

SENATE—Tuesday, May 14, 1985

(Legislative day of Monday, April 15, 1985)

The Senate met at 2 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.

Holy Father in Heaven, here in this place—"this most exclusive club"—are the leaders of America. Give us grace to ask the hard question of ourselves as to what models we are as husbands and fathers. If the family is the foundation of an ordered society, how well do we strengthen that foundation? If everyone operated as we do with our families, what kind of society would we have? Gracious, Forgiving God, help us to take seriously our fundamental responsibility to our families. Help us to be leaders it is safe to follow. Forgive us for our failure, renew us in Your grace, and grant us strength to fulfill our priorities. In the name of Him who is love incarnate. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each, and then followed by a special order in favor of the Senator from Wisconsin [Mr. PROXMIER] for not to exceed 15 minutes, followed by routine morning business not to extend beyond the hour of 3 p.m. with statements limited therein to 5 minutes each.

Following routine morning business, it will be the intention of the majority leader to begin consideration of Calendar No. 84, S. 960, the Foreign Assistance Authorization Act for fiscal year 1986.

There will be no rollcall votes before the hour of 5 p.m. today, but votes can be expected after 5 p.m. and on into the evening.

Mr. President, for the information of my colleagues who may be listening in their offices, or members of their staff, I also indicate it is the hope of the leadership and I understand the members on each side of the Foreign Relations Committee that we com-

plete action on the Foreign Assistance Authorization Act, S. 960, tomorrow evening. It could be late tomorrow evening.

On Thursday it is my hope that we can turn to the consideration of Calendar No. 91, S. 1029, the DOD defense authorization bill.

Again, I think we can expect votes throughout the day into 7 or 8 o'clock Thursday evening.

I have discussed with the distinguished chairman of the committee, Senator GOLDWATER, the realities of doing a great deal on Friday. He indicates a strong desire to work throughout the day and into the evening on Friday.

Friday is not a convenient day for many Senators because, again, it is a commencement weekend and many colleagues, I assume on both sides, are being asked to give commencement addresses in their States.

But Senator GOLDWATER believes that he can still make progress on Friday and then back on that bill on Monday in an effort to finish it by the close of business on the following Friday.

If in fact that is a reality or can be a reality, I assume there will be a number of late night sessions next week.

We also hope to dispose of the conference report on IRS auto record-keeping rules, H.R. 1869, tomorrow.

As far as I know, the only request for time on that is from the distinguished Senator from Ohio, Senator METZENBAUM.

Perhaps we could call it up early one morning and dispose of that conference report. I am not certain a rollcall vote will be required.

We also hope we can dispose of some nominations.

So, I say to the distinguished minority leader and others who may be interested, that is the tentative, hoped-for schedule between now and the Memorial Day recess.

PUBLIC FINANCIAL DISCLOSURE REPORTS DUE MAY 15, 1985

Mr. DOLE. Mr. President, I would like to take this opportunity to remind all Senators that public financial disclosure reports required by Senate Rule 34 and the Ethics in Government Act of 1978, as amended, must be filed no later than close of business on May 15, 1985. These reports should be delivered between the hours of 9 a.m. and 5:30 p.m. to the Senate Office of

Public Records, Suite 232, Hart Senate Office Building, Washington, DC. Written acknowledgments will be provided automatically for Senators' reports. Acknowledgments for staff reports will be provided upon request. Written requests for extensions should be directed to the Select Committee on Ethics, Suite 220, Hart Senate Office Building (telephone: 202/224-2981).

The Public Records Office will simultaneously make available for release all Senators' reports on Monday, May 20. Advance requests for copies of these reports are now being accepted by that Office. Members of the press should be directed to the Public Records Office for further information in this regard. Questions should be directed to the Select Committee on Ethics (224-2981) or the Office of Public Records (224-0322).

THANKS FOR THE BUDGET EFFORT

Mr. DOLE. Mr. President, I would like to take a moment to thank the many, many people who were responsible for our budget victory last Friday morning.

Let me start out by offering special thanks to my Senate colleagues whose perseverance and patience over the past 5 months was instrumental in arriving at the final successful deficit-reduction package.

Without the expertise of Budget Committee Chairman PETE V. DOMENICI, the task would have been near impossible. The Senate Republican leadership, including my assistant majority leader, ALAN SIMPSON, JOHN CHAFEE, chairman of the Republican Conference, BILL ARMSTRONG, chairman of the Republican Policy Committee, and JOHN HEINZ, chairman of the Senatorial Committee, were supportive and helpful throughout the negotiations. I also want to note the active participation of PAUL LAXALT, who was present at most of the negotiating sessions, and JIM McCLURE, who offered critical advice.

