea formaldehyde foam insulated wall cavities in a home in a manner that facilitates the dispersal of formaldehyde gas and prevents excessive moisture;

(C) the addition of an air-to-air heat exchanger in a home in a manner that facilitates the retention of heat while increasing ventilation; and

(D) the partial or complete removal of urea formaldehyde foam insulation in a home; or

(E) any reasonable action taken with respect to a home containing urea formaldehyde foam insulation that is determined by the Secretary to effectively reduce the level of formaldehyde gas in such home.

(2) The term "home" means a one- to four-family dwelling or a manufactured home.

(3) The term "homeowner" means the owner of a home.

(4) The term "manufactured home" means a structure, transportable in one or more sections, that is built on a permanent chassis and designed as a dwelling with or without a permanent foundation when connected to required utilities. Such term includes the plumbing, heating, air-conditioning, and electrical systems contained in such structure.

(5) The term "Secretary" means the Secretary of Housing and Urban Development.

AUTHORIZATION OF APPROPRIATIONS; LIMITATION ON CONTRACT AUTHORITY

SEC. 109. There is authorized to be appropriated such funds as are necessary to carry out the provisions of this title.

TITLE II—DENIAL OF ENERGY CREDIT

DENIAL OF ENERGY CREDIT

SEC. 201. (a) Paragraph (3) of section 44C (c) of the Internal Revenue Code of 1954 (defining insulation) is amended by adding at the end thereof the following new flush sentence:

"The term 'insulation' shall not include any urea formaldehyde foam insulation.".

(b) The amendment made by this section shall apply to expenditures made after the date of the enactment of this title, in taxable years ending after such date.●

By Mr. LAUTENBERG (for himself, Mr. WILSON, Mr. INOUYE, Mr. LEAHY, Mr. DIXON, Mr. RIEGLE, Mr. GORTON, and Mr. HEFLIN):

S. 2549. A bill to provide additional protection of the intellectual property rights of U.S. nationals in foreign countries; to the Committee on Finance.

INTELLECTUAL PROPERTY RIGHTS PROTECTION AND FAIR TRADE ACT OF 1984

● Mr. LAUTENBERG. Mr. President, I am today introducing the Intellectual Property and Fair Trade Act of 1984. I am pleased to have Senators WILSON, INOUYE, LEAHY, GORTON, DIXON, HEFLIN, and RIEGLE join me as original cosponsors. The weaknesses, ambiguities and loopholes in national law and pertinent multilateral agreements with respect to the enforcement of patents, copyrights, trademarks and other forms of intellectual property constitute one of the most serious institutional deficiencies in the international trading system. The rising tide of counterfeit products and outright technological piracy that has resulted undermines legitimate trading relations and poses a major threat to the economic welfare and security of the American people. Our capacity for technological innovation and development is a crucial national asset in world economic competition. It is in countless ways a key to our economic future as a nation. We simply cannot tolerate a situation that permits—indeed encourages—unscrupulous foreign competitors to steal, or expropriate under the color of law, our ideas, inventions, and products.

The bill I am introducing would establish a framework to end this drain on U.S. economic growth and set a timetable for corrective action. It would:

Require the President to carry out a comprehensive, country-by-country assessment of the problem and submit a report to the Congress detailing his findings, recommendations, and plans.

Make countries that fail to provide adequate means to protect intellectural property rights, or fail to constructively address improvements in the international agreements relating to such rights, ineligible for generalized system of preferences (GSP) benefits.

Authorize an annual Presidential exemption for countries that provide satisfactory assurances that substantial progress is being made to remedy the problem(s). A report to Congress explaining the justification for such Presidential exemptions would be required.

Authorize Presidential exemptions for any country for reasons of national security or national economic interests for up to a maximum of 2 years. A report to the Congress explaining the justification for such exemption would be required.

Authorize the use of economic and technical assistance for the development of effective systems of intellectual property protection.

The direct economic impact of counterfeiting and pirating is hard to measure, but it is enormous. The U.S. International Trade Commission (ITC) has just released the results of a year long study that gives some indication of the costs to U.S. industries and their workers.

The ITC estimates U.S. domestic and export sales losses due to foreign counterfeiting, passing off, and copyright and patent infringement at between $6 billion and $8 billion. And this is a conservative estimate, according to the ITC. For the same year, employment losses amounted to more than 130,000 jobs in the top five industrial sectors affected, viz: wearing apparel and footwear, 44,415; chemicals and related products, 32,236; automobile parts and accessories, 47,462; records and tapes, 20,822; and sporting goods, 15,860.

Mr. President, I ask that the executive summary of the ITC investigation entitled "The Effects of Foreign Product Counterfeiting on U.S. Industry" be inserted in the RECORD at the end of my remarks.

As serious as these immediate effects are, Mr. President, the long-term threat to our economic interests as a nation is even more significant. In the world economy of tomorrow, even more than today, comparative advantage will be increasingly a function of innovation, adaptability, and technical prowess. That is the direction in which our strength in the global economic order of the future lies. We are blessed with a resourceful, independent, and creative people as well as an economic system that can reward enterprise and initiative. With an appropriate mix of public and private policies—including the necessary investments in education, training, and research—I am confident that America has nothing to fear from international economic competition. That is, so long as that competition is conducted in accordance with fair rules equally applied.

Mr. President, we cannot tolerate a situation in which the keys to our national economic welfare—conceptual and technological innovation—are routinely stolen, often under the color of law. Yet that is precisely the situation that confronts us today.

The fact is that no really effective international system for the protection of intellectual property rights exists. The World Intellectual Property Organization (WIPO) provides a forum for discussion of the issues, promotes administrative cooperation

among member states, and extends technical assistance to developing countries. But it possesses no real powers of enforcement worthy of the name.

By the same token, the principal multilateral agreements with respect to intellectual property, the Paris Convention for the Protection of Industrial Property (patents), the Berne Convention for the Protection of Literacy and Artistic Works (copyrights), and the Madrid Agreement concerning international registration of trademarks incorporate "national treatment" as the controlling standard.

This standard means, in essence, that the signatories or contracting states must accord foreigners the same rights and protections as they provide their own citizens. In all too many countries, especially in the developing world, this is tantamount to no protection at all. Donald W. Peterson, vice president of the International Anticounterfeiting Coalition, has described the problem in recent testimony before the Subcommittee on International Trade:

The problem manifests itself in a lack of adequate protection for U.S. intellectual property rights in LDCs resulting from such things as: broad areas of invention not subject to patent coverage, such as chemical products or pharmaceuticals; patents of narrow scope which can be easily circumvented; compulsory licensing and forfeiture provisions for patents; extremely short patent life; unreasonable limits on use of U.S. trademarks; free benefits of U.S.-developed registration data to LDC manufacturers; and general lack of effective copyright protection. In addition to the problems in obtaining local recognition of these rights, there are a wide range of problems in enforcing locally the rights which can be obtained. These include: protracted delay in proceedings with no interim relief available to the U.S. company whose rights are being infringed; practically impossible burdens of proof; inability to gain access to infringer's records to obtain evidence of infringement or prove damages; and extremely low penalties which do not deter infringement.

Nor is there, in many cases, much desire or incentive for improvement. The governments of LDC's and newly industrializing countries (NIC's) apparently believe that transfers of technology, whether illicit or not, serve their interests and are not to be discouraged.

This attitude is manifest in the recent negotiations regarding possible revisions in the Paris Convention. Representatives from the NIC's, I am told, have been in the forefront of efforts to weaken the Paris Convention even further. A chief aim of these efforts is to provide more latitude for the use of compulsory official licensing for the purpose of transferring the benefits of patented products and processes to domestic producers. Such changes would clearly be retrogressive and we should take all feasible steps to prevent them.

The same objective is at the core of a recent proposal by Japan's Ministry of International Trade and Industry (MITI). Under the MITI proposal computer software would be provided patent rather than copyright protection, reducing the term of protection from 50 to 15 years. More important, software would be subject to compulsory licensing, design disclosure, and possible third party transfers for public policy reasons.

Indeed, Mr. President, it is high time that the United States and the countries that share our concern mount a serious counteroffensive on these issues. I can think of no better start, no better indication of our resolve as a nation and as a government, than the enactment of the legislation I am introducing today. Were this bill to be signed into law, there could be no mistake as to our intentions or our will. The world would be on notice that this country will no more countenance the piratical plunder of its economic interests today than it did in 1815. I would hope that a majority of my colleagues would agree and join me in supporting prompt consideration and enactment. I ask that the text of the bill and an executive summary be printed in the RECORD.

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

S. 2549

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Intellectual Property Rights Protection and Fair Trade Act of 1984".

SEC. 2. INTELLECTUAL PROPERTY RIGHTS PROTECTION REVIEW.

(a) IN GENERAL.—The President shall undertake a comprehensive review of the problems associated with the inadequate protection of intellectual property rights of United States nationals in foreign countries in the context of United States trade relations.

(b) SPECIFIC REVIEW.—The review described in subsection (a) shall include a detailed consideration of such problems on a country by country basis, and whether each country is taking constructive steps to provide adequate and effective protection of intellectual property rights and whether each country is assuming a constructive role in international negotiations for the protection of such rights, including negotiations with respect to a General Agreement of Tariffs and Trade convention, and in the implementation of treaties and conventions relating to such rights adhered to by such country and the United States.

(c) CONSULTATION WITH PRIVATE SECTOR.—In preparing such review, the President shall consult with the appropriate private sector representatives provided for under section 135 of the Trade Act of 1974 in identifying specific problems and developing a negotiable agenda.

(d) REPORT TO CONGRESS.—

(1) IN GENERAL.—The review required by this section shall be submitted to Congress in a report which shall include recommendations for—

(A) bilateral and multilateral initiative,

(B) negotiating priorities and plans,

(C) dealing with threats to or denial of intellectual property rights relating to high technology products and processes, including, but not limited to, official licensing requirements, compulsory transfers to third parties, inadequate terms of protection, and the conditioning of market access on mandatory transfers of technology in excess of actual production requirements,

(D) unilateral suspensions or denials of trade concessions granted under any agreement or treaty including the General Agreement on Tariffs and Trade, and

(E) legislation,

to address such problems identified by such review.

(2) DATE OF REPORT.—The report described in paragraph (1) shall be submitted within one year after the date of the enactment of this Act.

SEC. 3. COUNTRIES WITH INADEQUATE INTELLECTUAL PROPERTY RIGHTS PROTECTIONS INELIGIBLE FOR GENERALIZED SYSTEM OF REFERENCES.

(a) IN GENERAL.—Subsection (b) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended—

(1) by striking out "and" at the end of paragraph (6),

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and

(3) by inserting after paragraph (7) the following new paragraph:

"(8) if such country fails—

"(A) to provide under its law adequate and effective means for United States nationals (including non-United States nationals with whom United States nationals have a contractual relationship for the sale or licensing of intellectual property) to secure, exercise, and enforce in a timely fashion full and complete rights in intellectual property, including proprietary information copyright, patent, and trademark rights,

"(B) to assume a constructive role in international negotiations for the protection of intellectual property rights, including negotiations with respect to a General Agreement on Tariffs and Trade convention, or

"(C) to comply with treaties and conventions relating to intellectual property rights to which the United States and such country adhere.".

(b) EXEMPTIONS.—Subsection (d) of section 502 of such Act is amended by adding at the end thereof the following new paragraphs:

"(3) The President may annually exempt from the application of paragraph (8) of subsection (b) any country which provides satisfactory assurances that substantial progress is being made to satisfy the requirements of such paragraph. The President shall promptly furnish a written report to the Congress detailing the nature of such assurances and an evaluation of the effectiveness of any previous assurances.

"(4) (A) The President may exempt for a period not to exceed one year from the application of paragraph (8) of subsection (b) any country for reasons of the national security or national economic interest of the United States. The President shall promptly furnish a written report to the Congress stating the length of the period of the exemption and the reasons therefor.

"(B) The President may extend the exemption granted under subparagraph (A) for an additional period not to exceed one

year and report to the Congress the reasons for the extension.".

(c) APPLICATION TO EXISTING BENEFICIARY DEVELOPING COUNTRIES.—Subsection (b) of section 504 of such Act (19 U.S.C. 2464) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Upon the expiration of two years after the date of the report required by section 2 of the Intellectual Property Rights Protection and Fair Trade Act of 1984, with respect to any country designated as a beneficiary developing country as of the date of such report, the President shall, after complying with the requirements of section 502 (a)(2), withdraw or suspend the designation of such country if such country—

"(A) does not satisfy the requirements of paragraph (8) of section 502(b), or

"(B) does not qualify for an exemption under paragraph (3) or (4) of section 502(d).

Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order revoking the designation of such country under section 502.".

SEC. 4. ASSISTANCE IN PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 129. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.—(a) Subject to the provisions of subsection (b), the President is authorized to furnish assistance, on such terms and conditions as he may determine, to less developed countries and newly industrialized countries for the purpose of supporting the development and enhancement of more effective systems for the protection of intellectual property rights in such countries, including support for the administration and enforcement of laws which effectively protect intellectual property rights and including the provison of technical assistance wherever feasible.

"(b) In determining whether to furnish assistance authorized by subsection (a) to a country, the President shall consider—

"(1) whether the government of such country is making a good faith effort to improve its performance in protecting intellectual property rights;

"(2) the relative importance of such country from the standpoint of the overall trade and economic interests of the United States;

"(3) the extent and gravity of any deficiency in the system of such country for protecting intellectual property rights;

"(4) the threat of technological and trade interests of the United States posed by any deficiency in the system of such country for protecting intellectual property rights; and

"(5) whether the government of such country is playing a constructive role in efforts to provide adequate and effective protection of intellectual property rights.

"(c) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.".

EXECUTIVE SUMMARY

Product counterfeiting is nothing less than the theft for profit of a firm's reputation and product through the use of deception. For the purposes of this investigation, counterfeiting is defined as the unauthorized use of a registerd trademark on a product that is identical or similar to the product for which the trademark is registered and used. It does not include corollary methods of unfair competition such as unauthorized use of a trademark on a nonsimilar product, copyright infringement, patent infringement, passing off (the simulation of a trademark or packaging when the trademark is not identical), or the sale of authorized trademarked goods in contravention of a commercial arrangement. However, it is acknowledged that these excepted practices often have the same effect as trademark counterfeiting, and supplementary data were collected through the use of questionnaires to indicate the relative magnitude of these practices compared to that of trademark counterfeiting.

The highlights of the Commission's investigation on foreign product counterfeiting are as follows:

There are currently no international agreements to which the United States is a party that relate primarily to counterfeiting, but a number of agreements do have some bearing on counterfeiting.

Chief among the international agreements relating in some manner to counterfeiting is the Paris Convention on Industrial Property. Trademarks are included in this convention, which contains provisions which are self-executing or have been implemented by the signatory countries in their national laws. Not only do U.S. firms entitled to the benefits of the convention enjoy the same protection and legal remedies against infringements of their trademarks as do nationals of the signatory countries, but beneficiaries also enjoy certain special rights and advantages over the rights enjoyed by nationals under national law.

In addition, the United States has been signatory to a series of inter-American trademark conventions entered into from 1910 through 1929, providing trademark and trade name protection similar to that of the Paris convention. Bolivia, Ecuador, Uruguay, Brazil, the Dominican Republic, Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru are signatories to these conventions.

The United States has supported the conclusion of an international anticounterfeiting agreement. Its purpose is to discourage international trade in counterfeit goods, and its adoption would result in greater standardization of laws relating to counterfeiting. However, to date there has been little support for this code outside the developed countries.

The Lanham Act is the principal U.S. Federal statute relating to counterfeiting, although there are some U.S. Federal laws relating to counterfeiting of specific products.

The Lanham Act establishes a Federal registration system for trademarks and accords registered trademarks certain benefits not available under State law. The act provides for civil remedies for trademark infringement and counterfeiting through the Federal court system. There are no criminal penalties.

The current versions of the proposed Trademark Counterfeiting Act of 1983 (S. 875 and H.R. 2447) would amend the Lanham Act to provide criminal penalties for counterfeiting as well as enhance the civil relief available.

The Food, Drug, and Cosmetic Act makes it a crime to counterfeit drugs, foods, or cosmetics with intent to defraud. The Piracy and Counterfeiting Amendments Act of 1982 makes record and tape counterfeiting and piracy a criminal offense. Mail and wire fraud statutes have been used to prosecute counterfeiters using the mail or wires. Section 5 of the Federal Trade Commission Act prohibits unfair trade practices generally, including counterfeiting, but does not create a private right of action.

The United States offers two methods of protection and relief from foreign counterfeiting specifically targeted at imports.

Both trademarks and copyrights can be registered with the U.S. Customs Service with the result that Customs will prohibit the importation of infringing articles.

If imported counterfeit goods are injuring or have a tendency to injure or destroy a domestic industry, the United States International Trade Commission can be petitioned to institute an investigation into unfair trade practices under section 337 of the Tariff Act of 1930. Such investigations are useful in addition to or in place of Federal court actions against counterfeiting because section 337 investigations are limited in duration to 1 year (18 months in more complicated cases), and one of the remedies, the exclusion order, can be applied to all infringing imports, not just those from, or by, the named respondents. The Commission may also issue a cease and desist order as a remedy in appropriate circumstances.

Foreign laws relating to counterfeiting vary with regard to coverage and penalties and, therefore, with regard to their effectiveness and usefulness to U.S. producers.

The protection and relief available from product counterfeiting in 21 selected U.S. export markets and country sources of counterfeits were compiled for this report (appendix J). All the countries discussed have some provisions for trademark registration and remedies for infringement, including counterfeiting, Australia, Belgium, the Netherlands, Luxembourg, Brazil, Canada, France, Hong Kong, Italy, Japan, the Repubic of Korea (Korea), Mexico, Nigeria, the Philippines, Portugal, Macao, Saudi Arabia, Singapore, Taiwan, the United Kingdom, and West Germany offer various remedies and sanctions, both civil and criminal, that pertain to counterfeiting. Twelve of these countries, Australia, Brazil, Canada, France, Japan, the Philippines, Portugal, Macao, Saudi Arabia, the United Kingdom, and West Germany, have varying provisions for the prohibition of infringing imports by customs authorities. It should be noted that there is a wide body of anecdotal evidence suggesting that enforcement of any laws and regulations regarding counterfeiting is often minimal or absent, particularly in many developing countries.

The practice of product counterfeiting has spread from the more traditionally counterfieted products—high-visibility, strong-brand-name consumer goods—to a wide variety of consumer and industrial goods.

Traditionally the goods most often targeted by counterfeiters were consumer goods having strong brand-name identification and high price markups based on the brand name, such as fashion apparel, jewelry, watches, and records and tapes. The production of these goods tended to be labor intensive, allowing free and inexpensive entrance to the market. The profit to be attained from counterfeiting, as well as the limited risks associated therewith, has resulted in the spread of counterfeiting into a greater variety of consumer and industrial goods, including capital-intensive goods such as computer hardware and automobile parts.

The following industry sectors and products were reported by respondents to the Commission's questionnaire as having been subject to foreign product counterfeiting during 1980–82. Of a total of 274 responses, 82 were affirmative.

Industry sector	Products counterfeited
Wearing apparel and foot wear.	25 product items [1]—fashion and athletic apparel and footwear.
Chemicals and related products.	33 product items—agricultural chemicals, cosmetics and toiletries, drugs and pharmaceuticals, petroleum products, and miscellaneous rubber and plastic products.
Transportation equipment parts and accessories.	27 product items—a wide variety of automobile parts and accessories, and aircraft parts.
Miscellaneous metal products, machinery, and electrical products.	17 product items—hand tools, machine tool dies, industrial plug valves, video computer hardware, video switchers, speakers, circuit breakers and fuses, battery packs, wire connectors, integrated circuits, and toasters.
Records and tapes	8 product items [2]—recorded video and audio discs and tapes, and blank tapes.
Sporting goods	8 product items—tennis and golf equipment, and sports balls.
Miscellaneous manufactures.	33 product items—luggage, handbag, and flat goods; writing instruments; sunglasses; jewelry; toys; computer software; and video, arcade, and other electronic games.

[1] The term "product item" is used to encompass varying models of a single product by a single respondent. Therefore, a respondent reporting separately on three model numbers of a single product was recorded as reporting on one product item.

[2] The total number of product items reported is misleading in that records of different titles reported by one respondent were listed as one product item. Furthermore, some respondents deferred to a statement submitted by the Recording Industry Association of America, Inc. (RIAA) in connection with this investigation. An example of the size of the counterfeiting problem in this industry is reflected in the RIAA's estimate that 213 titles were counterfeited or pirated in Singapore alone in 1982.

Foreign counterfeiting of U.S.-produced food, beverage, and tobacco products was negligible during 1980–82.

The Commission staff recorded a few unconfirmed reports of counterfeiting of food, beverage, and tobacco products during their search of the relevant literature. Although staff contacts with the industry uncovered no verified instances of foreign counterfeiting of U.S. products, 16 questionnaires were sent to major U.S. producers of packaged food products, alcoholic and nonalcoholic beverages, and tobacco products. All 16 responses were negative. There have been reports of U.S. counterfeiting of domestic products (Texas onions sold as onions from Vidalia, Ga.) and foreign counterfeiting of foreign-produced products (soft drinks, whiskey, and cigarettes).

The incidence of counterfeiting in each of the affected industry sectors increased during 1980–82.

Wearing apparel and footwear and records and tapes were the only industry sectors subject to counterfeiting that did not show a steady increase in the number of reported incidents of counterfeiting in both domestic and export markets. Counterfeiting in both of these sectors appears to have matured to the point that, for the most part, as the industry eliminates the sources of a particular counterfeit product, new counterfeits of the product are introduced from other sources. In the remaining sectors, the types of products for which counterfeits appeared increased during 1980–82.

The number of counterfeit product items reported by respondents in domestic and export markets during 1980–82, by industry sectors, was as follows:

Industry sector	U.S. market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	13	13	14	16	19	17
Chemicals and related products	0	0	0	14	18	25
Transportation equipment parts and accessories	7	8	10	11	11	18
Miscellaneous metal products, machinery, and electrical products	2	4	5	8	9	13
Records and tapes	4	8	8	5	5	5
Sporting goods	2	3	4	4	4	6
Miscellaneous manufactures	22	24	26	16	21	22
Total	50	60	67	74	87	106

Gray market sales [1] and unfair trade practices similar to counterfeiting, including passing off and patent and copyright infringements on goods similar to the original, occurred in each industry subject to counterfeiting, but were most prevalent for automobile parts and accessories, chemicals and related products, sporting goods, records and tapes, toys, video games, and computer hardware.

Although practices similar to counterfeiting occurred in the apparel and footwear sector, counterfeiting remains the most significant problem for U.S. producers of these products. Conversely, counterfeiting of automobile parts and accessories is far less significant than passing off and patent violations, particualrly in the U.S. market. In the chemicals sector, passing off and patent infringment—particularly for drugs and pharmaceuticals, agricultural chemicals, and cosmetics and toiletries—outweigh counterfeiting. Records and tapes, video games, and computer software all suffer from piracy (copyright infringement). Gray market sales, particularly in the U.S. market are also a significant problem for the record and tape industry. In the sporting goods and toys industries, counterfeiting is far rarer than patent infringement and passing off.

The following tabulation shows the number of product items (products that also experienced competition from counterfeits and those that did not) reported by 38 respondents to be experiencing competition in the U.S. market or export markets in 1982 from products competing under practices other than counterfeiting:

Industry sector	Gray market sales	Trade dress/ passing off	Patent infringement	Copyright infringement
Wearing apparel and footwear	6	14	2	5
Chemicals and related products	8	18	6	0
Transportation equipment parts and accessories	3	9	7	4
Miscellaneous metal products, machinery, and electrical products	3	15	4	3
Records and tapes	5	1	1	6
Sporting goods	5	3	3	2
Miscellaneous manufactures	6	17	7	9
Total	36	76	30	29

Sources of counterfeits of U.S. products and products competing through similar trade practices are worldwide, but are most prevalent in the Far East.

Respondents to the Commission's questionnaire cited 43 countries around the world as sources of counterfeits of U.S. products during 1980–82. Thirty countries in the Far East, Europe, Latin America, Oceania, and Africa were cited as sources of products competing under trade practices similar to counterfeiting in 1982. Taiwan was the leading source in both categories, cited for 91 of the 151 counterfeited product items and 65 times for similar unfair trade practices. Hong Kong (32 product items), Indonesia (18), Singapore (17), Korea (14), and the Philippines (13) were the next most often reported sources of counterfeits. Following the Far East (11 countries) as primary counterfeit sources were Latin America (15 countries), Europe (17 countries), the Middle East (9 countries), Africa (9 countries), Australia, Canada, and India (see table 1 in app. D). Ten countries in the Far East were cited as sources of goods falling under similar trade practices, followed by Europe (10 countries), Latin America (6 countries), Oceania (2 countries), and Africa (2 countries) (table 2).

The most common retail selling agents for counterfeit products in the U.S. market are different than those in export markets.

In the domestic market, respondents most often cited discount stores (30 product items) as retailers of counterfeit products. Next were street vendors (24 items) and flea markets (23 items). Street vendors were the most commonly cited retailers of counterfeits in export markets (32 items), followed by small retail business (28 items). Wholesalers were the most commonly identified nonretail selling agents in both the U.S. market (35 items) and export markets (46 items) (table 3).

The United States is the largest single market for foreign counterfeits of U.S. products.

Respondents reported that more than 62 percent (94) of the product items reported to be counterfeited during 1980–82 were sold in the United States.

U.S. export markets affected by foreign counterfeiting span the globe, but the Far East contains the most affected foreign markets.

Respondents to the Commission's questionnaire listed 66 countries as markets for foreign counterfeits of U.S.-produced goods (table 1). Hong Kong (cited for 40 product items) and Taiwan (39 items) were the markets where the largest number of different counterfeits occurred. A total of ten countries in the Far East were reported as export markets affected by counterfeiting. Following Hong Kong and Taiwan were

[1] "Gray market sales" (also referred to as diverted goods, parellel sales, and unauthorized sales) refers to goods bearing an authorized trademark that are sold in contravention of a commercial arrangement. This can consist of legal production by a licensee that is sold in markets restricted by the licensing agreement, or deliberate unreported overproduction by a licensee that is sold without the knowledge of the trademark holder.

Singapore (25 items), the Philippines (21 items), Idonesia (17 items), and Thailand (16 items). Latin America was the second most affected region, with 15 market countries reported. Brazil (15 items) and Panama (14 items) were the most often cited Latin American markets, followed by Venezuela (11 items), Chile (10 items), Mexico (9), Colombia (8), and Argentina (7). Italy (18 product items) and the United Kingdom (16 items) were most often cited in Europe (16 countries). In the Middle East (12 countries), the major markets for counterfeits were Israel and Kuwait (12 items each) and Saudi Arabia (9 items). Nine countries in Africa were cited, led by the Republic of South Africa (10 product items) and Nigeria (6 items). India (16 items) and Australia (11 items) were other major export markets affected.

Sales lost to foreign product counterfeiting increased from $37.5 million to $49.2 million during 1980–82.

The following tabulation shows domestic and export sales reported lost due to counterfeiting during 1980–82. It should be noted that a number of respondents known to be suffering significant losses due to counterfeiting could not quantify these losses and that these figures therefore represent minimum losses.

[In thousands of dollars]

Industry sector	U.S. market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	9,790	14,450	19,430	7,700	8,500	7,650
Chemicals and related products				5,200	1,470	860
Transportation equipment parts and accessories	800	700	800	7,050	7,120	7,200
Miscellaneous metal products, machinery, and electrical products			550	1,170	1,350	2,350
Records and tapes	3,570	1,400	360	(1)	(1)	(1)
Sporting goods	300	760	1,620	100	210	1,660
Miscellaneous manufactures	560	748	869	1,225	2,348	5,882
Total [2]	15,020	18,060	23,630	22,450	21,000	25,600

[1] Not reported.
[2] Because of rounding, figures may not add to the totals shown.

A estimated $6 billion to $8 billion of total domestic and export sales were lost by U.S. industry due to foreign product counterfeiting, passing off, and copyright and patent infringement of similar products, in 1982.

Because a number of respondents affected by counterfeiting were unable to estimate the effect counterfeiting had on their sales, the Commission staff solicited estimates of total lost sales due to counterfeiting in 1982 from various firms and associations in the affected industries. However, in most cases estimates could only be provided on the combination of counterfeiting and similar unfair trade practices. It is estimated from industry figures that approximately $3 billion to $4 billion in domestic sales and in U.S. export sales was lost by U.S. industry due to foreign counterfeiting and similar practices in 1982. The estimates of these losses in 1982 for the products covered by the Commission's questionnaire were as follows:

[In millions of dollars]

Industry sector	U.S. market	Export markets
Wearing apparel and footwear	700	300
Chemicals and related products	(1)	170–240
Transportation equipment parts and accessories	(2)	(2)
Miscellaneous metal products, machinery, and electrical products	10–15	30–45
Records and tapes	400	258
Sporting goods	250	350
Miscellaneous manufactures	Over 200	Over 100

[1] Negligible.
[2] $3,000 million worldwide.

Counterfeits are generally different physically or operationally from the original product.

According to questionnaire respondents and written and oral testimony, counterfeits are generally inferior in quality to the original product. Counterfeits of wearing apparel and footwear tend to show less precise workmanship in the stitching and sewing, and can be made from inferior materials. Counterfeit cosmetics and toiletries may not be sterile, and perfumes and colognes are often entirely different in composition. Counterfeit agricultural chemicals and drugs may be totally ineffective, being composed of a neutral agent. Counterfeit transporation equipment parts have been reported to be manufactured of inferior raw materials, lacking nonvisible safety features, or made to less-than-precise specifications. Counterfeit electric circuit breakers and various other electrical consumer goods that could not withstand normal or rated electrical loads were found. Counterfeit records and tapes tend to exhibit inferior audio or video reproduction.

However, counterfeits can and do function in a manner similar to that of the original product, especially where the price of the original is more dependent on a fashion name than on an inherent superiority over lower priced goods. Inferior stitching does not prevent a piece of apparel from being worn; it does, however, suggest a shorter product life span. Similarly, a counterfeit watch is often perfectly adequate in keeping time.

Fifty-five respondents reported that counterfeits were operationally or physically different from their product, 17 indicated that they were not, and 10 did not answer this question. Responses by industry indicating that counterfeits differed in quality from their products ranged from 40 percent of the respondents in the sporting goods industry to 100 percent of those in the wearing apparel and footwear sector.

The sale of counterfeits very often results in a loss of goodwill for the trademark owner, causing lost sales of both counterfeited products and noncounterfeited products bearing the same trademark.

A counterfeit product which is inferior in quality to the original may through poor performance bias the user's mind against the legitimate product if the consumer is unaware that the product is not genuine. Even if the consumer is aware of the existence of counterfeits, he may not feel competent to distinguish counterfeit from original and may shy away from purchasing the original. Furthermore, the existence of very low-priced counterfeits of high-priced fashion goods, while not deceiving the purchaser, can devalue the trademark simply through use. Of the 55 respondents indicating that counterfeits of their products were different from the original, 45 indicated that they had lost sales to the counterfeits due to loss of good will (in addition to sales lost through substitution), and 23 respondents indicated that this loss of good will extended to their noncounterfeited products.

Counterfeiting does not generally result in price suppression of the legitimate product.

Only 12 of 73 respondents indicated that they had reduced prices as a direct result of competition from counterfeiting—6 respondents in the miscellaneous manufacturers sector, 3 in the transportation equipment parts and accessories sector, 2 in the miscellaneous metal products, machinery, and electrical products sector, and 1 in the chemicals and related products sector.

Counterfeiting could also result in price suppression if the counterfeiting was unknown to the affected firm and prices were reduced as a competitive move because the reasons for lost sales or market share were misidentified. However, most firms aware of a counterfeiting problem prefer to attack the problem itself, rather than compete with the counterfeits. For firms where the high price contributes to the perceived value of the product and trademark, a reduction in price could be detrimental to sales.

Approximately 131,000 U.S. jobs were lost in 1982 due to foreign product counterfeiting and similar unfair trade practices in the five industry sectors most subject to counterfeiting.[2]

[2] Commissioner Stern notes that the above figure of 131,000 U.S. jobs lost in 1982 is an estimate based on figures provided by selected industries canvassed by the Commission staff and then further derived from the standard calculations of the labor content of U.S. output, imports. Such calculations ignore a number of additional factors, such as the reaction of exchange rates and the effects of output changes on labor output ratios. Therefore, a number of caveats are necessary if these labor content estimates are to be interpreted as actual employment effects. For example, a tariff that restricts imports or a subsidy that promotes exports simultaneously affects a number of other economic variables, many of which also affect trade, such as the exchange rate. A review of the academic literature indicates that the magnitude and, indeed, the direction of the employment effects of counterfeit-induced changes in trade has not been definitely determined. Simply stated, an increase in imports does not necessarily cause a reduction in aggregate domestic employment, and a decrease in exports does not necessarily cause a decrease in aggregate domestic employment. These caveats are explained more thoroughly in Commission Report on Investigation No. 332-154, U.S. Trade-Related Employment, USITC Pub. 1445, 1983.

Five industry sectors, wearing apparel and footwear, chemicals and related products, automobile parts and accessories, records and tapes, and sporting goods, estimated lost domestic and export sales due to foreign product counterfeiting and similar trade practices at nearly $5.5 billion in 1982.[3] Assuming these lost sales to equal lost output, the Commission estimates that approximately 131,000 U.S. jobs, including 127,000 manufacturing jobs, were lost in these sectors in 1982.[4] The total employment loss in the wearing apparel and footwear sector was 44,415 jobs, including 42,899 manufacturing jobs. Between 2,292 and 3,236 jobs were lost in the chemicals and related products sector (2,037 to 2,927 manufacturing jobs); 47,462 jobs, including 45,666 manufacturing jobs were lost in the automobile parts and accessories sector, 20,822 jobs (20,198 manufacturing jobs) in the records and tapes sector, and 15,860 jobs (15,330 manufacturing jobs) in the sporting goods sector.

U.S. industry efforts to combat foreign counterfeiting increased during 1980–82 from $4.1 million to $12.1 million.

Respondents reported that their total costs of identifying, detecting, and combating counterfeiting (through registration and enforcement of trademarks) rose from $4.1 million in 1980 to $5.0 million in 1981 and to $12.1 million in 1982 (table 4). In 1982 an additional $5.6 million in identification and enforcement costs was expended combating gray market sales and practices similar to counterfeiting.

Identification and enforcement costs reported by respondents in domestic and export markets during 1980–82 were as follows:

[In thousands of dollars]

Industry sector	Domestic market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	454	602	2,831	505	826	1,373
Chemicals and related products				688	888	749
Transportation equipment parts and accessories	77	67	60	145	156	159
Miscellaneous metal products, machinery, and electrical products	116	142	242	218	358	414
Records and tapes	20	20	90	127	160	230
Sporting goods	18	36	45	40	36	150
Miscellaneous manufactures	1,390	1,419	5,113	309	255	678
Total	2,075	2,286	8,381	2,032	2,679	3,726

Forty-six out of 71 respondents indicated that they had registered their trademarks with the U.S. Customs Service. Registration frequency varied among the industry sectors. All 12 of the respondents reporting in the wearing apparel and footwear sector had registered their trademarks, as had 15 of 17 respondents in the miscellaneous manufactures sector; however, only 4 of 11 respondents in the chemicals and related products sector and 2 of 12 in the transportation equipment parts and accessories sector had done so.

Most respondents that had not registered their trademarks had not done so because they had not experienced competition from imported counterfeits in the U.S. market. However, some of the respondents in the transportation sector were unaware of this remedy.

There is a step-by-step process that most firms undertake in attempting to find and stop counterfeiters.

The process begins with the detection of the existence of a counterfeit. Detection is followed by investigation into the origins and principals of the counterfeit product and is in turn followed by attempts to prevent further production. The process ends with enforcement action undertaken by the legitimate manufacturer or trademark holder against the counterfeiter. Each step is dependent upon the success of the previous step. Investigators face myriad obstacles in tracing the source of counterfeits and enforcing their trademarks. The typical counterfeiter is reported to be a shrewd and elusive businessman, quick on the move when pursued by a legitimate trademark owner.

Respondents to the Commission's questionnaire listed 10 methods of detection, identification, and prevention of counterfeiting and 6 enforcement methods (table 5). Chief among the former were investigations, by either in-house or outside services, into counterfeit activities at all levels of production and distribution, cited by 50 respondents. Forty-three respondents reported that they registered trademarks with the U.S. Customs Service as a preventive measure. Other methods included using trained sales forces, distributors, and licensees to monitor counterfeits in the field and at trade shows, using anticounterfeiting devices (usually labeling), registering trademarks in foreign countries, raising consumer awareness of counterfeiting, working with industry associations and coalitions to promote Government action, and maintaining full-time in house legal and investigative staffs. The two most widely reported enforcement methods were initiating civil and criminal actions against counterfeiters and against the sale of counterfeits at all levels of distribution (35 respondents) and sending "cease and desist" warning letters to counterfeiters at all levels (22 respondents). Also mentioned were cooperation with criminal enforcement authorities, search and seizure orders and police raids, temporary restraining orders, and verbal warnings of impending legal action.

U.S. Government action to combat sales of counterfeits domestically and abroad is generally considered imperative by firms affected by counterfeiting.

There exists a general view among the U.S. producers surveyed that unless the profit stemming from counterfeiting is eliminated and the risks are increased, no amount of industry action will succeed in eliminating the problem. Fifty firms responded to an open-ended question regarding proposed U.S. Government action to combat counterfeiting (table 6). Sixty percent of these respondents specifically supported passage of S. 875 and H.R. 2447, providing criminal penalties for counterfeiting. Support for these bills was nearly unanimous among U.S. producers that appeared at the Commission's hearing and among those that submitted written statements. Twenty-one respondents favored strengthening U.S. Customs Service surveillance efforts to seize counterfeits at the border. Also suggested was increased aid by U.S. embassies, consulates, and trade offices in assisting U.S. manufacturers in the pursuit of imported counterfeits.

Recommendations on U.S. government action against counterfeiting in foreign markets were more evenly distributed. Eighteen respondents supported the proposed International Anticounterfeiting Code, 16 suggested that the United States impose economic sanctions against countries known to harbor counterfeiters, and 13 proposed that the United States make every effort to encourage these countries to adopt effective anticounterfeiting laws if they have none and to improve and enforce current anticounterfeiting laws.

Counterfeiting is not generally perceived as a serious problem by domestic retailers.

The Commission staff conducted telephone interviews with 50 major retailing firms and two retailing and franchising associations. Few of these firms had firsthand experience with counterfeit goods, and counterfeiting was not an area of major concern. Those firms having experience with counterfeits cited clothing, jewelry, and perfume as the most commonly counterfeited items discovered. In most instances, the retailer contacted the legitimate trademark holder or manufacturer and assisted in tracking down the counterfeits. Those retailers actively guarding against the purchase of counterfeits buy merchandise only from reputable vendors and rely on their buyers' training and product knowledge to avoid acquiring fraudulent goods. Flea markets and street vendors were most often perceived by retailers as the primary distributors of counterfeits.

Franchisers also reported little problem with counterfeit merchandise, primarily because in most franchising operations involving products, the distribution system is closely controlled by the franchiser. Their primary problems in foreign markets are the preregistration of their trademarks by others and the often short-term trademark protection provided to franchisers in some countries.

Although unopposed to anticounterfeiting efforts by the U.S. Government, retailers have signficant objections to certain provisions of S. 875 and H.R. 2447.

[3] See page xx for individual sector losses.

[4] Employment loss is based on the U.S. Department of Labor input/output model.

A number of individual retailers and three major retail trade associations, representing 67,500 individual, general merchandise, department, discount, and specialty stores in the United States, expressed serious reservations about the operation of U.S. anti-counterfeiting efforts as embodied in the proposed amendments to the Lanham Act. They felt that the legislation is aimed more at the retailers than at the actual counterfeiters, subjects retailers to severe criminal sanctions, could be used by manufacturers for price and supply maintenance, and fails to distinguish between intentional and unintentional possession or sale. Further, they feel that there are inadequate safeguards against, and remedies for, malicious prosecution.●

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

S. 2551. A bill to designate certain areas in the Allegheny National Forest as wilderness and recreation areas; to the Committee on Agriculture, Nutrition, and Forestry.

PENNSYLVANIA WILDERNESS ACT OF 1984

Mr. HEINZ. Mr. President, it is my privilege to introduce, in conjunction with Senator SPECTER, the Pennsylvania Wilderness Act of 1984. Over the past 10 years since the passage of the Eastern Wilderness Act of 1974, many individuals from Pennsylvania, as well as those residents of neighboring States who enjoy the scenic splendor and recreational pastimes of our State, have sought to establish a wilderness area in the Allegheny National Forest. This dream now seems close to realization, but it will still require continuation of the type of commitment which has been shown to date.

Among those who have worked hard for Pennsylvanians to achieve this end, Congressman BILL CLINGER deserves special recognition for his efforts. Congressman CLINGER has worked tirelessly to achieve a wilderness designation for the Allegheny National Forest. His efforts have created a genuine consensus. The wilderness proposal he has been so careful in preparing has made every possible effort to accommodate the various interests of those whom it would most directly affect. The legislation strikes a reasonable balance by leaving significant areas of the Allegheny National Forest open to various types of development while protecting those parts with the highest wilderness, scenic and recreational values.

Congressman CLINGER, in conjunction with the efforts and cosponsorship of Congressman PETER KOSTMAYER, has introduced H.R. 5076, the Pennsylvania Wilderness Act of 1984. This legislation which Senator SPECTER and I introduce today will parallel the efforts of Congressmen CLINGER and KOSTMAYER in the House of Representatives.

The Pennsylvania Wilderness Act provides for a variety of different land uses based on the adoption of two land use designations in the forest. The first area includes seven islands on the Allegheny River designated as the Allegheny Islands Wilderness, an area of 363 acres, and a far larger forest area of northern hardwoods called the Hickory Creek wilderness area, covering 9,400 acres. These areas qualify as potential wilderness areas based on U.S. Forest Service surveys conducted in the roadless areas review and evaluation II (RARE II).

The bill also proposes an Allegheny National Recreation Area of 23,100 acres, which includes areas identified and depicted in RARE II as Cornplanter, Tracy Ridge, and Allegheny Front. This national recreation area also includes the northern part of the Allegheny Reservoir.

Also included are special provisions to deal with the fact that the subsurface rights for oil, gas, and minerals beneath the designated areas are in some cases privately owned. Such holdings are not unique to the Allegheny National Forest, as many national forests in the Eastern United States were first created by acquiring only the surface rights to the land. As a wilderness area is intended to remain virtually untouched by civilization, preserved as it is in a wild state, the bill provides a mechanism for acquiring these mineral rights still held by private individuals and located within the designated area and authorizes approximately $2 million for acquisition of mineral rights owned by private parties and located beneath the area called Hickory Creek. Such acquisitions will greatly reduce the problems the Forest Service faces in maintaining the quality of the wilderness areas within the Allegheny National Forest.

The designation of other areas as the Allegheny National Recreation Area (ANRA) recognizes that while sufficient revenues are not available to purchase all the interests in these areas, it is still desirable to preserve these areas whenever possible for recreational uses. The Secretary of Agriculture is directed under the bill to formulate management plans for ANRA that maximize recreation opportunities and protect all forms of fish and wildlife. At the same time, exploration for minerals, oil, and gas can be undertaken in a manner which most effectively protects the environment from damage, while allowing for an accommodation of development for energy.

In my position as a member of the Energy and Natural Resources Committee to which this bill will be referred, I look forward to working closely with my colleagues in establishing this wilderness and recreation area so that Pennsylvanians and others can fully enjoy, both now and for generations to come, the many areas of beauty and splendid seclusion, together with the valuable and varied recreational opportunities of the Allegheny National Forest.

I ask unanimous consent that the text of the bill be printed at this point.

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

S. 2551

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Pennsylvania Wilderness Act of 1984".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) there is an urgent need to identify and protect natural areas to meet the recreational needs of Americans;

(2) certain lands within the Allegheny National Forest in Pennsylvania are worthy of inclusion in the National Wilderness Preservation System; and

(3) certain other lands within the Allegheny National Forest are suitable for designation as a national recreation area.

PURPOSE

SEC. 3. It is the purpose of this Act to—

(1) establish the Allegheny Islands Wilderness and the Hickory Creek Wilderness;

(2) establish the Allegheny National Recreation Area so as to assure the preservation and protection of the area's natural, scenic, scientific, historic, archaeological, ecological, educational, watershed and wildlife values and to provide for the enhancement of recreational opportunities, particularly undeveloped recreational opportunities; and

(3) assure that any mineral exploration and development that takes place within the recreation area is done in an environmentally sound manner.

WILDERNESS DESIGNATION

SEC. 4. (a) In furtherance of the purposes of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1131-1136), the following lands in the State of Pennsylvania are hereby designated as wilderness and therefore as components of the National Wilderness Preservation System:

(1) certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately three hundred and sixty-three acres, as generally depicted on a map entitled "Allegheny Islands Wilderness—Proposed", dated March 1984, composed of Crulls Island, Thompsons Island, R. Thompsons Island, Courson Island, King Island, Baker Island, and No Name Island, and which shall be known as the Allegheny Islands Wilderness; and

(2) certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately nine thousand four hundred acres as generally depicted on a map entitled "Hickory Creek Wilderness—Proposed", dated March 1984, and which shall be known as the Hickory Creek Wilderness.

(b) Subject to valid existing rights, the wilderness areas designated under subsection (a) shall be administered by the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

(c) As provided in section 4(d)(8) of the Wilderness Act, nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the State of Pennsylvania with respect to wildlife and fish in Allegheny National Forest in the State of Pennsylvania.

(d)(1) The Secretary is authorized to acquire by purchase, donation, or exchange, with donated or appropriated funds, such lands or interests in lands (including oil, gas, and other mineral interests and scenic easements) within the Hickory Creek Wilderness as he deems necessary to carry out the purposes of this Act. Such lands and interests in lands may be acquired only with the consent of the owner thereof.

(2) Not more than $2,000,000 is authorized to be appropriated for purposes of acquiring, in accordance with subsection (a), lands and interests in lands in the Hickory Creek Wilderness Area.

DESIGNATION OF NATIONAL RECREATIONAL AREA

SEC. 5. In furtherance of the findings and purposes of this Act, certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately twenty-three thousand one hundred acres, as generally depicted on a map entitled "Allegheny National Recreational Area—Proposed", dated March 1984, are hereby designated as the Allegheny National Recreation Area (hereinafter in this Act referred to as the "national recreation area"). The national recreation area shall be composed of the Allegheny Front, Cornplanter, and Tracy Ridge including the Allegheny Reservoir. Following the acquisition, under any other authority of law, of other lands within the Allegheny National Forest, the Secretary may revise the boundaries of the national recreation area to add such lands to the national recreation area, including at least one thousand two hundred and seventy-two acres in the Allegheny Front area.

ADMINISTRATION OF NATIONAL RECREATION AREA

SEC. 6. (a) Subject to valid existing rights, the national recreation area designated by this Act shall be administered by the Secretary in accordance with this Act and the laws, rules, and regulations applicable to the national forest system in a manner compatible with the following objectives:

(1) minimizing to the extent practicable the environmental impacts of exploration and development of privately owned oil, gas, and other minerals;

(2) maximizing opportunities for recreation including, but not limited to, hunting, fishing, hiking, backpacking, camping, nature study, and the use of boats, both motorized and nonmotorized, on the Allegheny Reservoir;

(3) protection and maintenance of fish and wildlife populations and habitat;

(4) protection of watersheds and the free flowing nature of streams;

(5) protection and maintenance of fish and wildlife populations and habitiat; and

(6) conservation of scenic, wilderness, cultural, scientific, educational, and other values contributing to the public benefit.

Subject to valid existing rights, the utilization of natural resources in the recreation area shall be permitted only if consistent with the other provisions of this Act.

(b) To carry out the purposes of this Act, the Secretary shall prepare and publish, and may from time to time amend, a management plan, accompanied by an environmental impact statement and necessary regulations, for the national recreation area designated by this Act. The plan may be prepared in conjunction with, or incorporated with, ongoing planning for the Allegheny National Forest in accordance with the National Forest Management Act of 1976. Such plan and regulations shall include, but not be limited to—

(1) standards and guidelines for the protection and preservation of historic, archaeological, and paleontological resources in the recreation area for the public benefit and knowledge;

(2) provisions to maintain and enhance existing opportunities for recreation on Allegheny Reservoir, including opportunities for motorized and nonmotorized boat use;

(3) provisions to regulate the use of and protect the surface values of the recreation area, including provisions to control the use of motorized and mechanical equipment, and to evaluate alternative surface access routes which minimize damage or alteration of the surface in connection with any authorized activities on such land; and

(4) provisions governing oil, gas, and other mineral exploration and development within the recreation area, including access by road when necessary, and which ensure that—

(A) exploration, development, and transportation of oil, gas, and other mineral resources are not made economically infeasible;

(B) disturbances to the environment are minimized during all phases of exploration and development;

(C) revegetation and restoration of the surface of the land disturbed in performing exploration and development is accomplished as soon as possible after each phase of exploration and development is completed; and

(D) protection of high surface and groundwater quality.

In preparing the comprehensive management plan, the Secretary shall provide for oral and written public participation and shall consider the views of all interested agencies, organizations, and individuals.

(c) The Secretary shall permit hunting and fishing within the boundaries of the national recreation area designated by this Act in accordance with applicable laws of the United States and the State of Pennsylvania wherein the lands and waters are located except that the Secretary may designate zones where, and establish periods when, no hunting or fishing shall be permitted for reasons for public safety, administration, or public use and enjoyment. Except in emergencies, any regulations of the Secretary pursuant to this paragraph shall be put into effect only after consultation with the appropriate State fish and game department.

(d)(1) Subject to valid existing rights, the minerals in all Federally owned lands within the national recreation area designated by this Act are withdrawn from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral leasing, including all laws pertaining to geothermal leasing, and all amendments thereto.

(2) Any special use permit issued by the Secretary for exploration, development, or transportation of oil, gas, or other mineral resources (or for any combination of the foregoing activities) shall require the submission of a plan of operations (including a reclamation plan) which is consistent with the objectives set forth in subsection (a).

MAPS AND DESCRIPTIONS

SEC. 7. (a) As soon as practicable after enactment of this Act, the Secretary shall file the maps referred to in this Act, and legal descriptions of the national recreation area and the wilderness areas designated by this Act, with the Committee on Interior and Insular Affairs of the United States House of Representatives, the Committee on Energy and Natural Resources of the United States Senate, and with the Committee on Agriculture of the United States House of Representatives. Such maps and legal descriptions shall have the same force and effect as if included in this Act, except that correction of clerical and typographical errors in such maps and legal descriptions may be made. Each such map and legal description shall be on file and available for public inspection in the office of the Chief of the Forest Service, Department of Agriculture.

FOREST SYSTEM PLANNING

SEC. 8. (a) The Congress hereby determines and directs that, without passing on the question of the legal and factual sufficiency of the RARE II final environmental statement (dated January 1979) with respect to national forest system lands in States other than Pennsylvania, such statement shall not be subject to judicial review with respect to national forest system lands in the State of Pennsylvania.

(b) The Congress does not intend that the designation of a wilderness area under this Act lead to the creation of protective perimeters or buffer zones around such wilderness area. The fact that nonwilderness activities or uses can be seen or heard from areas within a wilderness shall not preclude such activities or uses up to the boundary of the wilderness area.

Mr. SPECTER. Mr. President, today I am proud to join Senator HEINZ in introducing the Pennsylvania Wilderness Act of 1984. This legislation designates certain areas in the Allegheny National Forest as wilderness and recreation areas. The forest, established in 1923 to protect the upper watershed of the Allegheny River, is located in Forest, Warren, McKean, and Elk Counties.