The knowledge of our committee chairmen, such as BOB PACKWOOD from Finance, MARK HATFIELD from Appropriations, and JESSE HELMS from Agriculture, was essential in arriving at the specifics of the budget package.

Finally, I want to offer my personal gratitude to three individuals who made the final outcome possible. To Senator PETE WILSON, whose strength

and courage leaving a hospital bed to cast his vote, will be recorded in the history books; to Senator Ed ZORINSKY, the man who made the vote a bipartisan one; and to Vice President GEORGE BUSH, who cast the fateful tie-breaking vote. Without them we could not have done it.

SPECIAL THANKS TO STAFF

No feat of this complexity and magnitude can be achieved without prodigious effort by staff. So, Mr. President, I want to personally thank the members of my staff in the majority leader's office, the staff of the Senate Budget Committee, those who work here on the floor and in the cloakroom, as well as those from the White House and the Office of Management and Budget for their dedication and hard work during the long hours we worked developing and finally adopting the fiscal 1986 budget resolution.

From the receptionists at the front desk in the majority leader's office—Kate Rentschler and Pat Wade—who greeted dozens of Senators during countless meetings; to the Parliamentarian, Bob Dove, and his staff who provided essential guidance; to White House staffers Max Friedersdorf, Pam Turner, and M.B. Oglesby for their counsel and tireless efforts; to Steve Bell, Bill Hoagland, Nell Payne, Sid Brown, Tony McCann and all the rest of the staff on the Budget Committee for their expertise and diligence; to the excellent staff of assistant majority leader, ALAN SIMPSON, including Boyd Hollingsworth and Joe Radliff; and finally, my own staff, Rod DeArment, Sheila Burke, Rich Belas, George Pieler, John Gordley, Dean Burrige, Joyce McCluney, Judy Green, Laurie Rubiner, Marilyn Sayler, Margi Mannix, Walt Riker, and Dale Tate; they all played a special role in the ultimate success of the budget debate.

And last but not least, a very special word of praise to David A. Stockman, Director of the Office of Management and Budget, who has spent as much time in my office during the past few months as in his own. Without Dave's encyclopedic knowledge of the Federal budget and his drive, we would never have been able to achieve our goal. His aides—Fred Upton and Larry Burton—are to be commended as well.

It took all their work combined to take what some thought was an impossible dream and turn it into a reality. They are all truly public servants.

MOTHER'S DAY

Mr. DOLE. Mr. President, last Sunday was Mother's Day, the day we paid tribute to a vocation as revered and valued in this society as any other.

Motherhood is a profession which requires the skills of an educator, doctor, mechanic, philosopher, and psychologist all rolled into one. It is a

job which entails everything from nursing bruised knees and young, sensitive egos, to fixing flat bicycle tires and broken hearts. It necessitates the patience to teach the basic necessities of life, be it tying a shoe, counting to 10, or crossing the street. And it requires the wisdom to teach the basic virtues of life, be it honesty, integrity, or respect for humankind.

Setting aside a special day to honor mothers is a time-honored practice—as it should be—dating back to the ancient Greeks and Romans. In this country, Julia Ward Howe, best known as the author of the Battle Hymn of the Republic, led the effort to establish a national Mother's Day. The movement was carried forward by Anna Reeves Jarvis, and then by her daughter, Anna M. Jarvis. Miss Jarvis' efforts successfully ended in 1914, when President Woodrow Wilson issued a proclamation setting aside the second Sunday in May as a day for "public expression of our love and reverence for the mothers of the country."

Today, Mother's Day is celebrated throughout the country, with special church services, community events, and family gatherings. Perhaps the most widely known event is the selection of a mother of the year, both nationally and in the various States. The 1985 recipient of this honor in Kansas is Wanda Woodring Westmoreland of Wichita—a woman who raised six children, went back to school in midlife and started a career in teaching. During the day, she teaches reading to special education students; during the evening, she teaches college students; and in her scarce, spare time, she helps foreign students learn the language and customs of this country. She is a mother who has devoted her life to helping and teaching the young, and the many students she has taught owe her a debt of gratitude for enriching their lives.

Mr. President, as children grow into adults and establish their own careers and families, they sometimes tend to lose contact with the mothers who prepared them for life. As marriages mature and settle into routines, husbands sometimes forget to tell the mother of their children how much they care. Every day should be Mother's Day; unfortunately, we too often make that special effort only once a year. I just hope that husbands, children, and grandchildren throughout the country made the special effort May 12, and it was one of the happiest days ever for the mothers in their lives.

FLORENCE NIGHTINGALE'S BIRTHDAY

Mr. DOLE. Mr. President, this week marks the anniversary of the birth of Florence Nightingale—a woman hon-

ored in history as the founder of modern day nursing.