This bill will designate 9,400 acres in the Hickory Creek Area of the Allegheny Forest as well as Seven Islands in the Allegheny River near Warren as wilderness areas where development would be barred. The bill also authorizes $2 million for acquiring subsurface rights under the Hickory Creek Wilderness.

Hickory Creek is the largest, relatively undisturbed area in the Allegheny National Forest. It consists of gentle, rolling topography interlaced with bogs and beaver ponds. An 11-mile long loop trail leading from Hearts Content traverses Hickory Creek and several tributaries. The Pennsylvania Fish Commission has designated Hickory Creek as a high quality, cold water fishery—one of the highest classifications that can be given to a Pennsylvania waterway.

Designation of Hickory Creek and the Seven Islands will create the only wilderness area in the national preservation system within a 150-mile radius. The most densely populated, heavily industrialized region in all of North America lies within 250 miles. Nearly

40 percent of the American public lives within a day's drive of the forest. All of these qualities illustrate the worthiness of this land's wilderness designation, and underline the importance of this legislation.

Additionally, this legislation designates 23,100 acres as national recreation areas. This designation will insure the preservation of scenic, historical, archaeological, paleontological, watershed, and wildlife resources. At the same time, this designation maximizes the opportunity for recreational activities such as fishing, hunting, and boating. Under this bill, the U.S. Forest Service is charged with the responsibility of regulating the use of these wilderness and recreational areas.

In addition to the attractive recreational resources, the Allegheny Forest also boasts one-half million acres of natural black cherry, oak, ash, and other commerical hardwoods used in furniture both domestically and abroad. The forest also lays claim to the first oil well in the world; today, not far from this well, high quality crude fields produce lubricants for Quaker State, Pennzoil, and the Kendall oil companies.

A careful balance has been struck between recreational and commercial interests. A bipartisan companion bill in the House of Representatives introduced by Congressmen CLINGER and KOSTMAYER has already been the subject of hearings in that body. I join Senator HEINZ in urging the Senate Energy and Natural Resources Committee to also move quickly to consideration of the Pennsylvania Wilderness Act.

By Mr. MURKOWSKI:

S.J. Res. 272. A joint resolution recognizing anniversaries of Warsaw uprising and Polish resistance to invasion of Poland during World War II; to the Committee on the Judiciary.

ANNIVERSARIES OF WARSAW UPRISING AND POLISH RESISTANCE DURING WORLD WAR II

● Mr. MURKOWSKI. Mr. President, I am submitting a joint resolution which seeks to have Congress recognize the anniversaries of the Warsaw uprising and Polish resistance to the invasion of Poland during World War II. August 1, 1984, marks the 40th anniversary of the uprising by the Polish people and September 1, 1984, is the 45th anniversary of the invasion of Poland by the Army and Air Force of the Third Reich. That invasion was followed just 16 days later by a Soviet invasion from the East and the subsequent occupation of a zone populated by 13 million Poles. These events led to the development of a strong underground movement directed by the Polish Government in exile. By 1944 this movement had taken the form of a home army.

On August 1, 1944, the Polish Home Army attacked the German Forces holding Warsaw and within 3 days gained control of the city. The Germans sent in reinforcements and brutally bombarded the city with air artillery attacks for the next 63 days. Unsupported, the Polish Home Army held out until October 2, 1944, when its supplies had run out and it was forced to surrender. The leader of the Polish Forces, Gen. Tadeusz Komorowski, who was known as Bor, was taken prisoner with his forces. The Germans then systematically deported the remainder of the city's population and destroyed the city. Home army losses were about 35,000 and losses among the civilian population were in excess of 150,000. The liberating armies of 1945 found the city in a state of almost total devastation, with destruction of industrial plants, cultural and social facilities, and housing ranging from over 70 percent to almost 100 percent.

The Warsaw uprising of 1944 set the tone for postwar relations between the Polish people and the Polish Government. This spirit which was affirmed in 1944 continues to this day with the solidarity movement symbolic of the desire for freedom and sovereignty. The event has been officially ignored, criticized, or downplayed by the Polish Government though well-known and revered by the people. The Polish Government began recognizing the achievements of the home army and the Warsaw uprising only following the emergence of Solidarity in 1980.

The events in Poland over the last few years have again captivated the world by displaying the same spirit and love of freedom epitomized by the Warsaw uprising and the resistance to the invasions and occupations throughout Poland during World War II. The Poles have, without any support from the West, managed to shake the foundations of world Communists through the Solidarity trade union movement. Though officially outlawed, the Solidarity movement continues to exist and flourish despite assertions to the contrary by the Polish Government. The spirit shown by the Polish people in their continuing quest for freedom, democracy, and self-determination despite the odds, should be and is especially important to the people of the United States who have fought for and defended these ideals throughout our own history.

It is only fitting that the U.S. Congress recognize the anniversaries of the invasion of Poland and the Warsaw uprising.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the names of the Senator from Pennsylvania (Mr. HEINZ), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors 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. 786

At the request of Mr. PRESSLER, the name of the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 786, a bill to amend title 38, United States Code, to establish a service connection presumption for certain diseases caused by exposure to herbicides or other environmental hazards or conditions in veterans who served in Southeast Asia during the Vietnam era.

S. 1614

At the request of Mr. HEINZ, the name of the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 1614, a bill to amend title XIX of the Social Security Act to allow States to implement coordinated programs of acute and long-term care for those individuals who are eligible for both medicare and medicaid.

S. 1651

At the request of Mr. CRANSTON, the name of the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of S. 1651, a bill to amend title 38, United States Code, to provide for presumption of service connection to be established by the Administrator of Veterans' Affairs for certain diseases of certain veterans exposed to dioxin or radiation during service in the Armed Forces; to require the Administrator to develop, through process of public participation and subject to judicial review, regulations specifying standards for the presumptions applicable to the resolution of claims for disability compensation based on such exposures; to require that such regulations address certain specified diseases; and to require that all claimants for Veterans' Administration benefits be given the benefit of every reasonable doubt in claims adjudications, and for other purposes.

S. 1925

At the request of Mr. BYRD, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1925, a bill to establish a national coal science, technology, and engineering development program.

S. 2131

At the request of Mr. DECONCINI, the name of the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 2131, a bill to provide for the temporary suspension of deportation for certain aliens who are nationals of El Salvador, and to provide for

Presidential and congressional review of conditions in El Salvador and other countries.

S. 2139

At the request of Mr. HEINZ, the name of the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 2139, a bill to improve the operation of the countervailing duty, antidumping duty, import relief, and other trade laws of the United States.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from Maryland (Mr. MATHIAS), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

S. 2338

At the request of Mr. HEINZ, the names of the Senator from Mississippi (Mr. COCHRAN), the Senator from Tennessee (Mr. SASSER), the Senator from New York (Mr. MOYNIHAN), and the Senator from Florida (Mrs. HAWKINS) were added as cosponsors of S. 2338, a bill to amend title XVIII of the Social Security Act to allow medicare coverage for home health services provided on a daily basis.

S. 2437

At the request of Mr. GOLDWATER, the name of the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 2437, a bill to amend the Communications Act of 1934 to clarify the policies regarding the right to view satellite-transmitted television programing.

S. 2488

At the request of Mr. BURDICK, the name of the Senator from Alabama (Mr. DENTON) was added as a cosponsor of S. 2488, a bill to terminate the effect of provisions of the Voting Rights Act of 1965 that require bilingual ballots and election materials.

S. 2515

At the request of Mr. SARBANES, the name of the Senator from Nebraska (Mr. EXON) was added as a cosponsor of S. 2515, a bill to extend the provisions of chapter 61 of title 10, United States Code, relating to retirement and separation for physical disability, to cadets and midshipmen.

S. 2519

At the request of Mr. WARNER, the name of the Senator from California (Mr. WILSON) was added as a cosponsor of S. 2519, a bill to amend the Internal Revenue Code of 1954 with respect to deductions for certain expenses incurred by a member of a uniformed service of the United States, or by a minister, who receives a housing or subsistence allowance.

S. 2520

At the request of Mr. PRESSLER, the name of the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 2520, a bill to provide authorization of appropriations for the U.S. Travel and Tourism Administration, and for other purposes.

SENATE JOINT RESOLUTION 87

At the request of Mr. TSONGAS, the names of the Senator from New York (Mr. D'AMATO), the Senator from Oregon (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Florida (Mr. CHILES) were added as cosponsors of Senate Joint Resolution 87, a joint resolution designating a day of remembrance for victims of genocide.

SENATE JOINT RESOLUTION 198

At the request of Mr. PRYOR, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of Senate Joint Resolution 198, a joint resolution designating April 27, 1984, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 215

At the request of Mr. THURMOND, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of Senate Joint Resolution 215, a joint resolution to designate the week of April 23-27, 1984, as "National Student Leadership Week."

SENATE JOINT RESOLUTION 227

At the request of Mr. CRANSTON, the names of the Senators from Ohio (Mr. GLENN), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of Senate Joint Resolution 227, a joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 241

At the request of Mr. D'AMATO, the name of the Senator from Ohio (Mr. GLENN) was added as a cosponsor of Senate Joint Resolution 241, a joint resolution to authorize and request the President to issue a proclamation designating May 6 through May 13, 1984, as "Jewish Heritage Week."

SENATE JOINT RESOLUTION 253

At the request of Mr. PRESSLER, the name of the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 253, a joint resolution to authorize and request the President to designate September 16, 1984, as "Ethnic American Day."

SENATE JOINT RESOLUTION 258

At the request of Mr. BIDEN, the names of the Senator from Idaho (Mr. MCCLURE), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the name of the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984, as "National Week of the Ocean."

SENATE CONCURRENT RESOLUTION 101

At the request of Mr. D'AMATO, the names of the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. SYMMS), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of Senate Concurrent Resolution 101, a concurrent resolution to commemorate the Ukrainian famine of 1933.

SENATE RESOLUTION 364

At the request of Mr. DECONCINI, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Resolution 364, a resolution expressing the sense of the Senate that certain recommendations of the President's Private Sector Survey on Cost Control relating to the Veterans' Administration health care system should be rejected as a matter of national policy.

AMENDMENT NO. 2655

At the request of Mr. GRASSLEY, the names of the Senator from North Dakota (Mr. ANDREWS), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of amendment No. 2655 intended to be proposed to S. 1080, a bill to amend the Administrative Procedure Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs, to provide for a periodic review of regulations, and for other purposes.

AMENDMENT NO. 2859

At the request of Mr. ABDNOR, the names of the Senator from Maryland (Mr. SARBANES), the Senator from New Jersey (Mr. BRADLEY), the Senator from North Dakota (Mr. ANDREWS), the Senator from Montana (Mr. MELCHER), the Senator from Maine (Mr. COHEN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Michigan (Mr. RIEGLE), the Senator from California (Mr. CRANSTON), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of amendment No. 2859 intended to be proposed to S. 757, a bill to amend the Solid Waste Disposal Act to authorize funds for fiscal years 1983, 1984, 1985, 1986, and 1987, and for other purposes.

SENATE RESOLUTION 366—ORIGINAL RESOLUTION EXPRESSING APPRECIATION TO THE PRIME MINISTER OF THAILAND

Mr. PERCY, from the Committee on Foreign Relations, reported the following original resolution; which was placed on the calendar:

S. RES. 366

Whereas H.E. General Prem Tinsulanonda, Prime Minister of Thailand, is heading a distinguished delegation of Thai officials and businessmen to the United States, April 12, through April 15, 1984, for important discussions with the President, the Vice President, Members of the Cabinet, and Members of the Senate Foreign Relations Committee;

Whereas Thailand has since 1975 provided first asylum for refugees fleeing Vietnam, Laos and Cambodia;

Whereas The Thai Government and the Thai people have over nine years cooperated with the international humanitarian effort to care for and resettle these refugees;

Whereas the visit of the Prime Minister and his delegation symbolizes the most friendly relationship which has existed for a century and a half between Thailand and the United States: Now, there, be it

Resolved, That the Senate hereby heartily welcomes the visit of Prime Minister Prem of Thailand and his delegation to the United States.

SEC. 2. The Senate commends the patient efforts of Thailand over the years to deal humanely with the outpouring of refugees from Vietnam, Laos and Cambodia by providing first asylum, and notes the efforts now being made to suppress acts of piracy against boat refugees.

SEC. 3. The Senate, noting the intrusion of Vietnamese forces from Kampuchea into Thailand in recent weeks, expresses its strong support for the security of Thailand.

SEC. 4. The Secretary of the Senate shall transmit a copy of this resolution to the President of the United States with the request that the President transmit such copy to the Government of the Kingdom of Thailand.

Mr. PERCY. Mr. President, I rise today to report an original Senate resolution commending Thailand for its efforts on behalf of Indochinese refugees. Since 1975 Thailand has provided first asylum to many thousand refugees fleeing Vietnam, Laos, and Cambodia, refugees seeking freedom in voyages of great risk. We owe a sincere debt of gratitude to Thailand for opening its door to so many. Prime Minister Prem of Thailand visits the United States this week and I believe it is time that the Senate express its thanks through this resolution.

On the occasion of Prime Minister Prem's visit, let us also recognize our most friendly relationship with Thailand. Our close, friendly relations have spanned a century and a half. Today, we know that Thailand faces a military threat from Kampuchea. In recent weeks, forces have even intruded across the border into Thailand. I would like, Mr. President, to let Prime Minister Prem and the people of Thailand know that the American people support them and wish them well.

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT

CRANSTON AND OTHERS AMENDMENT NO. 2907

(Ordered to lie on the table.)

Mr. CRANSTON (for himself, Mr. RIEGLE, Mr. SASSER, Mr. DODD, and Mrs. HAWKINS) submitted an amendment to amendment No. 2902 proposed by Mr. DOLE (for himself and Mr. LONG) to the bill H.R. 2163, an act to amend the Federal Boat Safety Act of 1971, and for other purposes, as follows:

At the appropriate place, Page 133, after line 14 add

(j) SPECIAL RULE IN THE CASE OF LOW-INCOME HOUSING.—

(1) IN GENERAL.—Section 1274 of the Internal Revenue Code of 1954 (relating to treatment of bonds and other debt instruments as added by this subtitle) and the amendment made by section 25(b) (relating to amendment of section 483) shall not apply to any qualified indebtedness of the taxpayer.

(2) QUALIFIED INDEBTEDNESS DEFINED.—For purpose of this subsection, the term "qualified indebtedness" means any indebtedness of the taxpayer incurred in connection with the acquisition by, and transfer to, the taxpayer of low income housing or, in the aggregate, 90 percent or more of the capital interest, or the profits interest, of a partnership owning low-income housing to the extent the indebtedness and interest thereon meet the requirements contained in paragraph (3) and the transfer of the low-income housing or such partnership interests meets the following requirements:

(A) The United States Department of Housing and Urban Development, the United States Farmers Home Administration, or a State or local housing authority has approved the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

(B) Within 24 months after such transfer, (i) the new owner of the low income housing has made all improvements and met all financial requirements called for by the United States Department of Housing and Urban Development, the United States Farmers Home Administration, or the State or local agency as a condition of such approval, and (ii) the low income housing meets the housing quality standards prescribed by the Department of Housing and Urban Development for existing housing under section 8 of the United States Housing Act of 1937.

(C) The low-income housing or such partnership interests have been owned by the transferor for at least twelve months, or were acquired by the taxpayer pursuant to a purchase, assignment or other transfer from the United States Department of Housing and Urban Development, the United States Farmers Home Administration or any State or local housing authority.

(3) OTHER REQUIREMENTS.—Interest on qualified indebtedness shall not be deductible to the extent that (A) such interest exceeds two percentage points above the annual rate established under section 6621 (interest on underpayments of tax) at the time of the transfer, and (B) such interest accrues for a period of longer than fifteen years and six months.

(4) RECAPTURE OF INTEREST DEDUCTION.—If, at the end of the period described in paragraphs (2) (B), all or any portion of the accrued interest on the qualified indebtedness is not paid by the taxpayer, then gain shall be recognized to the taxpayer to the extent of the lessor of—

(A) the amount of all prior interest deductions taken on such qualified indebtedness, or

(B) the amount of such accrued interest which is not paid by the taxpayer.

Such gain shall be treated as ordinary income.

(5) DEFINITION OF LOW-INCOME HOUSING.—For purposes of this subsection, low-income housing means property described in clause (i), (ii), (iii) or (iv) of section 1250(a)(1)(B).

(6) PERIOD OF APPICABILITY.—The provisions of this subsection shall apply only to qualified indebtedness incurred on or before December 31, 1987, or incurred pursuant to a contract which was binding on December 31, 1987, and at all times thereafter.

Mr. CRANSTON. Mr. President, I send to the desk a bipartisan amendment to the "deficit reduction package" cosponsored by my distinguished colleagues, Senators RIEGLE, SASSER, DODD, and HAWKINS.

A number of proposed changes have been included in the Finance Committee's "deficit reduction package" to help foster the rehabilitation of the Nation's existing low- and moderate-income housing stock. However, I believe that the proposal changing the manner in which deferred payments are treated under the IRS code will have a chilling effect on the ability to attract private capital to preserve and rehabilitate the Nation's low- and moderate-income housing stock. These provisions would dry up private sector investment in low-income housing at the very time when it is needed most—when Federal programs for construction of privately owned low-income housing and Federal funds for direct subsidies to private owners of low-income rental property have been virtually eliminated.

The Finance Committee's proposals require sellers to pay taxes on the transfer of low-income housing where no cash has been received and they curtail the depreciation and interest deductions by the buyers of such housing. If the proposals in the pending amendment No. 2902 are enacted, many owners of deteriorating low-income multifamily housing that are desperately in need of cash infusion for repairs and of cash reserves will elect to retain these projects in their deteriorated state rather than incur a highly adverse tax liability.

The equity resyndication process with the favorable tax consequences of the present law is currently the only means that the Federal Government has of making new cash available for repairs into projects. This resyndication process will be seriously curtailed by the committee proposal

and will result in abandonment and further deterioration of multifamily housing. Additionaly, it will produce increased defaults on federally insured mortgages at a direct cost to the Federal Government that may exceed any revenue gain produced by the measure and may force the Government to authorize spending for repair and upkeep of these projects.

My colleagues and I feel strongly that a measure of this kind will have a serious financial impact on the ability of the Government to protect and maintain the character of the low- and moderate-income housing stock and should not be adopted without a thorough review by the Senate committees involved.

Therefore, we are requesting that the Finance Committee accept an amendment to exempt low- and moderate-income housing from the provisions adopted by the Finance Committee with respect to the treatment of interest attributable to deferred payments for a 3-year period so that the Housing Subcommittee of the Senate Banking Committee and the Finance Committee can hold joint hearings to fully review this matter in a comprehensive way.

We have carefully tailored our exemption amendment so that the tenants of existing projects will benefit while preserving the "original issue discount rules" reform in the Finance Committee amendment 2902. The revenue losses are very small in this program under present law compared to the benefits of assuring that low-income housing remains in good repair and is kept as low-income housing rather than converted to other uses.

We believe that short-term considerations must not be permitted either to jeopardize the Nation's enormous investment in decent, low- and moderate-income housing or to increase the long-term unnecessary cost to the taxpayer.

I ask unanimous consent that an explanation of my amendment be printed in the RECORD.

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

EXPLANATION OF SENATOR ALAN CRANSTON AMENDMENT

1. Exempt low income housing from all of the provisions adopted by the Senate Finance Committee with respect to the treatment of interest attributable to deferred payments.

2. Low income housing is defined as property described in clause (i), (ii), (iii) or (iv) of Section 1250(a)(1)(B) of the Code.

3. Anti-Abuse Provisions.—

A. HUD, FmHA, or a State or Local Housing Agency must approve the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

B. Within 24 months after such transfer, (i) the new owner of the property must make all improvements to the property and meet all financial requirements called for by HUD, FmHA, or the State or Local agency as a condition of such approval; and (ii) the property must meet the housing quality standards prescribed by HUD for the Section 8 existing housing program.

C. The property must have been owned by the transferor for at least 12 months, or have been acquired by the taxpayer pursuant to a purchase, assignment or other transfer from HUD, FmHA or any State or Local housing authority.

D. Interest may not accrue for a period longer than 15 years, six months. If after this period, the accrued interest is not paid, all prior deductions taken for such accruals will be recaptured and taxed as ordinary income at that time.

E. The rate at which interest may accrue may not exceed the IRS deficiency rate in effect at the time the debt is incurred, plus two (2) percentage points.

4. Sunset.—This exemption will be applicable only to transfers whch have occurred, or with respect to which a binding contract has been entered into, on or before December 31, 1987.

● Mr. RIEGLE. Mr. President, I am pleased to join the distinguished Senator from California in offering this amendment.

Our amendment would delay for 3 years the effective date of a provision that threatens to damage much of this Nation's housing for low- and moderate-income people. It also includes provisions designed to prevent abuses that have been identified by the Finance Committee.

Our amendment could save the taxpayers $160 million over the next 3 years. It would enable the Banking and Finance Committees to hold hearings and arrive at prudent ways to improve the financing of low- and moderate-income housing.

Mr. President, our amendment is necessary because the House bill and the Senate Finance Committee amendment, as it now stands, contain the same troublesome language. If this amendment is not adopted, there will be no opportunity in conference to correct the problem.

I note that our amendment is supported by a broad coalition of organizations: The National Housing Partnership, the Coalition for Low and Moderate Income Housing, the National Housing Rehabilitation Association, the National Low Income Housing Coalition, the National Leased Housing Association, the Council for Rural Housing and Development, the Council of State Housing Agencies, and the National Urban League.

Mr. President, the Finance Committee amendment proposes to change the tax treatment of interest on loans offered with an original issue discount (OID). In general, present law requires both borrowers and lenders to allocate interest similarly over the life of the loan. An exception is provided, however, in certain cases, including loans made as part of a transfer of physical assets that are not publicly traded. Under that exception, a borrower may deduct interest on an acccrual basis while the lender does not have to report interest income until it is received in cash, perhaps several years later.

The committee amendment would remove the exception, beginning in 1985, for transactions involving nontraded property, such as multifamily rental housing.

Mr. President, I support reforms of the Tax Code that limit abuse and reduce the Federal deficit. I do not object to the committee's amendment as it applies to most property sales. However, the committee's proposal creates a serious problem if it suddenly applies to sales of housing for low- and moderate-income people.

I want to point out that low- and moderate-income housing accounts for only a small portion—less than 10 percent—of the revenue increases that the committee projects will result from its proposed change in the OID rules.

In addition, according to conservative estimates, the committee amendment would force HUD to incur costs that more than offset the hoped-for revenue gains. That is, the committee amendment as now written would help increase the deficit, not reduce it.

This loss to the Federal Government would occur because of financial characteristics that are peculiar to housing for low- and moderate-income people. Programs to assist such housing usually limit cash payments to owners, so investors are attracted primarily by tax benefits. When owners of low-income housing exhaust those tax benefits, typically after several years, they have little incentive to invest more money in a project for repairs or renovations.

Under current law, virtually the only way to bring new investment into such a project is to transfer ownership to a new group of investors. The Finance Committee amendment would largely prevent that refinancing. As a result, many low-income housing units will be left to deteriorate and more projects will sink into default.

Deterioration of these apartments, Mr. President, would cause needless harm to current tenants. It would cause a great loss of decent, affordable housing, and squander a huge national investment.

In addition, projects that go into default, hit the FHA insurance fund and State housing agencies with heavy financial losses.

Mr. President, I have a table showing that adoption of our amendment to exempt low-income housing from the Committee's OID proposal would reduce the deficit by an estimated $78 million in fiscal year 1985, $53 million in fiscal year 1986, and $29 million in fiscal year 1987. I ask unanimous consent to have this table printed in the RECORD at the conclusion of my remarks.

Mr. President, over the years, Congress has tried to provide decent housing for low- and moderate-income people through a complex, interrelated set of subsidies, tax incentives and regulatory measures. Undoubtedly, that system can be improved. But we should not make a major change in one part of the system without considering how it affects the whole.

In this case, the Finance Committee's effort to bring coherence to tax policy would have a devastating effect on housing policy—an effect that I do not believe Congress intends. Our amendment would give Congress time both to balance the concerns of tax policy and housing policy and to find a way to more prudently reduce the deficit.

I feel strongly that short-term considerations must not be permitted either to jeopardize the Nation's enormous investment in decent, low-income housing or to increase long-term costs to the taxpayers. That is why I believe our amendment is important.

I urge my colleagues to support it, and I hope the chairman and ranking minority member of the Finance Committee will accept it.

There being no objection, the tables were ordered printed in the RECORD, as follows:

BUDGET RECONCILIATION—NET REVENUE EFFECT ON FEDERAL GOVERNMENT OF ADOPTION OF EXEMPTION FOR EXISTING LOW-INCOME HOUSING FROM DEFERRED PAYMENT PROVISIONS ADOPTED BY HOUSE WAYS AND MEANS COMMITTEE AND SENATE FINANCE COMMITTEE

[Dollar amounts in millions]

	Fiscal year—				
	1983*	1984*	1985	1986	1987
Syndicated TPA's**	(45,000)	(50,000)	(55,000)	(60,000)	(62,500)
Subsidized TPA's	(22,000)	(25,000)	(27,500)	(30,000)	(31,250)
Income tax paid by sellers[1 3]		$84.785	$94.205	$103.626	$113.047
Income tax (Deferred by new buyers)[2 3 4]:					
Fiscal year 1984		(54.710)	(52.000)	(46.405)	(39.881)
Fiscal year 1985			(60.789)	(57.778)	(51.561)
Fiscal year 1986				(66.868)	(63.556)
Fiscal year 1987					(72.947)
Subtotal: Tax revenue gain (Loss)		30.075	(18.854)	(67.425)	(114.989)
Savings generated for HUD assignment program[5]		75.000	96.250	120.000	144.375
Net Federal Deficit Reduction		105.075	77.666	52.575	29.477

*The deferred payment provisions adopted by the House and Senate Committees do not apply to sales prior to Jan. 1, 1985. Accordingly, the figures for fiscal years 1983 and 1984 represent savings of Federal revenue which exist under present law and which will not be reduced if these deferred payment provisions are enacted. For later years, the Federal revenue gains will only exist if an exemption for these deferred payment rules is adopted.

**TPA=Transfer of Physical Assets.

[1] Assumes average tax rate 36 percent (including Capital Gain and Recapture).

[2] Assumes 50 percent taxpayer.

[3] Taxes paid (deferred) from fiscal year 1983 on 22,500 units, fiscal year 1984 on 25,000 units, fiscal year 1985 on 27,500 units, fiscal year 1986 on 30,000 units, fiscal year 1987 on 31,250 units.

[4] Effect from accrual of interest at 10 percent simple and ACRS 15 year depreciation.

[5] In fiscal year 1982, 6,000 units went to assignment at an average $19,200 per unit cost in Federal Revenues. In fiscal year 1983, 6,000 units went to assignment at an average $23,300 per unit cost in Federal revenues. HUD estimates that 20 percent of the subsidized TPA's would have been assigned if "equity refinancing" were not possible. Accordingly, if the proposed legislation adopted by the Ways and Means Committee and the Finance Committee is enacted by Congress, for fiscal year 1984, an additional 5,000 units (at a HUD estimated cost of $15,000 per unit) will be assigned which would not have been assigned if present law were retained. Similarly, for fiscal year 1985, 5,500 units at $17,500 per unit; for fiscal year 1986, 6,000 units at $20,000 per unit; and for fiscal year 1987, 6,250 units at $23,100 per unit.

	Number of units under present law	Federal cost under present law	Assigned units under proposed legislation	Total Federal cost under proposed legislation	Net increase in Federal costs under proposed legislation
Fiscal year 1982	6,000	$115,200,000	6,000	$115,200,000	
Fiscal year 1983	6,000	140,000,000	6,000	140,000,000	
Fiscal year 1984[1]	2,500	37,500,000	7,500	37,500,000	
Fiscal year 1985[1]	3,000	52,500,000	8,500	148,750,000	$96,250,000
Fiscal year 1986[1]	4,000	80,000,000	10,000	200,000,000	120,000,000
Fiscal year 1987[1]	5,200	120,120,000	11,450	264,495,000	144,375,000
Total		545,320,000		980,945,000	435,625,000

[1] HUD projections based upon assumption that the present level of additional appropriations for flexible subsidies and loan management set aside funds continues.

Note. Not reflected on the chart are other items such as additional capital improvements needs and delinquencies. For example, HUD estimates that 50 percent of the subsidized TPA's where equity is refinanced under present tax laws contribute $1,000 per unit to capital improvements. Therefore, under present tax law, for fiscal year 1985, 13,750 units at $1,000 per unit in Federal revenues would be saved, i.e., $13,750,000. Similarly, for fiscal year 1986, 15,000 units ($15,000,000); and for fiscal year 1987, 15,625 units ($15,625,000).●

KENNEDY AMENDMENT NOS. 2908 THROUGH 2913

(Ordered to lie on the table.)

Mr. KENNEDY submitted six amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2908

STRIKE INCREASE IN PART B PREMIUM (SEC. 901)

On page 1199, beginning with line 4, strike all through line 17 on page 1201.

STRIKE INDEXING OF PART B DEDUCTIBLE (SEC. 916)

On page 1226, beginning with line 21, strike all through line 4 on page 1228.

STRIKE 1-MONTH DELAY IN MEDICARE ENTITLEMENT (SEC. 902)

On page 1201, beginning with line 18, strike all through line 25 on page 1202.

AMENDMENT No. 2909

Strike out section 901.

AMENDMENT No. 2910

Strike out section 916.

AMENDMENT No. 2911

Strike out section 902.

AMENDMENT No. 2912

On page 1209, at the end of section 904, strike out the quotation marks and the second period, and insert at the end of such section the following:

"(13)(A) During the 24-month period beginning July 1, 1984, the Secretary shall monitor physicians in order to determine with respect to any physician—

"(i) the proportion of a physician's claims under this part which are not pursuant to an assignment under paragraph (3)(ii);

"(ii) the average difference between the physician's actual charges and the reasonable charge recognized for purposes of this part; and

"(iii) any changes in the per capita volume and mix of services provided to beneficiaries under this part.

"(B) The Secretary shall establish change thresholds which shall determine significant increases in the elements of cost shifting and cost increase behavior as listed in subparagraph (A), and the data shall be

compiled on an individual physician and aggregate basis.

"(C) Information on changes in the elements monitored, in the aggregate and on an individual physician basis, shall be periodically made available to Congress and to the public.

"(D) During the 24-month period beginning on July 1, 1984, any physician who is found by the Secretary to have significantly increased the proportion of claims under this part which are not on the basis of an assignment described in paragraph (3)(B)(ii), or to have significantly increased the average difference between his actual charge and the reasonable charge recognized for purposes of this part, shall be subject to the requirements of subparagraph (F).

"(E) The Secretary shall notify any physician found to be subject to this subparagraph of the finding made under subparagraph (D). Such physician shall be afforded an opportunity to contest such finding. Any physician who does not contest such finding or who is found by the Secretary to be subject to this subparagraph after such physician has contested the original finding, may present a plan to the Secretary for remedying the significant increase found under subparagraph (D). If the Secretary determines that the physician has not presented such a plan, or has not adhered to the plan so as to reduce the increase to the point where it is no longer significant, payment to such physician under this part for services provided during the 24 months following such determination may be made only on the basis of an assignment described in paragraph (3)(B)(ii) or section 1870(f)(1).

"(F) Until regulations are issued to implement this paragraph, the provisions of paragraph (4) shall not apply.".

(b) The Secretary of Health and Human Services shall submit a report to Congress (prior to September 30, 1986) providing a full analysis of the scope and nature of cost shifts and utilization increases in the Medicare Part B program, with recommendations for specific actions Congress could take to prevent such cost shifts in the future, in sufficient details to serve as the basis for legislative action.

(c) In addition to any funds otherwise provided for fiscal year 1985 for payments to carriers under agreements entered into under section 1842 of the Social Security Act, there are transferred from the Federal Supplementary Medical Insurance Fund such additional amounts for payments to such intermediaries and carriers under such agreements as may be necessary to conduct monitoring of physicians under section 1842(b)(13) of the Social Security Act.

AMENDMENT NO. 2913

At the appropriate place in the amendment, add the following new section.

ALTERNATIVE MINIMUM TAX FOR CORPORATIONS

SEC. . (a) IN GENERAL.—Section 56 of the Internal Revenue Code (relating to corporate minimum tax) is amended to read as follows:

"SEC. 56. ALTERNATIVE MINIMUM TAX FOR CORPORATIONS.

"(a) TAX IMPOSED.—In the case of a C corporation, there is imposed (in addition to any other tax imposed by this chapter) a tax equal to the excess (if any) of—

"(1) an amount equal to 15 percent of so much of the corporate alternative minimum taxable income as exceeds $50,000, over

"(2) the regular tax for the taxable year.

"(b) CORPORATE ALTERNATIVE MINIMUM TAXABLE INCOME.—For purposes of this title, the term 'corporate alternative minimum taxable income' means taxable income (determined without regard to the deduction allowed by section 172) of the corporation for the taxable year increased by the amount of items of tax preference.

"(c) CREDITS.—

"(1) IN GENERAL.—For purposes of determining any credit allowable under subpart B or D of part IV of this subchapter (other than the foreign tax credit allowed under section 27(a))—

"(A) the tax imposed by this section shall not be treated as a tax imposed by this chapter, and

"(B) the amount of the foreign tax credit allowed by section 27(a) shall be determined without regard to this section.

"(2) FOREIGN TAX CREDIT ALLOWED AGAINST CORPORATE ALTERNATIVE MINIMUM TAX.—Rules similar to the rules of section 55(c) (2) shall apply with respect to the tax imposed by subsection (a) of this section.

"(d) REGULAR TAX.—For purposes of this section, the term 'regular tax' means the tax imposed by this chapter (computed without regard to this section) for the taxable year, reduced by the sum of the credits allowable under subparts B and D of part IV of this subchapter. For purposes of the preceding sentence, the amount of the credits allowable under such subparts shall be determined without regard to this section."

(b) CREDIT AGAINST REGULAR TAX FOR EXCESS OF MINIMUM TAX OVER REGULAR TAX FOR PRIOR YEARS.—Subpart B of part IV of subchapter A of chapter 1, as amended by title IV of this Act, is amended by inserting after section 30 the following new section:

"SEC. 30A. CREDIT FOR EXCESS CORPORATE ALTERNATIVE MINIMUM TAX.

"(a) IN GENERAL.—In the case of a C corporation, there shall be allowed as a credit against the regular tax for the taxable year an amount equal to the excess alternative minimum tax credit amount for such year.

"(b) EXCESS ALTERNATIVE MINIMUM TAX CREDIT AMOUNT.—For purposes of this section, the term 'excess alternative minimum tax credit amount' means, for any taxable year—

"(1) the aggregate tax imposed by section 56 for all prior taxable years, reduced by

"(2) the aggregate credit allowed by this section for all prior taxable years.

For purposes of this subsection, only taxable years beginning after December 31, 1983, shall be taken into account.

"(c) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the regular tax for the taxable year.

"(d) REGULAR TAX.—For purposes of this section, the term 'regular tax' has the meaning given such term by section 56(d) but shall be determined without regard to the credit allowable by this section."

(c) AMENDMENTS RELATING TO ITEMS OF TAX PREFERENCE.—

(1) PREFERENCE FOR MINING EXPLORATION AND DEVELOPMENT COSTS APPLICABLE TO ALL CORPORATIONS.—The last sentence of section 57(a) amended by striking out "(5),".

(2) NO NET INCOME OFFSET IN DETERMINING EXCESS INTANGIBLE DRILLING COSTS; PREFERENCE APPLICABLE TO ALL CORPORATIONS.—

(A) IN GENERAL.—Paragraph (11) of section 57(a) is amended by adding at the end thereof the following new subparagraph:

"(E) NO NET INCOME OFFSET FOR CORPORATIONS.—In the case of a C corporation, the net income referred to in subparagraph (A) shall be treated as being zero."

(B) APPLICATION TO ALL CORPORATIONS.—The last sentence of subsection (a) of section 57 is amended by striking out "(11),".

(3) INTEREST TO CARRY TAX-EXEMPT OBLIGATIONS.—Paragraph (7) of section 57(a) is amended to read as follows:

"(7) BAD DEBT RESERVES AND INTEREST ON DEBT TO CARRY TAX-EXEMPT SECURITIES FOR FINANCIAL INSTITUTIONS.—In the case of a financial institution to which section 585 or 593 applies—

"(A) RESERVES FOR LOSSES ON BAD DEBTS.—The amount by which the deduction allowable for the taxable year for a reasonable addition to a reserve for bad debts exceeds the amount that would have been allowable had the institution maintained its bad debt reserve for all taxable years on the basis of actual experience.

"(B) INTEREST ON DEBT TO CARRY TAX-EXEMPT OBLIGATIONS.—The amount of interest on indebtedness incurred or continued to purchase or carry obligations acquired after December 31, 1984, the interest on which is exempt from taxes for the taxable year, to the extent that a deduction is allowable with respect to such interest for the taxable year. For purposes of the preceding sentence, the determination of the indebtedness incurred or continued to purchase or carry tax-exempt obligations shall be in accordance with section 291(e)(1)(B)(ii)."

(4) ADDITIONAL ITEMS OF TAX PREFERENCE.—Subsection (a) of section 57 is amended by inserting after paragraph (12) the following new paragraphs:

"(13) DEFERRED DISC INCOME.—In the case of a C corporation which is a shareholder of a DISC, the amount which would be determined under clause (i) of section 995(b)(1)(F) with respect to such corporation if such clause were applied without regard to 'one-half of'.

"(14) DEFERRED FSC INCOME.—In the case of a C corporation which is a shareholder of a FSC, the corporate shareholder shall include his pro-rata share of FSC exempt income.

"(15) AMOUNTS DEPOSITED IN CERTAIN CONSTRUCTION FUNDS.—In the case of a C corporation, the amount deposited in any capital construction fund established under section 607 of the Merchant Marine Act, 1936 or in any construction reserve fund under section 511 of such Act.

"(16) COMPLETED CONTRACT ACCOUNTING.—In the case of a C corporation, with respect to a long-term contract all of which was not subject to the regulations required by section 229 of the Tax Equity and Fiscal Responsibility Act of 1982, the amount by which the deduction for the taxable year with respect to such contract exceeds the amount which would have been allowable with respect to such contract had such regulations applied to all of such contract.

"(17) MOTOR CARRIER OPERATING RIGHTS.—In the case of a C corporation, the amount by which the amount allowable as a deduction by reason of section 266 of the Economic Recovery Tax Act of 1981 (relating to deduction for motor carrier operating authority) with respect to any authority for the taxable year exceeds the amount which would have been allowable with respect to such authority for such year without regard to such section."

"(18) DEFERRED INCOME OF CONTROLLED FOREIGN SUBSIDIARY OF U.S. CORPORATION.—In the case of a C corporation, the amount would be the income of any foreign corporation determined according to rules substan-

tially similar to those applicable to domestic corporations, for any taxable year, reduced by the amount included in U.S. shareholders' income under section 951, and—

"(A) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States; and

"(B) shall not include any amount of income which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(19) ACCELERATED DEPRECIATION OF PROPERTY.—In the case of a C corporation, the amount by which the amount allowable as a deduction by reason of section 168 for the taxable year exceeds the amount which would have been allowable for the recovery property (as defined in section 168(c)) under the following schedule:

"(A) 3-year property, there would be no preference.

"(B) 5-year property with a present class life (as defined by section 168(g)) of less than or equal to 8 years, there would be no preference.

"(C) 5-year property with a present class life of greater than 8 years and less than 14 years, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 8 years.

"(D) 5-year property with a present class life of 14 or more years, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 10 years.

"(E) 10-year property, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 10 years.

"(F) 15-year public utility property, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 15 years.

"(G) 15-year real property, the amount shall be determined by the use of the straight-line method (on the basis of the number of months in such year during which the property was in service and without regard to salvage value) over a recovery period of 25 years.

(d) REQUIREMENT OF ESTIMATED TAX PAYMENTS.—Paragraph (1) of section 6655(f) (relating to failure by corporation to pay estimated income tax) is amended to read as follows:

"(1) the sum of—

"(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, plus

"(B) the tax imposed by section 56, over".

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (9) of section 57(a) is amended to read as follows:

"(9) CAPITAL GAINS OF INDIVIDUALS, ETC.—

"(A) IN GENERAL.—In the case of a taxpayer other than a corporation, an amount equal to the net capital gain deduction for the taxable year determined under section 1202.

"(B) PRINCIPAL RESIDENCE.—For purposes of subparagraph (A), gain from the sale or exchange of a principal residence (within the meaning of section 1034) shall not be taken into account."

(2) Subsection (b) of section 57 is hereby repealed.

(3) Subsection (b) of section 58 (relating to rules for application of part VI) is amended—

(A) by striking out "$10,000" and inserting in lieu thereof "$50,000", and

(B) by striking out "regular tax deductions (within the meaning of section 56(c))" and inserting in lieu thereof "regular taxes (within the meaning of section 56(d))".

(4) Section 58 is amended by striking out subsections (d) and (g).

(5) Paragraph (2) of section 443(d) (relating to adjustment in computing minimum tax for tax preferences) is amended by striking out "the $10,000 amount specified in section 56 (relating to minimum tax for tax preferences)" and inserting in lieu thereof "the $50,000 amount specified in section 56 (relating to corporate alternative minimum tax)".

(6) The table of sections for subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end thereof the following new item:

"Sec. 30A. Credit for excess corporate alternative minimum tax."

(7) The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

Sec. 56. Alternative minimum tax for corporations."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

WARNER AMENDMENTS NOS. 2914 AND 2915

(Ordered to lie on the table.)

Mr. WARNER submitted two amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2914

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 870. DEDUCTIONS FOR CERTAIN EXPENSES INCURRED BY A MEMBER OF A UNIFORMED SERVICE, OR BY A MINISTER, WHO RECEIVES A HOUSING OR SUBSISTENCE ALLOWANCE.

(a) IN GENERAL.—Paragraph (1) of section 265 (denying a deduction for payment of certain expenses relating to tax-exempt income) is amended by adding at the end thereof the following sentence: "This section shall not apply with respect to any income of a member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code) in the form of a subsistence allowance or a quarters or housing allowance, or to income excluded from gross income of the taxpayer under section 107 (relating to rental value of parsonages).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1982.

AMENDMENT No. 2915

Page 302, insert after line 14 the following new section:

SEC. 95(b) AMENDMENT RELATING TO QUALIFICATIONS FOR EXEMPTION AS VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS DESCRIBED IN PARAGRAPH (9) OF SECTION 501(c).

(b) IN GENERAL.—Paragraph (9) of Section 501(c) is amended to read:

"Voluntary employees' beneficary associations established by employers, labor unions, individual employers, or international, national, multi-state, state or local associations of employers exempt from tax under section 501(c)(3), (5), or (6) and providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual."

HAWKINS AMENDMENT NO. 2916

(Ordered to lie on the table.)

Mrs. HAWKINS submitted an amendment intended to be proposed by her to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On line 11, page 986 of the amendment, change the period to a comma, and add the following thereafter: "except that such subsection shall not apply to any incentive stock option granted before September 20, 1984, pursuant to a plan adopted or corporate action taken by the board of directors of the grantor corporation before March 20, 1984.".

On line 14, page 986 of the amendment, delete "March 20, 1984" and insert in lieu thereof "December 31, 1984".

SPECTER AMENDMENTS NOS. 2917 THROUGH 2921

(Ordered to lie on the table.)

Mr. SPECTER submitted five amendments to amendment No. 2902 submitted by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2917

On page 1120, lines 14 and 15, strike out "and computed under the straight-line method using a useful life of 40 years".

On page 1121, strike out lines 14 through 16.

On page 1121, line 17, strike out "(III)" and insert in lieu thereof "(II)".

On page 1121, line 23, strike out "(IV)" and insert in lieu thereof "(III)".

Beginning on page 1122, line 19, strike out all through page 1123, line 9.

On page 1126, line 16, strike out the beginning quotation marks.

On page 1126, line 17, strike out the ending quotation marks and period.

On page 1126, between lines 17 and 18, insert the following new subsection:

(g) USE OF DWELLING UNIT.—Paragraph (3) of Section 280A(d) (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by adding at the end thereof the following new subparagraph:

"(E) FAIR RENTAL IN A SALE-LEASEBACK TRANSACTION.—Any rental that constitutes a fair rental in a sale-leaseback transaction pursuant to section 167(i)(2)(C) shall be treated as a fair rental for purposes of subparagraph (A).".

On page 1126, line 18, strike out "(g)" and insert in lieu thereof "(h)".

AMENDMENT No. 2918

On page 724 of the matter proposed to be inserted, between lines 9 and 10, insert the following:

(d) PREFERENCES IN DISTRIBUTING FEDERAL FUNDS AND IN AWARDING FEDERAL CONTRACTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts to any programs, organizations, or local governments shall give the following preferences in distributing such funds and in awarding such contracts:

(A) A preference shall be given to any program, organization, or local government located in, or primarily serving, an enterprise zone (within the meaning of section 7891(a)(1) of the Internal Revenue Code of 1954) that is described in section 7891(a)(2)(C)(ii) over all other programs, organizations, or local governments.

(B) A preference shall be given to those programs or organizations which are part of the course of action required under section 7891(d) of such Code with respect to an enterprise zone over all other programs or organizations located in, or primarily serving, such zone.

(C) A preference shall be given to community-based organizations located in, or primarily serving, an enterprise zone over all other organizations so located or so serving (but only if such preference does not undermine any portion of the course of action required under section 7891(d) of such Code with respect to such zone.

(2) PREFERENCES IN AWARDING SUBCONTRACTS.—The head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts shall take such actions as are necessary to assure that any program, organization, or local government which is a recipient of such Federal funds or contracts will give special consideration to the preferences described in paragraph (1) in making any further distribution of such funds or in awarding any subcontract under such contract.

AMENDMENT No. 2919

On page 531 of the matter proposed to be inserted, beginning with line 21, strike out all through page 532, line 5.

AMENDMENT No. 2920

On page 182 of the matter proposed to be inserted, between lines 9 and 10, insert the following:

SEC. 52. REPEAL OF REDUCTION IN PERCENTAGE DEPLETION FOR IRON ORE AND COAL.

(a) IN GENERAL.—Subsection (a) of section 291 (relating to 15-percent reduction in certain preference items) is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 291(c) (relating to special rules involving pollution control facilities) is amended by striking out "subsection (a)(5)" and inserting in lieu thereof "subsection (a)(4)".

(2) Paragraph (1) of section 57(b) (relating to application with section 291) is amended to read as follows:

"(1) IN GENERAL.—In the case of any item of tax preference of an applicable corporation described in paragraph (4) or (7) of subsection (a), only 71.6 percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

AMENDMENT No. 2921

At the end of title VIII, insert the following new section:

SEC. . CREDIT FOR CONTRIBUTIONS TO JOB TRAINING ORGANIZATIONS

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable against tax) is amended by inserting after section 44L the following new section:

"SEC. 44M. CHARITABLE CONTRIBUTIONS TO QUALIFIED JOB TRAINING ORGANIZATIONS.

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified job-training charitable contributions of the taxpayer for the taxable year.

"(b) LIMITATIONS.—

"(1) MAXIMUM DOLLAR AMOUNT.—The amount of the credit allowed under subsection (a) with respect to any taxpayer shall not exceed $250,000.

"(2) LIABILITY FOR TAX.—

"(A) IN GENERAL.—The credit allowed by subsection (a) for any taxable year shall not exceed an amount equal to the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowed under a section of this subpart having a lower number designation than this section, other than credits allowable by sections 31, 39, and 43. For purposes of the preceeding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(B) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(i) ALLOWANCE OF CREDIT.—If the amount of the credit determined under this section for any taxable year exceeds the limitation provided under subparagraph (A) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(I) a job-training credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(II) a job-training credit carryover to each of the 15 taxable years following the unused credit year.

and shall be added to the amount allowable as a credit by this section for such years. If any portion of such excess is a carryback to a taxable year ending before January 1, 1985, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of subclauses (I) and (II)) such credit may be carried, and then to each of the other taxable years to the extent that, because of the limitation contained in clause (ii), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(ii) LIMITATION.—The amount of the unused credit which may be added under clause (i) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided under subparagraph (A) for such taxable year exceeds the sum of—

"(I) the credit allowable under this section for such taxable year, and

"(II) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

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

"(1) QUALIFIED JOB-TRAINING CHARITABLE CONTRIBUTIONS.—The term 'qualified job-training charitable contributions' means an amount equal to the amount of charitable contributions to qualified job-training organizations.

"(2) CHARITABLE CONTRIBUTION.—The term 'charitable contribution' has the meaning given to such term by subsection (c) of section 170.

"(3) QUALIFIED JOB-TRAINING ORGANIZATION.—The term 'qualified job-training organization' means an organization which—

"(A) is described in section 501(c)(3); and

"(B) has been certified by the appropriate regional office of Employment and Training Administration of the Department of Labor as providing job training solely to one or more of the following: handicapped individuals, economically disadvantaged individuals, and displaced workers.

"(4) JOB TRAINING.—The term 'job training' means instruction in vocational and other skills necessary to obtain employment or a higher grade of employment.

"(5) HANDICAPPED INDIVIDUAL.—The term 'handicapped individual' means any individual who—

"(A) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment; and

"(B) can reasonably be expected to obtain employment or a higher grade of employment as a result of job training.

"(6) ECONOMICALLY DISADVANTAGED INDIVIDUAL.—The term 'economically disadvantaged individual' means any individual who—

"(A) receives cash welfare payments under a Federal, State, or local welfare program;

"(B) has an income, for the 6-month period before appyling for job training with a qualified job-training organization, which—

"(i) would have met the qualifications for such welfare payments, or

"(ii) if computed on an annual basis, would not exceed the poverty level established by the Director of the Office of Management and Budget pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981; or

"(C) is a member of a family which meets the requirements of subparagraph (A) or (B).

"(7) DISPLACED WORKER.—The term 'displaced worker' means any individual who—

"(A) was employed by an establishment—

"(i) on a full-time basis, and

"(ii) for at least 1 year;

"(B) was not employed by such establishment in an executive, administrative, or professional capacity (as such terms are defined by the Secretary of Labor under section 13(a)(1) of the Fair Labor Standards Act of 1938); and

"(C) is currently unemployed because of—

"(i) a change in the technology of such establishment, or

"(ii) a total or partial closing of such establishment by reason of competing technology.

"(8) ESTABLISHMENT.—The term 'establishment' means any factory, plant, facility, or concern engaged in the production of goods or services, or both.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) AGGREGATION OF CONTRIBUTIONS.—

"(A) CONTROLLED GROUP OF CORPORATIONS.—In determining the amount of the credit under this section—

"(i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such member shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

"(B) COMMON CONTROL.—Under regulations prescribed by the Secretary, in determining the amount of credit under this section—

"(i) all trades or businesses (whether or not incorporated) which are under common control shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such trade or business shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

The regulations prescribed under this subparagraph shall be based on principles similar to the principles which apply in the case of subparagraph (A).

"(2) ALLOCATIONS.—

"(A) PASSTHROUGH IN THE CASE OF SUBCHAPTER S CORPORATIONS, ETC.—Under regulations prescribed by the Secretary, rules similar to the rules of subsections (d) and (e) of section 52 shall apply.

"(B) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 55(c)(4) (relating to credits) is amended by inserting "44M(b)(2)(A)," before "53(b)".

(2) Subsection (c) of section 381 (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(30) CREDIT UNDER SECTION 44M.—The acquiring corporations shall take into account (to the extent proper to carry out the purposes of this section and section 44H, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 44M in respect of the distributor or transferor corporation.".