She was born in Florence, Italy in 1820 to a wealthy and cultured British family. But she rejected the position of comfort and privilege she inherited for a life devoted to aiding the sick and infirm. Her expert administration of a small hospital on Harley Street in London brought her to the attention of British Secretary at War Sidney Herbert. He called upon her to take charge of a government plan to introduce female nurses into British Army hospitals which were overburdened with casualties from the Crimean War.

Within months of arriving at the frontlines, she instituted orderly administration in the Army's dilapidated, rat-infested hospitals, drastically reducing mortality rates. Her accomplishments captured the imagination of an entire world and prompted Longfellow's famous poetic account of her nightly inspections of the vast wards with a lamp in her hand. Even more importantly, her commitment to quality and high standards for care established the framework around which modern nursing schools throughout the world have designed their educational programs. Nurses and their patients alike, have a great deal for which to thank Florence Nightingale.

The week we commemorate and reflect upon this remarkable individual's contributions to human welfare is also the week we recognize a number of institutions in modern-day society that seek to continue her good work.

For many years, the American Hospital Association has sponsored special programs, exhibits, and community orientation projects throughout the country designed to inform the public about the services of hospitals. The American Health Care Association sponsors similar nationwide activities about the services provided by nursing homes.

This is also the week we honor the Salvation Army, an organization renowned for its selfless efforts on behalf of those who suffer from ill health, as well as poverty and downtrodden spirit. Most recently, we enacted legislation to recognize the contributions of senior centers—places that provide the elderly with hot food, warm friends, and recreation for their young hearts and active minds.

Florence Nightingale died in 1910 at the age of 90, but clearly, her spirit lives on. Florence Nightingale still stands as a source of inspiration and a shining symbol of courage, dedication, and good will.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. PRESSLER). Under the previous order, the Democratic leader is recognized.

Mr. BYRD. Mr. President, I thank the Chair.

EAGLETON CITES TRUMAN COMMITMENT TO CIVIL RIGHTS UPON RECEIVING THE HARRY S. TRUMAN AWARD FOR PUBLIC SERVICE

Mr. BYRD. Mr. President, on Friday evening, May 9, 1985, Senator TOM EAGLETON was presented the 13th Annual Harry S. Truman Award for Public Service by the city of Independence, MO. He joins many other distinguished Americans who have received the award which is given in honor of our 33d President. Included among those distinguished recipients are such names as Henry Kissinger, Leon Jaworski, Stuart Symington, Hubert Humphrey, Clarence M. Kelley, W. Averell Harriman, Clark Clifford, Jimmy Carter, Matthew Ridgway, Coretta Scott King, and Margaret Truman Daniel.

In receiving the award, Senator EAGLETON paid tribute to the Truman qualities of character—the standard of fairness and commitment to do what is right—which resulted in the first significant steps toward full civil rights for all Americans since the Civil War. I ask unanimous consent that Senator EAGLETON's speech be printed in the RECORD as well as the citation from the city of Independence and additional citations from the city of Kansas City, Jackson County, MO, the Missouri House of Representatives and letters from Senator JOHN C. DANFORTH, Gov. John Ashcroft, and Representative IKE SKELTON.

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

REMARKS BY SENATOR THOMAS F. EAGLETON

To study history, is to subject the lives of the great world players to microscopic inspection and analysis. But the price a great man pays for his place in history is also great. His official conduct and his far-reaching decisions are never left unstudied, even after he is departed. This is the case with Harry S. Truman of Independence, the 33rd President of the United States.

Eleven distinguished individuals have received the Harry S. Truman Public Service Award in past years. I have attended nine of those memorable ceremonies. I listened with pleasure as many speakers addressed President Truman's undeniable and remarkable leadership in foreign affairs and policymaking for international peace. One memorable speech—Mrs. Coretta Scott King's in 1983—dealt with Harry Truman's tremendous contribution toward guaranteeing civil rights for America's black people. Today, I too wish to pursue the theme of civil rights, because I deem it the field in which that Truman conscience and personality, that Truman courage and basic sense of fair play had the most telling, penetrating and lasting historical impact.

It is impossible to appreciate the Truman contribution to civil rights without recalling the political climate of his time. No president before or since faced a more fearsome

array of challenges than befell Harry Truman in the closing days of World War II. His was a Presidency dogged by controversy, embattled on all sides, and forever shadowed by comparison with the fallen and deeply revered FDR.

As his political fortunes sank deeper and deeper in the polls, the very last thing Truman needed was to stir up a storm over civil rights with the risk of dividing his own party. A more calculating politician, but a lesser man, might have shrunk from the challenge.