(3)(A) Section 383 (relating to special limitations on unused investment credits, work incentive program credits, new employee credits, alcohol fuel credits, foreign taxes, and capital losses), as in effect for taxable years beginning with and after the first taxable year to which the amendments made by the Tax Reform Act of 1976 apply, is amended—

(i) by inserting "to any unused credit of the corporation under section 44M(b)(2)(B)," after "44G(b)(2),", and

(ii) by inserting "job-training credits," after "employee stock ownership credits," in the section heading.

(B) Section 383 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1976) is amended—

(i) by inserting "to any unused credit of the corporation which could otherwise be carried forward under section 44M(b)(2)(B)," after "44G(b)(2),", and

(ii) by inserting "job-training credits," after "employee stock ownership credits," in the section heading.

(C) The table of sections for part V of subchapter C of chapter 1 is amended by inserting "job-training credits," after "employee stock ownership credits," in the item relating to section 383.

(4) Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended by striking out "and employee stock ownership credit carryback" and inserting in lieu thereof "employee stock ownership credit carryback, and job-training credit carryback".

(5) Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused employee stock ownership credit, or unused job-training credit";

(B) by inserting ", by a job-training credit carryback provided by section 44M(b)(2)" after "by an employee stock ownership credit carryback provided in section 44G(b)(2)," in the first sentence of subsection (a);

(C) by striking out "or an employee stock ownership credit carryback from" each place it appears and inserting in lieu thereof "an employee stock ownership credit carryback, or a job-training credit carryback from"; and

(D) by striking out "research and experimental credit carryback)" in the second sentence of subsection (a) and inserting in lieu thereof "research and experimental credit carryback, or, in the case of a job-training credit carryback, to an investment credit carryback, a new employee credit carryback, a research and experimental credit carryback, or an employee stock ownership credit carryback)".

(c) CLERICAL AMENDMENTS.—

(1) Subsection (b) of section 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44G" and inserting in lieu thereof "44G, and 44M".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44L the following new item:

"Sec. 44M. Charitable contributions to qualified job-training organizations.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

STEVENS (AND OTHERS) AMENDMENT NO. 2922

Mr. DOLE (for Mr. STEVENS for himself, Mr. MURKOWSKI, Mr. ABDNOR, and Mr. MATSUNAGA) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (for himself and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 714 of the matter proposed to be inserted, between lines 6 and 7, insert the following:

"(4) NOMINATION PROCESS FOR CERTAIN AREAS LOCATED OUTSIDE RESERVATIONS.— An Indian tribal government may nominate an area described in subsection (c)(2)(C)(iii), in conjunction with the local government and the State in which such area is located, for designation as an enterprise zone.

On page 716 of such matter, line 18, strike out "or".

On page 716 of such matter, line 21, strike out the period and insert in lieu thereof a comma.

On page 716 of such matter, between lines 21 and 22, insert the following:

"(iii) is—

"(I) nominated by the local government and State government of such area and by an Indian tribal government, and

"(II) located entirely within a radius of 50 miles from any point on the border of the reservation over which such Indian tribal government has jurisdiction, or

"(iv) is located in Alaska—

"(I) within the jurisdiction of an Indian tribal government, or

"(II) within a municipality at least 50 percent of the resident population of which (as determined by the 1980 census of the United States) consists of Indians, Eskimos, or Aleuts.

On page 718 of such matter, between lines 11 and 12, insert the following:

"(4) SPECIAL AREAS OUTSIDE RESERVATIONS.—For purposes of this section, any area described in paragraph (2)(C)(iii) which is designated by an Indian tribal government shall be treated as meeting the requirements of paragraph (3) if any area within the reservation over which such tribal government has jurisdiction meets the requirements of paragraph (3).

"(5) WAIVER UNDER CERTAIN CIRCUMSTANCES.—The Secretary of Housing and Urban Development may waive the requirements of paragraph (3)(B) for one area in each State if no area in such State otherwise meets the requirements of paragraph (3)(B).

On page 719 of such matter, after line 24, insert the following:

"(e) SPECIAL AREAS OUTSIDE RESERVATIONS.—A nominated area described in subsection (c)(2)(C)(iii) may be designated an enterprise zone only if the Secretary determines that a substantial portion of the benefits of such designation will accrue to the members of the Indian tribe that nominated such area.

On page 720 of such matter, on line 1, strike out "(e)" and insert in lieu thereof "(f)".

On page 721 of such matter, on line 24, strike out "(f)" and insert in lieu thereof "(g)".

METZENBAUM AMENDMENT NO. 2923

Mr. METZENBAUM proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 558 strike out everything beginning on line 13 through line 15 on page 562 (relating to election of the alternative life insurance company deduction).

On page 589 strike out everything beginning on line 19 through the end of line 11 on page 590.

On page 590 strike out everything beginning on line 19 through the end of line 6 on page 591.

On page 592 strike out everything beginning on line 24 through the end of line 14 on page 595.

On page 573, strike out everything beginning on line 20 through the end of line 20 on page 574.

On page 655 strike out everything beginning on line 10 through the end of line 4 on page 656.

On page 552, strike lines 10 through 14 and insert in lieu thereof:

(a) Special Life Insurance Company Deduction.—

(1) In general.—For purposes of section 804, the special life insurance deduction for any taxable years is the applicable percentage (determined in accordance with the table contained in paragraph (2) of the excess of the tentative LICTI for such taxable year over the small life insurance deduction (if any)).

(2) Applicable percentage.—For purposes of paragraph (1)—

In the case of taxable years beginning in or with:	The applicable percentage is:
1984	20
1985	15
1986	10
1987	5
1988 and thereafter	0

On page 656 strike out everything beginning on line 18 through the end of line 23 on page 657.

On page 658 strike out everthing beginning on line 15 through the end of line 23 on page 658.

On page 646 strike out everything beginning on line 1 through the end of line 16 on page 654.

CHAFEE (AND OTHERS) AMENDMENT NO. 2924

Mr. CHAFEE (for himself, Mr. MATHIAS, and Mr. WEICKER) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the pending amendment, add the following:

SEC. . DELAY OF COST-OF-LIVING ADJUSTMENT TO 1988.

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1954 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) by striking out "1984" in paragraph (1) and inserting in lieu thereof "1987", and

(2) by striking out "1983" in paragraph (3)(B) and inserting in lieu thereof "1986".

(b) CONFORMING AMENDMENT.—Subsection (e) of section 104 of the Economic Recovery Tax Act of 1981 is amended by striking out "1984" and inserting in lieu thereof "1987".

DECONCINI AMENDMENTS NOS. 2925 AND 2926

(Ordered to lie on the table.)

Mr. DECONCINI submitted two amendments intended to be proposed by him to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT NO. 2925

At the appropriate place, add the following new section:

"SEC. . (a) The Secretary of the Treasury is authorized and directed to admit free of duty any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany to the joint astronomical project being undertaken by the Steward Observatory of the University of Arizona and the Max Planck Institute for the construction, installation, and operation of a sub-mm telescope in the State of Arizona, provided that such article satisfies each of the following conditions:

(1) Such article qualifies as "instruments and apparatus" under Headnote 6(a) of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(2) No instruments or apparatus of equivalent scientific value for the purposes for which such article is intended to be used is being manufactured in the United States. For purposes of this condition, scientific testing equipment provided by the Max Planck Institute and necessary for aligning, calibrating, or otherwise testing an instrument or apparatus shall be considered to be part of such instrument or apparatus.

(b) The University of Arizona and/or the Max Planck Institute shall submit to the U.S. Customs Service and to the International Trade Administration descriptions of the articles sought to be admitted free of duty containing sufficient detail to allow the U.S. Customs Service to determine whether subsection (a)(1) is satisfied and the International Trade Administration to determine whether subsection (a)(2) is satisfied. The descriptions may be submitted in a single or in several submissions to each agency, as the University of Arizona and the Max Planck Institute shall deem appropriate during the course of the project. The U.S. Customs Service and the International Trade Administration are directed to make their respective determinations within ninety (90) days of the date that they have received a sufficient submission with respect to an article or articles.

(c) The Secretary of the Treasury is authorized and directed to readmit free of duty any article admitted free of duty under subsection (a) and subsequently returned to the Federal Republic of Germany for repair, replacement, or modification.

(d) The Secretary of the Treasury is authorized and directed to admit free of duty any repair components for articles admitted free of duty under subsection (a).

(e) If any article admitted free of duty under subsection (a) is used for any purpose other than the joint project within five years after being entered, duty on the article shall be assessed in accordance with the procedures established in Headnote 1 of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(f) The provisions of subsection (a) shall apply with respect to articles entered for consumption before November 1, 1993.

AMENDMENT NO. 2926

At the end of the amendment, add the following:

SEC. . EXCLUSION FROM GROSS INCOME OF CERTAIN MORTGAGE DISCHARGES MADE IN 1982 OR 1983.

(a) EXCLUSION FROM GROSS INCOME.—

(1) IN GENERAL.—For purposes of applying the Internal Revenue Code of 1954, gross income of an individual shall not include income from any discharge of qualified mortgage indebtedness which occurred in calendar year 1982 or 1983.

(2) LIMITATION.—The amount excludible from gross income under paragraph (1) shall not exceed the adjusted basis of the taxpayer (as of the close of taxable year in which the discharge of indebtness occurred) in the principal residence with respect to which the qualified mortgage indebtedness was incurred.

(b) REDUCTION OF BASIS IN PRINCIPAL RESIDENCE.—For purposes of applying the Internal Revenue Code of 1954, the basis of the taxapayer in his principal residence shall be reduced (but not below zero) by the amount of any discharge of qualified mortgage indebtedness incurred with respect to such residence which is excluded from gross income by reason of subsection (a).

(c) GAIN TREATY AS ORDINARY INCOME.—Notwithstanding any provision of the Internal Revenue Code of 1954, any gain recognized from the disposition of the principal residence of the taxpayer shall be treated, for purposes of such Code, as ordinary income to the extent such gain does not exceed the amount of the reduction made to the basis of the taxpayer in such residence (or to the basis of the taxpayer in any other residence that is taken into account in determining the basis of the taxpayer in such residence) by reason of subsection (b).

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

(1) Qualified mortgage indebtedness.—The term "qualified mortgage indebtedness" means indebtedness incurred by an individual in—

(A) acquiring the principal residence of such individual (within the meaning of section 1034), or

(B) making improvements to such principal residence (but only if the costs of such improvements are taken into account in determining the basis of the taxpayer in such principal residence).

(2) Principal residence.—The term "principal residence" has the meaning given to such term by section 1034.

SEC. . TEMPORARY SUSPENSION OF REVENUE RULING 82-202.

The Internal Revenue Code of 1954 shall be applied with respect to any discharge of qualified mortgage indebtedness (within the meaning of section 1(d)(1)) which occurs in calendar year 1984 without regard to—

(1) Revenue Ruling 82-202, or

(2) any other revenue ruling, regulation, or decision reaching the same results as, or a result similar to, the result set forth in Revenue Ruling 82-202.

SEC. . LEGISLATION CONCERNING DISCHARGE OF QUALIFIED MORTGAGE INDEBTEDNESS.

It is the sense of the Congress that legislation be enacted during the Ninety-eighth Congress which—

(1) addresses the Federal income tax consequences presented by any discharge of qualified mortgage indebtedness (within the meaning of section 1(d)(1)) that results from prepayment of a portion of such indebtedness, and

(2) applies with respect to any discharge of qualified mortgage indebtedness that occurs after December 31, 1983.

DECONCINI (AND GOLDWATER) AMENDMENT NO. 2927

(Ordered to lie on the table.)

Mr. DECONCINI (for himself and Mr. GOLDWATER) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

Insert after line 4 on page 133 the following new subsection (h) of section 28 and redesignate the succeeding subsections accordingly:

(h) OBLIGATIONS ACQUIRED BY CERTAIN LENDING COMPANIES.—Section 1272 of such Code (as added by section 25) shall not

apply to any obligation acquired by a corporation (other than a financial institution to which section 585, 586 or 593 applies) before January 1, 1986, if—

(1) the corporation was at all times during the period beginning two years prior to the date of the enactment of this Act and ending on the date of such acquisition, engaged in the active and regular conduct of the business of making loans,

(2) such obligation is acquired by the corporation in the ordinary course of its business of making loans,

(3) such obligation is not a capital asset in the hands of the corporation, and

(4) the issuer and the corporation are not related persons [within the meaning of section 267(b)] or engaged in trades or businesses under common control [within the meaning of section 52(a)].

PERCY AMENDMENT NO. 2928

(Ordered to lie on the table.)

Mr. PERCY submitted an amendment intended to be proposed by him to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 531 of the matter proposed to be inserted, strike out lines 1 through 20.

Mr. PERCY. Mr. President, in its efforts to provide us a much-needed deficit reduction package, the Senate Finance Committee has approved one measure that I believe would have exactly the opposite effect. It would cut U.S. export sales, U.S. jobs, and even U.S. tax revenues.

I am referring to the proposal to make incomes earned by Americans overseas a tax preference item subject to a 20-percent minimum tax. The Finance Committee's proposal would cut in half the exemptions and deductions granted Americans overseas—exemptions enacted just 2 years ago. This reversal of tax policy would add between $10,000 and $15,000 or more in taxes annually for most of those overseas. Americans overseas are generally provided additional sums by their employers to compensate for services they would normally receive at home, such as education for their children, and to compensate for substantially higher living and housing costs.

Other countries generally do not tax incomes earned by their citizens abroad. As a result, they have become more competitive in world markets. They have found that what they forgive in taxes on personal incomes they make up many times over in tax revenues on foreign sales. Many governments, in fact, add sweeteners in the form of subsidies which they figure they easily recoup by beating the competition on price.

With our mounting trade and budget deficits, we need to have large numbers of Americans in world markets to help promote, sell and deliver U.S. goods and services. The health of our economy in the future depends on it. But in light of common international tax practice, we cannot do that if we insist on what amounts to a self-imposed tariff that simply prices American companies out of business.

Current law governing the tax treatment of Americans overseas was designed specifically to get more Americans into the international markets to help create jobs here at home. In Illinois, we have a large number of companies that have long been selling abroad and whose international sales can account for anywhere from 5 percent to 50 percent or more of all sales.

That means jobs in Illinois. And that means tax revenues to help close the current budget deficits.

Current law is the product of four years of intensive study and debate and congressional hearings. We hav seen independent studies by the General Accounting Office, the President's Export Council, the Georgetown Center for Strategic and International Studies, Chase Econometrics, McGraw Hill and others, that all reached essentially the same conclusion: The conclusion is that improvident U.S. taxes on American overseas income push American prices up and result in a loss of sales and a corresponding loss of tax revenues that far exceeds anything gained by taxing American foreign earned income.

The Treasury Department says that the minimum tax proposal as applied to foreign earned income will gain $5 million in 1985 and $28 million in 1986. But I think those modest gains are insignificant when compared to the potential losses in American jobs and overseas contracts. It would make us the only country in the world that seems prepared to protect its competition abroad by applying a tax or tariff that goes against our own interests.

I note that the Treasury Department is required by law to submit a report in 1985 on the effects of the reforms governing the tax treatment of Americans overseas which took effect in 1982. We should wait at least until then. I do not think we should chance current law bearing on the tax treatment of overseas Americans which has been in effect for less than 2 full tax years without careful review. Too much is at stake.

Foreign markets will not just come to us. If Americans are not out in the world marketplace in force and with whatever it takes to compete, we cannot expect to get our share. The issue is whether or not we are going to compete effectively for foreign sales to create new jobs in our domestic economy or abandon the sales and the jobs to others.

It is for that reason, unless their is a comparable committee amendment offered, I will offer an amendment to strike Section 183 of the Deficit Reduction Act of 1984, foreign earned income exclusion treated as preference item.

DECONCINI (AND OTHERS) AMENDMENT NO. 2929

(Ordered to lie on the table.)

Mr. DECONCINI (for himself, Mr. D'AMATO, Mr. TSONGAS, Mr. MURKOWSKI, Mrs. HAWKINS, Mr. HUDDLESTON, Mr. PRESSLER, Mr. RANDOLPH, Mr. SARBANES, Mr. SASSER, Mr. ROTH, Mr. JEPSEN, Mr. MELCHER, Mr. LAUTENBERG, and Mr. WEICKER) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed my Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 722. SENSE OF THE SENATE REGARDING PER CAPITA LIMITATION.

It is the sense of the Senate that no per capita limitation be imposed on the amount of industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954) which are treated as described in section 103(a) of such Code.

NOTICES OF HEARINGS

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING AND STABILIZATION OF PRICES

Mr. COCHRAN. Mr. President, I wish to announce that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices has scheduled a hearing on Thursday, April 12 at 2 p.m. in room SR 328-A.

The hearing is on S. 2546, to extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 remain effective, and for other purposes.

Anyone wishing further information please contact the Agriculture Committee staff at 224-0014 or 224-0017.

ADDITIONAL STATEMENTS

S. 707—DOMESTIC CONTENT LEGISLATION

● Mr. ANDREWS. Mr. President, the United States and American farmers have benefited greatly from the present system of international trade defined by the General Agreement on Tariffs and Trade (GATT). In recent years agricultural exports have exceeded $40 billion annually. This large amount of trade is due primarily to policies that encourage free trade among countries and thus allows the United States to export those goods which it can produce so efficiently: Agricultural goods.

Clearly then, Mr. President, it would not be in our best interest to promote any policy that would reverse our strong stance on free trade or otherwise threaten the international trading system upon which the vitality of

American agriculture so greatly depends. Unfortunately though, there now stands before us a bill, the "Fair Practices in Automotive Products Act," S. 707, which could do just that. This bill would grant protection to our domestic auto industry by specifying minimum domestic content ratios. Hence, it violates provisions of the General Agreement on Tariffs and Trade (GATT) prohibiting mixing requirements and import quotas.

The intent of domestic content legislation is to further restrict Japanese automotive exports to the United States. According to the proponents of domestic content, this would shift the burden of supplying the U.S. demand for automobiles and parts from foreign markets to domestic markets, and would allegedly create new jobs in this country through more domestic automotive purchases. But by closing our doors to foreign trading partners we are inviting retaliatory actions from them. And hence, the effect of the bill would be a net loss of jobs for American workers.

Mr. President, we would indeed be in violation of our international trading agreements if domestic content were passed.

Because the U.S. auto market is the world's largest, a U.S. domestic content law would most certainly be challenged before GATT, and also provoke retaliation by auto exporting countries.

Enactment of S. 707 could affect approximately 5.5 billion dollars' worth of Japanese exports to the United States, according to the Commerce Department. Thus, an equivalent amount of U.S. exports to Japan would be directly subject to retaliatory action. Such retaliatory measures would not necessarily be limited to U.S. exports of automobiles, but rather could be applied to other goods. Agricultural exports, for example, would be extremely vulnerable to retaliatory action by our trading partners.

Domestic content, Mr. President, would not be well received in the State of North Dakota which is the 10th largest exporter of agricultural products in the United States, with a total agricultural export value of $1.3 billion in 1982. The consequences of domestic content legislation passing could be devastating to the economy of my State of North Dakota and the agriculture economy across this country. The Commerce Department estimates that about 24,000 workers are directly affected by each $1 billion worth of U.S. exports. Thus, for $5.5 billion of U.S. exports, 132,000 U.S. nonauto workers would have their jobs placed at risk. Many of these would be in the State of North Dakota as fewer agricultural exports would be allowed to enter foreign markets.

Mr. President, although I support efforts to strengthen American industry, I do not think that this bill is the answer. I believe that the U.S. automobile industry is capable of meeting its foreign competition without the enactment of this protectionist legislation. What it all comes down to is this: The U.S. agricultural sector will be paying an unfair portion of the price for the protection received by the automobile industry. And what is worse, the giant losses felt in the agricultural sector are likely to far outweigh the comparatively slight gains enjoyed by the industrial sector. The bill will cause far more jobs to be lost than gained, for the Nation as a whole, as the flow of U.S. agricultural goods would be impeded. The best policy in the long run is to keep trade relations as open as possible between and among nations.

Mr. President, the United States simply cannot afford S. 707.●

SOVIET AND COMMUNIST CONNECTIONS OF THE AFRICAN NATIONAL CONGRESS

● Mr. EAST. Mr. President, last week, on April 3, 1984, the African National Congress (ANC), a Communist Party-dominated terrorist organization in the Republic of South Africa, was responsible for two car bomb explosions in the morning rush hour of Durban, South Africa. These explosions killed 3 persons and seriously injured 22. The ANC was the subject of an intensive investigation in 1982 by the Subcommittee on Security and Terrorism of the Committee on the Judiciary, and the subcommittee found, based on the sworn testimony of former members of the ANC and of the South African Communist Party, that both the South African Communist Party as well as the Soviet Union and East Germany have played roles in funding, training, and providing propaganda assistance for the ANC and its terrorism.

The New York Tribune, in a series of articles by Doris H. Gray of the Tribune's foreign affairs staff, makes clear the Soviet and Communist connections of the ANC and its terrorism. While some Americans have been victimized by a campaign of disinformation about the ANC and its goals, the series in the Tribune offers a factual and accurate view of what these anti-Western Communists are seeking and of how they are pursuing the goal.

I ask that the articles from the New York Tribune of March 5, 6, and 9, 1984 be printed in the RECORD.

The articles follow:

[From the New York Tribune, Mar. 5, 1984]

SOUTH AFRICAN "LIBERATION" GROUP BACKED BY SOVIETS, ACCORDING TO DEFECTORS

(By Doris H. Gray)

JOHANNESBURG, SOUTH AFRICA.—The African National Congress (ANC) of South Africa—sometimes regarded as a genuine liberation movement fighting for the rights of the politically deprived black majority in the country—is in fact a Soviet-influenced, communist front organization, according to the South African security police.

Many of the ANC attacks are planned and orchestrated by white international terrorists and not local black idealists who seek to counter the oppression of their people, security police said.

Evidence to support these claims was given by former ANC members who defected and by security men who successfully infiltrated the ANC or related organizations and rose to high positions within their ranks.

The ANC experienced a major setback with the recent peace talks between South Africa and Mozambique.

Marxist Mozambique, immediate neighbor of South Africa and base of operations for the ANC and its military wing "Umkhonto We Sizew [Spear of the Nation]," agreed to withdraw its military support from the group in return for substantial economic aid from the South African government.

South Africa, in turn, promised to stop its support of the Mozambican National Resistance Movement (MNR), an organization aimed at destabilizing the Marxist government.

MOSCOW CONFUSED

Security sources in Pretoria claim to have information about "serious confusion" in Moscow and leading ANC circles at their headquarters in Lusaka, Zambia, as a result of these moves.

During the past few weeks, formerly staunch allies of the violent ANC approach to change in South Africa seem to have turned their backs on the organization and are choosing to sit at the negotiating table with South Africa.

For the past 20 years, ANC activities have not brought about any hoped-for change in the apartheid system.

President Kenneth Kaunda of Zambia in late February said independent African states even would welcome South Africa into the Organization for African Unity (OAU) and the Southern African Development Cooperation Conference (SADCC), once independence is granted to South West Africa (Namibia) and South African troops are withdrawn from Angola.

However, Augusto Macamo, member of the ruling Frelimo Party central committee in Mozambique, said his country will continue "to be in solidarity with the struggle of the South African people," and that "the solidarity between Mozambique and the ANC is sealed with bloodshed for the common cause of peace and equality."

Blood indeed has been shed: During the past 7 years, 217 incidents were reported, in the course of which 48 people were killed and damage amounting to $550 million occurred, according to figures of the South African police.

Violence has been countered with intensified police activity by the South African government. Since 1977, 172 trained terrorists have been "neutralized," of whom 127 were arrested and 45 killed, the police report said. Most of these terrorists were said to be linked to the ANC.

Increasingly, violence is directed indiscriminately against targets where civilians, black and white, get killed.

A well-known white South African lawyer, Joe Slovo, suspected of being a KGB member, planned most of the sabotage acts carried out by Umkhonto We Sizwe, the ANC military wing. Slovo, who used to work out of Mozambique, reportedly left the

country recently as a result of the talks between Maputo and Pretoria.

PROFESSOR CAUGHT

Other attacks for which the ANC claimed responsibility were planned and at times carried out by white international terrorists. In 1980, the ANC dispatched Dr. Renfree Christie, a member of the organization then teaching at Oxford University, to steal plans of the Koeberg nuclear power plant. Christie was caught and sentenced to 10 years of imprisonment.

After an attack in Vortrekker Hoogte near Pretoria in 1981, two Canadians and one British national (along with two South African blacks) were caught.

In 1981, Robert Adam, a white South African, was convicted of attempting to throw a bomb into the television tower in Johannesburg.

A member of the French Communist Party is the main suspect in the attack on the nuclear power plant in Koeberg, near Cape Town, in December 1982.

The late Henri Curiel of the French-based organization Solidarite gave logistical support to Soviet-backed terrorist movements such as the Red Army Fraction in Germany, the Red Brigades in Italy, as well as the South African "Okhela" (Spark) group, which is linked with the ANC.

There are several other sabotage and terror cases known to the South African police, in which mainly European nationals were involved but who escaped without having been convicted in South Affrica.

The ANC denies such heavy involvement of international terrorists, denouncing these claims as "racist propaganda."

[From the New York Tribune, Mar. 6, 1984]

COMMUNISTS TOOK OVER ANC, ARMED IT TO FIGHT IN SOUTH AFRICA

(By Doris H.Gray)

JOHANNESBURG, SOUTH AFRICA.—Although now known as a terrorist organization, the African National Congress of South Africa was initially committed to working for peaceful change in this racially divided nation.

During the early 1950s, its Youth League was engaged in passive resistance and defiance campaigns. Members of that League included Nelson Mandela and Current ANC leader Oliver Tambo.

In 1946 Mandela and Tambo made their position clear: No one could be a member of the ANC and the Communist Party at the same time. Nevertheless, their motion was defeated because high-ranking ANC members, like Moses Kotane, were already holding such a dual membership.

Mandela was elected to the national executive committee of the ANC in 1950. In those days the ANC and South Africa's Communist Party were in open opposition to each other. Still, a coordination committee was founded in the early 1950s to form a united front against the "racist regime."

The committee included the ANC, Youth League, Indian Congress and the Communist Party. By that time the Communist Party, which started out as a whites-only organization ("Workers of the World Unite to keep South Africa White" was written on their banners), had decided to allow blacks elected even to its central committee.

In 1950, when the South African parliament passed the Suppression of Communism Act, which outlawed the Communist Party, communists decided to continue their work with and through the ANC.

About 10 years later, a "broad people's armed force" was created, called "Umkhonto We Sizwe" (Spear of the Nation). The organization was meant to serve as a military wing of the ANC and admitted its aim was to violently overthrow the government.

Tension at the time ran high and there was a feeling among some black leaders that all efforts for a peaceful settlement with the government were in vain and they felt justified in letting guns speak.

Not long after Umkhonto We Sizwe was formed, Mandela was charged with attempted sabotage. He and seven other ANC members were convicted and sentenced to life imprisonment. Tambo escaped and has lived in exile ever since.

Over the years Tambo, though not a member of any communist organization, appears to have finally chosen his allies among Marxist-oriented groups rather than liberal groups such as the civil rights movements in the United States.

At the 60th anniversary celebration of the South African Communist Party (SACP) in London in July 1981, Tambo shared the platform with the secretary generals of the British and Irish Communist parties. Diplomats from the Soviet Union, Hungary, Cuba, Ethiopia and other communist-socialist countries were in the audience.

Tambo said on this occasion: "These are our allies, they are part of the international movement of solidarity."

He later explained the alliance between the ANC and the SACP: "The SACP unreservedly supports and participates in the struggle for national liberation led by the ANC in alliance with the South African Indian Congress, the Congress of Trade Unions, the Colored Peoples Congress and other patriotic groups of democrats."

In more recent speeches, Tambo, who lives in Lusaka, Zambia, but frequently travels to London, uses typical Soviet terminology with eloquence. At the fourth congress of Mozambique's ruling Frelimo party in April 1983, he said, "Comrades, international imperialism is mounting a global political and military offensive-threatening world peace and security, with Central America, Middle East and southern Africa as the focal point of its attack."

CUBA AS "BEACON OF LIBERTY"

Tambo continues to praise the leadership of the "heroric PLO" and refers to Cuba as the "beacon of liberty."

He calls for the "uprooting of the oppressive system, which must necessarily entail the seizure of key centers of economic power and . . . their transference to the common ownership of the people."

Some political observers here say that Tambo is kept in his position merely for public relations reasons, while ANC policies are decided elsewhere. Some remarks he made about Mozambique do not reveal much political competence and ability to realistically assess a situation, political observers here say.

Secheba, the official organ of the ANC of South Africa printed in East Germany, quotes Tambo in the July 1983 issue saying, "Mozambique's successful struggle to conquer underdevelopment has opened a vital new front of struggle, with a significance going well beyond the border of this country." At that time, Mozambique's economy was in a disastrous state and thousands were starving.

In fact, the economic plight of the country was so severe that the Marxist government had to seek aid from South Africa and President Samora Machel traveled to several Western nations, seeking financial assistance.

The African Communist, a publication also printed in East Germany, in its first quarter 1982 issue, hails the 70th anniversary of the ANC with the black-green-golden ANC flag spread over its cover.

Likewise, *Secheba*, the ANC organ, dedicates the November 1983 edition to Dr. Yusuf Dadoo, the Indian chairman of the banned SACP, commemorating his death in London. In one of its articles, Dadoo is referred to as "holding offices both in the ANC and the SACP." Dadoo, vice chairman of the ANC's revolutionary council, served for 14 years as chairman of SACP.

Propaganda and financial support for the ANC comes from known Soviet front groups such as the World Peace Council, Organization for Solidarity of the Peoples of Africa, Asia and Latin America, the International Committee against Racism, Colonialism and Apartheid in Southern Africa, as well as anti-apartheid movements throughout the world.

Even though it does not apply to the ANC itself, members of Umkhonto We Sizwe are requested to register with the SACP, an ANC defector says.

[From the New York Tribune, Mar. 9, 1984]

RECRUITS UNAWARE OF TERRORISM OF AFRICAN NATIONAL CONGRESS

(By Doris H. Gray)

JOHANNESBURG, SOUTH AFRICA.—Among mounting unrest in South Africa's black townships, emotional support for the banned African National Congress, is rampant.

In the streets of Soweto, near Johannesburg, imprisoned ANC President Nelson Mandela is called "our leader." No nonwhite political organization would hold a rally in any of South Africa's black townships without paying tribute to this man, who has become a symbol for black liberation in South Africa.

The image of the non-violent ANC of Mandela's early days makes recruitment efforts easy:

Yet few of the potential members of the ANC are initially aware that they are supposed to be turned into hard-core terrorists.

The defection rate of ANC members is, according to South African security police sources, around 35 percent. This allows for insights into the structure and training methods of the ANC and its military wing Umkhonto We Sizwe (Spear of the Nation).

INFILTRATION VERY SUCCESSFUL

In addition, infiltration by security men into the ANC's external mission, which allows white members, has been highly successful. There is a saying that out of 10 new ANC members, nine belong to the security force. In fact, the South African police take pride in stating that the ANC is "the world's least successful terrorist movement."

A popular method of recruiting is to promise an unemployed African a well-paid job in one of the neighboring countries. Students are offered an opportunity to study overseas. If he shows interest, the terrorist-to-be soon finds himself in Mozambique where he gets his first instructions.

From there he is flown to Dares-Salaam, Tanzania, where potential members of Umkhonto We Sizwe spend up to 2 years receiving special training. The program includes firearms training, political guidance, engineering, topography and military combat

work, officials of the security police disclosed.

Promising students are then sent to an advanced infantry training at the Provonye military camp near Simferopol in the Soviet Union, or to Odessa and to "Center 26" near Moscow, according to government sources.

South African security police say they also have information about similar courses being held in a town called Telerow near Rostock in East Germany. While the training in the Soviet Union is openly declared as being for ANC recruits and participants wear military outfits, trainees in East Germany wear civilian clothing and are officially called students of an agricultural course.

INCIDENTS OF RACISM

Defectors reported that during their entire stay in either country they were shielded from contact with the local population. Some spoke about incidents of racism that reminded them of the situation back home. This sobering experience is one of the main reasons why so many of the mostly young men decide to discontinue the training.

However, it is not easy to defect. A special detention camp in Quatro, Angola, takes care of those "who show signs of disagreement," a former ANC member told the *New York Tribune*. Several men, who went through all the programs geared toward a violent overthrow of the South African government, reported execution squads operating at this camp. At times, said one, he witnessed dissidents being stabbed to death, while others were shot.

Yet, most of these facts are not widely known to the general public in South Africa or elsewhere. In South Africa, the ANC is banned. Media are not permitted to quote any person who belongs to a banned organization or to quote from their literature. Even the very possession of ANC publications is illegal and offenses are severely punished.

Consequently, an African history student could say in an interview that even though he was aware of the ANC's shortcomings, "We [the students] are not so much interested in the communist ideology. What we want is equal rights. At least the ANC offers some hope for change."●

THANK YOU, FRED ROGERS

● Mr. HEINZ. Mr. President, today I want to honor a very special person. At last count colleges and universities had bestowed 30 honorary degrees on this individual; he has received virtually every major award in the television industry for work in his field; he has appeared on "Nightline," "Good Morning America," and the "Today Show;" Johnny Carson, "Saturday Night Live," and "National Lampoon" have spoofed him; he has provided comic relief in "Poltergeist," "Paternity," and "Being There;" and now I want to honor him on the Senate floor. What sort of man can command the attention of such varied people as Ted Koppel and Eddie Murphy? It is a very dear friend of mine and of millions of children, Fred Rogers. Many of you may not recognize Fred by his first name, but he is a household name as Mister Rogers, the award-winning host of the children's series, "Mister Rogers' Neighborhood."

Mr. President, this month marks the 30th anniversary of Fred Rogers in television. Fred certainly possesses a special talent to be able to entertain and educate two generations of children. Children can relate to Fred because they can sense his sincerity. He instantly becomes their true friend. The person they see on the screen is the same person they would encounter in private. As Fred points out:

Children appreciate having a real person talk with them about feelings that are real to them.

Fred Rogers is a man with an endowment of remarkable talents. He is a composer, a writer, a television producer, a performer, a husband, a father, and a minister. However, he most wants to be remembered as "a man who cares deeply about children." Fred is one of the rare individuals who addresses the concerns of children—not as adults see them, but as children feel them.

Fred Rogers' start in television began at WQED in Pittsburgh, the Nation's first community-supported public television station. There, in 1954, he developed and produced an educational program called Children's Corner. The character Mister Rogers was created in 1963 in Toronto. In 1964, Fred moved Mister Rogers and all his friends back to Pittsburgh, where the series grew from a community-based show into a national program reaching 7 million families each week.

Mr. President, I must admit a little personal interest in honoring Fred Rogers today. Not only has Fred helped 30 years of children grow and learn, but he also fills the role as godfather to my youngest son, Christopher. I certainly could think of no one better suited for that job than Fred.

When asked "What's next?" Fred replies:

This is next—just what I'm doing. That doesn't mean standing still. No one can stand still, any more than a child can stop growing. But adults keep on growing, too. I may have reached the national speed limit in age, but I have no plans to slow down. I'm going to keep right on trying to help children grow within their families and trying, as well, to help parents in those families stay in touch with the children they once were.

Fred, on behalf of so many millions of Americans: for the Neighborhood, for the friendship, confidence and understanding you have given to so many and for being special, thank you.●

INDIANA GENERAL ASSEMBLY TAKES STAND ON ACID RAIN

● Mr. QUAYLE. Mr. President, the issue of acid rain and controls on sulfur dioxide emissions as a means of resolving the environmental problems attributed to acid rain are of great concern in my State of Indiana. Many of the control strategies now before the Congress would place an unfair and scientifically unwarranted burden on Indiana. Both specific industries and the general economy would be severely impaired if the control strategies poropsed by some Members of Congress were to become law.

The Indiana General Assembly, during its 103d session, has succinctly identified these concerns in the form of a concurrent resolution. The resolution notes that several studies, including the Hudson Institute study and that by the National Academy of Sciences, have been unable to find incontrovertible proof of a direct relationship between midwestern sulfur dioxide emissions and acid rain elsewhere in the country. The resolution also details a litany of effects to Indiana should some of the suggested control strategies be adopted: Damage to Indiana's economic development future, damage to Indiana coal mine workers and those in related industries, increases in electricity rates to consumers. The resolution is also quick to point out that these effects will occur "without a reasonable assurance that the reduced sulfur dioxide emissions would result in lower acidity in the northeastern United States."

The Indiana General Assembly, however, is not going to criticize current proposals without suggesting one of their own. They have recommended that steps be taken to fund additional research to provide more solid scientific understanding of acid rain's formation and the source-receptor relationship. The general assembly recommends, as a first objective, a targeted emission reduction strategy which includes local sources. They also call for lake liming as an effective interim solution. Like many others, the general assembly notes that "solutions which affect one region unfairly will potentially cause more harm in economic disruption, and regional solutions should be avoided at all costs."

I commend the general assembly for taking such a courageous stand and for communicating their views to their national representatives. This concurrent resolution accurately portrays the views of many of us in the Midwest regarding the acid rain issue.

I ask that the resolution be printed in the RECORD.

The resolution follows:

INDIANA GENERAL ASSEMBLY—HOUSE CONCURRENT RESOLUTION No. 46

Whereas, The growing national problem of Acid Rain demands an equitable and scientific solution which addresses all aspects of this difficult situation; and

Whereas, Indiana businesses have spent untold millions of dollars to comply with the Congress' Clean Air Act of 1970, and 1978 amendments thereto, which have resulted in significantly reduced amounts of sulfur dioxide emissions and other pollutants into the atmosphere, and said clean-air efforts have been in good faith in an at-

tempt to meet Indiana's responsibility to the national Clean Air movement; and

Whereas, Some proposals for reductions in sulfur dioxide emissions conclude Indiana and the Midwest must share the overwhelming burden of responsibility for the Acid Rain problem, although no firm scientific evidence proves these states are proportionately responsible for the problem; and

Whereas, Recent studies, including those conducted by The Hudson Institute (November, 1983) and the National Academy of Sciences (Summer, 1983), have concluded no direct relationship can be proven between midwestern sulfur dioxide emissions and Acid Rain elsewhere in the country, particularly the Northeastern United States; and

Whereas, Compliance with some suggested remedies would seriously damage Indiana's economic development future, affecting thousands of jobs of Indiana coal mine workers and those in related industries, and would raise the cost of electricity to Hoosier consumers without a reasonable assurance that the reduced sulfur dioxide emissions would result in lower acidity in the Northeastern United States; Therefore,

Be it resolved by the House of Representatives of the General Assembly of the Senate of Indiana, the State concurring:

SECTION 1. The Indiana General Assembly does hereby respectfully request the Indiana delegaton to the United States Congress to follow the recommendations such as those of the recent study completed by The Hudson Institute, which calls for the following:

1. Fund additional research to achieve a solid scientific understanding of the formation of acid rain, the relationship between midwestern sulfur dioxide emitting industries and the long distance travel of those emissions to other parts of the country, specifically the Northeastern United States. The funding for this research should be increased to insure the best possible results.

2. Begin emission reductions targeted at local sources. Because the findings of The Hudson Institute and others suggest local pollution sources affect an area the most, a targeted emission reduction strategy which includes local source pollution, should be the first object of any federal acid rain solution.

3. In the interim, because of the lower cost and proven results, lake liming represents an effective solution to this problem.

4. Mandate national participation in any cleanup costs. This is a national problem, which deserves national solutions. Solutions which affect one region unfairly will potentially cause more harm in economic disruption, and regional solutions should be avoided at all costs. As in similar pollution problems, national scenarios develop a national commitment to solving the problem which is needed in this case.

SEC. 2. That the Principal Clerk of the House of Representatives is directed to send copies of this Resolution to the Indiana delegation to the United States Congress.

J. ROBERTS DAILEY,
Speaker of the House.
SHARON THUMA,
Principal Clerk.●

BUDGET STATUS REPORT

● Mr. DOMENICI. Mr. Preisdent, I hereby submit to the Senate a status report on the budget for fiscal year 1984 pursuant to section 311 of the Congressional Budget Act.

Since my last report, the Congress has cleared for the President's signature H.R. 4072, the Agricultural Programs Adjustment Act of 1984, H.R. 4169, the Omnibus Budget Reconciliation Act of 1983, and H.R. 4206, providing tax forgiveness for Federal personnel killed overseas.

The report follows:

REPORT NO. 84-8

REPORT TO THE PRESIDENT OF THE U.S. SENATE FROM THE COMMITTEE ON THE BUDGET, STATUS OF THE FISCAL YEAR 1984 CONGRESSIONAL BUDGET, ADOPTED IN H. CON. RES. 91

REFLECTING COMPLETED ACTION AS OF APR. 6, 1984

[In millions of dollars]

	Budget authority	Outlays	Revenues
Second budget resolution level	922,125	852,125	679,600
Current level	922,181	854,274	665,283
Amount remaining	0	0	0

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and which exceeds $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 91 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 91 to be exceeded.

REVENUES

Any measure that would result in revenue loss exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 91.●

THE AGRICULTURAL PROGRAMS ADJUSTMENT ACT OF 1984

● Mr. DOLE. Mr. President, I take this opportunity to commend President Reagan on his decision today to sign H.R. 4072, the Agricultural Program Adjustment Act of 1984. This bill will provide a much improved farm program for U.S. wheat producers this year, and should improve participation and help to reduce surplus wheat production. It will also restore a measure of needed balance to the programs for all of the major commodities—including wheat, feed grains, upland cotton, and rice—for the 1985 crops.

PRINCIPAL PROVISIONS

Among various accomplishments, H.R. 4072 freezes target prices for these commodities at their 1984 levels—a key administration objective in the 98th Congress. In addition to other program improvements, the legislation provides for a $2.1 billion increase in financing for farm exports this year and next, a real shot in the arm for our efforts to sell agricultural surpluses. There are also a number of significant improvements to increase the availability of farm loans and adjust the repayment and refinancing terms for beginning farmers and the victims of last summer's devastating drought.

SAVINGS

Savings under the bill are estimated by the Congressional Budget Office at $2.6 billion and by the Department of Agriculture at $3.2 billion. Most of the reduced outlays are in the outyears, fiscal years 1986 and 1987, and will make an appreciable dent in projected budget deficits in those years, based on the same economic and program assumptions. So I think we can take some credit in the agriculture sector for making a contribution to the deficit downpayment effort this year.

EARLY WHEAT ANNOUNCEMENT

Another real benefit of this legislation in States which produce winter wheat, such as my own State of Kansas, is that farmers will now know the details of the 1985 farm program well before the planting season begins this fall. In fact, many producers in Kansas see early announcement of next year's program before July 1 as one of the best features of the bill.

POLICY PROCESS STILL WORKS

I would also say that passage of H.R. 4072 is particularly important because it demonstrates that the process by which farm policy is developed and approved still works. When we were not able to authorize the payment-in-kind program in December 1982, and again when efforts to pass or modify the target price freeze all last year were repeatedly blocked, there were some who began to doubt Congress's ability to overcome individual or political differences in order to make needed adjustments in farm programs.

SENATE LEADERSHIP

I believe the resounding margins by which H.R. 4072 passed both Houses of Congress—by 78 to 10 in the Senate and by 379 to 11 in the House—clearly prove that the will and ability to move farm legislation are alive and well on the Hill as well as in the administration. I would only note the significant contribution and leadership of the chairman of the Senate Committee on Agriculture, Nutrition and Forestry, Senator HELMS, and the various contributions of the other Senate conferees, Senators LUGAR, COCHRAN and BOSCHWITZ on our side, and our Democratic colleagues led by Senator HUDDLESTON on the other. In addition, Senator JEPSEN made a notable contribution to the drought assistance and credit provisions of the bill.

HOUSE COOPERATION

There was also an essential ingredient of bipartisan cooperation in our

ability to obtain quick consideration and passage of the Senate version of H.R. 4072 in the House, I would particularly mention th eimportant role and understanding of the chairman and ranking member of the House Agriculture Committee, Congressmen DE LA GARZA and MADIGAN. In addition, Congressman TOM FOLEY did yeoman work in reviving this legislation for a final effort this year.

TRANSITION TO 1985 FARM BILL

Finally, I would only say that, by providing needed balance to farm programs, by contributing to deficit reduction, and by showing that the legislative process still works, this bill represents a much-needed transition from the past year of impasse and inaction to the scheduled reauthorization of omnibus farm legislation in 1985, hopefully, as a result of our efforts on this bill, we will now be able to respond more effectively, and in a comprehensive and long-term manner, to the problems and opportunities facing American agriculture in the future.

Thank you, Mr. President.●

THE DEFICIT

● Mr. QUAYLE. Mr. President, nobody likes the bearer of bad news, and those of us in public life are particularly sensitive to being scolded with the words, "I told you so."

For months, a number of us here in the Senate have been warning our colleagues and our constituents that, unless steps are soon taken to reduce the deficit, the hard-won recovery now underway could be brought to a lurching halt. The evidence is mounting that precisely this scenario is beginning to be played out.

Last week, major banks around the country raised their prime lending rate to 12 percent, its highest level since November 1982, and effective yesterday, the Federal Reserve Board raised the discount rate to 9 percent, its highest level since December 1982.

Henry Kaufman, the chief economist and managing director of Salomon Bros., put it this way last year:

> To believe that we can wait (to make a downpayment on the deficit) until 1985 is to assume, incorrectly, that the business cycle can be adjusted to the political needs of 1984 with risk to the economy itself.

It is now April. Congress has been in session for over 2 months this year, but here in the Senate, we are just beginning floor debate on the deficit-reduction package we simply must enact this year. On the economic front, I submit that time is of the essence today as never before: if Congress does not pass this deficit downpayment bill promptly, we will have only ourselves to blame for the consequences.

We cannot afford to wait to deal with the deficit crisis any longer. For it is now apparent that we have arrived at the point we feared we would reach where non-Government demand for capital is colliding with the Government's need to finance the spiralling national debt.

Kaufman predicted what would happen:

> As the economy continues to expand, the rising financing requirements of businesses and the credit needs will compete with the Treasury, which will pay whatever rate is required to obtain the funds it needs * * *. The persistent large money needs of our government as we near the peak of the business cycle is bound to result in an extraordinary flaring of interest rates. This kind of confrontation in the credit markets will shorten the economic expansion.

As interest rates are driven higher by this confrontation, the vicious circle promises to get ever more vicious. Interest-rate-sensitive industries such as automobiles and housing will be dampened, and progress in reducing unemployment will be halted.

Only yesterday, in a speech to the Economic Club of Detroit, Kaufman predicted that interest rates will continue to rise in coming months, with the prime rate passing 15 percent in 1985.

We can get out of this vicious circle, Mr. President. It is not yet too late to avert the slump that is bound to follow escalating interest rates. But we must do so now, promptly, while the markets can still be persuaded that Congress is serious about bringing the Federal budget under control.

As President Reagan said in his budget message in February:

> Only the threat of indefinitely prolonged high budget deficits threatens the continuation of sustained noninflationary growth and prosperity. It raises the specter of sharply higher interest rates, choked-off investment, renewed recession, and rising unemployment.

For the economic well-being of our Nation, Mr. President, I call on my colleagues in the Senate—Republicans and Democrats alike—to work to pass the deficit-reduction package before the Easter break. The longer we put off this essential legislation, the more time we will be giving the deficit to harm our economy.●

ADDRESS BY MAJ. GEN. RICHARD X. LARKIN, PRESIDENT, ASSOCIATION OF FORMER INTELLIGENCE OFFICERS

● Mr. DENTON. Mr. President, on February 27, 1984, Maj. Gen. Richard X. Larkin, USA (retired) delivered an outstanding address in Naples, Fla., before the Association of Former Intelligence Officers (AFIO).

General Larkin, a West Point graduate, was our Defense Intelligence Attaché to Moscow from 1977-79 and served as Deputy Director to the Defense Intelligence Agency, from which post he retired in 1981.

He serves as President of AFIO. I congratulate General Larkin on his statement and I ask that his remarks be placed in the RECORD.

The remarks follows:

ADDRESS TO THE THIRD NATIONAL INTELLIGENCE SYMPOSIUM, NAPLES, FLA., FEBRUARY 27, 1984, BY MAJ. GEN. RICHARD X. LARKIN, USA RETIRED, PRESIDENT, ASSOCIATION OF FORMER INTELLIGENCE OFFICERS

The agenda for today's discussion has, by virtue of events, been pretty fluid. Early this month, as we prepared for this symposium, it was my intention to discuss with you Yuri Andropov's hard line approach to world affairs, his health, and to predict who his successor would be, with some observations on the power struggle that would go on in the Kremlin.

Andropov had, after all, in only the first seven months of his reign, managed to achieve the triple crown of Soviet leadership: Party Secretary, Defense Council Chairman, and Chairman of the Presidium, or Head of State. By comparison, Brezhnev took ten years to achieve these same three positions. Andropov had seized power quickly, gaining support of the Brezhnev coalition by carrying forward several of his key programs: keeping the door to China open, a military solution in Afghanistan, divide NATO over the missile issue, and of course, increase the crackdown on dissidents. He added a couple of his own: a widespread crackdown on white collar corruption, and a desperate attempt to improve the efficiency of the incredible bureaucracy of government. He covered his flanks with key appointments to his trusted KGB assassins, whose hands were as bloody as his, and all indications were that he would be a strong, heartless dictator in the finest Soviet tradition. Knowing his age and condition, the world was not unduly surprised when he temporarily dropped out of sight after the 18th of August. He was definitely in sight on the 18th: you'll remember that he had the audacity to invite to Moscow a group of Democratic congressmen to discuss U.S. footdragging on arms control and other international issues, and was photographed in discussion with them. And then he vanished from sight.

Six months later, on the 9th of February, the Soviet Union decided to advise the world that he really didn't have a cold any more, but that he was dead. We had observed that he was an old man, and we had been told that he had diabetes, had heart trouble, had kidney problems, had Parkinson's disease, so we paid little attention to the words released by TASS as to cause of death. My guess is that it was some of these, aggravated by sheer, brutal disappointment over the failure of his regime. You know, things really did "go to hell in a handbasket" for him in the Fall and winter of 1983.

Those of you who were here last year at this time may remember that we reviewed the role of Soviet Active Measures. Andropov's trump card, an ingenious complex effort by which the Soviets coordinate propaganda, party organizations, front organizations, and KGB operations to make things happen, world-wide, the way they want them to happen. They had fabulous success in the late 70's, causing enough tumult in Western Europe and self-righteous criticism in the U.S. to force an American president, Carter by name, to reverse his decision and to halt the production of the neutron bomb, which they properly feared would be a battlefield equalizer. Hot off this success, Brezhnev, Andropov, Chernenko and the rest of the gang cranked it up again in 1980,

and with perfect confidence that they would agitate, jawbone, pressure and intimidate Western European governments to renege on their declared intent to deploy the Pershing II and Cruise Missile, a move NATO had adopted as essential to counter the recent Soviet deployment of some 300 SS-20's. They put all their chips on this bet. We watched the World Peace Council and all its chapters around the world, including the 40 in the U.S., adopt as their primary mission: the stopping of this NATO counter-move. It was a perfect opportunity for the Soviets: a chance to split NATO from the U.S. on a major issue, and at the same time assure Soviet missile preeminence in Europe. It was carefully orchestrated, starting with a slow drum roll of cadre-inspired demonstrations, gradually mixing in the winds and trumpets of misinformation and misquotes, then the strings of Gromyko and each Soviet ambassador throughout the West, building up over the three years, like the 1812 Overture, into a grand crescendo in the late Fall of '83 which would cause the British and German Parliaments to negate the deployment.