Think back, too, to the social climate of 1945 when Harry Truman became President. The status of civil rights in this country was, to put it mildly, deplorable. Blacks were segregated in every facet of American life: education, housing, public facilities, employment, military service. You name the area and America was distinctly separate and distinctly unequal. We were the America of Jim Crow and malign neglect.

In St. Louis, as I grew up in the 1930s and 1940s, segregation was a totally accepted and accustomed way of life. Public swimming pools were segregated. Restrictive covenants were commonplace in deeds to property. In Sportsman's Park, one area was assigned to blacks—the right field pavilion—and blacks were not permitted elsewhere in the park. When Satchel Paige pitched in St. Louis, he pitched in the Negro League before a virtually all-black crowd. When Jackie Robinson played his first game for the Brooklyn Dodgers in St. Louis (May, 1947), blacks were still segregated to the right field pavilion. Enos Slaughter, perhaps the most popular player in St. Louis, threatened not to take the field for the Cardinals with Robinson in the opposing lineup.

Only a ringing statement by National League President Ford Frick prevented a players strike from happening. Even so, Robinson was mocked, ridiculed, spiked and spat upon whenever he played the St. Louis Cardinals in that season of anguish and advancement.

Why? Missouri is a border state with a legacy of tensions arising out of the Civil War and Reconstruction. Yet out of such an apparently unpromising heritage came the man who, more than any President since Abraham Lincoln, changed America from a land of racial isolation and rank discrimination to a country of equal access and equal opportunity. 1948 was not the first time Harry Truman risked his political future for what he believed was right.

Listen to a younger Harry Truman in 1940 speaking in Sedalia, Missouri (certainly no hotbed of liberalism then or now) at a time he was fighting for his political life in the famous Truman-Stark-Killigan Senatorial primary.

"I believe in the brotherhood of man, not merely the brotherhood of white men but the brotherhood of all men before law.

"I believe in the Constitution and the Declaration of Independence. In giving Negroes the rights which are theirs, we are only acting in accord with our own ideals of a true democracy.

"If any class or race can be permanently set apart from, or pushed down below the rest in political and civil rights, so may any other class or race when it shall incur the displeasure of its more powerful associates, and we may say farewell to the principles on which we count our safety.

"In the years past, lynching and mob violence, lack of schools, and countless other unfair conditions hastened the progress of

the Negro from the country to the city. In these centers the Negroes never had much chance in regard to work or anything else. By and large they went to work mainly as unskilled laborers and domestic servants.

"They have been forced to live in segregated slums, neglected by the authorities. Negroes have been preyed upon by all types of exploiters from the installment salesmen of clothing, pianos, and furniture to the vendors of vice.

"The majority of our Negro people find cold comfort in shanties and tenements. Surely, as freemen, they are entitled to something better than this. . . . It is our duty to see that Negroes in our locality have increased opportunity to exercise their privilege as freemen. . . ."

What moved a man with basically a small-town orientation to hold such views? The answer is Truman's profound sense of fairness. As I read the Truman record, he had one fundamental test, he applied to public decision-making: Is it fair? I think that is the test he applied to civil rights. Harry Truman was no flaming crusader. He was first, last, and always a just man who knew in his heart and mind that blacks in America were not treated fairly.

On January 15, 1947, he launched the historic President's Commission on Civil Rights with these words:

"This country could very easily be faced with a situation similar to the one with which it was faced in 1922. That date was impressed on my mind because in 1922 I was running for my first elective office—county judge of Jackson County—and there was an organization in that county that met on hills and burned crosses and worked behind sheets. There is a tendency in this country for that situation to develop again unless we do something tangible to prevent it."

Later, on June 29, 1947, he said this to a meeting of the NAACP at the Lincoln Memorial.

"We cannot be content with a civil liberties program which emphasizes only the need of protection against the possibility of tyranny by the government.

"We must keep moving forward with new concepts of civil rights. . . . The extension of civil rights today means not protection of the people against the government, but protection of the people by the government.

"We must make the Federal government a friendly, vigilant defender of the rights and equalities of all Americans. And again I mean all Americans."

And when the Commission came in with its historic report—a landmark civil rights document entitled "To Secure These Rights"—President Truman gave the report his blessing knowing full well it might further split an already splintered Democratic Party.

Henry Wallace had already indicated he was going to run for President and split off the Democratic Far Left. Now, by espousing a civil rights cause, Truman knew that he was putting his candidacy in grave peril in the Deep South. Yet he did it because it was the fair thing to do, the right thing to do.

Truman later described it this way: "When 1948 was coming along, they said that if I didn't let up with my asking for a Fair Employment Practice Commission and asking for a permanent commission on civil rights and things of that kind, why, some of the Southerners would walk out.

"I said if that happened, it would be a pity, but I had no intention of running on a watered-down platform that said one thing and meant another. And the platform I did

run on and was elected on went straight down the line on civil rights."