By August, Andropov and his aged colleagues were beginning to rehearse the victory dance—a slow two-step, judging from the age of the group. Things were going well: Europe was in a complete uproar, the German opposition party was coming around. But then, on the 1st of September, Andropov's own crack Air Defense Forces pricked his balloon by shooting down the Korean airliner and massacring its passengers. The entire world was revolted by this sudden exposure to the vicious, unfeeling disregard for human life and international behavior that is so intrinsic to the Soviet system. The agitators throughout the world—and in the U.S., but especially in Western Europe—suddenly found that the hundreds of thousands of well-meaning people they had been hoodwinking into massive demonstrations had had their hoods removed, and were able to penetrate, even just briefly, the facade of this peace-loving state. Soviet handling of the affair was disastrous—Andropov didn't raise his crafty head—if he was able to—the official government denied that it even happened—then the concocted spy mission—then putting Marshall of the Soviet Union Ogarkov on television to explain to the world the Soviet version of recent history.

This brief hiatus, this break in the massive propaganda momentum which had so carefully been prepared was enough to cause the anti-deployment forces to sputter and stall, and they never regained the pace. Britain and West Germany validated the deployment decision. The Soviet Government fired its last barrage of threats—to walk out of the Geneva Arms Control talks—and the U.S. deployed the first Pershing IIs and Cruise Missiles. Even worse for the Soviets, they now had to live up to their threat to walk out, and they also, for good measure, recessed the START talks sine die, thereby forsaking their claim professed loudly and persistently to the world, that they were more serious about negotiating than was the U.S.

This must have been a mortal blow to the Soviet leader—and as if this wasn't enough, "that dammed Reagan" re-stole Grenada away from him, just when things were beginning to go right there. I'd bet when he got the Politburo together in December—if he did—and asked: "What did we do wrong, fellows?" he got the famous Indian reply: "What do you mean 'we', paleface?"

All of this happened by year's end. No wonder he didn't show up for the annual meeting of the Supreme Soviet on December 28th—the first Soviet leader in history to absent himself. If these events had not already killed him, my guess is they set his recovery back, beyond hope.

Anyway, on the 9th of February the Soviets proclaimed to the world that he was dead and, a few days later in a veritable expose of State secrets, allowed the world to know that this kind old man had a loving wife, and even allowed her to be photographed at the "funeral." We are now certain that he is dead—Vice President Bush can attest to that—and we are relatively certain that he was alive on the 18th of August when he met with our congressmen. (He was either alive on that date, or the Soviets have made extraordinary progress in robotics that we're not aware of.) So, we're certain that he died sometime between the 19th of August and the 9th of February, when the Soviet Union pronounced him dead. Why is the date of his death of interest—they've buried him, let's get on with it.

Two points are to be made here: One, that we know of his death only because the Soviets decided to tell us, but more to the point, because we viewed the remains. So, we should accept not what the Soviets decide is in their best interest to tell us, but what we can verify. The second point to be made in this gruesome discussion is that we don't really know when he died. Sure, they proclaimed the date of his death as 9 February: but they had also been telling us for six months that he had a cold. We really don't know when the power struggle for succession began, how long it lasted, or when the issue was decided. We know only the result, that another octogenarian, this one named Chernenko, from Siberia, with emphysema, has been handed the baton, and that at 72 he is the oldest to be designated. We have absolutely no insight on the selection process, no more than we had on the existence of Andropov, a world leader, for six months. It could be of immense value to us to know, for example, whether or not the Politburo decided that Andropov's uncompromising approach to arms control was an embarrassment he couldn't live down, and so he didn't;

Whether or not Andropov's crackdown on white collar crime and bribes was hitting so close to home that he had to go;

Whether his economic and agricultural policies were seen as working or as too disruptive; But most important,

Whether or not a committee has been running things since August 19th, whether it was a committee without leadership or Andropov who issued the desperate threat to walk out on Geneva arms negotiations, whether it was a committee or Andropov whose threat failed, who gave the walkout order, who invoked world criticism for breaking off negotiations, who gave the order to deploy missiles in East Germany and Czechoslovakia.

Answers to these questions would greatly assist world leaders, and ours in particular, in proper negotiations with a major power, and might do a lot toward easing East-West tension. * * * They will negotiate seriously only when one of two conditions prevails:

From a position of superiority—when they have superior power, or superior knowledge of the issue, or superior knowledge of the opponents' positions on the issue. In this circumstance, and SALT I and II are examples of this, they will negotiate, and win a settlement to their advantage.

From a position of desperation, from inferior strength or power, they will negotiate but only to gain a settlement which will make their inferiority less vulnerable. The Hitler-Stalin Pact is an excellent example of this. If neither of these conditions prevail, they will negotiate and procrastinate until one does prevail, at which time they will get serious. The period since SALT II exemplifies this conduct: having negotiated a settlement to their advantage, not from a position of strength but from a position of superior knowledge of our position—and we are an open book in that respect, with journalists, media, congressmen publicly discussing, ad nauseum, what we are going to offer up next, how severe the political preelection pressure is to come to an agreement, how anxious Europe is to avoid being Ground Zero—we literally had to drag them to the table to the START talks, and then they talked and parried and hemmed and hawed while they deployed some 300 new strategic missiles aimed at European capitals, and then, with a comfortable superiority, said "Okay, don't deal any more cards, let's negotiate with what we have." And that's what's so frustrating to them about the Reagan Administration—it just won't play by their rules. Herein lies the dilemma of any U.S. Administration: must we change the nature of our open society to prevent them from having a superior knowledge of the issues and of our position—Condition I—or do we spend billions of dollars to gain and maintain superiority in power, and force them to negotiate—Condition II. In my opinion, we can't let these clowns change our democratic beliefs, no matter the cost.

Well, getting back to the succession struggle—and there probably was one—it's my belief that the issue was not decided in the 93 hours between announcement of Andropov's death and Chernenko's election, but long before that. Remember, first, that Chernenko was a Brezhnev protege—and spent the last 34 years of Brezhnev's life by his side, literally. Second, that he was passed over in favor of Andropov when Brezhnev died. So he was kind of waiting in the wings, perhaps biding his time. We had long ago deduced that there were eight strong contenders for power—from the "gang of 9" that wield absolute authority in the USSR. You've heard and read their names frequently in the past few weeks—Ustinov, Romanov, Chernenko, Gromyko, Garbachov, Aliyev, Grishin, Vorotnikov—most of the same names that were in circulation sixteen months ago when Brezhnev died—and generally the same names that were in circulation nineteen years ago when Khrushev was dethroned. An observant Kremlin watcher noticed that Romanov, the contender from Leningrad, visited East Germany in mid-January—"to bolster his image in international affairs and improve his chances," said the media, fed by reliable Soviet sources. Not so. No one of those sinister contenders would dare turn his back or leave the seat of power, much less the country, for 15 minutes—unless the issue had already been decided. So let's accept, for a moment, that it was all over by mid-January. Now, move the calendar back to December 28th, the postponed meeting of the 500 members of the Supreme Soviet. Andropov of course, dead or alive, was not there—the first Soviet leader to miss this bash—and the speech given in his name was a quiltwork of disconnected, unenthusiastic paragraphs that was absolutely pointless. Significantly, though, four new members

were nominated to the Politburo. The New York Times dutifully reported them as Andropov appointments, giving credence to the impression that the old man, though sick, was still building his power base and calling the shots. Not so. All four were members of the RFSFR coalition which was the base for the Brezhnev-Chernenko team: party technocrats completely, nothing to do with the Dzerzhnisky group (secret police fraternity) from which Andropov drew his power and selected his appointments. Then, too, around Christmas, the Party organ Kommunist published major articles praising not Andropov's speeches at the June Plenum, but Chernenko's. Now no editor, in that society, is going to ignore what the "big cheese" said at a major political meeting unless he knows what's really going on. So maybe you can agree with me that as early as late December, six weeks prior to the formal announcement, Andropov, dead or alive, was no longer in power, and Chernenko was. We could stretch our vision back to November 7th, the anniversary of the October Revolution, when Andropov was again noticeably absent from the dais of the Lenin Mausoleum, and none other than Chernenko stood in his place, in the center. That may be stretching the analysis a little—someone has to stand in the center, and why not the Party ideologue normally considered the #2 in prestige. But the point remains—we didn't know on the 19th of August, or on the 1st of September when they massacred the Korean airliner and all its passengers, or on the 8th of September when Marshall Ogarkov astounded the world by publicly defending his government for their actions against the "spy plane," or in October when they were screaming to the world that the U.S. was a warmonger, or in November when they threatened to walk out on arms talks, or in December when they walked out of the INF talks and recessed, sine die, the START talks. We didn't know—and don't know now—whose leadership we were faced with. As far as we know, Yuri Andropov died on the 19th of August 1983.

If we can accept that, it makes our task a little easier: the bellicose attitude displayed by the Soviets in September, October, November and December, was not the work of Andropov but his successor, and we should not waste time and effort looking for mythical cracks in their hard-line policy.

We should expect the same wave of image-building propaganda we endured when Andropov was shoved into the driver's seat—remember? scotch drinking, western novel reading, jazz-loving aristocrat? It's already begun—Time magazine calls him "the quiet Siberian," telling us what we so desperately want to hear, that this great Siberian Husky will do us no harm, that he mumbles detente in his morning prayers. We should expect that they will play out their hand—Andropov is dead, and we now have a new, mellow, detente-loving gentleman who wants nothing more than peace—but behind the facade we must recognize that their principles have not changed one iota, that the peace they are seeking is, as Gromyko proudly stated in Stockholm last month, "Leninist peace," that is, peace under the protective cloak of world-wide socialism, with the Soviet Union as the peace keeper.

We will never know whether Yuri Andropov died on the 9th of February, on the 19th of August, or sometime in between. We can be sure, though, that we have been dealing with the policies of the new leadership for many more weeks than the three since the announcement of his death.

We may have a new face to contend with, a new photograph to put on the cover of Time magazine, but we've got to remember that the personality is the same—it's Lenin with whom we are dealing.●

OTIS M. SMITH RETIREMENT

● Mr. LEVIN. Mr. President, it is my privilege to recognize today the many accomplishments of a distinguished citizen of Michigan, Otis M. Smith. Otis Smith is one of the few who have served at the highest levels of both government and industry—for 6 years as a justice of the Michigan Supreme Court, and since 1977 as general counsel of General Motors Corp. Those posts are only the pinnacles of the remarkable career of a man who epitomizes the American spirit in his courage, talent, and determination. Looking back on his life as he retires from General Motors, Otis Smith's record is formidable, and, indeed, inspirational.

Otis Smith was born in Memphis, Tenn., and grew up in the poverty of the Great Depression. At one point, he was forced to leave school because his brother had the only suitable clothing in the family. Despite such obstacles, Otis Smith not only persevered, but excelled—graduating as president of his high school class. Since college was beyond his family's means, he worked after graduating from high school to pay for college. At Fisk University in Nashville, even though he slept in the gymnasium for lack of dormitory funds, he became an honor student. In 1942, he enlisted in the Army Air Force and served in the 477th Bombardment Group—the Tuskegee Airmen.

After the war, he once again worked to pay college expenses, taking a job on the assembly line at the Chevrolet Manufacturing Plant in Flint, Mich. After accumulating some savings, he attended Catholic University Law School, where he was a member of the Law Review and one of the leading members of its moot court.

Upon graduation, he practiced law with a Flint law firm where he became extensively involved in public and private community service activities. It was then that Otis Smith began his 32-year involvement as a leader of the Boy Scouts of America, and association he continues.

In 1957, he was named to one of the most powerful appointive positions in Michigan—the chairmanship of the Michigan Public Service Commission. In that post he earned a reputation for fairness and zeal. He became Michigan's auditor general in 1959 and in 1961 became a justice of the Michigan Supreme Court. Otis Smith joined the General Motors legal staff in 1967 and became its general counsel in 1977.

Throughout his career, he devoted himself not only to his work but also to numerous charitable and civic activities. He served on the board of regents of the University of Michigan, as a trustee of Oakland University and of Fisk University, and as a member of the board of directors of the National Urban League. He continues to serve as vice chairman of the Michigan United Negro College Fund, as vice president of the United Foundation of Detroit, as a member of the Council of the Administrative Conference of the United States, as a trustee of Henry Ford Hospital, the Catholic University of America, and the University of Detroit, and as a member of the New York Stock Exchange Legal Advisory Committee.

He has been a friend of humankind, regardless of station. He has overcome outsized obstacles with uncompromising courage and integrity. He has set tough standards for himself, while being gentle with others. It is a privilege to be able to say a few words acknowledging his latest milestone on the floor of the Senate today.●

WATER RESOURCES DEVELOPMENT ACT

● Mr. ABDNOR. Mr. President, I wish to inform my colleagues that yet another voice has called for quick Senate floor action on S. 1739, the Water Resources Development Act of 1983. Leon McKinney, executive director of Inland Rivers Ports & Terminals, Inc., has written to the majority leader and me urging the Senate to schedule floor action on this vital legislation at the earliest possible date.

Mr. President, I would request at this point that a copy of Mr. McKinney's letter be made a part of the RECORD.

The letter follows:

INLAND RIVERS PORTS
& TERMINALS, INC.,
St. Louis, MO, March 31, 1984.

Hon. HOWARD H. BAKER,
Senate Majority Leader,
Washington, D.C.

DEAR SENATOR BAKER: I am writing on behalf of our organization concerning a matter of utmost importance to the inland waterways industry, as well as to other vital segments of our nation's economy. I am speaking of Senator Abdnor's bill, S. 1739.

There are some groups, not entirely satisfied with all aspects of the bill, who wish to prevent the bill from being acted upon by the entire Senate. We do not agree with their philosophy. It has been eight years since the Congress passed a comprehensive water projects bill. The country can wait no longer for progress.

We urge you to schedule Senate floor action on S. 1739 at the earliest possible date, so that the Senate may debate the bill on its merits, and then vote for passage.

Thanking you in advance for your consideration, I am,

LEON E. MCKINNEY,
Executive Director.

Mr. ABDNOR. Mr. President, we in the Congress have debated, delayed, and deferred action on water resources issues for 8 years. The Senate cannot put off action any longer. The Nation needs a water bill, and I again urge my colleagues to join me in seeking to have S. 1739 passed as soon as possible.●

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW AND FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business this evening, it stand in recess until the hour of 10 a.m. tomorrow.

I further ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business until 10:30 a.m., in which Senators may speak for not more than 2 minutes each.

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

PROGRAM

Mr. BAKER. Mr. President, tomorrow the Senate will be in at 10 a.m. After the recognition of the two leaders under the standing order, there will be a period for the transaction of routine morning business until 10:30 a.m. At 10:30 a.m., the Senate will resume consideration of H.R. 2163, amendment of the Federal Boat Safety Act. It is anticipated, Mr. President, that there will be votes throughout the day. It is also anticipated that tomorrow will be a late night as well.

Mr. President, I yield the floor.

RECESS UNTIL 10 A.M. TOMORROW

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 10 a.m. tomorrow.

The motion was agreed to and, at 11:21 p.m., the Senate recessed until Wednesday, April 11, 1984, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 10, 1984:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Donald Ian Macdonald, of Florida, to be Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, vice William E. Mayer.

EXTENSIONS OF REMARKS

TEACHER OF THE YEAR LEADS THE WAY

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SNYDER. Mr. Speaker, for sometime now we have all been talking about what we need to do to improve our Nation's school system so that it can more adequately prepare our young people to meet the challenge of the future. While we have been talking, one of my constituents, Mrs. Shirleen Sisney of Louisville, KY, has been doing. Mrs. Sisney, working through the Junior League of Louisville, in conjuction with the Louisville Area Chamber of Commerce and the Jefferson County Public School system, designed a program to get the local business community involved in the educational process. It works.

For her pioneering efforts, Mrs. Sisney has been recognized as the "National Teacher of the Year," an honor she justly deserves. I congratulate her for that achievement, but even more importantly, I thank her for proving what can be done when we get the business community involved in the education process.

I would like to share with my colleagues a brief summary of the school-business project that Mrs. Sisney was so instrumental in designing.

The summary follows:

SCHOOL-BUSINESS PROJECT

In 1979 Ballard High School in Louisville served as the pilot project for what became a highly successful program to merge local business interests with those of the Jefferson County public schools which, with 90,000 students, make up the 17th largest school district in the United States. Called the Schools-Business Project, it has proved so effective that it is being planned for all schools in the county, and the program has been studied by other schools in the state.

The Schools-Business Project was initiated by the Junior League of Louisville working in conjunction with the Louisville Area Chamber of Commerce and the Jefferson County Public School System. The Project involves the use of loaned executives from local businesses to provide an enrichment of the school curriculum, enlargement of student experience and knowledge, and the opportunity for those outside the school system to contribute to the improvement of the quality of public education.

The genesis of the Project was the 1975 merger of all schools in Jefferson County, an event accompanied by court-ordered bussing for desegregation. The schools were unprepared for the merger, which resulted in the disruption of classes, even occasional violence, the defection of students to private schools, the loss of teachers, the firing of one superintendent and the hiring of another. Budget cuts left little money for salary increases or improving school activities. School morale sank, and the negative image of the school system was pervasive. Many saw the public school system as a failure.

In 1977, the education arm of the Junior League, of which Mrs. Sherleen Sisney was a dedicated member, felt something should be done. So did many others in the community including the Chamber of Commerce. A League committee, chaired by Mrs. Sisney, felt there was no alternative other than for the business community to step in and help.

The committee's initial effort was to survey other cities such as St. Louis, Boston, Baltimore and Dallas, which had developed a successful working relationship between schools and business. The committee also interviewed about 100 business men and women in Louisville concerning the extent of their interest in helping the local schools. All expressed some degree of interest.

Following a presentation in 1978 by Mrs. Sisney to the Chamber of Commerce regarding the proposed project, a management consultant firm agreed to survey teachers at Ballard, selected for the pilot project, to find out their needs and get their views as to how business could help. At the same time, Mrs. Sisney and others met with individual business leaders to solicit their help. By the spring of 1979, 14 major businesses had made commitments, and some $50,000 had been raised for use in the schools in such subject areas as computer technology.

The Schools-Business Project, as it was designated, did two things: it brought business people into the schools and it took students out of the classroom for a first-hand look at how businesses operate. Some of the business people admitted they had never before been inside a public school.

If a teacher needed help in explaining banking, for example, a banking executive volunteered to answer questions. Some executives chaired seminars and roundtable discussions, even graded written material on subjects they were familiar with. Useful discussions were held in math, journalism, history, economics and other classes. One businessman came in during a discussion of the Civil War to throw light on the problems of the era and described how the war had affected business on both sides. When materials for an industrial arts class proved to expensive, students were instead taken on a tour of local design labs and held discussions on innovative design with experts.

Other business people demonstrated to a math class the need for basic math skills, and participated with the students in "simulated" business games. Help was given to an advanced English class in producing a school-wide humor magazine. Another class was assisted in the making of a videotape of the project, which is now being shown throughout the state. All in all, some 15 different classes, ranging from economics to the humanities, were involved in the project. Important local industries such as General Electric and Brown & Williamson lent people, time and even money.

In 1981, it was decided to expand the pilot project to other schools in the country. Junior League volunteers, as well as the Chamber of Commerce, again went to work, this time at Fairdale and Iroquois High Schools. New projects continue to be developed.

As a direct outgrowth of the Schools-Business Project's involvement in computer education, the Junior League of Louisville recently announced a "partnership" with the community's Westport Middle School. Under the terms of the partnership, the inner city school will receive a $75,000 grant and volunteer support to bring computer training to its students over a three-year period. It is hoped this will encourage similar partnership projects with other schools and civic and business groups throughout the county.

Today, all the groups involved in the Schools-Business Project are trying to get funding so that a permanent staff of professionals can keep the program going throughout the entire county school system. A major bank has already agreed to work with an inner city school and parallel everything that is being done at Westport Middle. With a permanent staff, the Schools-Business Project could be an integral part of all of the more than 20 high schools in Jefferson County, and Mrs. Sisney foresees the time when all of the schools in the state of Kentucky will have Schools-Business Projects of their own.

"The Schools-Business Project has encouraged a renewed focus on education, one that is positive and confident," Mrs. Sisney notes. "It has proven that with help from the business and volunteer community it is possible for teachers to use unlimited resources to benefit young people and educate future members of the work force not only in terms of skills, but also in personal, professional and social values."●

DR. MAPLES RETIRES

HON. JAMES H. (JIMMY) QUILLEN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. QUILLEN. Mr. Speaker, this past Sunday marked both a happy and a sad occasion in my district.

Happily, it was a day when a large number of residents from the Great Smoky Mountains region in and around Gatlinburg gathered at the First Baptist Church of Gatlinburg to hear the words of their pastor, Dr. Charles C. Maples. Sadly, it was their last time as a congregation under Dr. Maples' leadership, for Sunday was the day he retired after 50 years as an ordained minister.

Dr. Maples, who is a native of Missouri, has been the guiding light at First Baptist Church for 27 years. Prior to arriving in Gatlinburg, he pas-

tored churches in his native Missouri, in Georgia, where he married his dear wife, Mildred Scarborough Maples, in 1937, and in Memphis, Tenn.

The service of Dr. Maples has been a beacon of inspiration for all who have come to know him, and a source of great comfort to the many who have needed him in the course of his ministry. Known as a man with the rare ability to both amuse and motivate his listeners, his presence in the pulpit will doubtless be missed. He is a man who makes friends with virtually everyone he meets, however, so I am sure his very special nature will lead him to be called upon frequently, even in retirement.

Mr. Speaker, I know the Members of this House will want to join me in extending congratulations and best wishes to Dr. and Mrs. Maples, as well as many thanks for a job well done.●

CELEBRATING 60 YEARS OF SOROPTIMISM IN LONG BEACH

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, on Saturday, April 14, the Soroptimist International of Long Beach will celebrate their 60th anniversary. The many women who belong to this organization are in every respect bellwethers of Long Beach, and I would like to impart for our colleagues some of their most significant achievements.

The word "Soroptimist" is derived from the words "sor"—from sorority—and "optimist"—as one who searches for a favorable outcome. Soroptimists are professional women who have dedicated themselves to serving their community and advancing the rights and opportunities of women. The Long Beach Soroptimists have been especially helpful to the residents of our city.

Each of us knows of the increasing rates of family violence. We know how difficult it is for the nearly 8 million family violence victims to find sensitized help. We know, for instance, that the YMCA turns away almost 80 percent of those seeking refuge from domestic violence. Were it not for the generous support of the Long Beach Soroptimists, the YMCA and Long Beach emergency shelters would have to turn away even more.

The Soroptimist International of Long Beach, I am especially proud to note, pioneered Long Beach's meals on wheels program which has proved to be one of the most successful programs for senior citizens and for people who are housebound because of illness. In addition to supporting meals on wheels, these women sponsor scholarships for high school, city college and university students and are contributors to the Long Beach children's clinic, the capitol classroom, and the junior blind campership programs.

Equally important to the Soroptimists, as it should be for us all, is raising the status of women. I proudly share the Soroptimists commitment to eliminating the social, economic, and professional barriers still confronting women. A particularly successful program sponsored by these women is the innovative training awards program, TAP, which has provided invaluable assistance to many women preparing to reenter the business world. Another way in which this organization advances the status of women is the annual presentation of the Women Helping Women Award. This award is given to women who make exceptionally meritorious contributions toward improving opportunities for women residing in Long Beach.

Mr. Speaker, this week has been proclaimed "Soroptimist Week" by the mayor of Long Beach, the Honorable Thomas J. Clark, and the city council. My wife, Lee, and I applaud the city for this public proclamation in recognition of the Soroptimist International of Long Beach. We also wish to express our personal indebtedness to the Soroptimists for their selfless undertakings for the benefit of others.●

ARMENIAN TERRORIST ATTACKS ON TURKISH DIPLOMATS

HON. ARLAN STANGELAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. STANGELAND. Mr. Speaker, violent terrorist acts against diplomats are increasing throughout the world. They pose a fundamental threat to international stability. Terrorism threatens to reverse the social and political achievements of modern civilization.

If the international community cannot guarantee the safety of diplomats, how will peaceful diplomatic negotiations survive?

Turkish and American diplomats are the most frequent targets of this barbarism that is rapidly reaching crisis proportion. Three U.S. Ambassadors and several other American diplomats have been killed by terrorists. Our political officer at the Beirut Embassy is still being held hostage by gunmen who abducted him on March 16, 1984.

The Republic of Turkey has suffered even greater losses. Thirty Turkish diplomats or close members of their families have been killed in the last decade by Armenian terrorists. As recently as March 28, 1984, two Turkish diplomats were shot in Tehran. One still lies in a coma.

While their main targets are Turks, no one is safe from the savagery of the Armenian Secret Army for the Liberation of Armenia (ASALA) and the Justice Commandos of Armenian Genocide. They claimed credit for 68 terrorist acts, in 31 cities, in 18 countries. In addition to murdering 30 Turks, they have killed many innocent bystanders, including eight Frenchmen, two Italians, one American, one German, and one Spaniard. Turks and non-Turks were their victims during a September 1982 attack at the Ankara Airport.

Nor have these gangsters confined their activities to foreign soil. Four murders and numerous bombings by Armenian terrorists took place in the United States.

As a further affront to the civilized world, Armenian terrorist organizations vie with each other for credit and media coverage. They seek to justify their barbarism by explaining that they are avenging a massacre of an alleged 1.5 million Armenians by the Turks. Yes, about 600,000 Ottoman Armenians died under civil war situation within a global war. But 2.5 million Turks also died. The figure 1.5 million is an undocumentable exaggeration, and the circumstances of this tragedy have never been truthfully reported by the Armenians. In any case what grievance real or imagined could justify murdering of innocent diplomats in 1970-84 to avenge deaths that occured during the Ottoman Empire 69 years ago. In fact this is not the motivation for Armenian terrorism. What these terrorist groups hope to achieve is worldwide support for wresting the eastern provinces of Turkey from the Republic, and uniting them to the Soviet Armenia. Let the Secret Army for the Liberation of Armenia (ASALA), one of the most powerful terrorist organizations, speak for itself. In one of their official publications in 1981 they wrote:

> The reasons for the new progressive activity within the Armenian community in the U.S. are quite similar to the general reasons . . . throughout the diaspora; however, other factors—special to the U.S.—exist. Imperialism in general has been under heavy attack throughout the world by national and class struggles. The Armenian people, as a part of the world masses, has become aware of their past exploitation and are reacting in defense of their national rights . . . The Armenian struggle is a part of the world revolution, and, therefore, as the world revolution strengthens, so does the Armenian struggle. The strength of the revolution is perhaps more obvious to those natives of the U.S. than anyone else. The Armenian youth, like all American youth, were raised on outrageous lies of the invincibility and purity concept fallen flat.

The same article mentions an acknowledged Communist, Bob Avakian, and calls him "a U.S. born Armenian and leader of a worker based popular resistance to U.S. internal exploitation." It continues:

Even more important than such individuals is the organization of progressive groups. Besided the increasing underground activity of the ASALA in the U.S. there have evolved groups who work openly in the community. The most significant of these is Azan Hay (of Canada), a group of politically educated revolutionary youth. In Los Angeles, there was also the shortlived Armenian Revolutionary Democratic Movement. All over the United States, as in the rest of the diaspora, the Armenian people are organizing. The ASALA, already well-established in the U.S., calls our half-million comrades to arms.

Law enforcement agencies must increase their vigilance against this anti-American group. As Under Secretary of Defense Fred W. Ikle said in Senate testimony more than 2 years ago:

It (ASALA) is an efficient and brutal executor of the murder of innocent civilians. It has intimidated governments allied with Turkey and law-abiding Armenian communities as well. If it were successful in its aim, it would lead directly to the expansion of the Soviet Union. Perhaps more than any other terrorist movement it illustrates the irrelevance of some of the issues that have preoccupied the debate in the West on terrorism. Whether the Armenian terrorist movement is acting on its own, or under Moscow's direction, if it succeeds, it will come down to the same thing.

Increased surveillance of Armenian terrorist organizations already aborted at least two attacks: One in Los Angeles and one in Philadelphia. What we need now is the force of public opinion marshalled against these organizations. It will also help if members of the media recognize that murder is nevertheless murder, even when the killer cites grievances that he or she alleges are genuine. Armenian terrorist might also lose the financial support of respectable members of the Armenian community if the press reported their deeds as mere criminal acts.●

THE INTRODUCTION OF A BILL WHICH WOULD ACCORD DUTY-FREE TREATMENT TO CERTAIN RELIGIOUS OBJECTS

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MATSUI. Mr. Speaker, I have introduced a bill to extend duty-free treatment to scrolls or tablets used for public or private religious observances. Implementation of this bill will insure equitable tariff treatment for religious articles currently considered dutiable due to their distribution to and use by believers in their homes.

At present, the Tariff Schedules of the United States accord duty-free treatment to a variety of religious articles, although generally limited to articles imported for the use of a religious institution. Exceptions have been enacted in regard to specified articles, most recently including prayer shows used for public or private religious observance.

I question whether the dutiability of religious articles should generally be determined by reference to the use in a religious institution as opposed to their use in one's home. In any case, it is particularly inappropriate in circumstances where home worship is integral to religious practice. The distiction between church use and home use may, arguably, be appropriate in regard to typical Western religions given the primacy of church worship to such religions. It is, however, discriminatory in regard to those Eastern religions which in fact, emphasize home worship.

Finally, I would note that religious articles presently accorded duty-free treatment include those articles which engender respect or veneration or, at the least, are incidental to religious observance. Religious articles which engender more than respect or veneration, which in fact, serve as the focal point of one's continuing devotion should—despite their use in private observance—command equal regard by governmental authorities and, as is intended by this bill, equal tariff treatment.●

THE RETIREMENT EQUITY ACT

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. COUGHLIN. Mr. Speaker, in many areas, Federal laws have not kept pace with the significant economic and social changes affecting the lives of millions of women. Specifically, with respect to pension rules, Federal laws either do not recognize the important role of women at home or on the job, do not sufficiently guarantee women's right to economic security, or do not adequately protect women from potential hardship owing to their roles as wives and mothers.

I am encouraged to learn, however, that the House Ways and Means Committee recently approved legislation aimed at correcting many of these discriminatory laws. The Retirement Equity Act, H.R. 4280, provides more fair treatment of women in retirement, particularly those who interrupt their careers to raise children and who depend on the pension of their spouses.

The House Ways and Means Committee legislation broadens the scope of the House Education and Labor Committee's retirement equity proposal and would require payment of a survivor annuity to a spouse of a fully vested worker even if the worker dies before the annuity starting date. It would require the written consent of both a pension plan participant and his spouse in order to waive a survivor annuity option. It would lower the minimum age for pension plan participation from 25 to 21 to allow credit for the work many women perform before marriage. It would also eliminate the provisions of the employee Retirement Income Security Act that allow pension plans to deny a spouse benefits if an otherwise qualified plan participant dies within 2 years of choosing the survivor benefit option.

Additionally, the Retirement Equity Act would prevent pension plans from counting maternity or paternity leave as a break in service. I would have liked to see this act also provide limited retirement credits for maternity (or paternity) as are included in the Private Pension Reform Act I am cosponsoring. However, I believe the Retirement Equity Act is a step in the right direction and a way for Congress to show its sensitivity to the economic independence of women.●

IS BUSINESS SO SECURE IN A PAC'S AMERICANA?

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LEACH of Iowa. Mr. Speaker, I submit for the RECORD a recent Wall Street Journal article by Amitai Etzioni on the matter of PAC's and proposed reforms in Federal election law. His balanced treatment of the issue deserves our attention.

IS BUSINESS SO SECURE IN A PAC'S AMERICANA?

(By Amitai Etzioni)

How much deliberation went into the decision of some corporations and business groups to mount a campaign in defense of PAC's? Not enough, if the following arguments carry weight.

Despite numerous press accounts about PACs, most citizens seem to have no clear idea what they are or do. PACs theoretically are "political action committees" voluntarily organized by like-minded citizens who wish to pool some of their funds to support the election compaign of a candidate they favor. In effect, many PACs piggyback on existing organizations, which underwrite the costs of forming and administering them. Money is often raised by high-ranking executives (members of the PAC's board) from fellow executives and subordinates; by labor union officers, from the membership; and by trade association headquarters, from physicians, realtors and auto dealers spread across the land. The PAC boards decide which politicians get the bounty. Contributors often do not know—before or after the fact—who gets their dollars.

While it is illegal to tie a PAC contribution (directly and explicitly) to a favor by the recipient, typically a member of Congress, implicit deals are very frequently reported. Even the defenders of PACs, who argue that they do not "buy" legislation, readily admit that their contributions buy

"access" (the opportunity to make their case) to busy members of Congress, access that is less available to unPACed citizens and groups.

As the number and size of contributions by PACs have increased rapidly in recent years, Washington has become, according to some observers, more corrupt. PACs are not merely the subject of criticism by Common Cause and Nader's Congress Watch but also are less than admired by outspoken conservatives. Rep. Robert Michel and former Rep. Millicent Fenwick pointed to the close connection between PAC money and congressional votes favorable to special interests. Rep. Barber Conable Jr. refuses PAC contributions larger than $50, and Rep. Jack Kemp accepts PAC money only from groups that have no business before committees on which he serves. Former Sen. S. I. Hayakawa called PAC money "a huge, masked bribe."

Recently, several bipartisan bills to curb PACs have been introduced in Congress. At the same time, corporations, such as Mobil Oil and United Technologies, and pro-business groups, such as the Chamber of Commerce and the Public Affairs Council (a collection of official corporate spokesmen), have launched campaigns to preserve PACs. It is all too easy to find fault with specific arguments they advance. A Mobil ad, which states that PAC contributions already are limited to $5,000 a politician, which won't even "'buy' 30 seconds on TV," ignores the fact that many special interests form several PACs. Dairy farmers have about 21 PACs; the American Jewish community, 31. Also, there is no limit on the amount a PAC can spend against a candidate it wishes to defeat or in support of one it wishes to elect, as long as it does not "coordinate" its efforts with the candidate or candidates it favors.

The argument that PACs were first used by labor—and in those days liberal critics were quite mum, hence so-what-if-business-does-it-now—has historical merit and is a good debating point. However, two wrongs do not make one right, and the basic question is not if liberal critics are evenhanded, but if American democracy would be cleaner if all swore off their PACs simultaneously.

In addition, the notion that a PAC is merely a bunch of like-minded citizens seeking political expression disregards the fact that executives, farmers and workers can be as active as they wish as citizens. But are they entitled to use their place of work, their economic affiliation, as a second political channel? What kind of political participation do PACs provide when many contributors do not know whom PACs support? Is this not prima facie evidence that what PACs really do is underwrite economic interests with campaign contributions? Finally, are contributions made in hierarchical relationships, under the steward's or boss's eyes, ever truly voluntary?

The fundamental question is: Are PACs good for business and for America? At the moment, business PACs still have an edge; They pack in more political money than other groups. These extra dollars seem to be one reason, though certainly not the only one, why Congress is more receptive to their general and specific wishes than it use to be. However, this is no cause for a lengthy celebration. Before 1974, labor PACs had the edge, and in the past two years they have been rapidly catching up. Of the 10 largest PACs in the 1982 election, three were those of labor unions; the National Education Association was a fourth. From 1980, labor donations rose 47%, while those of corporate-sponsored PACs rose only 30%. And in 1984 labor seems set on further increasing its PAC-fire. All kinds of other groups, from Mondale supporters to the National Organization for Women, from environmentalists to friends of the nuclear freeze, have PACed a new punch.

Moreover, as PACs multiply, they tend to neutralize one another. Only in radical literature does "Wall Street" act in unison. In Washington, myriad corporations and trade associations often push Congress in conflicting directions. Thus, in 1982 a General Electric representative was reported arguing in Washington for repeal of new tax provisions concerning leasing after GE first took "maximum advantage" of them. He acknowledged "that this [repeal] would likely increase profit for its important equipment-leasing subsidiary—while hurting many of the other firms." At the same time, Boeing and Eastern were reported to be pushing for a special six-month extension of some tax rules that was opposed by Continental and American Airlines. And so it goes. As more and more PACs come on line, the net result often is even slower, more confused and shorter-lived legislation. And as the costs of lobbying have risen, the benefits have become more fleeting.

While PACs' net payoff for business is dubious, their harm to American democracy is evident. Even before the age of PACs, Washington was already under the gun of numerous lobbies. True, most observers, from James Madison on, considered them an inevitable, albeit evil, part of conducting politics in a pluralistic society. In recent years, however, the lobbies got out of hand because of the decline of the political parties (which used to offset them), the erosion of committee structures in Congress (which turned individual members of Congress into agents free to wheel and deal) and a general decline in the sense of community (which used to hold back special interests a bit). Thus, just as the time when lobbies require reining in, here come the PACs to spur them on.

The PACs also endanger the nascent return of confidence in our institutions. After two decades of rising disaffection, of loss of trust in government, labor unions, corporations and other institutions, over the past two years there has been a beginning of a new sense of affirmation, greater trust in the presidency, more approval of Congress (following several bipartisan endeavors) and greater confidence in some other institutions. PACs, with their ill-doings almost daily cited by the press, are unlikely to be whitewashed by corporate ads and public-affairs handouts. The more the public grows aware of the ways they work Washington, the more PACs will undercut the return of trust. A congressional Watergate would undermine the support of the mass of citizenry on which democracy relies. Thus, both on expedient and ethical grounds, curbing PACs might just be one reform business should support. Indeed, I wonder whether most businessmen and women familiar with PACs do not oppose them already.●

CHINESE COMMUNIST NARCOTICS EXPORTS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, although comparative statistics indicate that the number of heroin addicts in the United States is on the decline, the Asian drug connection continues to play an important role in the overall American narcotics problem. In terms of numbers of users and quantities in metric tons, marihuana and cocaine from Latin America have become the leading drugs in the United States in recent years. However, Asia is the source of nearly 65 percent of the most addictive drugs, including opium and its derivative, heroin.

A recent report by the Republic of China Bureau of Investigation revealed that the People's Republic of China is responsible for the large-scale planting and production of the world's narcotics supplies. The exportation of addictive drugs not only serves to weaken societies into which they are imported, but it also provides revenues to finance the Communist China Army and its subversive operations. The United States alone contributes an estimated $1 billion annually to the People's Republic of China through illicit drug purchases. For this reason, in the upcoming years, it will become increasingly more important to crackdown on the U.S. narcotics problem and to significantly reduce the amount of illegal American dollars flowing into the People's Republic of China.

In an effort to more clearly indicate the extent of the problem, I have submitted the following summary of the Republic of China's findings. I urge my colleagues to take a close look at it.

[From Asian Outlook, January 1984]

CHINESE COMMUNIST NARCOTICS EXPORTS

A recent report on the Chinese Communist narcotics production and exports showed that the Peking regime is responsible for the large-scale planting and production of the world's narcotics supplies and 50–70 percent of the world's drug exports.

The report was submitted Nov. 1 by Chang Che-min, deputy chief of the ROC Bureau of Investigation, to the National Police Administration. He told the meeting that Red China has planted 5.5 million acres of opium poppies and has 102 narcotics factories producing 77 brands of narcotics annually. He also revealed that Peking exports 50–70 percent of narcotics to the world markets and most of the addictive drugs supposedly produced in the Golden Triangle on the border of Burma and Thailand and Yunnan are actually transported from the Chinese mainland.

Chang also gave a detailed analysis of the locations of Chinese Communist drug plants. He told the meeting that there are nine factories in the northeast, 36 factories in the north, 10 in the east, six in the central area, three in the northwest, 10 in the

south and 18 in the west of mainland China. These factories produce a total of 77 brands of narcotics annually including 37 brands of opium, 14 brands of morphine and 26 brands of heroin.

The poppy plantations on the Chinese mainland cover more than 5.5 million acres in 25 provinces and autonomous regions and 260 counties. There are also more than 100 exclusive zones for poppy planting.

The Peking regime exports to the world markets annually about 600 to 700 tons of narcotics through smuggling and other devious means. The exports generate large foreign exchange receipts for the Peking regime. The exact amount of such receipts is hard to estimate, but they must amount to over one billion U.S. dollars annually which are used by the Peking regime to finance its espionage and united front operations in foreign countries, especially in the United States.

The Peking regime also resorted to the narcotics offensive in Vietnam to weaken the morale of American GIs and their fighting capability. Chou En-lai even boasted to foreign visitors that he has some narcotics very much liked by American GIs.

The Golden Triangle has also undergone some changes since Vietnam was occupied by the North Vietnamese and placed under the Soviet influence. Burma and Thailand became the remaining centers for the Chinese Communists to route their drug exports. As a result, 80 percent of the drugs shipped from the Golden Triangle originated from the Chinese mainland. Their final destinations consist of Southeast Asian nations, Europe through Amsterdam, the Middle East via Beirut and the United States and Latin America.

The Republic of China is one of the few countries energetically combatting the Chinese Communist drug menace. The government offers rewards ranging between NT$3,000 and NT$120,000 or more for information leading to arrests of drug addicts and traffickers. It prosecutes all drug addicts and traffickers after they are caught. In 1981, 125 narcotics cases involving 202 persons were solved. More than 7,691 grams of narcotics were confiscated in the Taiwan area. In 1982, 441 cases of narcotics smuggling were cracked involving 513 persons with 2,518 grams of drugs. The government also encourages drug users to volunteer to receive treatment to cure the dreadful habit.

In view of the Chinese Communist drug menace endangering the health and welfare of the people of all nationalities, all civilized people should stay away from the Peking regime, which is resorting to sinister measures to weaken the morale of freedom-loving people. It poses a special threat to the youths of many nations in destroying their morality and compromising their integrity. A large number of Chinese Communist agents in foreign countries, including diplomats, are in fact drug peddlers.

Their misdeeds and criminal acts were often covered up by previous U.S. administration officials in the name of detente. We hope that the Reagan administration will not make the same mistake of covering up the Chinese Communist criminal behaviors against humanity.●

A WOMAN FOR ALL SEASONS: MARION WARNOCK

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, Thursday evening the Harbor Area YWCA will honor Marion Warnock as the 1984 "Woman of the Year." This gala will be held in the Waikiki Room of the Ports o'Call Restaurant and will feature Angie Papadakis as the infamous mistress of ceremonies. It promises to be an evening where wit and jocularity pervade.

Being roasted as "A Woman for All Seasons" is not, however, an entirely facetious honor. Marion has made innumerable contributions toward improving the quality of life for all who reside in San Pedro. Since graduating from the School of Nursing at Stanford University, she has spread her energies in a manner which has proved beneficial to all of us. And although she has done quite a lot, she has never been ineffective, and thus no one can say she spread herself too thin.

She is a wife, mother of three, grandmother of seven, and great-grandmother of five. In addition to the responsibilities of raising a family which she and her husband, Dr. A. W. Warnock, have done so admirably, she has held numerous positions with such groups and organizations as the American Red Cross; the Los Angeles World Affairs Council; the California State Tuberculosis and Health Association; the Chadwick School; the Harbor Area Women's Christian Association; both the San Pedro Branch and the California State Division of the American Association of University Women; the Hearing Center of Metropolitan Los Angeles; the Harbor Area Welfare Planning Council; the Assistance League of San Pedro; the Committee for Obtaining Visiting Nurse Service for the Harbor Area; the Tuberculosis and Health Association of Los Angeles County; the Los Angeles Visiting Nurse Association; the San Pedro Community Hospital Women's Auxiliary; and the Doctors' Wives' Guild. Need I dare say, Mr. Speaker, that the list of her civic contributions is seemingly endless?

One piece of her past which I feel is particularly noteworthy, and which I know meant a lot to her, was her participation in the now defunct Center for International Students and Visitors. As a member of the board of directors of the Southwest Area Council, Marion helped students from abroad get acquainted with the United States. Not only did she make a lot of friends, but in extending her special sense of warmth to those visiting students she fostered a closer understanding of and appreciation for people from other nations.

I am only sorry that I cannot attend Thursday evening's roast in honor of Marion. Still, my wife, Lee, and I wish to congratulate her. We hope that her and her husband's lives will continue to be as fulfilling in the future as they have been in the past. They have traveled extensively since their respective retirements, our hopes are that people everywhere will show them as much warmth as they have continuously shown others.●

DOT CONSIDERS NEW PLAN TO BREAK UP CONRAIL

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, in 1981 Congress passed the Northeast Rail Service Act (NERSA). In passing NERSA, Congress clearly rejected the attempt of the Reagan administration to break up Conrail. A break up of Conrail would be disastrous for the Northeast and Midwest. Many jobs and much rail service would be lost.

Yet, DOT is currently considering a variety of approaches to breaking up Conrail. It is considering splitting Conrail between two other major eastern railroads. And now, as the following article from the April 4, 1984, Journal of Commerce reveals, DOT is considering a new plan to break up Conrail.

CONRAIL PLAN DRAWN UP BY SHIPPER—CARRIERS ALLOWED ACCESS TO SOME MARTS, RETAINING COMPETITION

(By Ripley Watson 3d)

International Minerals & Chemical Corp. is seeking to win broadbased support among shippers, railroads and labor for its newly advanced plan to convey Conrail to six major rail companies while keeping multiple-access to Chicago, New York and Philadelphia. IMC is a producer of chemicals and fertilizers and a major rail shipper.

The plan by the Northbrook, Ill.-based firm, is being promoted as maintaining maximized rail service and competition, protecting local traffic and railroad jobs, spreading the risk of future losses while fostering inter-railroad cooperation and giving the government the best return on investment.

IMC's plan, outlined in a submission made last week to the Federal Railroad Administration, isn't a purchase offer.

Conrail has been put up for sale under the supervision of the Department of Transportation and the FRA.

A few railroads, one non-railroad company and rail labor are known to be making serious offers or reviews aimed at buying the government-owned Conrail system.

Other proposals for the future of the 15,000 miles of track that comprise Conrail's system have focused on public sale, purchase by other railroads singly or in concert, sale to its employees or to an outside firm.

The plan being advanced by IMC, which ships over $300 million worth of goods a

year by rail, instead calls for assigning four east-west routes to Western rail systems while giving expanded entry into Conrail's Midwest and Eastern service area for railroads owned by Norfolk Southern Corp. and CSX Corp.

The key to the plan is to retain what IMC believes is balanced competition by allowing carriers access to some but not all, markets.

"We don't think the details are set in concrete," said Vernon Haan, director of logistics planning and development for IMC, "It's the concept that's important."

"The controlled transfers by establishment of transcontinental corridors will preclude destructive cherry-picking of Conrail's system," the plan said.

A number of parties interested in the Conrail issue have been worried that acquisition by a single railroad would lead to retention of only the best lines and elimination of service and shipping alternatives.

The centerpiece of the plan is to assign four mainlines of Conrail predecessor railroads to Western carriers.

At the same time, those Western lines wouldn't get access to all major market areas east of Chicago, assuring that there would be multi-carrier competition, the IMC plan states.

Santa Fe-Southern Pacific would get the old New York Central Railroad line from Chicago to New York and Boston, while Union Pacific system would be given the old Pennsylvania Railroad route from St. Louis to New York and Philadelphia. Burlington Northern would get a combination of the former Pennsylvania Railroad mainline and the old Erie Lackawanna lines to New York and Philadelphia.

The Canadian Pacific Railroad and subsidiary Soo Line would get access to New York and Detroit.

Terminal railroads that would be created in the Chicago area and from New York to Philadelphia and the chemical markets in Delaware would be shared among carriers that serve those areas. Their function as envisioned by IMC would be like other terminal railroads in St. Louis and Chicago that essentially switch cars between carriers.

The plan reflects the concern that shippers have that if single railroads were to control Conrail that there would be a growth in the number of shippers who would reach customers by only one carrier, commonly called captive shippers.

Mr. Haan, who developed the proposal with Thomas Regan, IMC's vice president of transportation, said he felt FRA had given the proposal "a courteous response." Any further response, Mr. Haan noted, wasn't forthcoming because that agency believes its charge under federal legislation is to continue right now to sell the whole railroad as an entity.

IMC's plan disagrees with FRA's interpretation of its role in the sale as laid out in the Northeast Rail Service Act. IMC thinks the "controlled transfer" could be effected now, rather than later in the year.

"IMC is well aware that the plan it has proposed would not be the first choice of any existing railroad system, but any plan that would be the first choice of any existing system would almost certainly be "anticompetitive," the proposal says. "FRA's attitude is preventing a rational solution to the problem," the plan asserts. The solution proposed is a sense of the Congress resolution to guarantee that the sale of Conrail be considered "in light of what is best for the public interest."

Railroads would gain from the plan by gaining expanded market access while shippers' gains would evolve from avoiding recurrence or spreading of closing of multi-carrier routes. Those route closing, shippers think, will increase their costs because different, higher rates apply.

The government still could maximize its revenue from the Conrail sale by conducting closed bidding, Mr. Haan maintained, even though the lines would be assigned to a single carrier. Labor could find additional jobs generated on the operating side because the plan being offered reduces the concentration of traffic on particular lines.

In fact, Mr. Haan contended that the ongoing Conrail plans to concentrate traffic on single lines may well be encouraging the sale to a single party because those concentrations have acted to eliminate a number of alternative routes between cities.●

EL SALVADOR MILITARY SAID TO BOMB RED CROSS AID SITES

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BARNES. Mr. Speaker, a recent article in the Christian Science Monitor charges that "the Salvadoran armed forces have used the Red Cross' humanitarian activities to locate and attack groups of displaced people in areas of conflict."

The article alleges that Salvadoran Air Force planes have attacked groups of people who were gathered at sites where the International Committee of the Red Cross had informed the Salvadoran Government that it was going to deliver relief supplies at a certain time. Sometimes the Red Cross is prevented from going to the site at the last minute so the planes are free to attack the people gathered there; sometimes the planes attack after the Red Cross has completed the delivery and left.

In either case, these people are attacked indiscriminately, on the mere assumption that their presence in a conflict area makes them actual or potential guerrilla sympathizers.

Human rights organizations in El Salvador and the United States have been saying for some time that this was occurring, but this is, to my knowledge, the first independent confirmation by a journalist.

Mr. Speaker, I wish the State Department would stop blandly denying that this kind of thing occurs, and would instead use its considerable influence to stop this despicable behavior on the part of the recipients of our aid.

The article follows:

[From the Christian Science Monitor, Mar. 26, 1984]

EL SALVADOR MILITARY SAID TO BOMB RED CROSS AID SITES

(By Chris Hedges)

SUCHITOTO, EL SALVADOR.—The Salvadorean Armed Forces have used the Red Cross's humanitarian activities to locate and attack groups of displaced people in areas of conflict.

This is the charge leveled at the armed forces, especially the Salvadorean Air Force, by two well-placed Western officials and by residents interviewed in the conflict zones.

Because of these attacks keyed to relief deliveries by the International Committee of the Red Cross, the ICRC suspended medical and food deliveries last December to most of the northern part of Cuscatlan Province and northeastern Cabanas Province.

The attacks began in September at a rate of roughly two to three per month. The latest occurred about four weeks ago in Pepeshtenango, one of the towns where the ICRC has continued to make deliveries.

The spokesperson in El Salvador for the ICRC, which provides $11 million of relief assistance to this country annually, has refused to comment on the suspension of medical and food deliveries.

But sources say some attacks have occurred on places where the ICRC made deliveries only hours after ICRC vehicles departed.

At other times, these sources add, ICRC vehicles have not been permitted to reach scheduled delivery points. People waiting for ICRC visits, these sources say, have then come under fire from Air Force helicopters and planes and even, at times, from ground troops. Those who say they were attacked contend they were not informed of any aid cancellation.

A spokesman for the Salvadorean Joint Chiefs of Staff, when asked about charges that the military has used ICRC operations to locate bombing targets, said: "I don't believe it. That's a lie."

That spokesman, Capt. Luis Mario Aguilar Alfaro, also asserted that the people in the conflict zones are massas—groups of unarmed civilians who provide logistical support for the guerrillas and who often live in close proximity to guerrilla camps.