"People said I ought to pussyfoot around, that I shouldn't say anything that would lose the Wallace vote and nothing that would lose the Southern vote.

"But I didn't pay any attention to that. I said what I thought had to be said. You can't divide the country up into sections and have one rule for one section and one rule for another, and you can't encourage people's prejudices. You have to appeal to people's best instincts, not their worst ones. You may win an election or so by doing the other, but it does a lot of harm to the country."

Every Democratic President following President Truman and three Republican successors (Eisenhower, Nixon and Ford) have followed the civil rights precepts of Harry Truman. His beliefs, his fundamental sense of fair play, have become the inviolable bipartisan conscience of America.

This, to me, is the greatest of the innumerable Truman legacies to America. Today, when the commitment to fairness and to equal rights and opportunities for all America is again being tested, Truman's example stands as an inspiration to us all. Let us never forget his unshakable, unswerving call to action—"To Secure These Rights!"

THE CITY OF INDEPENDENCE, PRESENTS THE HARRY S. TRUMAN AWARD FOR PUBLIC SERVICE TO

THOMAS F. EAGLETON

Senator Tom Eagleton's twenty-five years of public service exemplify the qualities of dedication, integrity, and creative leadership which marked the career of President Harry S. Truman.

Furthermore, throughout his eminent political life, during which he rose from circuit attorney to senior senator, he has maintained a concern for the dignity of mankind and a zealous quest for world peace, characteristics shared in common with Harry Truman.

Upon retirement from public office and return to his native Missouri, the demand for his objectivity, expertise, exuberant personality and caring for the welfare of the people will not cease.

The City of Independence salutes this distinguished American and statesman.

RESOLUTION HONORING THE HONORABLE THOMAS F. EAGLETON AS RECIPIENT OF THE PRESTIGIOUS HARRY S. TRUMAN PUBLIC SERVICE AWARD

Whereas, the Independence Harry S. Truman Award Commission annually honors a public servant possessing the dedication, industry, ability, honesty and integrity that distinguished President Truman by bestowing upon such public servant the Harry S. Truman public service award; and

Whereas, the Honorable Thomas F. Eagleton, Senior United States Senator from Missouri, has devoted practically all of his adult life to the public service as Circuit Attorney for the City of St. Louis, Attorney General of Missouri, Lieutenant Governor of Missouri, and, for the past sixteen and one-half years, distinguished, able and dedicated United States Senator from Missouri; and

Whereas, as an officer of the State and as a United States Senator his accomplishments and achievements on behalf of and to the benefit of the people of Missouri have been most numerous and extraordinary; and

Whereas, his contributions to Kansas City in particular are most beneficial and helpful

to our progress and to the welfare of our citizens; and,

Whereas, the Independence Harry S. Truman Award Commission will on May 10, 1985, bestow upon the Honorable Thomas F. Eagleton its 1985 Harry S. Truman Public Service Award in recognition of his dedication, industry, ability, honesty and integrity as a public servant, the qualities that distinguished President Truman, himself, throughout his public life; now, therefore, be it

Resolved by the Council of Kansas City: That the Mayor and Council do hereby honor the Honorable Thomas F. Eagleton as recipient of the prestigious Harry S. Truman Public Service Award; and,

Be it further resolved, That this Resolution be spread upon the Minutes of the Council and that a copy hereof be presented to the Honorable Thomas F. Eagleton in token of the high regard and esteem in which he is held in the hearts and minds of the Mayor, Council and people of Kansas City, and in token of their best wishes for his future.

PROCLAMATION

Whereas, Senator Thomas F. Eagleton has been named as recipient of the 1985 Harry S. Truman Public Service Award; and,

Whereas, this award honoring a public servant exhibiting the same dedication, industry, ability, honesty, and integrity that characterized President Truman is made annually at a public presentation at the Truman Library and Museum; and,

Whereas, Senator Eagleton began his career in public service as Circuit Attorney in St. Louis at the age of 27, and has since served the citizens of Missouri as Attorney General, Lieutenant Governor, and as a Senator since 1968; and,

Whereas, Senator Eagleton's efforts were largely responsible for obtaining federal funding for preservation of the Truman Home and having the home declared a National Historic Site; and,

Whereas, Senator Eagleton's 30 year political career has earned him a reputation as being hard working, honest, and caring about his constituents in Missouri and Jackson County; and,

Whereas, the senator is the ranking minority leader of the Senate Governmental Affairs Committee, and the Select Committee on Intelligence; and,

Whereas, whatever political activity he is involved in, Senator Eagleton, as did Harry Truman, always places his concern for the welfare of his fellow Missourians foremost in his interest. Now, therefore,

I, Bill Waris, County Executive of Jackson County, Missouri, do hereby commend and congratulate Senator Thomas F. Eagleton on the honor of receiving the Harry S. Truman Public Service Award and join with the rest of my fellow citizens of Jackson County in expressing our pride and appreciation for his outstanding career in service to the citizens of Missouri and the United States.

MISSOURI HOUSE OF REPRESENTATIVES: RESOLUTION

Whereas, it is indeed a special honor for the members of the Missouri House of Representatives to pay tribute to a truly long-standing and prominent leader in both this state and in our nation, United States Senator Thomas F. Eagleton, whose lifelong record of achievement has greatly enhanced and will continue to enhance the quality of life for all his fellow Americans; and

Whereas, on May 10, 1985, Senator Thomas Eagleton will receive the prestigious Harry S. Truman Public Service Award, an award which honors a public servant possessing the dedication, industry, ability, honesty and integrity that characterized Truman; and

Whereas, sponsored by the City of Independence, Missouri, this special award will be presented at the Harry S. Truman Library and Museum, marking the most recent highlight of Senator Eagleton's long and illustrious career, during which time he has amassed numerous outstanding accomplishments and has received a great number of impressive awards and honors; and

Whereas, a native Missourian, Thomas F. Eagleton began his public service at age twenty-seven as a Circuit Attorney in St. Louis, and from this beginning he rose to prominence to become Missouri's Attorney General by age thirty-one and to become Lieutenant Governor in 1964, prior to his election to the United States Senate in 1968; and

Whereas, among his many other historic accomplishments, Senator Thomas Eagleton has been noted for the major role he played in such important legislative measures as the Amendment to Halt the Bombing in Cambodia, the War Powers Resolution, the Inspectors General Legislation, the Chrysler Corporation Loan Guarantees, the Clean Water Act, the Clean Air Act, the Older Americans Act, the Promotion of Agricultural Research, the fight against waste and abuse in military spending, fighting escalating energy prices for consumers, the preservation of the Truman home and the Revitalization of Kansas City's hometown; and

Whereas, throughout his thirty years as a key force in local, state and federal government, Senator Eagleton has continued to exemplify the qualities of Harry S. Truman as a hard-working, down-to-earth, intelligent, genuine and frank public servant, who has always made the welfare of his fellow Missourians his personal and primary interest: Now, therefore, be it

Resolved That we, the members of the Missouri House of Representatives, Eighty-third General Assembly, hereby voice our highest regard for Senator Thomas F. Eagleton as he becomes the proud and deserving recipient of the 1985 Harry S. Truman Public Service Award and further extend to him our very best wishes for happiness, prosperity and fulfillment as he continues to provide his invaluable leadership to promote the well-being of the citizens of our state and nation; and

Be it further resolved that the Chief Clerk of the Missouri House of Representatives be instructed to prepare a properly inscribed copy of this resolution for Senator Thomas F. Eagleton, as a measure of our respect, admiration and gratitude.

U.S. SENATE,

Washington, DC, May 10, 1985.

HON. THOMAS F. EAGLETON,
Dirksen Senate Office Building,
Washington, DC.

DEAR TOM: I cannot conceive of a more deserving recipient of this year's Harry S. Truman Public Service Award. I did not know President Truman personally, but it has been my great honor and privilege to serve as your junior colleague. Your service to the people of Missouri has been marked by the same splendid ideals, strength of conviction, and courage that were the hallmarks of President Truman.

Your contributions to the cause of human rights and to the furtherance of individual dignity and economic justice are a source of great pride to all Missourians. I know that President Truman would applaud the recognition that your many years of public service are receiving here today.

Sally and I send to you our admiration and congratulations.

Sincerely,

JOHN C. DANFORTH.

EXECUTIVE OFFICE,
STATE OF MISSOURI,
Jefferson City, May 10, 1985.

HON. THOMAS F. EAGLETON,
Mayor BARBARA J. POTTS, Post Office Box
1019, Independence, MO.

DEAR SENATOR EAGLETON: It is a pleasure for me to extend my congratulations upon your receipt of the Harry S. Truman Award for Public Service.

Your commitment to enhancing the quality of life and preserving liberty for your fellow Americans reflects your concern for your fellow man. I know you are proud to receive this award, which reflects the appreciation and esteem felt by your fellow Missourians for your many contributions.

My best wishes to you for health and happiness in the future.

Sincerely,

JOHN ASHCROFT,
Governor.

HOUSE OF REPRESENTATIVES,
Washington, DC, April 10, 1985.

HON. BARBARA J. POTTS,
Mayor, City of Independence, Independence,
MO.