"The massas are the same as the guerrillas," he said, "They are not innocent."

The ICRC now gives the local Salvadorean military commanders 24 hours notice of its intention to visit a site in a conflict zone. Permission is often granted to the ICRC, only to be rescinded on the day the trip is to be made.

"In October, many people and I were waiting for a scheduled visit by the ICRC in the town of El Libano," says one former El Libano resident now living in the guerrilla-held town of La Escopeta, "but the ICRC never arrived. We were instead attacked by planes from the Air Force. Five people were killed during the bombing and another five wounded."

The scheduled ICRC trip to El Libano on Oct. 20, 1983, was prohibited by the Salvadorean armed forces that morning, according to a well-placed source in the capital, San Salvador.

The former El Libano resident also contends that civilians in the town of Pepeshtenango were attacked by the Air Force in February immediately after a visit by the ICRC to Pepeshtenango.

The well-placed source in the capital confirms a Feb. 22 visit by the ICRC to Pepeshtenango that was followed by a bombing attack.

"I was not in Pepeshtenango during the attack," this resident says, "but walked through the town afterward and saw four dead."

Displaced people in the town of Santa Cruz Michapa, who fled south to escape the

frequent aerial assaults by the Air Force in and around Tenancingo, report similar occurrences.

Tenancingo was heavily bombed by the Air Force on Sept. 23, 1983, when guerrillas overran the town. At least 50 civilians were killed during the bombing attack. Most residets abandoned the town immediately after the air assault.

"In October and November, we were informed that the ICRC would arrive to provide us with food and medical assistance," says one woman who remained in Tenancingo until November. "But each time we gathered to await their arrival, we were attacked by helicopters and planes instead. Many people were killed during these two attacks, including many children."

This woman, who fled from Tenancingo to Santa Cruz Michapa, which is under Salvadorean Army control, contends she does not support the guerrillas.

"When the last attack came there were only 16 families left in Tenancingo, everyone else had fled or been killed," she says. "I hid in the house with my children. I was waiting to die."

The well-placed source in the capital confirms that the military blocked an attempt by the ICRC in November to make a delivery to Tenancingo.

This same source also contends that, occasionally, displaced people have been told there would be an ICRC delivery when none was actually planned. The Salvadorean armed forces, the source says, then attacked while the people were gathered to wait for the ICRC.

"Three times the Red Cross came to give us assistance and each time their visit was followed by aerial attacks," says a woman from a town outside Tenancingo who is now in a displaced persons ghetto in Santa Cruz Michapa.

Several displaced people in Santa Cruz Michapa, who fled from the Tenancingo area, confirmed all these reports.

The United States Embassy and the Salvadorean government insist that most of the civilians killed in conflict zones are massas. A recent cable sent from U.S. Ambassador Thomas Pickering to the State Department describes the massas as more than innocent bystanders.

And a lieutenant in charge of the National Guard unit in Suchitoto says. "Sure there are bombs being dropped around here all the time. That is because all of the towns out there are filled with either guerrillas or massas."

Suchitoto, which came under heavy guerrilla attack just over a week ago, is virtually surrounded by guerrilla forces. But displaced people, and those who live in guerrilla-occupied confict zones, dispute the claim that only massas are being killed.

"In any of the towns under guerrilla control you have a mixture of people who are sympathetic to the guerrillas and people who are not," says one women in La Escopeta whose two sisters and brother were killed in a Nov. 4, 1983, raid by the Army there. The raid, termed a massacre by local people, left roughly 118 people dead.

"The problem is that the Army, once it enters disputed territory, does not make distinctions," she adds. "All who live here are guerrillas, even the children, and therefore all are targets."●

A CLOSE LOOK AT THE MX PROGRAM

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MAVROULES. Mr. Speaker, in the coming weeks Congress will be debating budget proposals that call for large increases in military spending. With a record-high Federal deficit looming over the economy, such large increases must be questioned.

As we examine these proposals, we will be searching for cuts in defense programs that fail to meet our true national defense requirements. Let us, then, take a close look at the MX program, its original purpose in light of present and future security considerations. According to the Congressional Budget Office, $14 billion would be saved over the next 5 years by canceling this program.

Common Cause has taken a close look at MX. Its findings are expressed in the letter below:

COMMON CAUSE.
Washington, DC, March 28, 1984.

DEAR REPRESENTATIVE: On March 1, Representatives Charles Bennett and Nicholas Mavroules announced in a "Dear Colleague" letter their intention to lead an effort during consideration of the 1985 Defense Authorization bill to end production of the MX missile.

Common Cause believes the arms control, national security and economic reasons for cancelling the MX are compelling. We strongly urge you to support the Bennett-Mavroules effort.

As you know, the House of Representatives considered the MX on three occasions in 1983. Support for this missile dissipated throughout the year, dropping from a 53 vote margin of victory in the spring to a bare nine vote majority for the MX last fall. Developments since that last vote have made it all the more clear, we believe, that this dangerous, costly and unnecessary weapons system should not be built.

At the heart of the case made last year for the MX by a number of key supporters was the argument that the MX was a critical bargaining chip in our ability to negotiate successfully with the Soviet Union. House members who did not believe in the MX as a necessary military weapons system nevertheless argued that it should be built. Representative Les Aspin, for example, said on March 21, 1983.

"Personally I would prefer to junk the MX and go to some other weapon system. But I recognize that the Reagan administration and the Republican Party are locked into building some MX missiles, so a compromise will have to include some limited number of MXes."

The "bargaining chip" argument was made over and over again last year. So was the argument that now was not the time to kill the MX, that such a decision could be made at a later stage if there was no progress on arms control.

For example, Representative Albert Gore, in urging Members to support the MX on July 20, 1983, said,

"Bipartisan support of the President in his dealings with the Soviet Union are paying off. Let us not pull the rug out now."

". . . there will be many more opportunities to have this same debate."

". . . let us move on to the next checkpoint in the fall."

Representative Norm Dicks, in urging support of the MX, also said on July 20, 1983,

"I think it is fair to say that there is some prospect now that the negotiations will get down to a meaningful dialogue. . ."

". . . It seems to me that the kind of motion, the kind of momentum, the kind of movement that we all hope for is now underway. . . ."

Representative Aspin, in calling on Members to back the MX, said on July 20, 1983,

"The choice is between voting against this [Scowcroft] package now and waiting and seeing whether we might want to vote for or against it in another couple of months. Do not vote against this package now and kill the possibility of the package working. Give it a little more time."

On October 14, 1983, Representative Aspin wrote,

"Further, and most importantly, I think that the MX, in the context of the Scowcroft Commission's overall proposal, will afford us a viable bargaining chip to get—and keep—the Soviets at the negotiating table."

As we move into the spring of 1984, however, we have made no progress at all on arms control. Gerard Smith, who negotiated SALT I for President Nixon, and Paul Warnke, who negotiated SALT II for President Carter, last December described the relationship between the Soviet Union and the United States as at its lowest level since the Cuban missile crisis in 1962. They also said, "Never in the history of the talks on control of nuclear arms has so much official activity been accompanied by so little substantive achievement." For the first time in 14 years we are not engaged in any formal nuclear arms control discussions with the Soviet Union.

In fact the MX has not proven to be any kind of "bargaining chip" and the bargaining chip rationale has faded from sight. This follows the fading from sight, after the Scowcroft Commission report, of the previous rational for the MX—that we needed it in order to close a "window of vulnerability" in our strategic triad.

The MX remains however. It is a dangerous weapon that undermines, not enhances, our national security. Former CIA Deputy Director Herbert Scoville, Jr. has described MX missiles as "the most dangerous designed to date. [T]hey made nuclear holocaust much more likely."

The MX is both vulnerable to attack and extremely threatening to the Soviet Union. It is a weapons system that increases instability and escalates the arms race. It is also an extremely expensive weapons system.

If Members of Congress are serious about the need to reduce the size of the proposed growth in the defense budget, then important choices will have to be made. The MX is a multibillion dollar weapons system without a purpose. It belongs at the top of the list of Pentagon programs that should be eliminated, whether for fiscal purposes or for purposes of enhancing our national security.

MX supporters who argued last year to "give it a little more time" have received that time. It has been to no avail. The MX has been stripped of any pretense that it is

critical to productive arms control negotiations.

We strongly urge you to vote for the Bennett-Mavroules proposal which will bar any new MXs in fiscal 1985 and will cancel the MX missiles approved last year.

Sincerely,

FRED WERTHEIMER,
President.●

FRIENDS OF RALPH T. GRANT, JR., WOMEN'S AUXILIARY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. RODINO. Mr. Speaker, on this coming Sunday, which is of course, Palm Sunday, the Friends of Ralph T. Grant, Jr., Women's Auxiliary will hold its second annual Palm Sunday breakfast in Newark.

This organization came together last year to support and encourage the outstanding work of Newark's City Council president, Rev. Ralph T. Grant, Jr. I am very pleased that the group received such a terrific response last year that they have decided to make this an annual event.

The breakfast will honor women in the media and in medicine. In addition, community service awards will be presented to Coalition VI and the Trinity Temple SDA Church of Newark.

Among those women who will be honored for their contributions to the media are Kae Thompson Payne of channel 47; Jerri Chrisman, president and general manager of WNJR radio station; Lydia Negron of channel 41; Natalie Matinho of the Luso-Americano; and Ms. Barbara Kukla, editor of the Newark Star-Ledger's "Newark, This Week!" section.

Members of the medicine and health care fields who will be cited are Dr. Yvette Bridges, Dr. M. Calhoun Thomas, Mary Singletary of Planned Parenthood, Dr. Maxima L. Andres, Dr. Sharon Johnson, and Patricia Robinson of the Newark Department of Health and Welfare.

I am proud of all the many individuals who are working with this group to make the Second Annual Palm Sunday Breakfast as successful as the first, and wish the Friends of Ralph T. Grant, Jr., Women's Auxiliary the best for many years to come.●

JOURNAL OF COMMERCE REVEALS DOT EFFORT TO BREAK UP CONRAIL

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, in 1981 Congress passed the Northeast Rail Service Act of 1981. In doing so, Congress clearly rejected the efforts of the administration at that time to break Conrail up. A breakup of Conrail would be disastrous to the Northeast and Midwest and would result in the loss of many jobs and much rail service.

The Department of Transportation is currently engaged in efforts to return Conrail to the private sector. The Department has told Congress that it will try to sell Conrail as an entity and will not try to break Conrail up. But what the Department says, and what it is actually doing, are apparently two different things. What follows is an article from the Journal of Commerce of Monday, March 26, 1984, disclosing that the Department is pursuing the idea of breaking Conrail up between two other railroads:

[From the Journal of Commerce, Mar. 26, 1984]

DOT EFFORT TO BREAK UP CONRAIL

CSX Corp. and Department of Transportation officials are discussing the possibility of splitting Conrail in half between CSX and Norfolk Southern Corp.

Reports are that DOT is considering use of a 1976 railroad law allowing the secretary to bring railroads together to discuss rail purchases or market swaps without fear of antitrust exposure.

More recent law requires DOT to attempt to sell Conrail in one piece until June 1, 1984. After that the federally-owned railroad may be sold in pieces.●

INDEPENDENT ALJ's NEEDED TO ASSURE FAIRNESS

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BOUCHER. Mr. Speaker, last week's action by the House of Representatives to reform the Reagan administration's unfair disability review program is a significant step toward ending abuse and assuring fairness in the administration of the social security disability system. For so long as disability review decisions are made by administrative law judges who are subject to political pressures and manipulation, we cannot fully protect disability benefit recipients from arbitrary decisions based on political factors rather than on the merits of their claims.

I am cosponsoring legislation introduced by Congressman DAN GLICKMAN to provide administrative law judges with the independence and insulation they need to adjudicate fairly disability and other claims. This legislation would establish a specialized corps of administrative law judges and would, in effect, place a wall of separation between the functions of the Federal agency, which are political and administrative in nature, and the decisions of the ALJ, which are judicial in nature.

Similar legislation is pending in the other body. Mr. HEFLIN, the sponsor of the companion bill, makes a strong case for assuring the independence of administrative law judges in an article in the March 1984 issue of "Judicature," the journal of the American Judicature Society. I commend this article to my colleagues.

QUERY: SHOULD FEDERAL ADMINISTRATIVE LAW JUDGES BE INDEPENDENT OF THEIR AGENCIES?

(By Howell Heflin)

When the framers of our Constitution began the task of fashioning our system of government, the creation of an independent judiciary was considered a part of the very foundation and fiber of a free society. Ever since coming to the United States Senate, I have been concerned not only with the independence of our federal judiciary, but also with the independence of the adjudicatory process of our federal agencies and departments.

Today, administrative agencies have wide-ranging powers which touch almost every aspect of our lives. When disputes between the agency and others arise, administrative law judges appointed from within the agency are utilized to resolve the disputes. I believe these disputes should be adjudicated in an atmosphere of independence, and free of bias, in order to ensure fairness and to give credence to these decisions. These judges must be free from any association or personal obligation to any party or agency in order that every litigant be afforded fundamental fairness.

Administrative law judges are a significant part of our federal adjudicating system. Our federal judiciary consists of 515 active U.S. district court judges, yet there are more than twice as many administrative trial judges—1,147. In 1947 there were only 196 ALJs.

As the number of agencies has proliferated and their scope of authority expanded, the jurisdiction of administrative law judges has significantly increased. In some proceedings, an administrative law judge can impose penalties of up to $100,000.

ALJ POWERS AND DUTIES

Administrative law judges, presiding at hearings, have authority to: (1) administer oaths and affirmations; (2) issue subpoenas; (3) rule upon offers of proof and receive relevant evidence; (4) take or cause the taking of depositions; (5) regulate the course of the hearing; (6) hold pre-hearing conferences for the settlement or simplification of issues; (7) dispose of procedural requests; (8) question witnesses; (9) consider the facts in the record and the arguments and contentions made, or questions involved; (10) determine credibility and make findings of fact and conclusions of law; and (11) take any actions authorized by agency rule consistent with provisions of the United States Code, Title 5.

Involved in these functions, the ALJ directs the important pre-hearing discovery procedure, ensuring that all parties have access to unprivileged, relevant information in advance of the hearing. The ALJ rules on any discovery request by the parties.

ALJs are also decisionmakers. ALJs, after hearing the evidence and analyzing the hearing records and legal briefs of the parties, determine the decisive issues in the

case. In arriving at the initial decision, the ALJ is bound by the agencies rules, applicable statutory provisions and the terms of the Constitution. This initial decision becomes the final decision of the agencies if not appealed by the parties or if the agency itself does not seek to review the case on its own motion.

The administrative law judge's role of presiding over hearings, making records and making decisions in administrative proceedings touches the lives of all citizens and significantly affects our national economy. They preside over cases on claims relating to social security benefits; bank mergers; rates for postal, electrical and gas services; international trade applications for licenses and routes for transportation by rail, air, motor vehicle and ship; applications for television and radio licenses; labor-management relations; workmen's compensation claims; compliance with federal standards relating to health, safety, drugs, advertising and many other issues.

Administrative agencies develop policies and cases arise as to the authority of the agency to exercise such policy. In many instances the administrative law judges determine whether the agency has over-stepped the parameters established by Congress. Recently the Federal Trade Commission decided that it had the authority to exercise the power of divestiture, based upon an antitrust concept of shared monopoly. This proposed position was very expansive because it was highly questionable as to whether an administrative agency had the authority to order divestiture under the Sherman Antitrust Act. It was also highly questionable as to whether the theory of shared monopoly in the absence of predatory actions was authorized by law as a violation of the antitrust statute. The trial judge on these matters was an administrative law judge.

The initial Fair Housing legislation instituted in the 96th Congress gave housing ALJs power equal to district judges in fining authority and ability to issue injunctions. There is no question that discrimination should be eliminated wherever it exists, but the question is whether the power to enforce should be within the court or the agencies. I am not debating the merits of the Fair Housing legislation, but merely pointing out that consideration is being given to adding to the authority of ALJs powers that heretofore have been solely vested in courts.

THE POTENTIAL FOR ABUSE

Every congressman and senator has received cries for help in relation to the Social Security Administration's removal of recipients of disability benefits from the Social Security rolls. It is not my purpose to get into a discussion of whether or not the overall policy of reviewing the status of disability recipients is good or bad, but to point out that administrative law judges are playing an important role in the determination of each proposed cancellation. Administrative law judges are privately voicing concern about pressure being placed upon them by officials in the Social Security Administration to support agency action in removing recipients from the disability list. We have received complaints that agencies are establishing quotas on administrative law judges, as well as reviewing their reversal rate of agency decisions on these matters.

The agencies to which the ALJs belong have many indirect ways of exerting influence on their judges. The budget of the ALJ division is determined by the agency. The agency determines whether the judges have a personal secretary or share secretaries, the number of law clerks, etc. The agency determines whether or not the ALJs have their own law library or share a law library with another office. Parking space, hearing room space, and office space is determined by the agency. The agency may decide to close or transfer a field office when it is displeased with certain ALJs.

It has been reported to me that the Federal Trade Commission has 11 administrative law judges. All of these judges were former employees of the Federal Trade Commission. While there is nothing wrong with a U.S. district attorney being elevated to the position of U.S. district judge, I firmly believe that careful scrutiny would be given to a proposal which would create a judges corps of 11 U.S. district judges who had all formerly been prosecutors. At the same time, if all 11 members of the trial judiciary of a district court had been criminal defense lawyers, it would certainly create quite a stir. Certainly, these situations would be questioned by the ABA and every legal and judicial publication, as well as by the media. The content of the ALJ division of the FTC didn't come about without design; in defense of this action, the FTC argues that its judge corps needs expertise—and experience is the best provider of expertise.

It appears to me that there is a need for an independent ALJ corps where direct or indirect pressures from an agency cannot be brought to bear. The mere appearance of bias and prejudice smacks at the vital concept of fundamental fairness.

AN INDEPENDENT ALJ CORPS

Legislation is now pending before Congress to create an independent administrative law judge corps (S. 1275). The corps would consist of all current administrative law judges and would continue to have jurisdiction over proceedings and adjudications as granted under the Administrative Procedure Act. In addition, these corps judges could accept any other cases referred to them by any federal agency or court to make a decision based on records developed at hearings.

The corps would be supervised by a chief ALJ, nominated by a judicial nomination commission and appointed by the President with the advice and consent of the Senate.

The corps would be divided into divisions in keeping with the major specialties of administrative law. Each division would be headed by a division chief judge recommended by the judicial nominations commission, appointed by the President with advice and consent of the Senate. Initially, there would be seven divisions: communications, public utilities and transportation; health, safety and environmental; labor; labor relations; benefit programs; securities, commodities, and trade regulations; and general programs and grants.

Several states have implemented similar systems under which administrative law judges are no longer assigned to individual agencies, but are instead assigned to a single, central panel that provides trial services to various agencies as needed. Substantial cost savings and efficiencies have been achieved in each of those states. More importantly, each state has witnessed an improved public perception of administrative law judges as members of a truly independent administrative judiciary. These advantages and dramtic cost reductions have especially been evident in Minnesota, which adopted an independent central panel system in 1975. It is now time that these advantages are brought to the federal government.

This structural reform is necessary to ensure truly independent adjudications. It will result in significant cost savings and permit more flexible use of the administrative law judges presently employed by 29 separate federal agencies and departments. Also under this system, merit selection is preserved and the expertise of administrative law judges will continue to be utilized.

There are a lot of criticisms about ALJs and their functions. Many judges think that a big mistake was made when "hearing examiners" were given the title of judge. But they now have the title and many litigants' opinions about all judges are influenced by ALJs actions and demeanor.

Regardless of whether one views ALJ proceedings as informal and deplores the failure to follow the rules of evidence, practice and procedure, the fact remains that ALJs' functions and decisions affect the property rights and the livelihood of many Americans. We must ensure that they are able to make those decisions free of the potential for bias and influence inherent in the current system.●

LIMITING RUNAWAY IDB GROWTH

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LaFALCE. Mr. Speaker, as it is the intent of the House to consider H.R. 4170, the Tax Reform Act of 1984, during the later part of this week, I would like to take this opportunity to urge my colleagues to support the restrictions on the growth of industrial development bonds contained in the legislation.

I have risen on two prior occasions to discuss the need for limits on the growth of industrial development bonds, or IDB's. Today I would like to mention specifically the impact of the proposed legislation in my home State of New York.

In February of this year, Chairman ROSTENKOWSKI and ranking Republican BARBER CONABLE of the House Ways and Means Committee wrote a letter explaining the reasoning of the committee in proposing IDB restrictions. In addition to noting specific abuses of IDB authority, such as utilizing tax-exempt financing for purposes such as gambling establishments and private airplanes, the letter pointed out that overuse of IDB's not only erodes Federal revenue but also forces up the interest rates on traditional types of tax-exempt bonds.

To defend the committee position that an equitable way to limit the burgeoning IDB growth is to apply a $150 per capita limit on each State's IDB volume, Mr. ROSTENKOWSKI and Mr. CONABLE noted that analysis of figures reflecting IDB activity in New York State for the first half of 1983 projected an annualized volume of $62 per

person in the State—a figure well below the proposed cap of $150 per person.

In March, I received a letter from Edward V. Regan, comptroller of the State of New York, who argued persuasively that a cap of $150 would not hurt the State's development efforts. In fact, he noted that "* * * in this case, what is good for the Federal Government may, in the long term, be equally good for the State and local governments of New York."

Mr. Regan's reasoning is particularly instructive, because it provides a concrete example of the problem of higher across-the-board rates for tax exempts described by Chairman ROSTENKOWSKI and Mr. CONABLE. According to Comptroller Regan, "the overall consequence of the proliferation of tax-exempt, private purpose bonds has been an increase in the interest rates on all borrowing by State and local governments."

Using figures prepared by the Urban Institute and the Municipal Finance Officers Association, the comptroller pointed out that the volume of tax-exempt debt issued in 1982 raised overall tax-exempt interest rates by a premium of at least 1.2 percent. Applying the conservative estimate of a 1.2 percent premium to a recently approved $1.25 billion infrastructure bond issue in the State, Regan estimated that New Yorkers will be paying almost $10 million in extra interest every year of the 25-year bond—$10 million every year for 25 years; all because of the excessive growth of tax-exempt private purpose bonds.

Mr. Speaker, after taking these arguments into account, I feel quite certain that I would be doing the taxpayers of my State a disservice unless I stated my strong support for limiting runaway IDB growth. A recent Treasury report found that IDB use in New York amounted to $82 dollars per capita in 1983. That is higher than the $62 projected at midyear, but it is substantially lower than the proposed cap of $150 per year. New Yorkers have been reasonable in their use of IDB's, and it is clear that proposed limitations are not going to produce hardships within the State. The IDB restrictions proposed by the Ways and Means Committee are not meant to endanger local development and growth. Rather they will, as Comptroller Regan argues, prove useful for the Federal Government, State and local governments, and, most important, the Nation's taxpayers.

At this point, I would like to insert the letters from Comptroller Regan and the Ways and Means Committee leadership:

STATE OF NEW YORK,
OFFICE OF THE STATE COMPTROLLER,
Albany, NY, March 2, 1984.

Hon. JOHN J. LAFALCE,
U.S. House of Representatives,
Washington, DC.

DEAR JOHN: As you know, President Reagan's new budget proposes restrictions on the volume of private purpose Industrial Development Bonds. Treasury Secretary Regan estimates the planned cap can raise an estimated $1.4 billion in revenue for the Federal government through fiscal 1987. The Administration thus joins a movement already underway in Congress to limit the growing use of tax-exempt bond issues for non-public purposes.

The potential Federal gain in capping the issuance of tax-exempt bonds is evident. The question I want to address in this letter is whether the Federal gain will be New York State's loss.

In short, I don't think so. If a cap is adopted along the lines of the $150 per capita limitation proposed by the House Ways and Means Committee, it would limit New York State's private purpose bond issues to about $2.6 billion a year. Inasmuch as the State's Office of Federal Affairs estimates the amount of private purpose borrowing this year at about $3.3 billion, that would appear to require a substantial cutback in New York State.

However, the $3.3 billion estimate includes two large bond issues that are not likely to be approved. One is a $500 million bond issue in Industrial Development Bonds to refinance the controversial power plant at Shoreham, Long Island. The second is a $400 million bond issue for a sanitation facility in Brooklyn that has met strong opposition and almost certain delays.

Subtract those two dubious bond issues, and New York State will be issuing about $2.4 billion in Industrial Development Bonds this calendar year, an amount within the projected $2.6 billion cap.

In other states, however, the cap now being discussed apparently would require substantial cutbacks in Industrial Development and other private-purpose bond issues. According to a report by the Treasury Department, at least eight states—most of them western and southern—exceeded the proposed $150 per capita limitation during the first six months of 1983. Nevada led all states during that period with a volume of $307 in borrowing per capita in private purpose debt. New York ranked 39th, with only $43 per capita in private purpose debt for the period.

From these figures, it appears New York State has far less to fear from a debt issuance ceiling then those states that have floated a disproportionate amount of private purpose, tax-exempt debt. Our state could exceed a cap in future years, of course, but our use of tax-exempt bonds for non-public purposes does not appear to be in immediate danger of curtailment.

On a national basis, however, it can be argued that the use of tax-exempt financing for private projects has become excessive. In 1970, these bonds—issued for such purposes as student loans, housing and industrial development—accounted for only four percent of all tax-exempt debt issues. In 1982, private purpose debt accounted for about 50% of the bonds, thus exceeding the amount of tax-exempt issues for such traditional public purposes as highways, bridges, water systems and schools. When tax-exempt financing is made available for building golf courses, massage parlors and other projects serving no clear public purpose, it buttresses the movement to rein in this form of borrowing.

To be sure, the Industrial Development bonds, in particular, have been of great and tangible value in many states. They have capitalized small businesses that generate a high proportion of new jobs, and which always have difficulty in obtaining initial financing. The New York City Industrial Development Agency, for example, estimates in the six years ended in 1981 its IDB program saved 15,000 existing jobs and created 7,000 new jobs.

Nevertheless, the overall consequence of the proliferation in tax-exempt, private purpose bonds has been an increase in the interest rates on all borrowing by state and local governments. Studies by the Urban Institute and the Municipal Finance Officers Association estimate that every billion dollars in additional tax-exempt debt drives up all tax-exempt interest rates from three to seven basis points. Using the most conservative estimate of three basis points, the $44 billion in private purpose, tax-exempt debt issued in 1982 raised over-all tax-exempt interest rates by a premium of 1.2 percent.

What does all this mean in dollar terms for New York State? Assuming a 9 percent rate of interest for the recently passed $1.25 billion infrastructure bond issue, a 1.2 percent premium will account for $244 million of the $1.46 billion New Yorkers will pay in interest over the 25-year life of the bonds.

In other words, for the next quarter-century, the taxpayers of New York State will pay almost $10 million each year in extra interest on this bond issue alone—a premium attributable to the excessive growth of tax-exempt private purpose bonds.

At the State's last general obligation bond sale on February 22, 1984, we sold $100 million in bonds at a net interest rate of 8.8333 percent. The interest cost will be $112.6 million. My office estimates that the 1.2 percent premium included in that amount will cost New York State taxpayers an additional $19 million over the term of the bonds.

I've only mentioned two borrowings. All levels of government in New York—State, City, local, and public authorities—borrow an estimated $5.4 billion each year. The application of the 1.2 percent premium to the varying interest charges on that borrowing could yield an astonishing figure.

As State Comptroller, I'm very much concerned with this adverse and costly effect on the traditional debt offerings of New York State and its 1,600 local governments.

I appreciate the enormous benefits that tax-exempt Industrial Development Bonds have brought to New York State. Neither of us want to see legitimate benefits lost to our state.

On the other hand, it does seem to be possible to reform the excesses in states that have abused their borrowing privileges while not penalizing those states, such as New York, that have been relatively conservative in their policies.

I suggest that an objective review of the facts on this issue may lead you to a similar conclusion. For in this case, what is good for the Federal government may, in the long-term, be equally good for the State and local governments of New York.

Sincerely,

EDWARD V. REGAN,
State Comptroller.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, February 9, 1984.

Hon. JOHN J. LAFALCE,
U.S. House of Representatives,
Rayburn Building,
Washington, D.C.

DEAR JOHN: Three months ago, we wrote to you explaining the reasons behind the Committee on Ways and Means' proposal to restrict the use of "private purpose" industrial development bonds. the IDB provisions, contained in H.R. 4170, never reached the floor—given the defeat of the rule the day before the House adjourned. It is our intention to complete necessary committee action on the bill within the month, perhaps in conjunction with the so-called deficit "down-payment" legislation.

But first, we want to caution you that the pressure on you to block this bill—both in Rules and on the floor—will be intense. Most of the attack will be concentrated on the $150 per capita limit on a state's annual IDB volume.

Lined up against the cap are many of the nation's governors and mayors—along with bond counselors, brokerage houses, banks and retail chains. They are bound together in a coalition with great resources and outreach.

They argue that restrictions on "private purpose" IDBs ultimately curtail projects of great benefit to states and localities. They argue that federal aid to states is already precariously low, and that tax-exempt IDBs are a critical factor in attracting commerce and creating local economic growth.

Our rebuttal is that issuance of "private purpose" tax-exempt bonds has mushroomed into one of the nation's major financing techniques. The increase in their use has jumped from $6.2 billion in 1975 to $44 billion in 1982—a growth rate of 39 percent per year! As a percentage of all tax-exempts, "private purpose" bonds (stores, shopping centers, commercial properties, etc.) have just *overtaken* "public purpose" bonds (schools, roads, etc.).

The effect of this volume explosion is not only to erode the federal government's revenue base but also to force up the interest rates on traditional "public purpose" tax-exempt bonds. The greater the volume of "private purpose" bonds, the greater the cost of state and local "public purpose" borrowing. This effect is not distributed equally to states—and more often than not, taxpayers of low-volume states end up subsidizing borrowing for those in high-volume states.

The purpose of the cap is to insure that no state gets a disproportionate share of tax-exempt bonds, and that state and local officials will have to set out their own priorities within the limits of the cap.

It is very important to remember that the cap does not affect "public purpose" bonds used for hospitals, schools, etc. Nor do we have any intention of imposing any limits on their use. Also remember that multifamily rental housing bonds are not restricted by the cap.

Based on actual issuance for the first six months of 1983, the total per capita annualized volume of "private purpose" bonds issued in New York was $62—only 41 percent of the proposed $150 limit.

In 1980, Congress took a critical step toward limiting the growth of "private purpose" tax-exempt bonds by setting state-by-state limits on mortgage subsidy bonds. The committee bill would extend the principle of volume limitations to "private purpose" IDBs and student loan bonds.

Other abuses of present law are also addressed in the committee's bill:

It is abusive to permit a single firm to benefit from small issue IDBs without limit. One of the five richest Americans identified in a recent Forbes article is the principal owner of a multistate chain of retail stores, most of which are financed with IDBs.

It is abusive to permit IDBs to be used for such nonessential purposes as liquor stores, sky boxes, private airplanes and gambling establishments.

It is abusive for developers to avoid the present $10 million limitation on small issue IDBs by financing each unit of a condominium office building or shopping center as a separate issue.

It is abusive for federal government guarantees to be combined with tax-exempt bonds. To do so permits private firms to benefit from securities that are more attractive in the market than either Treasury securities (which are not tax exempt) and general obligation bonds of state and local governments for purposes such as school construction and bridge repair (that are not guaranteed by the federal government).

It is abusive for tax-exempt bonds to be used to finance transfers of existing facilities or large tracts of agricultural land from one owner to another.

We recognize that volume limitations are very controversial, but they are the only effective way to control what has become the equivalent of a runaway entitlement program. A cap of $150 per capita is generous—it is half again as large as the 1981 per capita volume. Less than a fifth of the states currently exceed this amount (and transitional rules have been included to ease the impact here), but in your state the per capita insurance is well below $150.

We realize this is a tough issue. Even though the IDB cap has strong backing in the President's budget, you can expect a "Hill blitz" from the coalitions who oppose any restrictions.

If we can answer specific questions pertaining to your state or the overall subject, please don't hesitate to call.

Sincerely,

DAN ROSTENKOWSKI,
Chairman.
BARBER B. CONABLE, Jr.,
Ranking Republican Member.●

THE 25TH ANNIVERSARY OF BOY SCOUT TROOP 828

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LONG of Maryland. Mr. Speaker, I wish to bring to the attention of my colleagues the 25th anniversary of Boy Scout Troop 828 of the Lutherville-Timonium area in my district. Sponsored by the Havenwood Presbyterian Church, Troop 828 will hold an Eagle Court of Awards and reunion dinner on April 14, 1984, to celebrate 25 years of Boy Scouting in Lutherville.

Boy Scout troops, since their beginning in 1910, have been one of the most significant builders of character, leadership, ingenuity, and citizenship in the young people of this country. Boy Scout members are instilled with a value system which encourages concern and commitment for one's community. Through the sponsorship of schools, civic groups, and churches—such as Havenwood Presbyterian—Boy Scout activities are organized and awards for achievements are given out, developing the traits I have mentioned among troop members.

I am proud to have Troop 828 contributing to the growth and education of my younger constituents. I congratulate the troop on a quarter of a century of dedicated service and wish them many years of continued success in the Lutherville-Timonium community.●

IN TRIBUTE TO SENATOR FRANK CHURCH

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. PEASE. Mr. Speaker, I was saddened last weekend to learn of the death of our colleague, Frank Church, who served with distinction for so many years in the U.S. Senate.

Senator Church was a public servant of uncommon vision who had the courage to speak out in defiance of conventional thinking. It is to his everlasting credit that he saw fit to challenge the tragic U.S. involvement in the Vietnam conflict long before it became apparent. I was pleased to see this Congress recently recognize his steadfast leadership on environmental concerns.

Less than a month ago, Frank Church wrote a very thoughful article that spoke of his concerns about the current drift in American foreign policy. With the passing of Senator Church, we would all do well to reflect upon the dangers of seeing the whole world in our image.

The article follows:

WE MUST LEARN TO LIVE WITH REVOLUTIONS: IF THE U.S. CAN BEFRIEND CHINA, IT CAN ACCEPT NICARAGUA

(By Frank Church)

America's inability to come to terms with revolutionary change in the Third World has been a leitmotif of U.S. diplomacy for nearly 40 years. This failure has created our biggest international problems in the postwar era.

But the root of our problem is not, as many Americans persist in believing, the relentless spread of communism. Rather, it is our own difficulty in understanding that Third World revolutions are primarily nationalist, not communist. Nationalism, not capitalism or communism, is the dominant political force in the modern world.

You might think that revolutionary nationalism and the desire for self-determination would be relatively easy for Americans—the first successful revolutionaries to win their independence—to understand. But instead we have been dumbfounded when

other peoples have tried to pursue the goals of our own revolution two centuries ago.

Yes, the United States generally has supported political independence movements, as in India or later in Africa, against the traditional colonial powers of Europe. Those situations were easy for us—we've never been colonialists. But where a nationalist uprising was combined with a Marxist element of some kind or with violent revolutionary behavior, Americans have come unhinged.

This happened most dramatically in the biggest tragedy of American diplomacy since World War II, Vietnam. But it has happened repeatedly in other countries as well, most recently Nicaragua and El Salvador.

Given the size and the seriousness of our failures to deal successfully with nationalistic revolutions, you might think we'd be busy trying to figure out why we've done so badly, and how we could do better in the future. But on the contrary, we simply stick to discredited patterns of behavior, repeating the old errors as though they had never happened before.

The latest example is the report of the Kissinger Commission on Latin America, which painted events in Central America in ominously stark colors. The commission said that in principle America can accept revolutionary situations, but in Nicaragua and El Salvador we cannot. Why? Because of Soviet and Cuban involvement.

But the sad fact is that the Soviets will always try to take advantage of revolutionary situations, as will the Cubans, particularly in this hemisphere. To solve our problem we have to learn to adapt to revolutions even when communists are involved in them, or we will continue to repeat the errors of the last four decades.

Revolutionary regimes are not easy to live with—particularly for a country as conservative as the United States has become. As Hannah Arendt—no Marxist herself—noted in her classic work, "On Revolution," the United States has made a series of desperate attempts to block revolutions in other countries, "with the result that American power and prestige were used and misused to support obsolete and corrupt political regimes that long since had become objects of hatred and contempt among their own citizens."

Why does America, the first nation born of revolution in the modern age, find it so difficult to come to terms with revolutionary change in the late 20th century?

One answer involves the nature of our own revolution. It was essentially a revolt against political stupidity and insensitivity. With sparsely populated, easily accessible and abundant lands, the restless and dissatisfied in early America had an outlet for their discontent. The young United States never had to deal with the limitless misery of an impoverished majority.

In the first half of this century, when the country faced sharpened class conflict as a result of the excesses of an unbridled capitalism, we were blessed with patrician leaders, Theodore and Franklin Roosevelt, who had the foresight to introduce needed reforms. An intelligent, conservative property-owning class had the sense to accept them.

But our experience is alien to other countries which do not share our natural wealth. In poor countries a desperate majority often lives on the margin of subsistence. A selfish property-owning minority and, often, an indifferent middle class intransigently protect their privileges. Dissidence is considered subversive. It isn't surprising that those who seek change resort to insurrection.

They take their lead not from the American, but from the French revolutionary tradition where, in Arendt's phrase, the "passion of compassion" led the Robespierres of the time to terrible excesses in the name of justice for the impoverished masses.

The spectacle of violent, sometimes anarchic revolutionary activity combined with an obsessive fear that revolutions will inevitably fall prey to communism has led us to oppose radical change all over the Third World, even where it is abundantly clear that the existing order offers no real hope of improving the lives of the great majority. As a result, those who ought to be our allies—those who are ready to fight for justice for the impoverished majority—find themselves, as revolutionaries, opposed not only to the ruling forces in their own societies, but the United States.

I am not arguing that revolutions are romantic or pleasant. History is full of examples, from France to Iran, of revolutions born in brutality and often accompanied by extended bloodbaths of vengeance and reprisal, and which ultimately produce just another form of authoritarianism to replace the old. But the fact that we may not like the revolutionary process or its results is, alas, not going to prevent revolutions. On the other hand, the fact that revolutions are going to happen need not mean disaster for the United States. Our past failures do suggest a way we can adapt to revolutions without fighting them or sacrificing vital national interests.

Consider the case of Vietnam. Our overriding concern with "monolithic" communism led us grossly to misread the revolution in that country. Ignoring centuries of enmity between the Vietnamese and the Chinese, our leaders interpreted a possible victory for Ho Chi Minh's forces as a victory for international communism. The war against the French and then the war among the Vietnamese in our eyes became a proxy war by China and the Soviet Union even after those two powers had split, destroying the myth of "monolithic" communism. Indochina, in the new American demonology, was seen as the first in a series of falling dominoes.

Vietnam did fall to the communists, but only two dominoes followed—Laos and Cambodia, both of which we had roped into the war. Thailand, Malaysia and Indonesia continue to exist on their own terms. The People's Republic of China, for whom Hanoi was supposed to be a proxy, is now engaged in armed skirmishes against Vietnam.

Meanwhile, the United States, having been compelled to abandon the delusion of containing the giant of Asia behind a flimsy network of pygmy governments stretched thinly around her vast frontiers, has at last shown the good sense to make friends with China. American influence, far from collapsing, has drawn strength from this sensible new policy, and has been rising ever since. As for communism taking over, it is already a waning force. The thriving economies are capitalist: Japan, South Korea, Taiwan, Hong Kong, Singapore. You don't hear Asians describing communism as the wave of the future.

If any lessons were learned from our ordeal in Southeast Asia, they have yet to show up in the Western Hemisphere, where our objective is not simply to contain, but to eradicate communism, regardless of the circumstances in each case. In pursuit of this goal, we took heed of one restraint. The legacy of resentment against us still harbored by our Latin neighbors, stemming from the days of "gunboat diplomacy," made it advisable, wherever feasible, to substitute "cloak and dagger" methods—covert instead of overt means.

Hence the American-sponsored coup to oust a democratically elected government in Guatemala in 1954. The ousted president, Jacobo Arbenz, was by American standards, a New Deal liberal. But our cold warriors of that era decided he was a red threat. As U.S. Ambassador John Peurifoy, arriving in Guatemala on his special mission, put it: "If Arbenz is not a communist, he'll do until the real thing comes along."

In Cuba, the United States spared no effort to get rid of Fidel Castro. We financed and armed an exile expeditionary force in an attempted repeat of the Guatemalan coup, only to see it routed at the Bay of Pigs. Then the CIA tried repeatedly to assassinate Castro, even enlisting the Mafia in the endeavor; and the United States imposed against Cuba the most severe trade embargo inflicted on any country since the end of World War II.

Even where the left gained power in fair and open elections, the United States has been unwilling to accept the results. Hence the Nixon administration's secret intervention in Chile aimed first at preventing the election of and then at ousting President Salvador Allende.

Despite these and other efforts by the United States, another Marxist regime did arise in the hemisphere: Nicaragua. And, true to form, the United States has again financed, armed and promoted an exile army whose objective is its overthrow.

After spending billions of dollars, and emptying the CIA's bag of dirty tricks, what do we have to show for our efforts? Obviously, the hemisphere has not been swept clean of communism. Cuba and Nicaragua have avowedly Marxist regimes; in El Salvador, an insurrection gains momentum against an American-trained and -equipped army, despite an American-sponsored agrarian reform program and our hopes for the election of a reformist president and legislature. The result defies our grand design: the army fights indifferently; the agrarian reform is stymied, and the Salvadoran middle class and traditional landed interests remain determined to elect extreme rightists to the important legislative and executive positions.

By our unrelenting hostility to Castro, we have invested him with heroic dimensions far greater than would be warranted by Cuba's intrinsic importance in the world. We are in the process of performing a similar service for the commandantes of Nicaragua and, at the same time, discrediting the legitimate domestic opponents of their political excesses. We have left Cuba no alternative to increased reliance upon Russia, and we now seem determined to duplicate the same blunder with Nicaragua.

So by any standard, American policy has failed to achieve its objective: to inoculate the hemisphere against Marxist regimes. But are we fated to cling to the disproven policy of opposing each new revolution because of Marxist involvement, even though the insurgents fight to overthrow an intolerable social and economic order?

By making the outcome of this internal struggle a national security issue for the United States, as the Kissinger Commission does, we virtually guarantee an American military intervention wherever the tide turns in favor of the insurgents. If this hap-

pened in El Salvador, it would be difficult to imagine that the present administration would stop before it had gone "to the source," Nicaragua or even Cuba. In the process, of course we would fulfill Che Guevara's prophecy of two, three, many Vietnams in Latin America.

We should stop exaggerating the threat of Marxist revolution in Third World countries. We know now that there are many variants of Marxist governments and that we can live comfortably with some of them. The dimino theory is no more vaild in Central America than it was in Southeast Asia. And it is an insult to our neighbor, Mexico, for it assumes that Mexico is too weak and unsophisticated to look out for its own interests.

We repeatedly ignore the explicit signals from Marxists in Central America that they will respect our concerns. For example, we worry that the commandantes in Nicaragua will invite the Soviets or the Cubans to establish bases in their countries. Yet, the Sandinista government in Nicaragua has explicitly committed itself not to offer such bases to the Russians or Cubans. Instead, they have offered to enter into a treaty with the United States and other regional countries not to do so. And the political arm of the insurgent in El Salvador has also committed itself to no foreign bases on its soil.

Why not take them up on these commitments? The United States, with the help of other regional powers who share our interests, including Venezuela, Mexico, Colombia and Panama, has the means to ensure that the revolutionaries keep their word. If Nicaragua violated its treaty obligation to those states, the United States would have legal grounds and regional sanction for taking action.

If the threat of communist bases is real, then a negotiated agreement precluding them would surely be perceived as a "victory" for the United States and a "defeat" for the Russians. And with a Nicaraguan treaty agreement with the United States and the countries of the region, the Salvadoran insurgents, should they prevail, would surely follow suit.

Although the Nicaraguan revolution has followed classic lines, in comparative terms it has been relatively moderate. There has been no widespread terror, and the regime has shown itself sensitive to international pressure. If we cannot come to terms with the Nicaraguan revolution, then we probably are fated to oppose all revolutions in the hemisphere.

The problem is illustrated in human terms by a vignette of the Kissinger Commission in Nicaragua. According to press accounts, the members of the commission were angered by the confrontational tone of the meetings with the Nicaraguans and their obvious reliance on Soviet and Cuban intelligence.

Imagine the setting: The commission arrives in Nicaragua one week after the *contras*, supported by the United States, blow up a major oil facility. On the one side, a largely conservative commission led by Henry Kissinger, Robert Strauss, William Clements and Lane Kirkland, men in their late 50s or 60s, expecting to be acclaimed for their willingness to listen to the upstart revolutionaries. On the other side, peacock-proud Nicaraguan *commandantes* in their 30s or early 40s, men and women, who had spent years fighting in the mountains, who had seen their friends and comrades die at their side in opposition to the U.S.-supported Somoza dictatorship, and naturally resentful of U.S. support of the counterrevolution. To them, a commission led by Kissinger, architect of the campaign to destabilize Allende, had to be seen as a facade for the American plan to bring them down. Is it a wonder there was no meeting of minds?

Whoever gains power in Central America must govern. And governing means solving mundane problems: the balance between imports and exports, mobilization of capital, access to technology and know-how. The United States, the Western European countries and the nearby regional powers, Colombia, Mexico and Venezuela, are the primary markets and sources of petroleum, capital and technology. The social democratic movements in Western Europe are important sources of political sustenance for revolutionary movements in Central America.

If we had wit to work with our friends and allies rather than against them, the potential abuses and exuberance of revolution in Central America can be contained within boundaries acceptable to this country. There is no reason to transform a revolution in any of the countries of Central America, regardless from where it draws its initial external support, into a security crisis for us.

The objective of U.S. policy should be to create the conditions in which the logic of geographic proximity, access to American capital and technology and cultural opportunity can begin to exert their inexorable long-term pull. Russia is distant, despotic and economically primitive. It cannot compete with the West in terms of the tools of modernization and the concept of freedom.

But if we insist on painting the Cubas and Nicaraguas of this world—and there will be others—into a corner, we save the Russians from their own disabilities. If, on the other hand, we were to abandon our failed policy and adopt the alternative I suggest, pessimism might soon give way to optimism. After a while, democracy may begin to take root again. The wicked little oligarchies, no longer assured American protection against the grievances of their own people, may even be forced to make the essential concessions. The United States and Cuba might be trading again, joined in several regional pacts to advance the interests of both. And Marxist governments, far from overtaking the hemisphere, will be lagging behind as successful free enterprise countries set the standard.

We will marvel at the progress in our own neighborhood, measured from the day we stopped trying to repress the irrepressible and exchanged our unreasonable fear of communism for a rekindled faith in freedom.●

NAVAJO NATION HONORS DR. ANNIE DODGE WAUNEKA

HON. JOHN McCAIN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. McCAIN. Mr. Speaker, today, the Navajo Nation honors one of its legendary leaders, Dr. Annie Dodge Wauneka, on the occasion of her 74th birthday. I would like to take this opportunity to recognize a lifetime of achievement by this extraordinary individual.

Dr. Wauneka served the Navajo Nation in many different capacities, and her genuine concern for her people and the betterment of their condition was reflected in all her activities.

Dr. Wauneka's various positions included working on the Arizona Public Health Association, Project Hope, the American Public Health Association, and the Navajo Health Authority. The projects she supported, her proudest accomplishments, all bear witness to her keen sensitivity for the needs and feelings of her fellow human beings.

During her work, Dr. Wauneka established a reputation for honesty and integrity unmatched by most people. Called our legendary mother by the Navajo Nation, Dr. Wauneka did not limit her tremendous efforts to the field of health. She also advanced the cause of better education for native Americans and was rightfully honored for this by the New Mexico Education Association and the Navajo Area School Board Association.

As she carried out all her responsibilities, as she spent considerable energies on many important projects, Dr. Wauneka saw to it that the Navajo Nation's institutions operated with due regard for self-improvement, human rights and the dignity of others. The improvements in the Navajo Nation she generated deservedly earned Dr. Wauneka the title of "Woman of the Year" and the highest civil honor, the Presidential Medal of Freedom.

It is difficult to sum up three-quarters of a century of achievement and dedication. However, the common thread of concern for others that runs through the career of Dr. Annie Dodge Wauneka makes it clear that she has been a true and successful champion of human rights and dignity. We in the House of Representatives wish her a very happy birthday and express to her our gratitude for her dedicated efforts on behalf of native Americans.●

ELECTIONS CREATE INSTABILITY IN EL SALVADOR

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DELLUMS. Mr. Speaker, I would like to call to the attention of my colleagues a short paper written by Mr. Jeff Jackson, a constituent of mine, on the subject of the elections in El Salvador.

The paper follows:

ELECTIONS CREATE INSTABILITY IN EL SALVADOR

The hoopla surrounding the recent presidential election in El Salvador was no less than a misdirected exaggeration of the

event's significance given the true nature of this "free and fair" election. Two points must be made about the electoral means to a just society in El Salvador. Neither of the two candidates who emerged from and survived the preliminary election, Jose Napoleon Duarte nor Roberto d'Aubuission, have much to offer in peacefully resolving the four year old civil war. More importantly, the fact that a civil war engulfs the country and has prohibited one third of the municipalities in El Salvador from participating in the electoral process makes the purpose of elections dubious.

Despite the fact that a large percentage of the municipalities were alienated from the electoral process, a large percentage did in fact vote for d'Aubuission or Duarte. Sunday's evening news was quick to bring the active participation of the masses home to the American public.

D'Aubuission, the candidate of the right wing National Republican Alliance (Arena), undoubtedly received the majority of his support from those connected to the military or Salvadoran upper-class. His anti-land reform slogans and show of strong military and big business favoritism exemplified the massive polarity of the Salvadoran Society.

A vote in opposition to the Arena candidate was predominantly the result of two fears within the Salvadoran electorate. Moderate military factions feared negative U.S. economic and military assistance reprisals by the U.S. Congress should the alleged "death-squad creator" be elected. Also, the "beneficiaries" of the land expropriated under the 1980 land reforms opposed d'Aubuission, the candidate who promised to return this land to the cattle grazing oligarchial elite and to halt further reforms.

Duarte, the right of center Christian Democrat candidate, received votes from those who favored a "national dialogue" between all factions of the civil war. His platform offers hope for what would seem to be a component of the explicit purpose of the elections—conflict resolution. An attempt to implement his platform is expected to polarize the nation further. According to a Salvadoran political analyst who spoke to the New York Times (NYT, 3/20/83), if Duarte won the presidency, private enterprise would boycott any progressive reforms and an upswing in right wing violence would occur.

Thus the Salvadoran electorate does not have the luxury to participate in the electoral process as a relatively non-polar society. A fear of the system rather than a faith in the system drove the masses to the polls. According to Chris Norton, an independent journalist who covered the 1982 Constituent Assembly elections and who is currently covering the presidential elections, "if they (Salvadorans) don't vote they will be treated as leftist sympathizers by the military." A quick check of a peasant's I.D. card for a stamp verifying voting may have placed the lives of thousands of civilians in the hands of the death squads since 1982.

Despite the fact that there seemed to be little choice in Sunday's "free and fair" elections, one must question the relevance of such an event in the context of an ongoing civil war. Ruben Zamora, spokesperson for the popular forces, affirmed that "there will be no voting" in the 70 to 90 out of 251 municipalities that the popular forces control (NYT, 3/20/84). Thus, it is questionable, under the circumstances, why conditions on U.S. aid demanded formal elections rather than demanding further efforts to bring the factions to the negotiating table. No negotiations seem to be in store with such polarized candidates. Hoopla would have served a better purpose had it pressed this apparent contradiction.

There are many likely outcomes of Sunday's elections none of which will restore peace and democracy in El Salvador. Few will accept negative election results peaceably. Fearful of U.S. aid cutoffs by Congressmen upset with d'Aubuission's connection to death squad activities, moderates in the military are expected to stage a coup to prevent d'Aubuission from assuming power after next month's run-off election. An anti-Duarte coup is also likely given Duarte's plans to instigate a military overhaul. Whenever this pandemonium materializes, the U.S. "peace-keeping force" is ready to move in from Honduras to restore stability for democracy. Assassination attempts should not be ruled out as likely events during and after the month prior to the run-off election.

Since the end result of democratic elections will most probably be any one of the above forms of instability, one questions the stabilizing objective of such a practice. It could be that instability was the planned objective of the U.S. demand for sooner elections in El Salvador. In late November, the Washington based Council on Hemispheric Affairs learned from a Reagan administration source that the Pentagon and the State Department had planned a "military option" (along the lines of that planned for Grenada) to be implemented in Central America should instability occur. The same type of "special forces" troops that paved the way for the Grenada invasion, those trained specifically in counter-insurgency, were sent to Honduras one week before Sunday's election. Instability in El Salvador reinforced by the election begs for the increase in "military advisors" or, better yet, the introduction of a "peace-keeping force."

Democratic elections in El Salvador may not be what we need to focus on. It is high time that the minds and actions of those in Washington reflect the reality that Marxist and Socialist movements in Latin America are a consequence of the injustices of colonialism which have created disarticulated social and economic institutions that are profitable to only the military and the landed elite. Soviet/Cuban imperialism, to the extent to which it poses a threat, has been enhanced by U.S. neglect of our neighbor's problems. Only when this is realized will "unfit" policies and rhetoric give way to creative solutions thus opening the door to lasting diplomatic conflict resolution, peaceful coexistence, and long deserved justice for Salvadorans, Americans, and our world community. Jeff L. Jackson (A former research associate for the Washington based Council on Hemispheric Affairs and a student of Latin American Politics at the University of California at Berkeley).●

INTERNATIONAL COURT'S JURISDICTION DENIED

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DOWNEY of New York. Mr. Speaker, since I have been in Congress I can think of no other instance in which the United States has so boldly and blatantly attacked the whole fabric of the rule of law in international relations. I am shocked and dismayed that any administration could think it permissible to mine harbors of a country with which we are not at war, endanger international shipping and the rights of free navigation—which incidentally we are seemingly prepared to go to war to protect in the Straits of Hormuz—fail to inform Congress of the full extent of the operations and then, to top it all off, grandly declare that the whole thing is none of anybody's business, least of all the International Court of Justice's.

Let us go back a few years. The year is 1979. The United States took the high moral ground during the Iranian hostage crisis. We went to the International Court of Justice for a decision in our just and righteous complaint against the government of the Ayatollah. The International Court upheld us. We took some consolation that, in the eyes of such an august legal body, our case was judged and not found wanting. What makes 1984 so different?

Yesterday, I read that the denial of the International Court's jurisdiction was not intended to be a sign of disrespect for the world body, nor—perish the thought—an admission of guilt. Instead, we are to see it as a "tactical litigation move." I do not know about you, but when I hear terms such as tactical litigation move, I think of what a lawyer has to do when his or her client get caught with the gun in his or her hand. When one of these harmless mines does some real damage and lives are lost, do we say "We didn't know the mine was loaded"?

Mr. Speaker, I think there is another option. Congress can state clearly and strongly its opposition to the mining of the harbors of Nicaragua. It also can repudiate the President's decision to forego the normal processes of international law. It must make clear that the American people do not place themselves above the law—not now, not ever. The President has complained a great deal in the past weeks that Congress lacks the will to act responsibly in foreign policy. Let us then accept his challenge. Let us act responsibly.

Yesterday, I introduced two resolutions. House Joint Resolution 539 expresses Congress' opposition to the mining of the ports of Nicaragua and directs that the mining end and the mines be removed. House Joint Resolution 540 expresses Congress' disapproval of the President's decision to deny jurisdiction to the World Court with regard to Central America and urges the President to reconsider his decision. I urge all my colleagues to support these two resolutions.●

STEPPED UP ROLE SEEN AFTER U.S. ELECTIONS

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. JACOBS. Mr Speaker, it looks as though every 20 years or so some incumbent President runs for reelection with a sneaky plan to get us into a disaster after the election.

According to the script written in 1964, the next line is, "American boys should not do the fighting for Latin American boys." Screenplay adapted for 1984 from an original story by the Best and Brightest writers. Casts of thousands. Not a low-budget film.

[From the Washington Post, Apr. 10, 1984]

STEPPED-UP ROLE SEEN AFTER U.S. ELECTIONS

(By Bob Woodward and Fred Hiatt)

The CIA views its involvement in the laying of mines in ports off Nicaragua as part of a "holding action" until its covert war against that country's leftist Sandinista government can be stepped up if President Reagan wins reelection, according to senior administration officials.

Administration officials said the minelaying was justified by intelligence reports pointing to a major autumn offensive by leftist rebels in nearby El Salvador. One official close to the intelligence community said that "tons of material are flowing into El Salvador" from Nicaragua for the offensive, which the officials said could compare to the "Tet offensive" in Vietnam in 1968.

While acknowledging that the CIA's direct involvement in the mining of Nicaraguan ports carries significant political and diplomatic risks, this official said it is intended to "harass" Nicaragua rather than to produce any immediate military objective in Central America.

If Reagan wins reelection, however, according to another senior official, "the president is determined to go all out to gain the upper hand" over leftist forces in the region. Such a stepped-up effort is likely to involve substantially more money for U.S.-supported forces in the region rather than the introduction of U.S. troops, this official said.

The laying of underwater mines was approved after the administration considered and rejected a much greater expansion of the covert war late last year, according to officials.

At one point, when necessary support from Congress was not forthcoming, the White House asked the CIA if it could divert money from other operations or "slush funds" for operations in Central America. The CIA responded with a legal opinion advising against any attempt to skirt the letter or spirit of congressional oversight.

"The CIA has become very strict on that and does not want to get into any problems like those in the past," one White House official said.

CIA officials reportedly said that the harbor-mining operation was within the guidelines laid down by Congress for the covert war. Congressional intelligence oversight committees were not notified about the mining before it began, officials said.

The CIA began directing mining operations in several Nicaraguan ports about two months ago, according to officials. The mines are dropped from CIA-owned speedboats operated by U.S.-backed Nicaraguan rebels and specially trained Latin American employees of the CIA.

The operation is directed from a larger CIA vessel that stays in international waters, the officials said. That ship is equipped with a helicopter which provides air cover for the minelaying operations, they added.

The mines are described as crude "homemade" devices triggered by the noise of ships passing over them. They may cause extensive damage but are unlikely to sink large ships, officials said. "It is not designed to kill anyone," one official added.

At least eight ships from several countries, including the Soviet Union and the Netherlands, have been damaged by the mines so far, according to the Nicaraguan government.

Administration officials have told congressional intelligence committees that the covert war against Nicaragua is intended only to pressure the Sandinistas not to "export" revolution to El Salvador and other nations in the region. But occasional broader justifications from officials have led critics to charge that President Reagan wants to topple the Sandinista government.

The Senate last week approved an administration bill providing $61.7 million for military aid to El Salvador's U.S.-backed army and $21 million for CIA support for the Nicaraguan rebels. The House twice rejected the latter request last year and the issue now must be resolved in conference.

Administration officials argued that the $21 million could be crucial in helping the U.S.-backed forces defeat the expected fall offensive in El Salvador. But another informed source was more skeptical and said the $21 million would only allow the U.S.-supported forces to maintain a stalemate in the region during the year.

This source said, and the CIA has not disputed, that President Reagan will increase the U.S. effort in the region if he wins reelection in November. "Everything is on hold until them," this source said, adding that Reagan realizes he still would be unlikely to get the necessary political and congressional support to send U.S. troops into combat in Central America.

Defense Secretary Caspar W. Weinberger told his senior Pentagon staff in a meeting yesterday to make clear, to anyone who asks, that the Pentagon does not have contingency plans to send troops into combat in Central America and to clear all statements on that issue with Michael I. Burch, assistant secretary for public affairs.

Officials said the Pentagon probably does not have contingency plans in the sense of detailed outlines of which Army unit would go where. But, since last summer, U.S. forces have been practicing amphibious landings in Honduras, building military facilities there and pre-positioning ammunition and other equipment in the region.

According to administration officials, CIA Director William J. Casey is optimistic about receiving the additional $21 million from Congress for the covert action in Nicaragua and has not painted an alarmist picture of what will happen if the money does not come through.

But the CIA's worst-case analysis shows that a major leftist rebel offensive in El Salvador could, in the words of one source, "mean the collapse of Salvador." Casey has privately referred to such a prospect as "a double Cuba" that would allow leftists to apply more pressure to other small Central American countries and Mexico.

In the best-case analysis, according to officials, the CIA has determined that, with the $21 million, there is a "fair prospect" of stopping the current resupply of Salvadoran rebels. They added, however, that Reagan's national security advisers realize it is difficult now to gain much ground in the covert war.

It was "too little, too late," one official said, arguing that the only time to come to terms with leftist forces in Central American was in 1979, when the Sandinistas came to power.

"At that time, some settlement could have been forced if [President] Carter had been willing, but he had effectively withdrawn from the region," this official said, suggesting that Reagan may emphasize this in his reelection campaign.

In a major foreign policy speech here last Friday, Reagan said of Central America, "We have a choice: Either we help America's friends defend themselves, and give democracy a chance; or, we abandon our responsibilities and let the Soviet Union and Cuba shape the destiny of our hemisphere."●

DON'T PRAISE PRETORIA

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SOLARZ. Mr. Speaker, last week one of our colleagues, Hon. HOWARD WOLPE from Michigan published an important article in the New York Times on the negotiations now underway in southern Africa.

Mr. WOLPE as the chairman of the Foreign Affairs Subcommittee on Africa, has long been active in the effort to bring peace and stability to this region. His op-ed brilliantly illustrates the historical facts and events which have greatly contributed to the unrest in this region, and which must be addressed if real peace is to prevail.

Mr. Speaker, I urge my colleagues to read this piece and then to decide for themselves if peace can ever come to southern Africa until the evils of apartheid are abolished.

I ask that the article be reprinted in today's CONGRESSIONAL RECORD.

The article follows:

DON'T PRAISE PRETORIA

(By Howard Wolpe)

WASHINGTON.—For some three weeks now, Americans in the Government and in the press have been celebrating the apparent diplomatic progress that South Africa and its black-ruled neighbors are making toward a regional agreement. In fact, their optimism is sadly misplaced and misses an important part of the story.

Many Americans have praised South Africa for signing a security pact with its historic adversary, Mozambique, and for its apparent willingness to begin to disengage from the conflict in Angola. The State Department has claimed that its mix of policies toward South Africa—a mix known as "constructive engagement"—could, poten-

tially, also bring about a settlement in Southwest Africa, which is also known as Namibia. Some people even suggest that recent events are evidence of a new identity of interests between South Africa and its black-ruled neighbors.

Unfortunately, these optimistic appraisals may, in the end, make American diplomacy in southern Africa increasingly irrelevant to achieving regional stability, as people and governments throughout Africa perceive that America has entered into a long-term accommodation with apartheid.

The fact is that South Africa has never accepted the propect of genuinely independent black-ruled regimes on its borders—and nothing in the agreements being worked out now alters this fundamental reality. Pretoria has waged continuous war against its neighbors, Mozambique and Angola, who are now so weakened by the South African juggernaut that they are forced to sue for peace.

For three years, the South African regime has been trying to destabilize both countries with repeated military strikes. It has rained bombs on the suburbs of Maputo, the capital of Mozambique, killing innocent civilians. It has given logistical and material support to a Mozambican insurgency movement that has terrorized the rural peasantry and seriously strained Mozambique's resources, causing President Zamora Machel to appeal repeatedly to the United States to intervene with South Africa.

The aggression in Angola has been even more direct and more sustained. A permanent South African defense force has occupied Angolan territory, and Pretoria has actively supported the Unita insurgent movement led by Jonas Savimbi. Meanwhile, the Reagan Administration has led South Africa to believe that it could act against its neighbors with impunity and that the United States would do little more than offer an occasional rebuke.

Some Americans see the new dialogue between South Africa and its neighbors as evidence that socialist Mozambique and Angola are looking increasingly toward the West. In fact, neither country has ever shut itself off from the industrial West. Despite our failure to recognize the Government in Luanda—and the covert attempts by President Gerald R. Ford and Henry A. Kissinger to prevent its coming to power in 1975-76—most of our European allies have established diplomatic relations and sought commercial contracts with mineral-rich Angola. One American firm, the Gulf Oil Company, persevered in its operations in the province of Cabinda and has maintained significant trade with Angola ever since. Mozambique has also initiated trade with the West—albeit more slowly than Angola—and has even begun to buy arms from its former colonizer, Portugal.

Why then have Angola and Mozambique begun to talk to South Africa? They feel they must in order to survive. What we are witnessing in southern Africa is a coercive agreement imposed on weak states by the overpowering military force of South Africa. Such an agreement is hardly cause for celebration. Nor is it a victory for American diplomacy.

The recent exchanges have done nothing to change the root causes of conflict and instability in southern Africa—the dehumanizing system of apartheid and South Africa's continuing illegal occupation of Namibia. In these circumstances, it would be a tragic mistake for the United States to "reward" South Africa by easing diplomatic and economic pressures.

American national interests require that we use our diplomacy to press for an end to apartheid and to dissociate ourselves from the South African regime. Apartheid is the root of the instability in southern Africa, for it provides opportunities for the expansion of Soviet and Cuban influence.

There will be no peace until apartheid is abandoned and South Africa's black majority is fully enfranchised. The United States cannot afford to be seen as Pretoria's ally or as an opponent of black aspirations for self-determination. Let us begin now to undo the destructive consequences of constructive engagement.●

EXPORTING LEADERSHIP

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ROTH. Mr. Speaker, the single most important trade legislation, the Export Administration Act, is now in conference. It's primary purpose is to regulate the export of goods and technologies which would significantly enhance the military capabilities of our potential adversaries, chiefly the Soviet Union.

Today's lead editorial in the Wall Street Journal is a model of the careful analysis needed to make sense of a very tough and complicated law. The Journal makes reference to the "atrophying" Coordinating Committee, called Cocom, which includes most NATO members and Japan. Cocom is designed to make recommendations to its member governments regarding what goods should be subject to export controls.

Cocom must be strengthened to fulfill its original mandate: to coordinate the export control policies of the Western alliance to prevent militarily sensitive civilian dual-use goods from being acquired by the Soviets. Exporting Leadership implies that after 35 years the basic objective of Cocom continues to remain elusive.

Neither the executive branch, Congress, nor the private sector, has published a report or study which attests to the effectiveness of individual Cocom countries to prevent the diversion to the Soviet Union of strategic goods and technologies.

Unfortunately, the House passed version of amendments to the Export Administration Act would weaken U.S. export controls in several key areas. Furthermore, H.R. 3231 does not focus controls on the most advanced high-tech goods. First, the bill (H.R. 3231) eliminates the prior review of export license applications to Cocom countries while other Cocom countries maintain a system of export licenses. What amounts to the elimination of licensing U.S. exports to Cocom countries does not take into account that some U.S. companies would sell our most advanced technology to diverters in Western Europe.

Second, the House bill repeals the President's ability to extend export controls for reasons of foreign policy extraterritorially. The Journal correctly points out the necessity for this control—for reasons of national security as well as foreign policy—until there is much better coordination and agreement among the allies over what should be subject to control.

Mr. Speaker, I urge my colleagues involved in the amending of the Export Administration Act to review Exporting Leadership. It is a benchmark for evaluating the legislation now in conference.

EXPORTING LEADERSHIP

We doubt that Athens had the kind of problems running an alliance that the U.S. has. The Athenians, for instance, would have made darn sure that Sparta didn't get hold of their microchips to build a better catapult. That times have changed is clearly evident from the debate in Congress over the Export Administration Act.

This is the law that lets the president veto sales of goods for reasons of national security. The argument about a new bill pits free marketeers against the defense-minded. As defense-minded free marketeers, we looked at Adam Smith for guidance: "Defense is of much more importance than opulence." Manufacturers shouldn't willy-nilly sell products with military significance to the enemy; their profits don't outweigh the general costs of defense.

But U.S. manufacturers complain that others will sell the goods if they don't, and Europeans don't like the idea of the U.S. applying its rules extraterritorially. There could be a simple solution that would lower the hackles of both groups. The U.S. and its high-tech allies could agree what can be sold and what can't. There's an atrophying group already set up to enforce such a system: the Coordinating Committee for Multilateral Export Controls, called COCOM, which includes NATO (except Spain and Iceland) and Japan.

But the effectiveness of export restrictions depends on whether exports are restricted. So far, weak COCOM rules combined with U.S. restrictions under the Export Administration Act have slowed the technology leak, but only a firmer finger can plug the dike. In 1983 alone, 147 Russian industrial spies were booted out of Western countries. Richard Perle, assistant U.S. defense secretary, recently told Europeans by satellite that 150 Soviet weapons systems use Western technology, adding billions of dollars to our joint defense costs. Just last Thursday, the U.S. charged that Datasaab Contracting A.B. of Sweden had violated an export license by shipping the Soviets parts that enable them to develop a sophisticated military radar capability.

New versions of the Export Administration Act have passed the House and Senate, and are in conference. The Senate bill would somewhat strengthen the president's hand, enabling him to blacklist imports to the U.S. from companies or countries that break the U.S. export rules by reexporting to the Soviet bloc. The House bill would let Congress into the act whenever the president wanted to apply the law overseas. The problem with both bills is the American quandary in the Western alliance: Are the

allies with us or against us on this? If they're with us, extraterritorial application of U.S. rules is largely superfluous. If they're not, the rules are needed as part of the U.S. commander in chief's arsenal.

Mr. Reagan recently angered the Commerce Department—and the allies—by announcing that the Defense Department will have the right to review distribution licenses for several high-tech goods to a dozen non-Communist countries. This is the kind of change that could give COCOM more bite. Take the case of the Digital VAX 11/782.

The parts of this $2 million computer were carefully loaded into crates on a slow, circuitous boat to Russia. The machine was bought by a company in South Africa that fronts for the Soviets. Commerce Department investigators let the shipment through, then found out where the freight was headed. Three crates were stopped in Hamburg. Four others made it to Sweden, where after some diplomatic dillydallying the Olof Palme government shipped the parts back. Another eight crates are not accounted for, presumed by Commerce to be in Russia after passing through various European countries.

The VAX is a serious computer, capable of running the strategic command and control of the Russian nuclear forces. The Commerce Department has told Digital it now must file separate applications for exports to West Germany, Norway and Austria, which are now howling.

The prospects for joint U.S.-European cooperation on controlling exports are not bright. The Europeans harp on the temporary U.S. sanctions in 1981 against technology for the Soviet natural-gas pipeline. They didn't like having their knuckles rapped for subsidizing the cost to Russia of the pipe, paying above-market prices and otherwise engaging in 1970s detente style "trade" as the Russians marched into Afghanistan. That episode, however, does have a happy ending: The plan for a second strand pipeline has been scrapped.

The best way to administer exports would be for the Western nations first to agree on the principle that otherwise unavailable and strategically significant technology should not be transferred to the backward Communists. Then we should come up with a list—probably a long one—of goods that we'll keep from the Soviets. If the allies act together to stop the technology leak, there would be no issue of extraterritorial reach. This was of course the original COCOM idea. If everyone chipped in to make it work, the U.S. wouldn't be in the position of annoying its allies in order to defend the alliance.●

SALUTE TO GEORGE HESS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. STARK. Mr. Speaker, on May 18, the labor community will gather to honor George A. Hess, business manager/financial security-treasury of Plumbers & Gas Fitters Local Union 444.

George has been a stalwart in the labor movement and has devoted all of his efforts toward improving the conditions for the Plumbers & Gas Fitters Union. He has served as local 444's business manager for over 20 years and during this time has helped create harmony in labor and management through his expertise and leadership ability.

George has been in the forefront of affirmative action for minorities and women through apprenticeship and journeymen training programs. Because of his commitment to job training and apprenticeship, he helped organize the bay area construction opportunity program (BACOP) in 1967–68, which covers five bay area counties. BACOP has placed over 2,000 minorities and women in construction jobs.

He is a longstanding member of the National Joint Apprenticeship Training Committee of the Plumbers and Pipe Fitting Industry. He has been an outstanding officer of the California Pipe Trades Council, president of the Northern Council, president of the Alameda County Building Trades Council, AFL–CIO, and a delegate to the Central Labor Council, AFL–CIO. He has been appointed by State and local elected officials to the Private Industry Council (PIC), the State Housing Finance Committee, the New Oakland Committee and he is a charter member of the Coalition of Labor and Business (COLAB).

The testimonial dinner for George Hess is a fitting tribute to his commitment to labor, his service to his community and his accomplishments in behalf of his fellow workers.●

TRIBUTE TO THE QUANDER FAMILY

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FAUNTROY. Mr. Speaker, it is with great pleasure that I recognize the accomplishments and achievements of the Quander family as it observes and celebrates 300 years of documented presence in America, 1684–1984.

The Quander family is one of the oldest families in America, whose history of being brought to this country against its will and its personal struggle of survival in a country that was hostile and inhospitable to them, is largely paralleled by the history of the entire black race in this country.

The family's documented presence began in 1684 when one Henry Adams, migrated from England to the Maryland colony and later became a member of the colonial legislature, wrote his last will and testament, in which he provided for the manumission of two of his slaves immediately upon his death. Those two slaves were Henry Quando and his wife, Margarett Pugg Quando. From that time the Quander (nee Quando) family has had a strong documented presence in this Nation, and has and continues to contribute as teachers, farmers, doctors, beauticians, lawyers, cooks, and in many other professions.

As early as the 17th century it became a strong family tradition to achieve, this tradition is very much an ongoing part of the Quander family today. This goal and objective throughout the centuries is even more remarkable, given the history of discrimination against black Americans. The history of the Quander family is thoroughly documented in various written records, and clearly and unequivocally established them as the oldest black family in the Prince Georges/Charles County, Md., area, for which records are surviving.

About 1,000 members of the Quander family will gather in Washington, D.C., June 22, 23, and 24, 1984, at Howard University's Blackburn Center, to celebrate 300 years of rich family history in America. Family members are expected to come from all around these United States, and from as far away as Ghana, West Africa, for a formal banquet, general family meeting, and workshops on family geneology.

The Quanders, incorporated as the "Quanders United, Inc.," have been researching their family history since the 1920's, and some parts of the family have been holding annual reunions since 1926. Recent historical inquiries made by the family archivist committee were published in Ghana's most popular weekly newspaper, the Mirror, and resulted in a hurried visit to the United States by a representative of the Amkwandoh family from the Cape Coast, Ghana area, who advised that they had reason to believe that Henry Quando was the son of Eqya Amkwandoh, who was recognized as "The Protector" of his region in Gold Coast, the former name for Ghana, who had been kidnapped more than some 300 years ago and taken away. The family in Ghana believes that when the rollcall was taken of new slaves, the slave dealers thought that the response "Amkwandoh" meant "I am Quando," thus the family name was changed to that form, and again was changed from "Quando" to "Quander," its present spelling and pronunciation, in the census of 1800.

Representatives from the Amkwandoh family in Ghana will attend the Quander Family Tricentennial Celebration in Washington, DC. The Quander family members are mostly concentrated in the Washington, DC, metropolitan area.

As representatives of the people, it is important for us to recognize that the family is the basic structure of our society, and that good strong family ties

should be commended as a model for our youth and the community at large. Indeed, the Quander family is one such family. They have toiled in many vineyards through the centuries, and made meaningful contributions in each, and thus in the future of our Nation. Therefore, it is with great pride that I invite my colleagues to join with me today in saluting the Quander family.

I wish the members of the Quander family continued happiness and success as they advance into their fourth century of documented presence in America, and state that if their future is anything like their past, their contributions will be many and great, and the Nation as a whole and the metropolitan Washington, DC, community in particular, will be the better for it.●

A TRIBUTE TO DAVID ALLEE, FARMINGDALE CITIZEN OF THE YEAR

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LENT. Mr. Speaker, on Saturday, April 14, the members of the Farmingdale Lions, Rotary, and Kiwanis service clubs will meet to honor the Farmingdale Citizen of the Year. That man is David Allee. This distinguished honor bestowed upon him by the Inter-Service Council is deserved recognition of David Allee's dedication and talent which have made significant contributions to the betterment of the Farmingdale community and its citizens.

David Allee had the courage and determination to realize a dream. In 1946, David founded the industrial and technical departments at the State University at Farmingdale, now one of New York State's finest engineering and technical schools. He started from scratch with little more than some old, cast-off Army and Navy equipment, an abandoned airplane hangar to house the students and equipment, and a lot of hard work, long hours, and dedication. In those days, the school was known as the New York Agricultural and Technical Institute.

Under David's competent leadership and guidance, the school expanded to offer such courses as: Electrical and mechanical engineering, auto mechanics, civil and architectural engineering, and graphic arts. It features one of the State's first aerospace technology programs. The secretarial, technical secretarial, general hygiene and health sciences—now separate—were also a part of the Ag and Tech Institute. With expert assistance, a math and physics department were created to provide the necessary prerequisite academic foundation for the engineering program.

Throughout his creative career at the State University at Farmingdale, David Allee was well-loved by the students and the staff, not merely as an administrator and founder, but as a friend and caring influence who encouraged the best in all those associated with the school. The respect and admiration in which he is held indicate the effectiveness of his efforts, and his dedication to the furthering of educational development.

David Allee has earned international recognition in the education field as well. After his many years at the State University at Farmingdale, David worked with the United Nations to establish technical and industrial study programs in the Far and Middle East and Africa.

His commitment to the betterment of his community has led to an active and enthusiastic role in civic life in such programs as the Farmingdale Youth Council. As a long-time member of the Farmingdale Rotary Club, David also played a major role in the very successful Rotary project to ship over 200,000 seed packets all over the world. David Allee has given unstintingly of his time and of himself to help make the Farmingdale community a better place in which to live and raise our families.

I would like to express my deepest gratitude for David Allee's years of outstanding public service which are worthy of the highest commendation. I know my colleagues join me in congratulating David Allee on the well-deserved honor of being selected Farmingdale's Citizen of the Year.●

HAZARDOUS WASTE

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Ms. KAPTUR. Mr. Speaker, nearly 80 percent of the hazardous waste generated in this country is now being disposed of in or on the land. Clearly, it is crucial for the hazardous waste management system to function in a manner that insures the protection of the public health and of the environment.

Currently, the Environmental Protection Agency (EPA) is considering an application for the expansion of a landfill in my district. Many residents of Oregon, Ohio, are quite disturbed about the prospect of a larger landfill containing more hazardous varieties of toxic waste. Moreover, many residents are concerned about the proximity of this landfill to another landfill less than 5 miles away, and about the proximity to the areas two raw-water intake lines which carry water from the intake crib in Lake Erie to the water-treatment plant.

In an effort to gain a better understanding of the landfill permitting process, Senator GLENN and I wrote letters to the EPA which I would like to insert in the CONGRESSIONAL RECORD.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, March 28, 1984.

Mr. JOHN SKINNER,
Director, Office of Solid Waste Environmental Protection Agency, Washington, DC.

DEAR MR. SKINNER: Many of my constituents have contacted me regarding the possible expansion of the Fondessy landfill in Oregon, Ohio. Under consideration is the expansion of both the size of the landfill, and the number of types of approved materials which can be disposed there.

My understanding is that the application for expansion is currently in the administrative review process, and will be entering the technical review process in the near future. In order to allay community concern, I urge you to do your utmost to insure that the Environmental Protection Agency (EPA) conducts a thorough analysis of the application, for both completeness and technical validity, before issuing a permit. Please keep me apprised of any movement in the application procedure.

In an effort to gain a better understanding of the landfill permitting process, I would appreciate your answers to the following questions:

(1) The Fondessy landfill is very close to a densely populated area. Does the EPA include in the criteria for landfill permitting, any standards regarding the proximity of a landfill to a metropolitan area? If so, what are the guidelines?

(2) The Fondessy landfill is less than three-quarters of a mile from the Maumee Bay, and this has aroused great concern among the residents of the area. Does the EPA include in the criteria for landfill permitting any standards regarding the proximity of a landfill to a bay? If so, what are the guidelines?

(3) Ohio has three commercial landfills, and two are less than five miles from each other. Are there any regulations regarding the number of commercial landfills which an area may have? If so, please explain the regulations.

(4) My understanding is that the Fondessy application requests an expansion of the landfill to 6.8 million tons of waste, to reach 45 feet above ground, and to include 470 (up from 40) allowable substances.

Furthermore, it is my understanding that one-half to one-third of the new materials which Fondessy is requesting a permit for, are acutely toxic materials. Is this information correct?

(5) There have been complaints by residents of Oregon of noxious odors around the landfill. People have been questioning the impact which the landfill will have upon the air quality in the region. Are tests performed to ascertain the impact of a landfill upon air quality? If so, what sorts of tests are performed?

(6) There has been seismic activity around the landfill in the past several years. Is information such as this considered when granting permits for the expansion of landfills? If so, what are the criteria used?

(7) More than half of the material to be disposed of in the landfill under the current expansion plans will be material coming in from outside of Ohio. Are there any regulations regarding the quantity of waste which

a state must accept from outside the state? If so, please explain the regulations.

(8) Before authorizing a permit to expand a landfill, does the EPA have an indepth analysis performed on flood plains in the areas?

(9) The main water line in the region passes right alongside the Fondessy landfill. Residents in the area are worried that their source of water could be contaminated. Has this matter been closely examined? If so, what were the findings?

(10) What other means of disposing of toxic waste are currently used besides landfills? Does the EPA plan to move away from landfills in the future? What are the pros and cons of landfills versus other methods of disposal?

(11) Once a landfill with toxic waste is created, for what length of time is the land out of commission for any other use?

(12) If Fondessy is granted a permit to expand the landfill, will more monitoring wells be constructed around the landfill? If so, what are the current plans for the numbers and locations of the new monitoring wells?

(13) The community was not notified that an application was filed to expand the Fondessy landfill. Why is there no public notice in the early stages of the application procedure?

Your answers to these questions will help me gain a better understanding of the landfill permitting process. I would also appreciate knowing whether or not any of the above items may be considered as possible regulations in the future, if there are not currently in the permit guidelines.

Thank you very much for your prompt attention to my questions and concerns. This is a matter of great importance, and I look forward to working with you on this issue in the future.

Sincerely,

MARCY KAPTUR,
Member of Congress.

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC, April 3, 1984.

Mr. JOHN SKINNER,
Director, Office of Solid Waste Environmental Protection Agency, Washington, DC.

DEAR JOHN: One of the cornerstones of the hazardous waste management program is issuance of permits to hazardous waste treatment, storage and disposal facilities. Since nearly 80% of the hazardous waste generated in this country is now being disposed of in or on the land, it is crucial for this system to function in a way that ensures protection of public health and the environment.

As you know, a permit for expansion of the Fondessy landfill in Oregon, Ohio, is currently under review by EPA. Your office was recently contacted by Congresswoman Marcy Kaptur and asked to respond to a number of relevant questions regarding the possible impact of this expansion, particularly on the drinking water supply. I share the interest of Congresswoman Kaptur and many Ohioans in fully understanding how EPA will weigh these factors in making a determination on the Fondessy plan. I would like to join with Congresswoman Kaptur in encouraging EPA to conduct a thorough analysis of this application before issuing a permit.

I would also appreciate you keeping me advised of progress in this matter and look forward to working with your office in the future.

Sincerely,

JOHN GLENN,
U.S. Senator.●

FIFTH ANNUAL SPRING PREMIERE AWARDS BANQUET

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, it is my honor to note in the CONGRESSIONAL RECORD five individuals being honored by the Black United Service Clubs of Johnstown at their fifth annual spring premiere awards banquet.

This year five more individuals are being honored for their commitment to the Johnstown community, the advancement of citizens within the community, and for their leadership in promoting racial harmony within the area.

I would briefly like to mention each of these individuals and the outstanding work they have done.

Capt. Donald Peterson: Captain Peterson and his family have devoted their lives to helping people through the outstanding work of the Salvation Army. Captain Peterson has worked for the Salvation Army for the last 35 years, and also has a daughter who is a Salvation Army officer. I well remember during the disastrous 1977 flood the firsthand look that our own community got at the excellent work the Salvation Army does day in and day out throughout the troubled spots of world, and it is a pleasure to congratulate Captain Peterson on his continuing effort in helping people through this organization and his work as a member of the Rotary Club and ministerial.

Miss Claudia B. Jones: I remember seeing Miss Jones on the local television station where she was the original hostess of "Challenge," a public service program sponsored by the Women's Auxiliary of the Johnstown Branch of the NAACP. But that was just the most visible of a community commitment by Miss Jones that has also seen her efforts as adviser to the University of Pittsburgh at Johnstown Chapter of the NAACP, her development of the program for the Black Family Workshop, and as a member of the Mount Sinai Institutional Baptist Church her organization of the women's day program, youth program, and senior choir. It is through such community involvement that countless lives are enriched and individual lives enchanced, and it is a pleasure to congratulate Miss Jones for her fine work.

Mrs. Faye G. M. Griffin: I am honored to have close ties with the International Ladies Garment Workers Union, and Mrs. Griffin is a former chairperson of that organization and worked for 37 years at the Cay Artley Garment Factory as a presser. It is an indication of her commitment to family and community that she also found time to attend UPJ part time until she received her degree, chaired the prospect area development committee, and has held numerous positions in the Pleasant Hill Baptist Church. She has also worked for the Greater Johnstown Affirmative Action Council and with the CETA program until she retired last year. Though formally retired, her record shows that her spirit and commitment will never retire, and it is a pleasure to see her honored by this award.

Mr. Saul Griffin: I guess no one can fully appreciate the efforts and energy of an elected public official as much as someone else who has the honor to serve, and I certainly remember personally the work of Mr. Saul Griffin on the city council. Along with a career at Bethlehem Steel that spanned 46 years, Mr. Griffin was a leader of local and State NAACP efforts and has served three terms at chairperson. Mr. Griffin also served on the city charter commission and has been active with the Pleasant Hill Baptist Church. His public service and community record is certainly fitting for the receipt of this honor.

Mr. Anthony Genovese: And posthumously, an award goes to Mr. Anthony Genovese who served the community time and time again until his death a little over a year ago. Mr. Genovese worked with the Senior Community Services Center, he was past chairperson of the Kernville Improvement Committee, he was actively involved with the St. Vincent DePaul Society and Operation Touch, and he served as executive director of the Cambria County Housing Corp. The work of Mr. Genovese touched thousands of lives in the Johnstown area, and the good works he accomplished will benefit the lives of these citizens for many years to come.

Besides my congratulations to all these awardees, I also want to add my congratulations to Mr. Allan Andrews and the United Service Clubs of Johnstown for the outstanding work they are doing with the banquet to promote the community's harmony.●

IRS AND THE TAX PROTEST MOVEMENT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CONYERS. Mr. Speaker, the tax system has been in jeopardy in recent years. The enormous complexity of the Tax Code has severely weakened public support, as have the pref-

erences, shelters, and loopholes that have removed any remaining vestiges of fairness.

The so-called underground economy, that operates outside tax collection, has seriously hampered revenue raising efforts. In recent years cuts in Government programs also have resulted in a reduction in Internal Revenue Service personnel and tax-collection capabilities.

To all of this should be added a burgeoning tax protest movement, that has gained increasing prominence in the last few years. John Cummings and Ernest Volkman, writing in the April, 1984 issue of Penthouse magazine, provide a very thorough and perceptive analysis of the origins, direction, and consequences of tax protest, and I recommend their article entitled, "No Deposit, No Return," to my colleagues.

The article follows:

[From the Penthouse magazine, April 1984]

NO DEPOSIT, NO RETURN

(By John Cummings and Ernest Volkman)

It was a cold, dreary morning just before dawn on that day in February 1978 when a group of U.S. marshals quietly moved into positions surrounding the small house just outside Kansas City, Missouri. The federal lawmen, armed with an arsenal of heavy firepower including automatic rifles, waited for the signal to move in and capture their dangerous quarry. The order crackled over two-way radios, and the marshals, guns drawn, pounded at the door. Their quarry, Sidney Lemmon and his wife, surrendered meekly when confronted with all that firepower and were led off to jail in handcuffs. With this action, the full might and power of the federal government had at last brought to heel a man it considered a very dangerous criminal.

Sidney Lemmon had refused to answer questions about his income-tax returns. There was virtually no publicity about the arrest of Sidney Lemmon, and even less about his fate afterward. Then 76 years old, with a history of heart trouble, Lemmon was held in a federal prison hospital in Springfield, Missouri, on a charge of contempt of court for citing the Fifth Amendment in refusing to answer the Internal Revenue Service's questions about his tax returns. He continued to hold out against the worst threats the government could devise. These including the possibilities of a long prison term—a virtual death sentence for a man his age. Finally, worn down by his health problems and fearful of what would happen to his wife, he caved in and decided to fight no more.

He agreed to compromise with the government and was ordered released. But the long battle had taken its toll; two weeks after returning home, Sidney Lemmon died. The case against his wife was dropped.

Lemmon's daughter, Mrs. Ginnie Duncan, of Leawood, Kansas, describes her father as "both a creation and victim of the IRS." She is bitter about the government's treatment of him and insists he was no criminal. He was a strict constitutionalist, one of those quirky American patriots whose reading of the United States Constitution persuaded him that nothing in that document gave the government the right to compel its citizens each year to reveal the details of their lives and to take an ever increasing share of their income in taxes. "He was the consummate Old World gentleman," Mrs. Duncan says of her father—a description that tallies with others who knew Lemmon. Among them is Lemmon's attorney, Frank Bysfield III of Kansas City, who shakes his head sadly when recalling the case. Bysfield respected his client's principles, if not his methods. He did not, for example, think it was such a good idea for Lemmon to refuse even to deal with the tax-collection agency.

The question arises: Why did the federal government go to such extraordinary lengths to destroy a 76-year-old man whose crime—refusal to pay his income taxes—amounted to a principled, it quixotic, challenge to a system he believed to be fundamentally unconstitutional? Why all the pressure against a "criminal" who openly proclaimed his refusal to make a deal with the IRS?

Because Sidney Lemmon was the symbol of a growing movement of tax protesters who decided to take on the dreaded IRS in a head-to-head confrontation that has become nothing short of war. The protesters are flatly refusing to pay income taxes, often filing blank tax returns, harassing IRS agents and auditors at their offices refusing to answer any questions put to them by the agency and then daring the IRS to do anything about it. And the IRS has discovered to its horror, that there isn't a hell of a lot it can do about people who defy the system and are willing to go to jail.

Plainly put, the tax system is under a frontal assault by otherwise ordinary Americans who feel, as the famous line from the movie *Network* put it, "We're mad as hell and we're not going to take it anymore!" Officially, the IRS doesn't like to admit that it has a very large problem on its hands, but there are plenty of clues to suggest that there is serious trouble brewing:

A secret set of new guidelines for IRS field agents warns that they may see escalating efforts by the tax-protest movement that will make their jobs harder. Agents are being advised that they will face demands for proof of their authority to ask questions about income, will be obliged to listen to constitutional harangues, and will hear demands that conversations between auditors and taxpayers be tape-recorded or filmed, along with a long list of other actions designed to impede the IRS from collecting taxes.

IRS agents are increasingly aware that they may face armed protesters. A member of one especially bitter antitax organization was shot dead in a gun battle last year after killing two federal marshals who tried to enforce a warrant for probation violation, the result of a previous tax conviction. Violence against IRS agents, considered unthinkable before, is increasing. Two revenue officers were shot in the line of duty: one in Cleveland and another near Buffalo. The officer in Buffalo was killed. The case involved a tax bill of only $1,700.

Groups made up of people who have declared publicly their refusal to pay taxes are proliferating rapidly. There are now an estimated 1,000 such groups nationwide.

New studies show a decline in the rate of voluntary compliance with the tax code, the backbone of the American tax structure. Although it is still high—somewhere around 84 percent, according to confidential IRS studies—compliance was nearly 100 percent a decade ago. And the downward trend is still continuing inexorably.

The protest movement has brought the U.S. Tax Court almost to a standstill. The most recent figures show the court's backlog rose to 57,594 cases last year, a sharp increase over the 45,135 cases just two years ago. In some major cities, taxpayers must wait a year or more for their cases to reach trial. The chief reason for the backlog is the number of tax-protest cases—more than 8,000, a number that is growing every day.

"I don't doubt for one second that there's a very serious problem in the tax-protest area," says one IRS official. "The service likes to pretend that they've got the thing under control, but to tell the truth, the fact is they're scared shitless. They know there is no way, really, you can beat a widescale, well-organized tax-protest movement, whose members in effect look you straight in the eye and say, 'Look, you want to put me in jail? Okay, go ahead, I ain't gonna pay you one red cent of taxes, anyway.' So what can you threaten them with? Most people are frightened to death of the IRS, and with good reason; if they don't pay their taxes, they know damn well the IRS can come and get it out of their hides. And if they did something crooked, they can get thrown in jail. But what do you do with somebody who doesn't care about those kinds of consequences? Shoot them?"

This might be the only recourse, given the fact that everything the IRS has tried to date hasn't worked. Well-publicized prosecutions of tax protesters haven't made a dent in the movement. And the greatly enhanced enforcement power granted the IRS by Congress two years ago has not helped much, either. It seems the more the IRS cracks down, the stronger the tax-protest movement gets.

The IRS Criminal Division (once known as the Intelligence Division) keeps close tabs on the tax-protest movement, but agents admit they do not have a firm handle on specifics—exactly how many people are involved, and how much money is being withheld from the U.S. Treasury. According to the IRS, about 18,000 "protest returns" (returns on which taxpayers refused to comply with the tax system on various grounds) were filed in the 1980 tax year. This figure ballooned to more than 40,000 during the 1982 tax year.

But these are the most visible of the tax rebels. The IRS has no specific information about a more problematic category—"nonfilers," people who simply never file a tax return. The last attempt to develop some sort of statistics on non-filers was six years ago, when they were estimated at about 5.1 million Americans. How many of these nonfilers refused to fill out a tax return for reasons of protest, and how many didn't file because they didn't feel like it, is impossible to judge—although IRS agents suspect that the bulk of the non-filers are in fact protesters who have elected to drop out of the system.

Tax protest is not the same as tax evasion, which involves the illegal use of deductions, tax credits, and, sometimes, elaborate efforts to hide income. Tax evasion is dominated by taxpayers in the $50,000 to $100,000 (and above) income bracket, and includes organized crime and assorted scam artists who try to beat the system. They do not directly challenge the IRS but attempt to manipulate the system.

However, tax evasion and tax protest are legally the same thing—willful failure, as the lawyers like to say, to pay taxes due. The difference is that protesters seek not to manipulate that system, but to overthrow it, to fight it tooth and nail. Thus, IRS offices around the country are receiving a growing

number of tax returns in which taxpayers refuse to answer any questions on the return on the grounds that the Fifth Amendment protects against self-incrimination. The IRS also receives returns that claim the IRS has no right to collect taxes in the first place.

* * * * *

The IRS has been striking back by vigorously prosecuting individuals they think are the leaders and organizers of tax-protest groups. The groups themselves have been devising still more means of attack against the system.

A classic instance occurred in Flint, Michigan, two years ago, when the largest organized tax protests in U.S. history broke out. Nearly 3,500 GM workers united in a direct assault on the tax system. They went after one of the movement's most detested targets, the wage-withholding system. Withholding, an automatic-payroll-deduction plan, was introduced as an emergency measure during World War II to raise cash for the government's expensive war effort. It became a permanent fixture after the war because the U.S. Treasury found it irresistible—it is a huge interest-free loan from the American people that represents the government's cash flow, and greases the wheels.

The autoworkers' group took on that system by filling out W-4 forms—which each employee must file, listing dependents—with grossly exaggerated figures, including some that claimed 99 dependents. In effect, the people filling out the W-4s argued that the IRS could not withhold any taxes from their salaries since they owed no taxes.

The IRS has attempted to smother this protest with audits and penalties against the members of the autoworkers' group, hinting that it will selectively prosecute others under an especially nasty federal law designed to stamp out tax-protest movements. Basically, under the constitutional guarantees of free speech the law says that anyone can advocate violation of the tax laws; however, if as a result of that advice even one taxpayer doesn't pay, then the man who advocated nonpayment can be indicted for income-tax evasion—even if his own returns are perfectly legal.

But the IRS found even this power insufficient to beat the protest movement involving the W-4s. So it moved to get a more powerful weapon. The new clout was an amendment to the Tax Code passed by Congress in 1982 that held employers directly responsible for the validity of W-4 forms. The IRS also got Congress to pass a new law making it a crime for anyone to file a frivolous income-tax return—an unbelievably potent bureaucratic tool, since "frivolous" is not defined in the law, which makes the IRS the final arbiter of what is frivolous and what is not.

Still, even with these weapons the IRS continues to have a hard time with what it officially terms ITPs (individual tax protesters). ITPs continue to defy a larger and more powerful arsenal, including new computers programmed to track down and identify specific protesters and their movements, and experts assigned to every IRS field office who are trained to handle tax-protest cases. And in court the IRS has won 723 out of 727 tax cases involving protesters.

IRS enforcement chief Philip Coates admits that the IRS is becoming increasingly concerned about the tax-protest movement and the attendant rise in violence against tax collectors. He declines to name any specific tax-protest groups most worrisome to the IRS but says the agency is keeping tabs on some of them. Although Coates won't name names, other IRS officials admit privately there is a large-scale undercover effort under way within its Criminal Division to infiltrate the more active tax-protest groups and gather evidence for indictments based on illegal advocacy of tax cheating.

* * * * *

Of all the tax-protest movements, however, by far the most notorious is the Posse Comitatus, and alleged racist, anti-Semitic organizations whose strength is centered in the West and Southwest. Its name is Latin for "power of the country," a common-law concept that permitted sheriffs to form a *posse comitatus* for help in catching criminals rooting out wrongdoing among public officials. The Posse Comitatus organization, formed in the early 1960s to combat the subversion of the "welfare state," has an estimated 3,000-plus members throughout the country.

They advocate the establishment of "townships," which would elect their own officials and recognize no higher authority—and refuse to pay any federal taxes.

Some group members also advocate violence, especially against those goverment officials suspected by the group of violating "God's laws."

* * * * *

The protest centered on what many people felt was an ignominious act: In 1913, the Sixteenth Amendment to the U.S. Constitution was enacted, giving Congress the power to levy and collect direct taxes. (Until that time, the Supreme Court had ruled that the federal government had no right of direct taxation unless it was levied in proportion to a state's population.)

But the tax-protest movement was extremely small, limited to die-hard right-wingers who felt the government had no right to any taxes, much less income taxes. Part of the reason was that before 1932 only about one in nine taxpayers actually paid federal income taxes, mostly because there was no withholdng system, nor were there any vast IRS enforcement powers. Then, too, the tax rates were relatively low, even when added to the deductions for the federal Social Security program.

Things began to change in the 1950s when increasing tax rates spawned the beginning of a tax-revolt movement. This was also spurred on by politics: A number of taxpayers, objecting to taxes being used for military purposes, began to deduct certain portions of their taxes they claimed were used to buy armaments. Still later, other protesters tried to deduct portions of their taxes being used to finance the Vietnam War.

The real crunch came in the late 1960s and early 1970s when sharply increased tax rates, along with quantum leaps in Social Security taxes, began taking very large chunks out of incomes. Indeed, the tax burden for many Americans, particularly in the lower- and middle-income brackets, became oppressive. In that atmosphere, the arguments about "illegal tax systems" found fertile ground.

Those who feel that a full-scale protest against the tax system is the only answer are defined by the IRS as people who "advocate and/or participate in a scheme with a broad exposure that results in the illegal underpayment of taxes." As the definition reveals, the IRS makes no distinction between those who don't pay because they want to keep the money for themselves and those who won't on constitutional grounds. In other words, as far as the IRS (and the law) are concerned, a tax evader is a tax evader is a tax evader.

This may help the IRS enforcement division, but it doesn't address the problem of the growing percentage of Americans who simply refuse to pay any more taxes. They picture themselves not as criminals but as patriots in the great American tradition of the Boston Tea Party and the rebels against the king's stamp tax. Protest groups like to claim that there are millions of Americans who have taken the drastic step of refusing to deal with the tax system. That may be true, but there is a slight problem of definition. There are, by our own estimate, approximately 60,000 who openly defy the system. But there are many others who simply opt out of the system, i.e., they stop paying, mostly because they're disgusted with a system that has become too complex and is taking too much money from taxpayers. Are they tax protesters? Qualifiedly, yes. There is a relatively small difference between sending a tax return to the IRS with the accompanying scrawl, * * * you bloodsuckers," or not filing a return at all. In either event, the taxes have not been paid, which is really what the IRS cares about.

* * * * *

Still, how many people can the IRS reasonably expect to throw into prison for protesting the payment of taxes? A simple question, but it lies at the heart of the whole problem. Obviously, the more people involved in the tax-protest movement, the more difficult it is to eliminate the movement. The government cannot hope to imprison every tax protester. The IRS solution has been selective prosecution, targeting the leaders and organizers of the movement. But that has proven to be a failure, too, for new leaders, new schemes, and new movements keep popping up just as fast as the IRS stamps out their predecessors.

As the IRS is aware, personal income taxes make up the fragile thread on which the entire tax system hangs—these account for $322.8 billion of all taxes collected by the IRS, and without them the government's well would run dry very quickly. The IRS is also aware that by 1981 somewhere around $75 billion in income taxes went uncollected, three times the amount for 1973. That figure represents a rapid climb, and some experts argue that it understates the real size of the shortfall. There is no doubt that more and more Americans are not paying their taxes, an alarming event for a nation that has had the world's best tax-payment record for over 40 years.●

ILLEGAL ALIENS: COSTS TO STATES FOR PROVIDING HEALTH CARE

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SCHEUER. Mr. Speaker, in the next few weeks, the full House may consider H.R. 1510, the Immigration Reform and Control Act of 1983. As we debate reform of U.S. immigration policy, we must consider the impact of

unrestrained illegal immigration on our States and localities.

An article appeared in the Wall Street Journal last week which discusses the financial burden imposed on California for providing health services to illegal aliens. A recent State court decision entitles illegal aliens to Medi-Cal benefits—a decision State health authorities say will cause their costs to skyrocket. I commend this article to my colleagues' attention.

[From the Wall Street Journal, Apr. 3, 1984]

BENEFITS GIVEN ILLEGAL ALIENS PROMPT DEBATE

(By Marilyn Chase)

Within the hospital nursery of the Los Angeles County-University of Southern California Medical Center, nearly 80% of the 16,000 infants born each year are brand-new citizens—children born to mothers who are undocumented aliens.

"It's not uncommon for pregnant women in Tijuana to hop in the car and head for the border as soon as their labor pains begin," asserts George Shultz, attorney for similarly overburdened hospitals in San Diego.

Medi-Cal, this state's version of Medicaid, has traditionally picked up the babies' bill, but now their mothers too may be eligible for extended Medi-Cal coverage.

In what could prove to be a sweeping precedent, the California Court of Appeal recently ruled that undocumented aliens are entitled to Medi-Cal benefits unless they're under a formal deportation order. "The decision seems to cover everything from an aspirin to quadruple cardiac bypass surgery," says Deputy Attorney General John Klee.

With uncounted millions of aliens living in California, and a six-month backlog of deportation hearings, the practical impact of the ruling could be enormous. California's Department of Health Services anticipates spending an extra $98 million annually, and it has appealed to the California Supreme Court.