DEAR MAYOR POTTS: It is with great regret that I inform you that I will not be able to attend the Harry S. Truman Award Ceremony when my good friend of many years, Senator Tom Eagleton, will be honored. A long-standing family commitment prevents me from being with you.

Senator Eagleton is truly a most worthy recipient, living up to the highest principles of public service. Throughout the years he has not only made all Missourians proud, but he has been a tremendous leader in the United States Senate.

Please express to Senator Eagleton and those present that I send my heartiest congratulations to him on his special evening.

Best regards.

Very truly yours,

IKE SKELTON,
Member of Congress.

HELEN DEWAR RECEIVES THE EVERETT MCKINLEY DIRKSEN AWARD

Mr. BYRD. Mr. President, on May 14, 1985, which is today, Helen Dewar of the Washington Post will receive the Everett McKinley Dirksen Award. Her selection from among 13 nominees from national news organizations makes Helen the fifth reporter to receive this prestigious award.

I am sure that I speak for all of my colleagues in saying that we commend Helen for her outstanding congressional reporting, recognized by this award. The Senate—with its 100 Members, its divergent personalities, its seemingly endless rules and procedures—is not an easy body to cover. It is no secret that I am very interested

in the Senate rules and procedures and that I love the Senate as an institution. It is also no secret that the world outside the Washington Beltway cares very little about the rules and procedures. So, I am always pleased to recognize a journalist who not only understands the intricacies of the rules, who understands this institution and its history, but who also is able to relate in layman's terms to her readers what is taking place here. Helen's outstanding coverage clearly shows the extent of her understanding.

From time to time there's been a lot of talk around here of the rights of the minority in the Senate.

Too many times the representatives of the media may think that we Senators only want a story to be written our way. What we have a right to desire is fairness and a balanced story. We in the minority have gotten that from Helen. Helen's readers are well served by her concise and readable coverage of Senate proceedings. Every day there are hundreds of thousands of words printed in the CONGRESSIONAL RECORD which she expertly reduces to a few column inches while still accurately expressing our somewhat voluminous thoughts. I congratulate Helen and, as I say, I know I speak the sentiments of my colleagues on both sides of the aisle in congratulating her on being honored with the Everett McKinley Dirksen Award and the \$5,000 cash prize accompanying it.

Mr. President, I ask unanimous consent that I may reserve the balance of my time through to the end of the morning business period.

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

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

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

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.

OUR EUROPEAN ALLIES BACK AWAY FROM STAR WARS

Mr. PROXMIRE. Mr. President, with each passing day it appears increasingly more obvious that the star wars, anti-ICBM defense is a loser in Europe. The Reagan administration threw its best pitch for NATO support of star wars in the first 2 weeks of May. It got some initial hearts and

flowers. Prime Minister Thatcher told the Congress she favored star wars research. So did Chancellor Kohl of Germany. Defense Secretary Weinberger offered the Europeans some juicy star wars research contract opportunities to sweeten the pot. The President made star wars support a matter of deep personal concern. So how could the European NATO allies say "no?" In a story in the May 13 New York Times, William Broad documents the fact that in spite of the administration's full court press, star wars is not making it in Europe.

The article by Broad does not take into account what may be the most damaging recent European development on star wars. That occurred May 12. Chancellor Kohl of West Germany has made himself the principle and most unqualified supporter of the administration's proposed missile defense system. How did the West German electorate react? On May 12, the Chancellor's conservative Christian Democratic Party suffered a stinging defeat, in fact, according to the New York Times their worst defeat ever in the elections in North Rhine-Westphalia. This is the home of the industrial Ruhr Valley and the most populous state in West Germany. The state's 12½ million voters make up a third of the West German electorate. The timing of the election was one of the reasons President Reagan went to Germany earlier this month on an itinerary specifically designed to assist his close political ally—Chancellor Kohl. The opposition Social Democratic Party not only defeated Kohl's party, the opposition actually won more than a majority of the total votes. And the opposition made Kohl's support for star wars a central issue in the campaign. Obviously this defeat for star wars prime European supporter will make it much more difficult for elected European officials in the future to support the star wars project.

How about the support of star wars research by Prime Minister Thatcher of the United Kingdom when she addressed a joint session of the Congress? Mrs. Thatcher was at pains to delimit her star wars support by insisting that it meet four conditions: First, the Western aim must not be to achieve superiority. Second, development of a space-based defense system would be a matter of negotiation. Third, the overall aim must be to enhance, not undercut deterrence; and fourth, East-West negotiations should aim to reduce levels of offensive arms. Three of these four conditions are simply aims which the Reagan administration can and does avow. But many of our NATO allies understandably will not believe the Reagan avowal. The Europeans have also expressed skepticism about the other condition—

that deployment of star wars be negotiated. They question that after tens of billions of dollars have been expended on star wars research the United States will not proceed to deployment, negotiations, or no negotiations. At any rate, immediately after Prime Minister Thatcher's expressed support for star wars, she approved a statement by her Foreign Secretary Sir Geoffrey Howe that strongly challenged the merit of star wars on a long series of counts.