But groups like the Mexican-American Legal Defense and Education Fund think the state shouldn't duck responsibility. "Undocumented aliens live in our community," says Maria Rodriguez, a lawyer for the fund. "They provide cheap labor, pay taxes and help build our economy. For this, they're entitled to some benefits."

The vexing question of who should pick up the tab has provoked years of complaints, buck-passing, and even lawsuits between public and private hospitals, local and state governments, counties and the U.S.

This most recent ruling resulted from the case of Rinic Dermegerdich, a 62-year-old Iranian woman who is paralyzed from multiple sclerosis. After about five years and more than $20,000 worth of Medi-Cal payments, Mrs. Dermegerdich was declared an illegal alien in 1982, denied further benefits, and removed from her private nursing home. Her son, Harand Gaspar, a Silicon Valley engineer, refused to take her in.

With the help of Legal Aid, Mrs. Dermegerdich took on the state's medical bureaucracy and won. But now she's sitting in a San Jose county hospital awaiting the outcome of the state's appeal.

Even before the new ruling, California hosptials were heavily burdened. The state granted aliens not simply emergency care, but also temporary coverage for non-emergency illnesses until such time as the U.S. Immigration and Naturalization Service could determine their legal status. Those declared illegal lost their benefits.

The burden of care fell primarily on the public hospitals, because aliens, like most poor people have traditionally used hospital emergency rooms as their primary doctor.

Los Angeles County's Health Services Department—with six public hospitals serving its seven million residents—estimates the annual cost of caring for the country's large undocumented alien population at $150 million. Temporary Medi-Cal benefits for aliens have reimbursed the county $50 million, leaving a net cost to the county of $100 million.

In an attempt to defray its costs further, Los Angeles County tried to enforce Medi-Cal applications as a condition of receiving non-emergency care. The Mexican-American defense fund, in successful litigation against the country, argued that this practice amounted to a denial of care, since aliens applying for Medi-Cal must file with the Immigration and Naturalization Service, and many would choose to sacrifice their health rather than risk deportation.

The argument that undocumented aliens should receive health care because they contribute to the economy is supported by several studies. Leo R. Chavez, a research associate at the University of California at San Diego, cites a Los Angeles County study that estimated that undocumented aliens contributed $2.5 billion in income and sales taxes, while consuming only about $214 million in social services.

Many hospital administrators in the state say that while they are in sympathy with this argument, they don't benefit from the aliens' tax contributions. "The problem is that the taxes go to Sacramento and Washington, while the costs are borne here in Los Angeles," says Robert A. White, Los Angeles County Health Services director.

The appeals court ruling will relieve the burden on counties, but only by passing it to the state. And after painfully trimming $200 million from the Medi-Cal budget last year, the Department of Health Services is determined not to let the ruling stand.

In this impasse, there are no answers forthcoming from Washington. The relevant statute of the Code of Federal Regulation (Title 42, Section 435.402) provides Medicaid to citizens and aliens "lawfully admitted for permanent residence or permanently residing in the U.S. under color of law." Nevertheless, a spokesman for the Health Care Financing Administration of the Department of Health and Human Services says, "States can provide anything they want to anybody—at their own risk."●

U.S. LIABILITY FOR VESSEL DAMAGE ARISING FROM ACCIDENTS IN THE PANAMA CANAL

HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CARNEY. Mr. Speaker, on Thursday, April 5, 1984, I introduced H.R. 5373, a compromise proposal to settle pending vessel damage claims arising from accidents in the Panama Canal, and free the United States from liability for such claims in the future. I believe this proposal is consistent with the administration's position that the United States should not be liable for vessel accidents in the Panama Canal, while providing a mechanism for settlement of existing claims.

Many of my colleagues may be shocked to learn that the United States does now accept limited responsibility for vessel accidents in the Panama Canal, notwithstanding the U.S. relinquishment of sovereignty over the Panama Canal Zone mandated by the 1977 Panama Canal treaties. What is even more disturbing is that the Panama Canal/OCS Subcommittee has approved H.R. 3953, legislation which would expand the scope and nature of the Government's liability for vessels damaged in the canal, and waive immunity to suit for such vessel damage claims.

I am convinced that as more and more Panamanian nationals assume positions of responsibility within the Commission, and as the role of the United States in Panama is reduced and ultimately eliminated when Panama takes over full control of the canal in the year 2000, it makes absolutely no sense for Congress to accept increased responsibility for canal operations as proposed by H.R. 3953.

In considering this issue, it must be noted that under the treaty, the obligation to operate the canal, until the year 2000, is the obligation of the U.S. Government and liabilities incurred by the Commission are liabilities of the U.S. Government. However, under the treaty, the control of the canal passes progressively into the hands of Panamanian nationals. Four of the nine members of the Supervisory Board, the Deputy Administrator, and a continuously increasing number of administrative employees are now Panamanian officials. In 1989, the Administrator will be a Panamanian national.

The position of the Government of Panama is that in the performance of their official functions, the Panamanian nationals are not officers of the United States but are responsible only under the laws of Panama. The United States has acquiesced in this position.

The legislation approved by the Panama Canal/OCS Subcommittee would permit the Commission to create unlimited obligations payable from the U.S. Treasury. The failure of canal revenues to cover these obligations in addition to the canal's operating and capital expense would not eliminate the obligation of the United States to pay those claims; they would have to be paid from the general fund. Such unlimited access to Treasury funds by an organization headed by a foreign national, not officers of the United States, is without precedent.

Considering the burgeoning Federal deficit and the transfer of sovereignty over the Panama Canal Area Zone to

Panama, I do not think the United States should accept responsibility for vessel damage arising from accidents in a canal located in another country and operated by progressively increasing numbers of Panamanians not subject to the laws of the United States.

Certainly when U.S. participation in canal operations is being reduced, it makes no sense to increase our liability for canal operating costs by expanding responsibility for vessel accidents.

I am pleased that this view is shared by the administration. Testifying before the Panama Canal/OCS Subcommittee on November 3, 1983, the administration said that the United States should not be liable for vessel accidents in the Panama Canal, and endorsed the approach taken by my bill, H.R. 4234, to eliminate U.S. liability for vessel accidents in the Panama Canal. At the same time, the administration opposed enactment of H.R. 3953 which would expand the scope and nature of the Government's liability for vessels damaged in the canal, and waive immunity to suit for vessel damage claims.

My compromise proposal would allow for the settlement of current vessel damage claims out of tolls revenues set aside for this purpose and, consistent with the administration's position, eliminate future U.S. liability for vessel accidents in the Panama Canal.

Specifically, the bill will remove the $120,000 limitation on the Commission's authority to settle "outside the locks" vessel damage claims filed by October 1, 1984. Thus, current claims, including those referred to Congress, can be settled by the Commission. My bill also provides that after October 1, 1984, the United States will not be liable for any vessel damage claims arising from accidents in the Panama Canal nor will suit be permitted in connection with such claims.

I believe this proposal represents a responsible solution to resolving the current claims dispute as well as sound policy for the future. The Panama Canal Commission has testified it has the funds available to settle existing claims. However, last year the Commission was unable to set aside funds sufficient to cover amounts claimed. With canal operating costs increasing and revenues on the decline, eliminating liability for accidents should minimize the need to increase tolls by eliminating the requirement for a vessel accident reserve.

In addition, my proposal would take the Commission, a U.S. Government appropriated fund agency, out of the insurance business. Vessel owners already pay substantial premiums to commercial insurance underwriters and protection and indemnity clubs for virtually the same coverage whether or not they transit the canal. Government should provide only what the private sector cannot. Requiring the private sector to provide insurance is consistent with the administration policy to shift costs from the public to the private sector; this is particularly relevant with regard to vessel insurance since over 90 percent of canal traffic is foreign flag and the shift would be to the mostly foreign ship owners and underwriters.

I intend to offer my bill as a substitute when the House Merchant Marine and Fisheries Committee marks up pending claims legislation, and I invite the cosponsorship of my colleagues in this effort.

I urge my colleagues to consider the merits of my bill and the administration's position and vote to free the United States of liability for vessel accidents in the Panama Canal.●

TEACHER SAVES LIFE OF CHILD

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, Paula Schall of Latrobe contacted me recently with a request for recognition of someone in the news. After reading the article, I am proud to insert these remarks in the CONGRESSIONAL RECORD because we are talking about a case where a young man saved the life of a 4-year old girl.

The young girl is Jessica, Paula's daughter, and when she began to choke on two pieces of candy, Kevin Johnson, an instructor in Jessica's day care school, calmly and efficiently saved the girl's life by dislodging the candy and providing mouth-to-mouth resuscitation.

There is no greater act a human being can provide than saving the life of another. When it is a youngster involved, it is particularly moving to all of us. I am proud to add my congratulations to the outstanding act of courage performed by Kevin, and it is an honor to include the news article of the event in the RECORD.

TEACHER SAVES LIFE OF CHILD

(By Anita Wolk)

Kevin Johnson has made quite an impression in his new job as a preschool instructor with the Seton Hill Day Care program.

After only three weeks on the job, the Greensburg man not only feels accepted in the female-dominated program, he has become a hero of sorts.

Johnson, 29, is credited with saving the life of a youngster during a near-tragic incident at the Unity Township center where he works.

According to Paula Schall of Latrobe, her 4-year-old daughter is "alive today because of Kevin. I just think he's the greatest."

Last Friday, Johnson was with his class in a play area when one of the children began choking on candy. By the time little Jessica Schall approached her teacher for help, she was unable to breath. "She was purple," Johnson recalled.

By using past first-aid training and "keeping cool," Johnson was able to dislodge the candy and revive the child who had stopped breathing.

"It was frightening," Johnson said when recalling the incident. "I get shaken up every time I think about it. For awhile there I thought we lost her."

Johnson said he initially tried using the Heimlich maneuver on the child in an effort to force the object from her throat. But that didn't work. It turned out there were two pieces of candy lodged tightly in the child's throat. "I finally had to go down her throat with my fingers to get it out," he said.

"By this time she was out. She wasn't breathing at all," Johnson said. He immediately began mouth-to-mouth resuscitation and although "it seemed like hours," he said, in less than a minute the child was breathing.

Johnson claims he did what anyone would have done under such circumstances, but the parents of the 17 children placed under his care each day aren't willing to underestimate what he did. They've flooded him with cards and gifts as proof of their appreciation.

"We can't be more grateful," commented one parent. "It feels great to know our kids are safe."

The school, for obvious reasons, does not permit candy in the classroom. Schall said her daughter "evidently got her hands on some at home" and took it to school. Since children don't always follow the rules, Schall said she's glad to know "there are people like Kevin watching them."

Johnson said "keeping cool" had a lot to do with the happy ending.

Jessica's mother says, "I don't know if I could have saved her. Thank God Kevin was with her."●

WAIVER OF INTEREST PAYMENTS AND EARLY REPAYMENT OF JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS REVENUE BONDS

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HOWARD. Mr. Speaker, today I introduce legislation sponsored by myself and the gentleman from Texas (Mr. WRIGHT), the gentleman from Washington (Mr. FOLEY), the gentleman from Mississippi, (Mr. LOTT), the gentleman from Texas (Mr. WILSON), the gentleman from Pennsylvania (Mr. MCDADE), and finally the former chairman of the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation, the gentleman from California (Mr. MINETA).

This legislation, recommended by the Department of the Treasury and supported by the Office of Management and Budget, provides for waiver of interest payments and for early repayment of the John F. Kennedy Center for the Performing Arts reve-

nue bonds purchased by the Secretary of the Treasury.

The Kennedy Center was constructed with three primary sources of funding: appropriated funds, totaling $23 million; $34.5 million in private contributions, more than adequate to match the direct Federal appropriations; and $20.4 million in Treasury bonds, due for repayment between 2017 and 2019. The authorizing legislation permitted the Secretary of the Treasury to defer annual interest payments on the bond amounts, and every Treasury Secretary since 1972 has deferred those payments. The Treasury has formally advised the Kennedy Center that it will not defer the interest payment due in 1984.

The proposed legislation would permanently waive interest on this intragovernmental debt and would require the Kennedy Center to begin early repayment of the principle. These payments would be made into a sinking fund to be created and managed by the Treasury Department. The amounts to be paid are calculated to eliminate the principle by the time the bonds come due. While permanently waiving interest payments will reduce Government receipts, the financial reality of the Kennedy Center operation is that it is sound enough to cover its annual operating cost for the indefinite future and to repay the principle amount of their bond obligation but it is not lucrative enough to also pay the compound interest on the bonds.

On April 10, 1984, the Under Secretary of the Treasury for Monetary Affairs, Mr. Beryl W. Sprinkel, transmitted the following correspondence enclosing proposed draft legislation and a background statement explaining the terms of the amendment and providing some historical narrative on the issue addressed by the working group composed of Treasury, OMB, and the Kennedy Center representatives.

The correspondence follows:

THE UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS,

Washington, DC, April 10, 1984.

Hon. JAMES J. HOWARD,

Chairman, Committee on Public Works and Transportation, Washington, DxC.

DEAR MR. CHAIRMAN: Recently, Secretary Regan and I pledged the Department's cooperation in forging with the Congress a proposal to deal with the Kennedy Center's interest obligation to the Treasury stemming from revenue bonds purchased by the Secretary of the Treasury.

A working group composed of Treasury, OMB, and Kennedy Center representatives has recommended that all deferred and future interest on the obligations be waived. The consensus is that the Center does not have a revenue base with which to meet the $29.4 million of deferred interest or the annual simple interest of $1.2 million and still maintain a viable institution for the performing arts. The group also recommended a sinking fund in the Treasury for amortization of the bond principal of $20.4 million, with annual payments of $200,000 by the Center over a 30-year period beginning on January 1, 1987. The fund would be invested in public debt obligations and the interest income would be paid into the fund.

Another element of the group's recommendations concerns the sharing of overhead costs between the National Park Service (those costs associated with the Center's functions as a national memorial) and the Center (those costs related to performing arts functions). Under a 1971 agreement, the Center pays 23.8% of the overhead and the Park Service pays the balance. The Center has made a strong representation for maintaining this division of costs because of sharply escalating expenses for maintaining its five theaters and its administrative areas—costs not covered by the agreement with the Park Service and for which increasing provision must be made in the Center's budget as the facilities age. After full consideration of these elements, the working group recommended that no change be made in the allocation of the overhead costs of the Center.

Secretary Regan and OMB policy officials have concurred in the approach recommended by the working group, and the Center's Board of Trustees has also approved it. The Interior Department has been fully briefed and also concurs with the working group approach. I urge the Congress to move quickly on the recommendations. While the Department has granted the Center a deferral of the accrued interest on the revenue bonds through December 31, 1984, we have informed them that no further deferrals will be granted by the Secretary of the Treasury. Failing a solution of the problem, therefore, the Center would be in default on the interest obligation after that time.

I am providing, as a legislative drafting service, the enclosed amendment to section 9 of the Kennedy Center Act to implement the working group's recommendations on the interest waiver and the sinking fund. The group feels that the cost-sharing formula does not require legislation, but recommends that it be covered in any legislative history on the proposed amendment. Also enclosed is a background statement explaining the terms of the amendment and providing some historical narrative on the issues addressed by the working group. The group's members and my staff will be glad to provide additional information at any time.

I have provided similar information to the Chairman of the Subcommittee on Buildings and Grounds.

Sincerely,

BERYL W. SPRINKEL.

BACKGROUND STATEMENT TO ACCOMPANY PROPOSED AMENDMENT TO SECTION 9 OF THE KENNEDY CENTER ACT RE KENNEDY CENTER INDEBTEDNESS TO TREASURY

REVENUE BONDS

Section 9 of the above Act authorized the Secretary of the Treasury to purchase $20.4 million in revenue bonds from the Kennedy Center's Board of Trustees. The proceeds were to be used to finance construction of the center's parking facilities; there are twenty-one bonds with maturity dates ranging from 12-31-2017 to 12-31-2019. The bonds provide that the principal and interest are to be paid from parking revenues.

INTEREST DEFERRALS

The Center's parking revenues have never been sufficient to meet the annual simple interest of $1.2 million (partially because the Center borrowed $3.5 million from the parking concessionaire in order to complete building construction and pledged 50 percent of the garage revenues to repayment of this loan between 1972 and 1987). Deferrals of interest were routinely granted by the Treasury under a deferral clause in the statute which provides for interest to accrue, at current interest rates, on the deferrals. The Center's accrued interest obligation from the deferrals (simple interest and compound interest) stood at $29.4 million on December 31, 1983. The Treasury has formally advised the center of its intent not to grant further deferrals.

CENTER'S FINANCIAL SITUATION

The Center's operating budget for FY 1983 was more than $28 million; an operating surplus of only $117,000 was shown for that period. Concession income accounts for only 3.6 percent of the Center's funding, and its share of garage income (a major part of the concession percentage) is expected to be approximately $800,000 in fiscal year 1984. As do other cultural institutions, the Center depends on concession income as a major source of unassigned revenues for the financing of general operations and maintenance.

The Center's arts budget is generally in the black, due in significant part to the control of administrative expenses (from 1978–83 these expenses lagged the general inflation rate by an annual average of 4.2 percent) and concerted efforts to maximize private contributions—totaling $60 million since the center's birth. Past Congressional testimony by cultural center officials from other cities has affirmed that the Center has been aggressive in seeking private support for its arts programs.

NEED FOR RESOLUTION OF CENTER'S FINANCIAL PROBLEM

Only the Congress can resolve this longstanding obligation. The Center has no prospects of paying the deferred interest of $29.4 million, and for the Treasury to declare the Center in default would be totally inconsistent with the Center's unique status as a national "living" memorial to a slain President and a vital national cultural center for the arts.

While there is adequate precedent for waiver of both deferred interest and bond principal (St. Lawrence Seaway and RFK Stadium), the Center has agreed that it could meet an annual amortization schedule for prepayment of the bond principal of $20.4 million—provided the amortization payments were paid into a fund and the fund's investment income were added to the corpus.

PROPOSED LEGISLATION

The proposal would (1) authorize the waiver of all accrued and future interest on the revenue bonds and (2) establish a sinking fund for repayment of the bond principal over a thirty-year period. Fixed annual payments of $200,000 would be made to the fund by the Center, and the Secretary of the Treasury would invest the balance in public debt securities with maturities comparable to those of the revenue bonds. Adjustments of plus/minus 5 percent could be made in the annual payments—giving effect to fluctuations in interest rates—to assure that on December 31, 2016 the fund balance would be sufficient to begin retiring the bonds maturing during the succeeding three years. The proposed legislation also provides for a memorandum of understanding between the Center and the Treasury for ef-

fecting a final settlement of the indebtedness should the fund balance not exactly match the remaining obligation on December 31, 2019. Payments into the fund would begin on January 1, 1987, when the current loan obligation secured by garage revenues is scheduled to be repaid.

COST-SHARING FORMULA

Another element of the proposal, albeit one not requiring legislation, involves the formula under which the Center and the Interior Department (National Park Service) share the operation and maintenance costs of memorial areas of the Kennedy Center structure. Under a 1971 agreement, the Center pays 23.8 percent of these costs—representing overhead costs associated with use of the building as a performing arts center; the Park Service pays the balance—those costs attributable to the Center's use as a national memorial. The Center also is wholly responsible for maintenance of its five theaters and office and backstage areas, costs that have risen sharply as the building has aged. Accordingly, the proposal would not change the current division of overhead costs.

AMENDMENTS TO THE KENNEDY CENTER ACT TO EFFECT AGREEMENTS ON FINANCIAL RELATIONSHIPS BETWEEN THE KENNEDY CENTER AND THE DEPARTMENT OF THE TREASURY

SECTION 1. (a)(1) Section 9 of the Kennedy Center Act (20 U.S.C. 760) is amended by inserting "(a)" immediately after "Sec. 9.", and by striking out the third, fourth, and seventh sentences thereof.

(2) Such section is further amended by adding at the end thereof the following new subsections:

"(b) Effective as of the date of enactment of this subsection the obligations of the Board incurred under subsection (a) of this section shall bear no interest, and the requirement of the Board to pay the unpaid interest which has accrued on such obligations is terminated.

"(c) There is hereby established in the Treasury of the United States a sinking fund, the Kennedy Center Revenue Bond Sinking fund (hereinafter referred to as the "Fund"), which shall be used to retire the obligations of the Board incurred under subsection (a) of this section upon the respective maturities of such obligations. The Board shall pay into the Fund, beginning on January 1, 1987 and ending on January 1, 2016, the annual sum of $200,000 in amoritzation of the principal amount of the obigations. Such sums shall be invested by the Secretary of the Treasury in public debt securities with maturities suitable for the needs of the Fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. The interest on such investments shall be credited to and form a part of the Fund. Monies in the Fund shall be used exclusively to retire the obligations of the Board incurred under subsection (a) of this section. Adjustments of not greater than plus or minus five percent may be made from time to time in the annual payments to the Fund in order to correct any gains or deficiencies as a result of fluctuations in interest rates over the life of the investments. *Provided, however:* that a final adjustment shall be made between the Board and the Secretary of the Treasury at the end of the amortization period to correct any overall gain or deficiency in the Fund. The terms of this adjustment shall be covered by a memorandum of understanding between the Board and the Secretary of the Treasury to be consummated on or before the time the initial payment into the Fund is made."

Mr. Speaker, the John F. Kennedy Center for the Performing Arts was authorized by an act of Congress in 1958 as the national cultural center. When the center was renamed as a living memorial to the late President Kennedy in 1964, Congress appropriated $23 million in construction funds that had to be matched by private contributions, and also authorized borrowing authority that would ultimately amount to $20.4 million. The board of trustees of the center far exceeded the Federal matching requirement and raised $34.5 million from the private sector to complete construction.

Completed in 1971 at a cost of $77 million, the center's replacement cost was recently estimated at $250 million. The Kennedy Center building is owned by the Federal Government, yet the obligation for payment of the bonds rests with the center's board, a group of citizens appointed by the President of the United States and ex-officio representatives of the executive and legislative branches of Government. Periodic audits, conducted by the General Accounting Office and reported to Congress, have underscored the fact that the center is operating efficiently with a minimum overhead, and that "reallocation of revenues to pay its construction debt could adversely affect the center's ability to carry out mandated programing and public service activities" (GAO report, dated April 24, 1980.)

It must be remembered that it was not originally envisioned in 1958 that the center would serve a dual function as both a national memorial and performing arts center. The building, open from early morning to late at night, receives millions of visitors, rather that being limited in function to patron use of the building's theaters in a very restricted time frame. The latter is the case for most other performing arts centers in this country, such as Lincoln Center and the Los Angeles Music Center. The center has been able to achieve the goal set forth by the Congress to allow the building to be a living memorial to the late President John F. Kennedy, as well as a performing arts center.

The John F. Kennedy Center for the Performing Arts is administered as a self-supporting performing arts organization under the direction of a board of trustees, the citizen members of which are appointed by the President of the United States. Affiliates of the Kennedy Center that are presenting programing in its theaters include the National Symphony Orchestra, the Washington Opera, the American Film Institute, and the Washington Performing Arts Society.

The John F. Kennedy Center for the Performing Arts, which celebrated its 10th anniversary in September 1981, reaches far beyond Washington, D.C. to enrich the lives of millions of Americans. The center operates under a congressional mandate to present artistic programing of the highest quality, to serve as a national focus for the performing arts in America, and to reach the broadest possible audience through its activities. The center has become a national catalyst in creating an active partnership with the States to spur volunteer effort on behalf of the arts. Since the center receives no direct Federal appropriation to carry out performing arts programing, for the past 13 years, the Kennedy Center's board of trustees has raised private funds in steadily increasing amounts in order to sponsor and share nationwide the quality programing that has become the center's hallmark. The Kennedy Center raised more than $5 million in private funds this past year to achieve its goals pursuant to the congressional mandate to present quality programing and to further expand its commitment as a national leader in the performing arts.

The National Cultural Center Act of 1958 explicitly recognized that cultural enrichment is a vital part of our Nation's well being. Twenty-six years later, the John F. Kennedy Center stands in lively tribute to the vision of our Nation's leaders as a unique, American cultural institution.●

NETWORK PROJECTIONS OF PRIMARIES A NATIONAL PROBLEM

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. EDWARDS of California. Mr. Speaker, it has only been a short month since the three networks were publicly asked in front of the Telecommunications, Consumer Protection and Finance Subcommittee chaired by TIM WIRTH, to explain why they felt compelled to call a winner in Iowa before the voting had even started there. The hearings, held directly after the Iowa caucus problem, had as other witnesses the Democratic and Republican National Chairmen, concerned citizens and public interest groups. When asked, not one of the networks could offer a convincing reason for making projections or characterizing a race prior to the polls closing. When asked, not one of the networks could explain what public good is served by these early projections. The other witnesses, however, offered very convincing anecdotal testimony and scientific studies which demonstrated the detrimental effect that

network projections have on voter turnout. Both the Democratic and Republican National Party Chairmen agreed that the networks should voluntarily refrain from making early election-day projections.

One would think that after this very informative and conclusive hearing that the networks would have understood that there is no public demand for these projections and that as part of their civic responsibility they should refrain from making them. Voters have a very basic right to be allowed to vote before being told how they voted. All three networks said at the end of the hearing that it is not their practice to make projections in any State before the State's polls have closed. The networks all promised not to make projections until that time in the upcoming primaries and caucuses. All those concerned with increasing voter turnout looked forward to the next round of primaries and caucuses being decided by the voters, rather than the networks.

Unfortunately, this did not happen. On Super Tuesday, March 13, two of the networks made projections at 7 p.m. in States where the polls closed at 8 and 9 p.m.

Last Tuesday, April 3, as we all know, was the very important New York primary. Democratic and Republic Members of Congress and Senate in that State, wishing to insure a large voter turnout, wrote to the three networks requesting that they refrain voluntarily from making early projections or characterizing a winner before all the polls closed. They asked this also in the interest in maintaining the historical integrity of the electoral process.

The networks, it seems, chose to ignore their past promises of a month ago and the requests of this responsible group of New York public officials and opted instead to make projections prior to the closing of the polls at 9 p.m. The network projections started at 6:30 p.m. New York election officials stated that 50 percent of New York's vote would be cast between 5 and 9 p.m.

Following are the statements made by all three networks on April 3, 1984:

Tom Brokaw, NBC News, "It is a very big night for Walter Mondale, he appears to be winning a decisive margin."

John Chancellor, NBC News, "Mondale appears to be a strong first and the apparent victor."

Dan Rather, CBS News, "This may turn out to be a big night for Walter Mondale and Jesse Jackson."

Peter Jennings, ABC News, "It appears to be going well for Walter Mondale."

It seems from the April 5 New York Times editorial, "Democracy Enlarged; Also Polluted," that New Yorkers have just experienced firsthand what we on the west coast have experienced for years. That is, the networks deciding the outcome of the election before any of the polls have closed. The networks' use of their exit polls to make early election-day projections has intruded and interfered with our electoral process. Up until the most recent events in Iowa and now New York, network projections have been viewed primarily as a west coast problem. It is not a regional problem but rather a national problem which requires national attention for a solution.

It is with this in mind that I urge all of my colleagues to join me in calling upon the networks to refrain voluntarily from publishing, announcing, or characterizing projected election results before all caucus voting has concluded or all polls have closed in any particular State and to call on them to refrain voluntarily from publishing, announcing, or characterizing projected results in a Presidential general election before all polls have closed throughout the United States. It is incumbent upon all Members of Congress, East and West, Democrat and Republican, to act now to pass a resolution on this issue and protect the voting rights of all Americans.●

A TRIBUTE TO PHIL BURTON

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LEHMAN of California. Mr. Speaker, 1 year ago this House lost a great leader, and I lost a great friend. It is appropriate on the anniversary of his death that we remember the largeness of this man and the rightness of his principles. We are not prepared to lose this fighter for ordinary people, this protector of our national heritage. But we did.

On this occasion, I believe Phil would prefer his tributes to take the form of action, not rhetoric. Phil would be happiest with our work if we were to succeed in enacting a strong California wilderness bill. I urge my colleagues in the Senate not to let this opportunity pass to do right by Phil, by the Nation, and by ourselves.

Finally, to Phil's wife SALA, I wish to extend my deepest sympathy on this sad day.●

MX PEACEKEEPER

HON. BARBARA BOXER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mrs. BOXER. Mr. Speaker, I submit an article from the Christian Science Monitor regarding the "MX Peacekeeper":

"MX PEACEKEEPER" FINDS LITTLE PEACE IN RESTIVE CONGRESS

(By Brad Knickerbocker)

WASHINGTON.—The fourth test shot of the MX missile was held the other day, a successful and routine launch that caused little stir. But recent developments suggest that the controversial strategic nuclear weapon remains a likely target for congressional budget cutters.

Money for missile production barely squeaks through Congress last year, with lukewarm supporters tying their votes to the promise of arms control. Superpower efforts at Geneva have languished since then, leading a number of those half-hearted backers to waver. Even conservatives on Capitol Hill say that they may not be averse to cutting in half the administration's request for 40 missiles in the coming fiscal year.

Beyond Washington, the MX is being reignited as an important political issue. All three Democratic presidential candidates oppose the missile. Whoever carries the party flag into November is sure to score the administration for continuing the nuclear arms race.

Common Cause is redoubling its effort against the MX, and the so-called "citizens lobby" is expected to be especially active this presidential election year.

Wyoming Gov. Ed Herschler (D), who earlier favored basing the MX in his state, recently joined Nebraska Gov. Bob Kerrey (D) in asking the Reagan administration to delay MX deployment. They cited continuing concerns about environmental impact, federal deficit, and the possibility that an arms control agreement could be reached.

"I think the MX is in danger again," said Rep. Jim Courter (R) of New Jersey, a member of the House Armed Services Committee. Representative Courter raises questions about deploying the large, highly accurate 10-warhead missile in existing Minuteman missile silos. Critics say placing such a threatening weapon in vulnerable silos is destabilizing because it increases the likehood of a preemptive enemy attack.

Last year's narrow margin for the MX in the House of Representatives (just nine votes out of 425 cast), "wasn't a commitment for the missile," says Courter, "it was a commitment for that year's package with arms control."

There is also a growing sense, as the young New Jersey Republican says, "that we have to reexamine entirely the strategic doctrine that we have of 'mutual assured destruction.'"

The first of 100 "Peacekeeper" missiles, as President Reagan named them, are scheduled to be deployed in 1986. A recent congressional investigation reportedly warns that this might come before full testing or silo preparation had been completed.

Those urging cuts in the Pentagon's MX request for the coming year also point to Congressional Budget Office findings on the missile's cost.

The CBO reported that approving 21 missiles this year instead of 40 (in other words, the same number as last year) would save $4.4 billion through 1989, assuming there was eventually some progress on arms control.

Terminating the MX program entirely, CBO analysts found, would save $14 billion.

Such a move also would be consistent with the philosophy underlying the administration's strategic-arms reduction proposal, the CBO suggested, particularly the idea that

single-warhead missiles that are small and mobile are more stabilizing than large ICBMs in fixed silos.

In recent weeks, there also has been increasing criticism of the President's ballistic missile defense initiative as outlined a year ago in his controversial "Star Wars" speech. In its recent final report, the President's Commission on Strategic Forces (the Scowcroft commission) urged "extreme caution" in proceeding with a missile defense system that could undercut the Anti-Ballistic Missile Treaty of 1972.

The MX is seen by many as a new generation in multiwarhead missiles that could be used as part of a first strike. In combination with a defense system designed to render an opponent's warheads "impotent and obsolete" it is argued, the MX could be seen as even more threatening and therefore likely to increase superpower confrontation.●

VOLUNTARY SCHOOL PRAYER AMENDMENT

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. McEWEN. Mr. Speaker, I rise today to express my strong support for the voluntary school prayer amendment. If Congress is to act responsibly, it cannot ignore that 81 percent of the American people favor voluntary prayer in our schools.

This national mood gives us hope that we have not completely strayed from our heritage. Alexis de Tocqueville observed 150 years ago that America's religious faith was essential to her repubilican institutions. The people of this great country have not forgotten that truth. The natural rights described in the Declaration of Independence came from God, not men or governments. The freedom to protect and exercise those natural rights assumed a constant religious responsibility. Prayer is an exercise of religious faith that fosters the national spirit.

Voluntary prayer strikes that delicate balance of the first amendment. Government does not have the right to impose a particular religious view. Government does have the duty to preserve an environment in which children and adults can exercise their religious rights.

We are at a crossroads. Is the West exhausted, as Alexander Solzhenitsyn suggests? Have we lost our civil courage? Have we become a despiritualized, irreligious, humanistic society that has lost touch with our common values? I believe we have not. The people of this Nation demonstrate a common religious spirit. Congress must act to insure that all Americans have the right to pray in public as well as private institutions. By supporting the voluntary school prayer amendment, we can insure that the American Government does not actively bar access to spiritual revitilization for all people.●

THE GOOD HUMAN RELATIONS AWARD

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, it is my pleasure to include in the official RECORD of the U.S. Congress, this statement honoring two citizens who will soon be cited for work in helping their fellow human beings.

April 26 is the date for the 21st annual presentation of the Good Human Relations Award by the Carnegians International, Johnstown Chapter.

Being honored this year are:

Mr. Joseph R. Casale—I have known and worked with Joe Casale for many years. He is receiving the Community Award for his efforts on behalf of working people in our area. Joe began working with the Bureau of Employment Security back in 1937 and was recently honored at a managers' meeting in Harrisburg as the outstanding senior manager in the State. Joe says quite revealingly that his greatest career satisfaction is being able to find jobs for citizens who are unemployed. Joe also has given his time and efforts repeatedly to the community through his work on the Cambria County Industrial Development Authority, the county transit authority, the vo-tech school, and numerous other groups involved in community improvement. Joe Casale rightly deserves this community honor.

Ms. Marie Sansone—Ms. Sansone is receiving the Inside Award and her activities exemplify my feeling that the greatest strength of our great Nation rests with the individual commitment and dedication of citizens like Ms. Sansone. She has regularly devoted hours or her time to visit the ill through the Legion of Mary and Cursio. She is a member of the Catholic Daughters of America, and has exemplified in her life the religious principles outlined by her affiliation with the Catholic Church in Johnstown and Indiana. There are literally thousands of lives that are more humanly rich, enjoyable, and productive because of the work of Ms. Sansone. There is no higher calling for individuals and the work by Ms. Sansone exemplifies the outstanding good that can be done by an individual.

My congratulations to both these worthy recipients. It is my pleasure to honor them in the CONGRESSIONAL RECORD.●

URGE SUPPORT FOR H.R. 7 TO INSURE PROPER NUTRITION FOR AMERICAN CHILDREN

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BOUCHER. Mr. Speaker, today, we have an opportunity to reaffirm our solid commitment to the importance of school lunch and child nutrition programs for the health and education of our children. As a cosponsor of this measure and as a member of the Education and Labor Committee, I rise to urge my colleagues to join with me in supporting H.R. 7, the National School Lunch and Child Nutrition Amendments of 1984.

Recent studies by the U.S. Department of Agriculture document the very positive effect of nutrition programs on participating schoolchildren. Moreover, there is an important correlation between the nutrition habits of a child and the child's ability to participate successfully in school.

Yet, in 1981, at the request of this administration, Federal support for child nutrition programs was slashed by more than one-third. This action reduced the Federal reimbursement for school lunches, raised the price charged to children, and tighted eligibility requirements. As a result, the door to these school nutrition programs was effectively closed for 3.5 million children who previously qualified for reduced price lunch or breakfast programs. In Virginia, participation in school nutrition programs dropped almost 16 percent because of the reduction in funding.

The school lunch and breakfast programs have a record of proven effectiveness. Last fall, the Education and Labor Committee held a series of hearings in my district in southwest Virginia. Students, parents, teachers, and school administrators all shared with the committee their views of the value of school lunch and breakfast programs to the children of southwest Virginia and the severe impact of budget cuts on their ability to serve these children.

Last year, both Houses of Congress approved a budget resolution which recognized the need to strengthen Federal support for child nutrition programs. In addition, an overwhelming majority of my colleagues in this Chamber approved legislation to restore a portion of the funding cut 3 years ago. Unfortunately, the other body has refused to consider any measure to restore support for child nutrition.

The provisions of the House-passed child nutrition bill are included in the measure we are considering today, H.R. 7, and I hope that passage once

again of the restoration of Federal support to child nutrition programs will serve as a signal to the other body of the urgency of these measures.

H.R. 7 also extends the authorizations for five other effective child nutrition programs: the special supplemental food program for women, children and infants (WIC), the child care food program, the State administrative expenses program, the commodity distribution program and the nutrition education and training program.

The WIC program has earned the support of a broad, bipartisan coalition of my colleagues through its efficiency and cost-effectiveness. By providing food assistance to low-income pregnant women, infants, and young children who are nutritionally at risk, this program has successfully reduced infant mortality and has improved the health of many young children from low-income families. Moreover, the WIC program saves an estimated $3 for every $1 invested by the Federal Government.

As the number of women and children needing assistance increases, Federal support has been reduced. Currently, the WIC program serves only 30 percent of those eligible for assistance. H.R. 7 provides for a modest increase in funding for WIC to permit an additional 150,000 individuals to be served by this program.

The school lunch and breakfast programs, the child care food program, the summer feeding program, and other child nutrition programs are important for our children, both nutritionally and educationally. Programs such as the nutrition, education and training program and the State administrative expenses program complement these nutrition programs by providing the resources and training necessary to educate our children regarding the importance of proper nutrition. H.R. 7 insures that we continue our commitment to these programs.

I would like to remind my colleagues that the first concurrent resolution on the Budget recently approved by this Chamber assumes full funding of the provisions of this measure. I, therefore, urge my colleagues to join with me in supporting H.R. 7 to insure the proper nutrition of American children.●

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DONNELLY. Mr. Speaker, I am delighted that the House has passed S. 38, the Longshoremen's and Harbor Workers Compensation Amendments of 1983, as reported by the Committee on Education and Labor. Key provisions of S. 38 eliminate procedural barriers to compensation under the Longshore Act for victims of longlatency occupational diseases such as asbestosis. A National Cancer Institute study has demonstrated conclusively that shipyard workers who are exposed to asbestos, widely used for the covering of pipes for many years, are at great risk of developing respiratory cancer, asbestosis in particular. Not only do these workers suffer the agony of a debilitating and often fatal disease, they have had to try to obtain disability compensation under a law particularly ill-suited to claims based on a long-latency occupational disease such as asbestosis. The result has been delayed compensation awards, protracted litigation, and unfair decisions barring compensation for deserving claimants.

S. 38 will eliminate procedural barriers to asbestosis claimants and thereby achieve the goals of H.R. 2106, legislation I introduced to correct these problems. Previously, a claimant under the Longshore Act was required to give notice of injury for which he sought compensation within 30 days of sustaining the injury. Asbestosis has a latency period of up to 15 years. Thus, the period of time between the injury, when a worker contacts asbestosis, and the arising of the claim, when asbestosis is diagnosed, may be so long as to make the 30-day period meaningless. Under S. 38, if a claim under the Longshore Act is based on a long-latency occupational disease such as asbestosis, the notice of injury requirement is eliminated.

S. 38 addresses the equally difficult barrier the statute of limitations presents to occupational disease claimants. The Longshore Act requires that a claim be filed within 1 year after the date of injury. It is most unfair to apply this statute of limitations standard to asbestosis claims, because asbestosis is a long-latency disease which may display no symptoms for years after exposure, or injury. Many asbestosis claimants have been denied recovery because the statute of limitations had run before the disease was even diagnosed. S. 38 tolls the running of the 1-year statute of limitations in the Longshore Act for individuals whose claims may be based on a long-latency occupational disease until those individuals are actually partially or totally disabled.

Passage of this legislation makes the compensation system for asbestosis victims a more rational, humane, and beneficial system. The House has today performed a major service for asbestosis victims and their families.●

HONORING REV. FLOYD H. FLAKE

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ADDABBO. Mr. Speaker, I would like to bring to the attention of my colleagues in the House, the accomplishments of Rev. Floyd H. Flake, pastor of the Allen AME Church in Jamaica, NY. Reverend Flake was recently honored by the Greater New York Chapter of the Wilberforce University Alumni Association for his outstanding service to his church and community.

Over the past several years, I have had considerable contact with Reverend Flake. Always he has expressed a supreme need to help people. He has distinguished himself as a leader in the community and worked toward goals that will enhance our city. Reverend Flake was instrumental in bringing about the construction of a senior citizen's housing complex, and the development of a needed recreation and educational center in Jamaica. These structures provide services to all of our citizens. They stabilize neighborhoods and strengthen our community by bringing people together.

Reverend Flake is a great spiritual leader to his congregation. Since assuming the pastorate at the Allen Church his congregation has grown from 1,400 to 3,000 members. It has grown because Reverend Flake is a sympathetic and understanding pastor that touches each and every member in a special way. It has grown because Reverend Flake is committed to educating young people. The Allen Christian School which he started now has over 400 students who attend. It has grown because Reverend Flake has looked for ways to have his congregation sponsor new programs such as juvenile justice and delinquency programs where Federal funds are available to help young people and insure that they will not be the perpetrators of serious crimes.

His dedication to helping people has won him countless awards and honors including: Who's Who Among American Blacks, Alfred Sloan fellowship for studies in business administration, Northeastern University, the Danforth fellowship for liberal arts studies, Colorado College, the Richard Allen fellowship for studies in theology, Payne Seminary, and the Gilbert H. Jones scholarship for being the outstanding student in philosophy at Wilberforce University.

Perhaps the greatest testimony of Reverend Flake's achievements is that people always seek his council. His congregation and the community look to him for advice and encouragement,

and college campuses throughout America constantly request his presence for speaking engagements. This is because Reverend Flake's spiritual and community leadership inspire a commitment to the future, and as the Member of Congress representating Reverend Flake's constituency I am happy to offer my congratulations and share my enthusiasm in honoring this man's work.●

ISLAMIC CENTER

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Ms. KAPTUR. Mr. Speaker, recently, I had the great pleasure of visiting the newest addition to my district's cultural, social, and religious community. The Islamic Center, which officially opened its doors on October 22, 1983 is the culmination of many years of dedication and commitment. It began as the dream of a small group of Muslims who migrated to the Toledo area 75 years ago. This beautiful and spacious white brick mosque not only draws together Muslims for worship, but also offers non-Muslims the opportunity to explore and appreciate a different religion and culture. It insures that Muslim traditions will be carried on for years to come.

The people of Ohio's Ninth District are far richer because of the efforts of those who built the Islamic Center. I am proud to be a member of a community that includes people who believe strongly enough in their heritage to create a religious center to share with other communities around the country. I know my colleagues in the House of Representatives join me in congratulating those responsible for the Islamic Center.●

GROWING U.S. VULNERABILITY IN STRATEGIC MINERALS

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BEDELL. Mr. Speaker, I want to commend the members of the House Banking Committee for reaching an accommodation with the other body on the extension and authorization of the Defense Production Act. I support the conference report on this vitally needed legislation.

During the last few sessions, the Congress conducted extensive hearings regarding the Nation's strategic minerals vulnerability. The burden of the findings was that the United States faces a substantial security risk unless we take steps immediately to foster domestic production of cobalt, chromium, and other specialized metals which we now obtain almost wholly from unreliable foreign sources.

Our dependency for chromium, columbium, platinum, and manganese is between 90 and 100 percent. The concentration of these mineral resources is in a much smaller number of countries than is foreign oil production.

To continue to rely exclusively upon such sources for virtually all of our supply of these materials which are essential to the production of high performance military and civilian aircraft and for cirtical industrial equipment is to follow an unacceptably risky path. This legislation will enable the United States to move away from such reliance.

These conclusions were drawn from the testimony of a wide range of experts who might otherwise disagree on defense policies, but who uniformly agree that action is required to reverse the growing U.S. vulnerability in strategic materials. They concurred that the United States faces a substantial risk unless we take immediate steps to promote domestic production of a number of specialized metals now almost exclusively imported.

These findings confirm the view of President Reagan, Defense Secretary Weinberger, Interior Secretary Clark, and other leading governmental officials regarding our strategic minerals posture. The administration has proposed, as a first step, a modest program to test the U.S. capacity to develop domestically these mineral sources so that the Nation will be in a "readiness" posture in the event of another interruption of foreign supplies.

Under title III of the Defense Production Act, the administration has proposed, at a cost of less than $10 million, that competing "pilot plants" be constructed to evaluate the quality of domestically produced cobalt. Currently, not a single pound of this critical mineral is produced within our borders. Yet, without it, our capacity to produce jet engines collapses. DOD will require that all environmental laws and regulations be met by applicants for the contracts. This legislation will allow the proposal to go forward.

One of the important jobs the Defense Department has under the authority of the Defense Production Act is to protect our defense industrial base against a potential cutoff of strategic minerals. DOD has expressed particular concern that future turmoil in Southern Africa and other areas could result in a paralyzing supply disruption.

It is difficult for me to understand why anyone who really cares about national security would oppose some modest pilot work on domestic cobalt when our entire military jet engine fleet is dependent upon this metal. I would remind my colleagues that this legislation would not result in any major undertaking by the Federal Government. It seems to me that a pilot program of the kind suggested by DOD makes good sense and it provides the Nation with an invaluable insurance policy.

Those of us who have supported the Defense Department in this difficult legislative effort will be looking to the Department for immediate action on the strategic minerals front, starting with a pilot cobalt program. The development of such a program is clearly warranted by the facts and will send a strong signal that DOD is prepared to act responsibly to secure the defense industrial base of this country.

This small but important program, and several others like it, have been placed on hold pending resolution of this legislation which must be passed now.●

A CONGRESSIONAL SALUTE TO AMY "SUNSHINE" CROFT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, this Saturday, April 14, the many friends of Amy Croft will gather at the Racquet Club in Palm Springs, Calif., to honor her for her countless contributions to the community.

Born in June of 1888 in Columbia, S.C., Amy and her family moved shortly thereafter to Long Beach, Calif. At the age of 16, she married John Croft and they were to have five children. Eventually, they moved to Palm Springs—long before it became the well known health resort and retirement community as we know it today. Today, Amy lives in the neighboring desert community of Rancho Mirage.

Mr. Speaker, Amy Croft or "Sunshine" as her father nicknamed her early in life, is one of those few people we are lucky to come across in life who truly fits into that category of being very special. And, although she is nearing that beautiful age of 100, she has yet to slow down and take a well deserved rest.

Among other things, she was active in the business community forging a career long before the term "women's lib" was coined. The ironic thing about this, and you must remember this was in the day when women were expected to stay in the home, is that Amy was not on a soapbox leading the fight for women's suffrage. She simply was out making a living, and if the men did not like it, that was just too bad.

Because her grandfather was a U.S. Senator from Kentucky and later served in the California State Legislature, I suppose it was only natural

that Amy became involved with politics and civic affairs. She has been quite active in the Democratic Central Committee for many years and has held elected positions within the party's organization. Also she has served as director of the Rancho Mirage Chamber of Commerce where she fought for needed bridges and roads in order to help make the area a better and safer place to live and work.

In sum, Mr. Speaker, Amy Croft is an individual who has helped make this country what it is. She has, time and time again, gladly devoted her services to any good cause, and we are the better for it.

My wife, Lee, joins me in congratulating Amy Croft on all her accomplishments throughout the years and we know that she will continue to be successful in all her future endeavors.●

THE SIEGE OF FORT DERUSSY

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HEFTEL of Hawaii. Mr. Speaker, Joshua Muss, executive director of the Federal Property Review Board, says that the White House has not given up on its plans to sell Fort DeRussy, regardless of whether the Property Review Board ceases to exist. I would like to share with my colleagues the context in which his statement was made by inserting into the RECORD an article entitled "The Siege of Fort DeRussy," which appears in the April 1984 edition of the Honolulu magazine.

It is clear from this article that the sale of Fort DeRussy continues to be an issue and a threat to the State of Hawaii, regardless of recent claims by the Department of Defense that this property will never be sold. It was only 2 years ago that a provision was almost approved by Congress that would have allowed the President to sell surplus military property without congressional consent. This language was adopted by the Senate shortly after Secretary of Defense Weinberger wrote to Senator PERCY and advised him that the Department of Defense "is prepared to make the open land at Fort DeRussy available for sale."

Until we permanently protect this national resource, as we would under my Kamehameha the Great National Monument proposal, we should not be lulled into complacency by believing that the administration has no intention to dispose of the property.

THE SIEGE OF FORT DERUSSY

(By Brian Nicol)

Gen. Rene Edward DeRussy never saw the 72-acre military reservation that today bears his name. In fact, this veteran of two wars, the War of 1812 and the Civil War, never set foot in the islands. His long military career spanned five decades and included a stint as superintendent of West Point. But Rene DeRussy was as much an engineer as a soldier. He specialized in the design of defensive fortifications. He knew the best methods and the best machines to withstand an assault. According to Army fact sheets, he invented the "barbette depressing gun carriage for coast artillery." For most of his active duty years he supervised construction of river and harbor installations up and down the East Coast and ended his career as commander of San Francisco harbor defenses. He died in 1865. He was 75.

The fort named for him 44 years later has never faced enemy attack.[1] It has never required the engineering genius of a Gen. DeRussy to protect it from onslaught. Yet Fort DeRussy has been the target of another kind of attack, a tug of war for control of this prime piece of real estate. The battle for DeRussy has ebbed and flowed for decades but recently reached a peak with the Reagan administration's serious threat to sell a large chunk of the property. In the wake of this initiative, the same questions are being asked all over again: Should the federal government, the State, the city or private enterprise own the land? Should it be developed or remain open? The answers are elusive. Fort DeRussy is under siege.

BROKEN WINDOWS AND SHATTERED PLANS

The United States Army began purchasing the fish ponds and duck marshes in 1904 and, as funds became available, dredged and filled in the land. By 1908 the Kalia Military Reservation covered 60 acres; in 1919, after the 12th and last parcel of land was acquired, the reservation was 71.85 acres. Total cost: $20¹,506.20.

The first troops—Company A and Headquarters Company of the 1st Engineering Battalion—arrived in November 1908. Three months later, in January 1909, the post was renamed Fort DeRussy in honor of the late general. By 1911 the fort consisted of a guardhouse, post exchange, bakery, service buildings and an eight-bed hospital. In those days Fort DeRussy was as tranquil as the Waikiki area around it. Then the big guns came.

It took two years to build Battery Randolph. Its reinforced concrete walls were poured 14 feet thick; the concrete pedestals for the guns, 22 feet thick. No barrage could possibly destroy it. On its roof were two giant 14-inch "disappearing guns," the lethal monsters that would protect Oahu's south coast. When the guns fired (range 14 miles), the recoil action forced them down behind the battery walls so that in effect they disappeared. In fact, the whole battery was nearly invisible. An earth berm thick with plants and trees sloped from the top of the structure to the ocean. From the sea, Battery Randolph looked like merely a green hill. Skillful designs painted by Juliette May Fraser on the battery's top and mauka side made the roof look like a beach pavilion and garden. A smaller emplacement, Battery Dudley, was built nearby. For a time, the batteries' artillery commander was an Army colonel named Rene Edward de Russy, the grandson of the general. (The generations after the general spelled the name with a small "d.")

[1] More than a century before the existence of Fort DeRussy, however, the beach at Waikiki was the scene of a significant military operation. More about that later.

Battery Randolph was ready when the Great War engulfed the world, but the fighting never came to Oahu. Those two giant guns were never fired in anger. But they were fired in practice. For a week before the very first test, in November 1914, newspapers warned Waikiki residents to prepare for the noise of the firing. The warnings were not exaggerated. When the guns boomed on the morning of Nov. 25, the concussions shattered hundreds of windows and flattened a nearby house. For days afterward, residents complained of military insensitivity and unnecessary, dangerous testing. To the military, the tests were necessary. Practice firings were conducted twice a year up until the mid-1920s and then about once a year into the 1930s. After each practice the neighbors would complain again, but eventually the dust would settle and Waikiki and Fort DeRussy would return to their customary calm.

Of course, when Oahu was attacked—from the air, 27 years after that first practice firing—Battery Randolph and its 14-inch guns pointing toward the sea were irrelevant. By the summer of 1942 Fort DeRussy had been converted from a sleepy military outpost to a busy Army recreation center. Servicemen were flooding the Islands and DeRussy had found its destiny: a place for warriors to forget war.

But as the fighting in the Pacific began to wind down, Island businessmen and politicians envisioned other uses for DeRussy's 72 acres. Waikiki was becoming a thriving resort area in need of expansion and the Army no longer seemed to require so much space in such a key location. In 1946 the Honolulu city supervisors officially asked Delegate to Congress Joseph Farrington and Gov. Ingram Stainback to pressure the federal government to transfer DeRussy to the city. George Houghtailing, the city's planning engineer, unveiled a proposal for hotel and apartment development on the DeRussy land between Kalakaua Avenue and Kalia Road, with the acres makai of Kalia to be a public beach and recreation area. Gov. Stainback increased the pressure by revealing that the Army had "informally agreed" in 1942 to give up DeRussy after the war in exchange for Sand Island, which the Army had taken over shortly after the outbreak of hostilities.

In 1946, however, the Army resisted any transfer of DeRussy land. Using arguments that would change little over the next 20 years, Lt. Gen. J. E. Hull, commander of the mid-Pacific area, said that even though DeRussy was no longer of tactical value, it was essential as an Army housing and recreation area.

Island businessmen weren't listening. On Dec. 24 that same year, the front page of the Honolulu Star-Bulletin sported a huge headline: Big Beach Hotel Proposed at Fort DeRussy. Edward Bolles, real estate broker and member of the city planning commission, touted plans for "a new million dollar hotel" on the beach at DeRussy. All that was needed was a simple land transfer and the much needed development of DeRussy could proceed. Simple, but no cigar, Gen. Hull and the Army resisted. Nothing changed.

In the early 1950s the city wanted a strip of DeRussy land along Saratoga Road to use as a parking lot. The Army wasn't putting that strip to "essential use." In fact, the land in question was part of a 3½-acre driving range for Army golfers. Lt. Gen. Bruce Clark, commander of the U.S. Army Pacific, said no to the city's request. The

military had strategic plans for that section, said Clark. It would make an ideal location for an anti-aircraft battery, or perhaps even a Nike guided missile launch pad. National defense concerns certainly outweighed city parking problems.

Henry J. Kaiser, whose Waikiki land holdings (20 acres) were second in size only to the Army's, wanted to build an auditorium and a 1,000-car parking lot on the mauka section of DeRussy. His request also got nowhere but the idea of a "much needed auditorium" on DeRussy land has been popping up ever since.

The Army's 1950s arguments for keeping DeRussy—all of it—gradually became more formal and documented. First of all, said the Army, the fort was headquarters for 11 reserve units, including the 442nd Infantry. Secondly, the fort provided housing and other facilities for permanent and transient Army personnel. And most important, the fort was the top recreation spot on Oahu for members of the armed forces and their families.

And if anyone wanted to argue the value of a top recreation spot, the Army proudly pulled out some statistics: The re-enlistment record of military personnel on Oahu was 200 percent higher than the overall Army record; the venereal disease per capita rate for Oahu servicemen was the lowest in the Army; similarly, the AWOL rate and courts-martial rate were far below Army averages. All that, concluded the Army, was true primarily because of the existence and quality of DeRussy's recreational facilities.

The military's arguments convinced few of its critics. In 1957 the Territorial Legislature passed a joint resolution signed by Gov. Samuel King asking the federal government to lease or sell DeRussy for tourist use. The resolution pointed out that Waikiki "is hopelessly divided into two segments by the interposition of underdeveloped Fort DeRussy lands."

Hotelier Roy Kelley, then owner of the Reef, Edgewater, Islander and Waikiki Surf, expressed DeRussy's potential in dollars-and-cents terms: "If you had a deed on the DeRussy parade field alone, I'd have to write you a check for $10 a square foot." For the beachfront land, Kelley said he'd pay $20 a square foot, "no questions asked." Today that parade field land may be worth $100 a square foot and the beachfront twice as much.

By the end of the 1950s, the military's position was softening. In early 1959, on the eve of statehood, the Army finally seemed ready to talk turkey.

THE GOVERNOR AND THE GENERAL STRIKE A DEAL

William Quinn, Territorial governor of Hawaii, and Gen., I. D. White, Army commander in the Pacific, spent 10 months working out the details. Their "memorandum of understanding," dated 16 Feb. '59, stated that the Army would give up an L-shaped, 20-acre section of Fort DeRussy abutting Kalakaua Avenue and Ala Moana Boulevard. The Territory would sell the land and use most of the proceeds to finance improvements the Army needed on the remainder of its DeRussy acreage. Among those improvements: construction of an eight-story transient facility; construction of a service club, a chapel, a theatre and an administration building; road improvements and beach restoration.

The land-for-facilities deal, signed by the governor and the general, faced two significant hurdles. It would have to be approved by the Territorial Legislature and by the U.S. Congress. It never got past the Legislature.

At the Iolani Palace capitol, the memorandum of understanding took the form of Senate Joint Resolution 44. Both The Honolulu Advertiser and the Honolulu Star-Bulletin came out in favor of SJR 44. Quinn, of course, lobbied hard for its passage. "A bird in the hand is worth two in the bush," he said then. The Army's decades-old grip on DeRussy could finally be loosened. Today Quinn recalls: "We were trying to get a handle on the development of Waikiki. The 20 acres would be part hotel sites and part open space."

State Sen. Frank Fasi answered Quinn's bird-in-the-hand maxim with one of his own: "The governor would be satisfied with crumbs and I'd like the whole loaf." As chairman of the Senate Public Lands Committee, Fasi held the resolution's fate in his hands. If it didn't get out of his committee it would get nowhere. Fasi felt Quinn's deal was the wrong one at the wrong time. Hawaii was about to become a state and as such would be in a stronger bargaining position after statehood. "I honestly feel that with two senators and a representative in Washington, we'll get that beach land back in the very first term," said Fasi. Hawaii the Territory might be able to grab a few crumbs, but Hawaii the state could get the whole loaf.

Frank Fasi wanted to be one of those two senators in Washington and Bill Quinn wanted to be the first state governor in Hawaii. Each claimed the other was playing politics with the DeRussy deal. They debated in the papers and on TV.

Fasi killed the deal in his committee. DeRussy—the whole loaf—remained Army property.

For the first two decades of statehood, the Army continued to be a jealous, zealous landowner. Even in 1965 when another agency of the federal government, the Comptroller General, questioned the military's need for so much Waikiki property, the Army successfully resisted any change. By the late 1960s America's involvement in Vietnam had increased dramatically and so had activity at DeRussy. The fort served as an induction center and as the military's most popular R&R center.

In 1970 the Army finally opened the picnic area makai Kalia road to the public. At least now, part of DeRussy was accessible. At about the same time, Honolulu Mayor Frank Fasi suggested to the Army that DeRussy become a national memorial park, an open space dedicated to veterans of Pacific wars. The Army rejected the idea. By the mid-1970s, the Hale Koa hotel was built and operating and the formidable and virtually indestructible Battery Randolph had become the U.S. Army Museum. DeRussy's 72 acres remained federal property.

But the Waikiki boom years of the 1960s and '70s changed many attitudes about growth. Most politicians and businessmen, as well as the public, began to see DeRussy's open, green space as a relief from the concrete congestion that had taken over the area. Rather than an obstacle to continued development, DeRussy had become a needed counter to it.

Then in 1982 the fort made headlines again. The Reagan administration was ready, willing and anxious to sell DeRussy—at least the mauka section—in order to reduce the national debt. After decades of defending the status quo, the federal government was now making a move. After decades of pressing for some sort of a move, the local community was now insisting on the status quo. DeRussy had to be saved.

MR. MUSS COMES TO TOWN

Joshua Muss is not one to be pressured. The executive director of the Reagan administration's Federal Property Review Board arrived in Honolulu on May 18 last year and quickly went about his business: presenting the administration's plan for the disposition of Fort DeRussy. Muss was not softened by Island hospitality or lulled by Island trade winds. He was cordial but blunt. The administration planned to sell off the 45 acres of the mauka portion of Fort DeRussy and he would work hard and long to strike the best deal.

Since 1968, congressional approval has been necessary for such a transaction, but Muss warned that if the administration couldn't work out some sort of settlement with local officials, it would seek passage of a law to allow sale of the land to the highest bidder. Muss and his Federal Property Review Board were carrying out their simple charge: to identify surplus federally owned lands and arrange for their sale. The proceeds would be used to reduce the national debt. The DeRussy sale, even with current building height restrictions, could bring "hundreds of millions, certainly $200 million," said Muss.

The man from Washington emphasized that the 27-acre makai section would remain as is: ceded beach front land,[2] picnic area, the Army Museum and the Hale Koa hotel. He called the mauka section, with its military buildings and parking lots, "an eyesore." Current structures on mauka DeRussy include Army reserve headquarters, a chapel, MP station, motor pool and post headquarters. All are low-rise. And even though Muss appreciated the community's concern for keeping the area open space, he pointed out the administration's basic philosophy: "I don't know why it is an obligation of all the people in America to provide open space in Waikiki . . . if the people of Hawaii want to keep it [DeRussy's back 45 acres] open, I think they should pay for it."

Muss returned to Washington more convinced than ever that something be done about DeRussy. In the Islands, his visit sent shock waves into the political and business communities.

Within a couple of months, two of Halawmakers, Rep. Cec Heftel and Sen. Daniel Inouye, offered two very different solutions to the DeRussy dilemma. Heftel drafted a bill to make the fort a national memorial commemorating Kamehameha the Great and his 1795 invasion of Oahu. Kamehameha and a force of more than 10,000 warriors in 1,200 war canoes landed along the beachfront at Waikiki, marched and battled their way across the Makiki plain and up Nuuanu Valley and finally defeated Kalanikupule and his Oahu army at the historic Battle of Nuuanu. Hundreds of the defeated Oahu warriors plunged over the pali rather than face capture. It was Kamehameha's last battle, his last great victory. He had conquered all the Islands except Kauai, and after he took that island 15 years later through a negotiated settlement, he was undisputed monarch of a united kingdom.

The Heftel plan would be more than a fitting honor for the most famous Hawaiian: it would also be a way to save DeRussy from

[2] The beach itself, a 1.6-acre sliver of land running along the front of the property, is actually state land which has been ceded to the federal government for its use.

the Property Review Board. The fort would be transferred from the Defense Department to the Interior Department, where it would no longer be considered a surplus piece of real estate, highly valued yet underused. Its purpose would then be clear. And it would remain open space.

If the Heftel plan seemed somewhat of a flanking maneuver, the Inouye proposal was a direct frontal assualt. For about a month the senator negotiated with Muss and others in Washington to come up with a compromise. Under the administration's plan, announced by Inouye in early August, the White House would give the city half of the mauka section of DeRussy, and the other half would be sold for development of hotels and shops. The administration also expressed a willingness to accept some sort of building height restrictions on the sold half. The 27 makai acres, including the hotel, the museum and the beachfront, would be kept as is by the military. The city could use its newly acquired parcel for a convention center, park, school or any other public purpose. Inouye felt that under the circumstances this deal was Hawaii's best bet: "The importance of it lies in the fact that it calls for the property to be divided in two, and half given away. In effect, the government is offering the entire mauka section for half price. It's embarrassing to call what's there now a military reservation. It's the most valuable parking lot in the world."

Meanwhile, state and city officials scrambled to grab some of the initiative. Gov. George Ariyoshi and Mayor Eileen Anderson drafted a joint policy stating unequivocal opposition to the sale of any part of DeRussy. City Council Chairwoman Patsy Mink and Councilwoman Marilyn Bornhorst went to Washington on a fact-finding mission where they met with Joshua Muss and others. After their return, they and the rest of the council put out a similar policy statement: DeRussy should not be sold. The council felt the administration's compromise deal was the last-resort alternative, but if it did become reality, the city should be ready to buy the section of land offered for sale. The council called the Heftel national memorial idea "a viable and important alternative which should be considered."

Heftel agreed, of course, and pushed hard for his bill in Washington. The congressman lined up more than 250 co-sponsors and thus passage seems assured when the bill reaches the House floor, probably in June. Although Sen. Inouye will work for the Heftel plan in the Senate, he still feels the most important goal is to get ownership of the property into the hands of the state or the city. The Heftel plan would not do that, of course, State and city officials, their positions firm and their fingers crossed, are watching the action in Washington and mulling the administration's August offer.

Throughout all this, one prominent Waikiki businessman has been working on a somewhat different plan. For the past few months, Dr. Richard Kelley, president of the Outrigger hotels and son of Roy Kelley, who long ago pointed out DeRussy's potential, has been showing his slides to business and political groups. His vision of DeRussy's mauka parcel is not a new one but Kelley feels it is the right one: a convention center.

"We have to stem the tide of mediocrity in Waikiki," says Kelley. "DeRussy can be the linchpin of a plan to upgrade the area." Kelley hired an architect to come up with a possibility: a convention center and park combination that satisfies everybody's desire for open space and fills an economic need as well. In the last few years Waikiki has lost much of its prime market the upscale high-roller travelers and the group tour travelers. Today's Waikiki visitors are primarily F.I.T.'s (Free Independent Travelers), budget-conscious and on their own. "We now have to go after the convention market," says Kelley. "It's recession proof. Conventions are usually planned four to eight years in advance and often are write-offs for the conventioneer or are paid by the company."

Waikiki's hotel meeting rooms are unable to handle the large groups. In Honolulu, the huge, general sessions of a convention must be held at the Neal Blaisdell Center. Sometimes the vendor displays, the heart and soul of a convention, must be set up at a location away from the primary meeting sites. This pleases no one. Says Kelley: "The convention business will go to the cities that can accommodate the vendors well."

Kelley's center at DeRussy would more than treat the vendors well. The 500,000 square feet of usable space could easily handle three large conventions at the same time. Parking would be underground and would include ample space for the Hale Koa hotel guests. The landscaped park area around the building would include lakes, fountains and statues and could—with Cec Heftel's proposal in mind—be a fitting memorial to Kamehameha the Great.

The price tag for such a project is not small, of course. Kelley estimates $90 million and feels it could be financed by some type of tax-exempt general obligation bonds guaranteed by the state. The center itself would not make a profit, but the business it attracts will add millions to the state tax coffers. "What we have to do now," says Kelley, "is verify to everyone's satisfaction that the market for conventions is there and then we have to work out the financing details. But when people ask me. 'Can we afford it?' I Answer. 'Can we afford not to?'"

There is a necessary preliminary step, of course. The existence of a beautiful park surrounding a magnificent convention center assumes that the state of Hawaii can strike some kind of deal to acquire DeRussy's mauka land from the federal government. The tug of war has to be won first.

In late January, the Reagan administration sent its proposed 1984-85 budget to Congress. The document did not list the Federal Property Review Board. There will be no funds for the board, it will be abolished.

That bit of good news made Hawaii officials cautiously optimistic. Maybe now the pressure would be off. Maybe now there would be no need to rush into a deal. Maybe the siege was being lifted.

"Tell them in Hawaii it will probably be just the opposite." said Joshua Muss in a mid-February telephone interview with Honolulu. "Since the Property Review Board is not in the budget, that means its administrative functions will simply be moved into the White House.

"We're still waiting, of course. We're still hopeful a compromise can be worked out with Hawaii officials—a compromise reached within a reasonable time. If not, we'll pursue other options, either go to Congress to get legislation to sell the property, or have the military use it more intensely. Our big problem has always been that the property is not being used.

"Tell them in Hawaii, that instead of hearing from us on Property Review Board stationery, they'll be hearing from us on White House stationery."

Fort DeRussy remains under siege.●

HONORING REV. H. OLIVER SCOTT

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ADDABBO. Mr. Speaker, the First Baptist Church of Far Rockaway, NY, recently honored their pastor and spiritual leader Rev. H. Oliver Scott for his 25 years of service to his church and the community.

Reverend Scott is a man to be admired for his strong determination, large heart, true faith, and ready hands. He has always offered himself to his community and congregation. He has sought to involve others in helping themselves and helping their community as well. His weekly radio broadcasts have reached hundreds of thousands of people in New York.

During his 25 years at the First Baptist Church, Reverend Scott has organized 12 auxiliaries that continuously assist in providing necessary community services. He has offered people education and reorganized the Sunday school at the church, in addition to beginning a Bible school. Reverend Scott has also been instrumental in setting up a scholarship fund to help young people afford an education.

His leadership and dedication span over 58 years in the pastorate and set an example for all citizens. Through his guidance and spiritual strength he has inspired us to achieve our goals and has helped improve the quality of life in our community.

I take great pride in serving as the Member of Congress who represents Reverend Scott and his congregation. It is his leadership that makes America a great country and supports a strong democracy. Today I wish to extend my congratulations and thanks to Reverend Scott and his congregation.●

JUDGE WILLIAM LIPKIN RETIRES

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, I take great pleasure today in congratulating a very esteemed member of the judicial community in my district and State. Judge William Lipkin, on his retirement this April 30 as U.S. bankruptcy judge in Camden, NJ.

Judge Lipkin's retirement comes after 37 years of distinguished service under eight Presidents of our Nation.

William Lipkin, now 75, graduated from Camden High before going on to obtain his bachelor's degree in 1930 from the University of Pennsylvania. Three years later he graduated with his law degree from that university's law school.

After practicing law in New Jersey for nearly 8 years, William Lipkin made the decision to serve his country and enlist in the U.S. Army following the attack on Pearl Harbor. After the end of World War II, in 1946, he was released from active duty at the rank of captain. He remained in the Army Reserve until 1958.

A year after his discharge, he was appointed by President Harry S. Truman to a part-time position as referee in bankruptcy, as it was then known. This position became full-time in 1955, and during the course of the nearly three decades that followed, Judge Lipkin presided in Newark, Trenton, Camden, and Atlantic City in the U.S. District Court of New Jersey.

Judge Lipkin's accomplishments as a lawyer and judge are complemented by his involvement and leadership in his community. On the occasion of his retirement, I would like to list some of the community activities of Judge Lipkin. They include service as commander of the John T. Furen Post, Jewish War Veterans; elected as the youngest commander of the State Department of New Jersey of the Jewish War Veterans in 1949; president of the Jewish Federation of Southern New Jersey from 1954 to 1956; elected Man of the Year by the Camden Hebrew Association in 1957; recipient of the Community Service Award by the Jewish Federation of Southern New Jersey in 1975; member of the board of trustees of the United Fund from 1958 to 1960; president of the Camden County Bar Association, 1965–66.

Mr. Speaker, the Camden County Bar Association will honor Judge William Lipkin with a retirement dinner this May 9. I would like to extend my personal best wishes and ask my colleagues to join me in wishing him a healthy and happy retirement.●

50TH WEDDING ANNIVERSARY

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SCHUMER. Mr. Speaker, I would like to take this opportunity to extend my heartfelt good wishes to Mr. Philip Zuller and his wife Esther, on the happy occasion of their 50th wedding anniversary. Mr. and Mrs. Zuller celebrated on March 25, 1984, with their three children, Phyllis, Helene, and Joel, and their nine grandchildren.

Mr. Zuller is currently the director of Kingsway Jewish Center, an office he has held since 1966. In the past, Mr. Zuller has served as president of Young Israel of East New York, and as chairman of committees at the Pride of Judea Orphans Home. Mrs. Zuller is very active with the sisterhood of Kingsway Jewish Center as its Treasurer.

Serving Brooklyn has been a serious commitment of the Zullers for many years and I would like to commend them for their generous community involvement.●

PETER J. MURPHY

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HOYER. Mr. Speaker, last week the American people lost a public servant who will be well remembered by the Congress of the United States as a loyal, selfless, talented, and effective gentleman of the first order.

Peter Murphy, a member of the Defense Subcommittee staff of the House Appropriations Committee, died of cancer last week. His death, Mr. Speaker, leaves a void in this institution that will not be filled. Pete was a true professional; thorough to a fault, completely objective, and one of the most knowledgeable individuals in the truly complicated and often byzantine world of defense procurement.

When I first became a member of the House Appropriations Committee, I was immediately impressed by Pete's total grasp of the defense issues before the committee. Pete could be counted on for a nonpartisan, objective, and informed analysis on the most controversial and difficult defense questions. The need for topflight staff work, especially in the formulation of the defense budget, is critical. No one better understood this and responded more efficietly and professionally than did Pete Murphy.

While many with Pete's background and talent have left Government service for more lucrative ventures in the private sector, Peter Murphy dedicated his life to the American people and its Government. Pete served in the Marine Corps in World War II and was decorated with a Purple Heart for his dedication and bravery. Pete also served as a special investigator with the Federal Bureau of Investigation before being selected as a Defense Subcommittee staffer in 1968. His long hours and hard work were as legendary as the quality of work he produced. Clearly, Pete Murphy loved his country and went out of his way to show his gratitude.

Mr. Speaker, without taking anything away from the men and women who staff the other committees of the Congress, I believe that some of the finest talent in Washington can be found on the House Appropriations Committee. The staff of the House Appropriations Committee is among the most professional in Congress and Peter Murphy was a professional's professional.

Since I have not been a member of the committee for long, I unfortunately did not get to know Pete Murphy as well as I had hoped. But I know I speak for my colleagues on the committee, just as Chairman WHITTEN did last week, in saying that we shall miss Pete and we extend our deepest sympathy to his wife, Eve, and their six children. I would also recall to the American people that while Peter Murphy may have been invisible to them—while they did not see him on the television or read about him in the papers—Pete Murphy was a fine American who dedicated his life with distinction and determination to the family and country he so loved.●

OUTSTANDING SAFETY RECORD AT SHELL OIL'S MARTINEZ COMPLEX

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MILLER of California. Mr. Speaker, I would like to call my colleagues' attention to the outstanding safety record of the Shell Oil Co.'s Martinez manufacturing complex in Martinez, CA.

On April 2 the Shell complex, which employs over 1,050 employees, successfully completed 3 million work hours without a lost-time injury. This exemplary safety record began on October 4, 1982, and has spanned 549 consecutive days.

To put this achievement into perspective, the Martinez complex in 1983 broke both its own safety record and that of the entire Shell Co. On October 24, 1983, the all-time Martinez record was broken when workers completed 2,165,742 hours without time lost to injury.

In 1983, the complex's employees worked 8 straight months without an injury requiring a physician's care. During that entire year, the Martinez complex averaged only one recordable injury for every 400,000 hours of work.

How does this compare to the industry? According to the National Safety Council, coal and petroleum workers in 1982 averaged four recordable accidents for every 200,000 work hours. Throughout the entire manufacturing sector, the recordable injury rate was 14 times that of the Martinez complex, with seven recordable accidents occuring every 200,000 work hours.

The accomplishments of the Martinez complex are a great tribute to the

workmanship and care of the workers and management of that plant. I commend the Martinez complex and its employees for this superb achievement.●

TRIBUTE TO CONGRESSMAN EDWIN B. FORSYTHE

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CORRADA. Mr. Speaker, I join in paying tribute to our late colleague, the Honorable Edwin B. Forsythe of New Jersey.

Since his election in 1970, Ed Forsythe ably and conscientiously represented his constituents in New Jersey. His entire life was dedicated to the public service starting with a position in the municipal government in 1948. He was elected to the New Jersey Senate in 1963 where he culminated his service as minority leader in 1967 and president in 1968.

During his many years of service in the House of Representatives, Ed earned a reputation for hard work and thoroughness in carrying out his duties. He was particularly active in his work in the merchant marine and Fisheries Committee where he became ranking member. Ed was very instrumental in the enactment of the 200-mile fishing jurisdiction and was a key participant in the compromise worked out on the Endangered Species Act. For his work in that act, he received the Legislator of the Year Award in 1980 from the National Wildlife Federation.

Ed had the ability to identify the issues and concerns in a way that promoted compromises and satisfactory results. During the past year, Ed had become increasingly interested and involved in the problems and concerns of the U.S. merchant marine. His efforts had been directed to studying and analyzing the situation with the hope of coming up with alternatives and solutions that would result in a stronger and more competitive U.S. merchant fleet. It is particularly sad that he was not able to complete this effort.

His wisdom and counsel will be sorely missed by all of us. My prayers and condolences are with Mary, his widow, and the rest of the family.●

TRIBUTE TO THE HONORABLE EDWIN B. FORSYTHE

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. WINN. Mr. Speaker, I rise today to honor the memory of a dear and respected colleague, Ed Forsythe. I share the sadness of his family and friends in his recent passing. Ed will be long remembered as one of the most honorable and respected Members of Congress.

Since he was first elected in 1970, Ed was a quiet, stable, reasonable, voice in committee and in debate on the floor. Of his many legislative accomplishments, I know Ed was probably most proud of his strong support for the Endangered Species Act and other environmental preservation issues. A deeply religious man of the Quaker faith, Ed was committed to expressing that denomination's beliefs in nonviolence and pacifism. Each year when the defense appropriations bill would come to a vote, Ed would offer the motion to recommit the bill to committee. Although I rarely supported his motion, I admired his integrity and strength of conviction expressed in this way.

Ed served well the citizens of New Jersey, even before he was elected to the House. The senior Republican on the New Jersey delegation, Ed also served his State in the State senate and as Acting Governor. The State can well be proud of his fine service on its behalf.

In closing, I would like to extend my personal sympathy to Ed's family and friends. He was a man of distinction, and one I am grateful and proud to have known.●

EMERGENCY FARM BILL

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. JONES of Tennessee. Mr. Speaker, as many of you know, President Reagan will soon sign the conference report on the emergency farm bill.

Even though this bill has passed both the House and the Senate, it remains a mixed bag—some good and some bad. Nothing which transpired during its consideration indicates that the administration understands the depth of the problem facing American farmers and our rural areas generally.

The White House continues to let the bookkeepers and accountants run farm policy with little input from anyone who really cares what happens to farmers. As far as I can tell, most of the commodity provisions are steps backward rather than forward. Unfortunately, the administration and the Republican Senate put the House in a take it or leave it position.

Of particular interest to me were the agriculture credit provisions which were included in the Senate bill.

We all owe our thanks and gratitude to Senator WALTER D. HUDDLESTON for his untiring effort to bring some credit relief to hard pressed farmers. He and I have worked closely for over 3 years to accomplish some of these credit relief features. Senator HUDDLESTON's firm stance and astute feel for the legislative process has now resulted in over $250 million in emergency loans, lower interest rates, stretched out repayments and other changes of great benefit to farmers. Without Senator HUDDLESTON it is entirely possible the the emergency credit provisions would have been circumvented by the administration.

In closing let me say that H.R. 4072 is a patchwork effort at best. We must begin now to design a 1985 farm bill which will restore health to our farm economy.●

NO MORE AID FOR CONTRA TERRORISTS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BARNES. Mr. Speaker, I am saddened by the fact that our colleagues in the other body voted last week to continue U.S. funding for state-supported terrorism by the Nicaraguan Contras against the people and economy of Nicaragua. I deeply regret that we so casually throw away our credibility for waging the crucial fight against the insidious growth in the use of terrorism in international relations. I trust that we will not make the same mistake this week in the House.

In the debate in the other body on the issue of U.S. aid to the Contras, one Senator distinguished himself above all others, and that was the Senator from Massachusetts, Mr. TSONGAS. He delivered one of the great speeches in the history of that body, and I urge all my colleagues to get a copy of the March 29 RECORD and read it, beginning at page 7044.

In his speech, Senator TSONGAS spoke of his recent visit to Nicaragua, and of learning about what the Contras were really doing to the Nicaraguan people and their means of livelihood. Then he went back to his experience as a Peace Corps volunteer in Ethiopia some 20 years ago, and reflected on how much more respected the United States was in the world at that time because we were perceived to stand for the people and for their aspirations. What a tragic change in just 20 years, that we could be bankrolling this sordid affair of the Contras.

I recently received an article by Jeff Nesmith from the Atlanta Journal and Constitution, which shows exactly what the Contras are up to in Nicaragua. Mr. Nesmith has interviewed actual survivors of a Contra attack. I

urge my colleagues to read this article and ponder it before we vote on whether to continue financing the Contras. I include the article, and an editorial from the Washington Post, at this point.

[From the Atlanta Journal and Constitution, Mar. 18, 1984]

CONTRAS BRING TERROR TO VALLEY IN NICARAGUA

(By Jeff Nesmith)

QUILALI, NICARAGUA.—Carmela Gutierrez was preparing breakfast for her family when contra troops attacked the farm cooperative at El Coco, a remote mountain valley 20 miles from this northwest Nicaraguan town.

She grabbed her Russian assault rifle, scrambled into a foxhole a short distance from her cabin and began returning fire. Her husband dove into a nearby foxhole and began blasting away.

Their 12-year-old son herded his four brothers and sisters into a large underground shelter where 85 children and 23 women were taken.

Aciscla Mattei Polanco, 69, was in her cabin with three of her granddaughters. The oldest was 12, another was 8. The baby was 15 days old. Before the grandmother realized what was happening, the gunfire was so heavy she could not get the children to the shelter.

She lay on the dirt floor, pleading with her terrified granddaughters to be quiet, because their cries seemed to draw fire from the attackers. The baby continued to cry.

Jesusa Suarez Umanzor, 18, was two months pregnant. She was among those taken to the shelter. Her 20-year-old husband took his rifle to a foxhole.

The shelter was a large hole dug in the center of the village and covered with planks and an earthen roof. Gunfire roared and mortars exploded outside. Inside, children cried hysterically and women prayed, Jesusa said.

"I prayed too," she recalled. "I prayed that they would not kill us."

Before noon, the new farm cooperative, known as El Coco, had been destroyed. Fourteen people, including two young girls, were killed.

Following the Dec. 19 attack, survivors were evacuated to this town. In a series of recent interviews, they described a furious battle that lasted more than two hours. They said that after the co-op finally fell, two women and a 16-year-old girl were raped, their heads shaved and their throats cut. Men captured by the attackers were executed, survivors said.

Sandinista troops tried to rescue the besieged village but arrived too late. Following a brief battle with them, the contras disappeared into the hills.

A few days after the battle, men from the cooperative returned to El Coco and removed charred boards and other debris from burned-out cabins. Except for a few buildings spared by the contras, the area formerly occupied by the co-op village appeared to a visiting reporter as a quiet empty space at the back of a field.

Officials of the Nicaraguan Democratic Force (FDN), the organization that controls the anti-Sandinista troops, acknowledged that their men attacked and destroyed the cooperative. The FDN *"Boletin,"* a newsletter that circulates among FDN supporters in the United States and Central America, boasted of the attack and said the rebels had caused 20 casualties among "the enemy."

FDN officials said they had heard nothing of the killing of children or of attacks on unarmed women. They said they do not condone such behavior and would investigate.

A spokesman for the organization said troops are sent regularly to attack co-ops in order to destroy harvests and disrupt the Nicaraguan economy—one way FDN leaders say they hope to gain concessions from the leftist Sandinistas.

"Contras" is a term given to the U.S.-funded rebels by the government of Nicaragua. In a question-and-answer session with six reporters March 4, President Reagan referred to them as "freedom fighters" and sought to distinguish them from anti-government rebels in neighboring El Salvador, whom he called "guerrillas."

The president also complained that efforts to introduce land reform measures in El Salvador were being frustrated by the civil war there. "What good does it do to have a land reform program and give land to the peasants if the peasants can't go out and work the land for fear of being shot by the guerrillas?" he asked.

The destruction of El Coco is a story of a community of peasants caught up in a struggle over who will rule their country. It is a story that has been acted out several times since the rebel war against Nicaragua's Sandinista goverment began.

A wide, rocky creek flows through an isolated valley 20 miles east of this dusty little mountain town and merges with the Rio Coco, one of Nicaragua's longest and most important rivers. The valley is unusually picturesque, with wide, flat meadows and woods, surrounded by a circle of mountains.

Before the revolution that overthrew the dictator Anastasio Somoza Debayle in 1979, the valley was part of millions of acres of Nicaragua that peasants referred to sarcastically as "my general's land," meaning it belonged to Somoza.

Much of Somoza's land, including the valley by the Coco river, was not farmed. Under an arrangement that scholars and Nicaraguan officials say assured a ready supply of farm labor, peasants were kept off such land and confined to small plots and poor soil. Thus, in order to survive, they periodically had to hire themselves out to big farmers.

"PROPERTY OF THE PEOPLE"

After the revolution, Somoza's land and that of some of his friends was seized by the government and designated "Property of the People."

In late 1982, a co-op was established in the valley where the wide creek joins the Rio Coco.

Peasants and landless farm workers were assembled from several villages, organized into the cooperative, and assigned several hundred acres of what had been "my general's land." They cleared land and sawed lumber to build rough cottages for their families.

Although the co-op would continue to be known locally as El Coco, its new members held a meeting in December 1982 and voted to formally name it the "Cesar Augusto Sandino Cooperative."

Between 1927 and 1933, Cesar Augusto Sandino, the illegitimate son of a small coffee farmer and a female farmhand, led an effective hit-and-run war against U.S. Marines who had been sent to Nicaragua to put down a civil war between rival private armies. Land reform and peasant rights were other causes for which Sandino fought.

When the U.S. troops withdrew in 1933, Sandino signed a peace treaty with his own government. It included an agreement by the government to turn over to him and his followers a tract of land on the Rio Coco for establishment of a farm cooperative.

A year later, Sandino was assassinated under written orders from Anastasio Somoza Garcia, the head of the new national guard (which had been organized and trained by U.S. troops) and founder of the Somoza dynasty that would rule the country for the next 46 years. A few nights after Sandino was murdered in 1934, the co-op he had fought to establish on the Rio Coco was destroyed.

When Wenceslao Peralta was a little boy, he adored his grandfather. The old man, Ismael Peralta, had been one of Sandino's *hombres"* and was one of a handful of men the mountain guerrilla fighter had promoted to "general."

"My grandfather was only a peasant, but Sandino saw his ability to command men and made him a "general," Peralta said recently. "He was a tall, stern man with dark skin. He loved us all very much. He especially loved me. I was very obedient to him. I tried to do everything I could for him."

Ismael Peralta was 78 years old when he died in 1962. His grandson, Wenceslao, was 16 then and is now 38. The old man also had many other grandchildren. One of them was only 1 year old at the time. His name was Alonzo Peralta. His father and Wenceslao's father were brothers.

Fate would move the two peasant cousins in opposite directions. The younger would grow up and be conscripted during his teens into the national guard under Somoza.

When former members of the national guard and disenchanted revolutionaries who felt the Sandinistas had "stolen" the Nicaraguan revolution and turned it over to the Cubans and Soviets organized the FDN, he decided to join the contras.

Wenceslao Peralta married Carmela Gutierrez, the daughter of a Sandinista sympathizer who lost his farm in the mid-1970s when the national guard discovered that he had allowed Sandinista guerrillas to camp on it.

A LONGTIME YEARNING

Peralta said that when he and his wife joined the new co-op at El Coco, he thought a longtime dream of bettering himself by becoming part of a land-owning cooperative was coming true.

Other members brought other dreams to El Coco.

Jesusa Suarez Umanzor is 18. She does not look like most Nicaraguan peasant women, who have characteristics inherited from Indian ancestors; long noses, mournful dark eyes and hair as black as a burnt field.

Jesusa Suarez Umanzor has a short nose, brown hair and gray, laughing eyes. At the end of a day's work she can be found playing with village children, herding them through their child games. Yet, in the fields, she is known as a serious worker.

"She is a horse," one man said, admiringly.

A year ago, she took a job cooking meals for people hired to pick coffee beans on a large plantation. While there, she met Stanislao Aguirre, one of the coffee pickers, a 19-year-old youth who spent a lot of time hanging around the cookshed where she worked.

After the harvest they stayed together and decided to join the El Coco cooperative. Their marriage, like those of several other couples there, appears to have been a matter of mutual commitment, rather than formal ceremony.

A few days before the contra attack, Jesusa told her young husband she was pregnant. They were bathing together at the time, by a waterfall in the Rio Coco, she recalled later. He shouted gleefully at the news and plunged into the water.

"He was very happy," she said.

It will be their only child. Stanislao Aguirre was one of those who died defending the co-op.

Aciscla Mattei Polanco, 69, and her husband, Julien Ramirez, had never owned land. Neither had their sons, Pablo and Joaquin, or the husbands of their daughters.

"Before the revolution, we lived in Telpaneca. We were day workers. After the triumph of the revolution, we heard that it was possible to become landowners by joining a cooperative, so we joined it. We were very happy at El Coco, but now I feel I am worse off that before. I have lost my husband, two of my children and three of my grandchildren."

The first attack was on Dec. 13. A small band of contras assaulted the cooperative, but members who were not working in the fields ran quickly to the perimeter of foxholes that encircle the village and drove the attackers away.

Less than a week later, a larger force returned. After the battle, Nicaragua army officers estimated there were 300 men in the second force.

It was Monday, six days before Christmas. A resident of La Vijia, a river village about a mile away, raced into the co-op village around dawn, warning that an FDN force was crossing the river a few miles downstream and appeared headed for El Coco.

The night before 20 men from the co-op had been called to active duty in the militia. That meant the village faced a second contra attack with a drastically reduced defense force. Co-op leaders sent a small group of men, including Wenceslao Peralta and Stanislao Aguirre, to try to locate the contras.

Peralta said that after a short search they found the contras, who had advanced to within a quarter mile of the cooperative.

As they watched the strange troops make their way through a small pass in the hills, the co-op members decided on a gamble aimed at keeping the attackers away from the village where there were more than 100 women and children. They ambushed the contras.

"There were many more of them than we realized, and they were about to surround us, so we had to run back to the cooperative," Peralta said.

TORTILLAS, THEN BULLETS

Within minutes, the attackers were racing across a sorghum field, shooting into the cooperative village. This was the attack that found Peralta's wife, Carmela Guttierrez, still distributing breakfast tortillas to her five children.

Lazaro Savala, 63, said he, his wife and their 15-year-old daughter, Catalina, were trimming grass and weeds from foxholes to which they had been assigned.

Each had a Russian- or Chinese-made AK-47 automatic rifle close at hand. They jumped into the three holes and began firing at the attackers.

Joaquin Ramirez Mattei, 38, one of the sons of Aciscla Mattei Polanco, had been ill the night before. His wife, Maria Luisa Guttierrez, had gotten up before dawn to prepare medicine for his cough. He was in the house with her and their three small sons (5 years old, 3 years old, and 20 months old), when that attack began.

He got his rifle and ran to a foxhole just outside the cabin. His wife, six months pregnant, was unable to get to the underground shelter. She and her sons lay on the floor.

In another section of the village, Joaquin Ramirez Mattei's mother, Aciscla Mattei Polanco, was also pinned down. With her were three daughters of another son, Pablo, including the 15-day-old baby.

"I was very surprised when the fighting started," she said later. "I had no idea what was happening. We hid in the house. At the beginning, a bullet hit my granddaughter, Petronila, in the head. She was 12 years old. I could tell she was dead. I felt the heat of the bullets as they came into my house."

The baby continued to cry, she said.

The attackers mounted a mortar on a nearby hill and started shelling the village. Eventually, a shell exploded inside the home of Aciscia Mattei Polanco. A fragment hit her arm and broke it. Another fragment hit her 8-year-old granddaughter, Francisca del Carmen Ramirez, somewhere in the upper body.

"She told me, "Grandmother, I have pain deep inside," said the grandmother." I asked her not to cry."

During the interviews here, the grandmother recalled bitterly that the child apparently obeyed her and lay quietly at her side. After a while, she realized that the little girl was dead.

The attackers spread around three sides of the village. Seventeen men and seven women returned the contras' fire from their perimeter of foxholes.

"The contras yelled, "We are going to get you. We are going to kill you, hole by hole. Give up your weapons. We are going to eat you alive. You are a bunch of thieves," recalled Carmela Guttierez, the wife of Wenceslao Peralta.

She said the co-op defenders shouted back: "*Patria Libre o Morir*" (Free Fatherland or Death), Sandino's battle cry.

After about an hour, Carmela Guttierez said, the co-op defenders decided in screaming consultation that occupants of the underground refuge were not safe from exploding mortars. She was told to leave her foxhole and escort them out of the village.

"I took them out the back of the village, through the cornfield, into the mountains," she said. Twenty-three people remained in the foxholes to cover the withdrawal of the more than 100 women and children.

Gradually, Wenceslao Peralta said, he and the other defenders ran out of ammunition.

"On the other side of me was a big man we called *'El Toro'* (the bull). He had the only machine gun in the cooperative," said Peralta. "When I was down to two bullets, I asked him to cover me and I ran."

He said that seconds after he left his foxhole, a mortar round exploded in it. A few minutes later, El Toro abandoned his machine gun and ran away also.

THE LAST TO LEAVE

Lazaro Savala, his wife and their 15-year-old daughter, Catalina, crawled out of their foxholes and escaped. Savala is only about 4½ feet tall. His rifle, always hanging on his shoulder, seems almost as long as he.

"We were the last to run away," he said later, proudly.

Those who escaped said later that when they ran away, they heard different sounds: occasional shots as attackers executed men who stayed until they had no more ammunition, screams of three women who were captured in their foxholes, and the crackling nosie of cabins burning down.

Aciscla Mattei Polanco, her right forearm broken by a mortar shell and twisted at a grotesque angle, lay on the dirt floor beside two of her granddaughters, who were dead. She got up, gathered the 15-day-old daughter of her son Pablo, and walked out of her cabin.

She said she looked at the devastation around her and began berating contra soldiers who she said were walking about the village, looking for weapons and burning cabins.

"Look what you have done," she says she told them. "Why have you done this thing?"

She said they laughed at her and called her *"vieja puta"* (old whore), and told her that if she didn't go away they would kill her.

She knew only that Petronila, 12, and Francisca, 8, were dead. She did not know that their sister, Maria, 16, was dying in a foxhole or that the father of the three girls, Pablo, was dead. She did not know that her husband, Julien, was dead. She did not know that their other son, Joaquin, was either dead or would die in a few minutes, or that Joaquin's wife, Maria Luisa Gutierrez, still lay helpless on the floor of another cabin with her three tiny sons.

Holding the howling baby in her good arm, the old woman trudged off toward the hills.

The day after the battle, officials of the Sandino National Liberation Force (FSLN), the party of the Sandinistas, visited the smoldering ruins of El Coco. They brought a photographer from Barricada, the Sandinista-owned newspaper in Managua, and posed for pictures.

Such attacks against cooperatives serve to strengthen public support of the present government, argues Austin Lara, FSLN political secretary for the northwestern region of Nicaragua.

"But if we had gone into the mountains and told the peasants who their friends are, they might have listened to us without paying too much attention.

"By being confronted with this situation, people understand and take a stand. From this we can conclude that the Reagan administration and the counterrevolutionaries are helping these people to grow, helping them understand who their friends are."

"POLITICAL CONSCIOUSNESS"

And the Sandinista propaganda agencies are there to help bring "rising political consciousness."

Sound trucks bounce through the villages, blaring a relentless message: It is the new government in Managua that hopes to improve your life. Those fighting the Yankee-directed war from Honduras are out to take away the fruits of a triumphant revolution. And always the final line: *"A 50 anos, Sandino vive."* (After 50 years, Sandino lives).

After they surveyed the damage, the politicians left the village. A few of the dead were buried at the cooperative. The bodies of some others were taken to native villages.

Five bodies were brought to this town.

The little pickup truck made its way down the main street of the silent town, past the school and the church on the right and the poolroom on the left, then turned left into the town cemetery, all overgrown with weeds.

Jesusa Suarez Umanzor, the pregnant peasant girl with the grey eyes, followed it, knowing what she would see.

Stanislao Aguirre—the boy who had hung around the cookshed, the father of the child inside her—lay in the back of the truck with his *companeros.* There was a bullet hole in his forehead.

The next day the members of the Cesar Augusto Sandino Cooperative at El Coco met to decide what they would do next.

Maria Luisa Gutierrez came to this meeting. And the story she brought with her would startle even the survivors of what the Sandinista propaganda agencies were already calling a "massacre."

Throughout the battle, Maria Gutierrez lay on the floor with her three boys, praying and trying to keep them quiet.

She said when a bullet passed through the fleshy part of her 5-year-old's lower leg, she urged him not to cry: "Be quiet, boy, because God is great."

As the fighting gradually died down, she said she realized the contras had entered the village itself and were going from cabin to cabin, looking for weapons and food.

"Those bastards," she said she heard one say. "They thought they were going to eat, but they are not ever going to eat anymore."

Then she heard something that she said left her paralyzed with fear and shock. Outside her cabin there was a shot; then, a few seconds later, another.

"I killed the son of a whore who killed Victor," someone said. "I had to kill him twice, because he would not die."

Maria said she was so frightened she could not move. Although she was aware of what was happening around her, she lay as though paralyzed on the floor while some of the attackers looked around in the cabin and her sons cried.

THE CRACKLE OF FIRE

Looking back, she thinks they believed she was dead and intended to burn the cabin down on her and burn the three boys alive. When she heard hay beginning to burn, she said, she "woke up."

"I said to myself. 'let the will of God be done,' " she said "When they saw me move, one of them shouted, 'Get out of there with those children.'

"When I walked outside, they asked me where were our weapons. I said, 'I don't have any weapons, except God and the Virgin Mary.' "

She said a soldier asked her the whereabouts of her husband, and the answer came easily for her.

"There was nothing I could do. I had to defend myself and the children I told them I had no husband. I told them that I was an abandoned women."

They told her to leave.

As Maria turned to walk out of the village, she found herself face to face with a man she knew but had not seen for several years.

Alonzo Peralta, 22, the younger cousin of Wenceslao Peralta, stepped silently to one side and allowed her to pass.

"I went to school with him in El Porvenir," said Maria Gutierrez, who is 24. "I recognized him. He has dark skin but blond, wavy hair."

Nearly two months after the village was destroyed, Wenceslao Peralta and his wife returned to El Coco with a visitor.

A handful of cooperative members had been returning to work the sorghum crop as it approached maturity and to prepare the corn field for a new crop of potatoes and vegetables.

"We want to come back here," he said. "Only two families decided to return to their old villages. The rest of us want to come back to El Coco. The Epinoza family and the Ramirez family were especially hard hit in the attack, but they are coming back."

Wouldn't he rather own his land than be a member of a cooperative? He was asked.

"My father also fought with Sandino, when he was a young man. My father and my grandfather fought to liberate Nicaragua and to distribute land to the peasants. Their dream was to have land for the peasants. They knew about cooperatives. They learned of them from Sandino. So we are really going on with the dream that my father and my grandfather fought for."

How did he feel about his cousin in the contras?

HE HAS BEEN MISLED

"I believe my cousin has some position of authority in the contra, because he knows this area, knows these hills very well. My cousin is a very easily influenced person. Someone was going around, telling stories about the Sandinistas, saying he would be killed by them because he was in the guard under Somoza, and he believed them. He has been misled.

"We sometimes receive news from him indirectly. Sometimes, he will stop at the home of some relative and we will later talk to that same person and hear about my cousin."

Peralta also disclosed that his younger brother, Crescencio Peralta, was a member of the contras.

"Last month, my brother went to the home of some cousins that we have, and when he stayed there, he talked to them about what he is doing. He told them he had participated in combat in this area, but we do not believe it was here at El Coco.

"He told them he is fighting to either destroy communism or die.

"It is a terrible thing for my parents that one of my brothers is in the contra. They are against it. It is a bad blow. My father is old and he is sick. He understood the ideals of Sandino. For him it is a very big blow that a son would go with these people. He is an old man and he is a poor man, and I wish he did not have to suffer through this."

A MAN OF TWO WORLDS

As he talked and walked about the silent site of what had been the cooperative village, Wenceslao Peralta seemed a man at the edge of two worlds. His outlook and his language seemed molded by both the quite fatalism of a Nicaraguan peasant and the soaring, sound-truck rhetoric of the Sandinistas.

"I would not kill my brother on purpose," he said. "But I don't know who is on the other side in a battle. If I am fighting and he is with them, whatever happens happens."

A few seconds later, he added:

"We will return to El Coco. We are the children of Sandino, and our hopes are coming true."

[From the Washington Post, Mar. 28, 1984]

MORE AID FOR THE CONTRAS?

No one who goes beyond slogans finds Nicaragua an easy policy issue. The Sandinista regime is the lawful recognized government, but it is Marxist and tends toward the totalitarian, it is linked to Cuba and the Soviet Union, and it is a source of subversion and revolution in its region. Some substantial part of the guerrilla force that Washington is supporting against it is democratic and friendly to the United States. On that tempting basis, the administration seeks Senate approval of another year's slice of aid for the Nicaraguan contras.

As we have believed since this once-secret CIA operation leaked into the public domain, it is the wrong policy. In no Latin country does the United States have a longer, darker and more deeply resented history of intervention—a history that cuts directly across the administration's purposes in supporting the contras. By backing them, the United States energizes Nicaraguan nationalism and blurs its attempts to rally others against Managua's own interventions.

There is a new factor that neither the administration nor Congress has fully absorbed. The Sandinistas, who took power in 1979 promising elections, now say they hold them on Nov. 4. The administration has been taunting the regime for not allowing a vote. Now it fears the Sandinistas will use the vote as a ticket to greater legitimacy. Its response is to belittle the elections, an effort for which there are certainly grounds: the regime's rules exclude participation by the democratic guerrilla groups, and the above-ground opposition within Nicaragua faces great handicaps in campaigning. But Washington could yet find itself confronting a Sandinista government claiming to have received a fresh popular mandate.

It still seems to us the better choice for the United States to be open to ways to move the internal Nicaraguan struggle to a political track. This can best be done, if it can be done, in the multilateral context of the Contadora process. Frail and uncertain as it is, Contadora process. Frail and uncertain as it is, Contadora has some potential to move past the evident poison in relations between the Reagan administration and the Sandinistas. Its effort would no doubt be to try to arrange a measure of power-sharing—a way station, one hopes, to a more democratic order. Power-sharing has possibilities in Nicaragua, where the administration grants it, as in El Salvador, where the administration so far does not.●

AMERICAN COLLEGE THEATRE FESTIVAL

HON. JOHN H. CHAFEE

OF RHODE ISLAND

IN THE SENATE OF THE UNITED STATES

Tuesday, April 10, 1984

● Mr. CHAFEE. Mr. President, Rhode Island College has again been selected as a participant in the annual American College Theatre Festival presented at the John F. Kennedy Center for the Performing Arts.

The festival features seven outstanding productions chosen from a nationwide competition of 477 college and university theater presentations. It provides well-deserved recognition of the talent, creativity, and skill of those who bring quality theater to campus and community audiences across the Nation.

The participation of Rhode Island College as a finalist in this year's competition is a tremendous honor, and I

join with all Rhode Islanders in expressing great pride in the college's consistently high level of artistic achievement. This reflects great credit on Dr. Mark Goldman, chairman of the college's department of communications and theater.

The college will perform the mystery play "Mindbender," one of only two original plays written by students to be selected as a finalist. I offer hearty congratulations to Kris Hall, author of the play; to P. William Hutchinson, its director; and to the members of the cast—Anna DiStefano, Glenn Nadeau, Fred J. Anzevino, Thomas Gleadow, Mark Alan Morettini, Ken McPherson, and Susan P. Moniz.

I would also like to commend those whose technical contributions have enhanced the production. These include Jeri McElroy, assistant director; Russell Champa, set designer; SallyAnne Santos, lighting designer; R. Thomas Casker, technical director; Janna Lynne Cole, costume designer; Kim Kruger, makeup designer; Barbara Reo, stage manager; Darryl Mueller, sound coordinator; and the following technical assistants: Mara Riekstins, Kathy Gage, Sean Reilly, Paul Pacheco, Russell Monaghan, and Bonnie Baggesen.●