That leaves the other principle European nuclear power, the French. The French have been strongly and consistently negative on star wars. They have expressed their refusal to take part in the star wars research. They say they intend to engage in their own space-based research program.

What would that French program be? Another star wars? No, indeed. The French say they are actively pursuing their own research on space-based systems to find ways to outwit any Russian ballistic missile defense system. An official in the French Foreign Ministry has said:

Now we believe it will always be possible to penetrate Soviet defensive systems, although perhaps with high costs, mostly by the multiplication of warheads.

The official said that France expected to expand their force from the current level of 100 warheads to 500 by the mid-1990's. That would be a five-fold increase in nuclear strategic weapons by the French in only 10 years.

Now Mr. President, why are the Europeans opposing this star wars program so strongly pushed by the President of the United States when the United States provides such a vital shield against Soviet military attack? The answers should be obvious. First, the simple fundamental fact on which the star wars defense is based is the high trajectory and long distance any ICBM attack from the Soviet Union would have to traverse to reach the United States. The distance is thousands of miles. The time is at least 20 minutes. The apogee of the trajectory would reach a height of hundreds of miles. Maybe an immensely expensive and ingenious defensive system would be able to stop many or most of the Russian ICBM's launched on such a mission. If so, the United States would be safeguarded from much of what is now about 70 percent of the Soviet strategic missile capability.

Where does that leave Western Europe? The Soviets could hit Western Europe with nuclear tipped missiles that could strike targets in West Germany, France, and even England in 5 minutes or less from the point of firing to target. The trajectory could be tree top. Obviously, star wars would be of little help to Europeans. The administration's star wars defenders dispute this. They argue that with a "lay-

ered" capability our European NATO allies could get effective protection against intermediate range and even short range missiles. But even if this technology should effectively supplement the more traditional intercontinental star wars defense, the Europeans argue that all a perfect antinuclear missile defense at its very best would do would be to make Europe and the rest of the world safe for conventional war. Having gone through the savage destruction of conventional World War II in Europe and recognizing the vast increase in conventional military destructive capacity in the 40 years since, the Europeans see little but heartbreak and total destruction in World War III, even if it were confined to conventional weapons. But they know it would not be confined to conventional weapons, certainly not in Europe. Tactical nuclear weapons can be carried by individual soldiers. They have immense destructive capacity. The desperation and ingenuity of another European war would surely push both sides to find ways to use tactical nuclear weapons. So even if star wars worked and worked to perfection, a World War III in Europe would mean total devastation. Europe has enjoyed its longest period of general peace in the past 40 years in modern history. I should say the past 40 years has resulted in the longest peace for Europe in modern history—certainly in many centuries. Why? The answer lies in the terrible threat of total destruction from nuclear war. The deterrence of assured mutual suicide has kept the peace. Star wars could smother that deterrence. The Europeans won't buy that grim possibility.

Mr. President, I ask unanimous consent that the article to which I have referred in the May 13 New York Times by William Broad be printed at this point in the RECORD.

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

[From the New York Times, May 13, 1985]

ALLIES IN EUROPE ARE APPREHENSIVE ABOUT BENEFITS OF "STAR WARS" PLAN

(By William J. Broad)

BONN.—Allies in Western Europe seem increasingly worried by military and political dangers they see for their countries in President Reagan's strategic defense initiative, popularly known as "Star Wars."

In public many European leaders laud the project as a potent force that brought the Russians back to the negotiating table, and they hail its five-year, \$26 billion research program—at least as a hedge against Soviet efforts in developing space-based defensive arms.

But dozens of interviews with European military experts and Government officials and a review of Government documents and official statements show deep and widespread apprehension about the "Star Wars" plan as it relates to Western Europe.

Some strategists do find value for Europe in President Reagan's concept, first set forth in a speech in March 1983, when he

proposed a space shield to render all nuclear weapons "impotent and obsolete."

But the prevailing view, sometimes expressed openly, sometimes privately, is that American defensive space weapons would fail to protect Western Europe from Soviet missile attack, would probably bring on a threatening conventional-arms race, and could well split the North Atlantic Treaty Organization and increase the risk of war.

At the recent Bonn summit meeting, reservations came to the surface as France became the first major power to reject outright the Administration's offer for the allies to join in the research. So far no country in Western Europe has agreed to take part, although Prime Minister Margaret Thatcher of Britain has not ruled it out and Chancellor Helmut Kohl of West Germany has spoken favorably of the possibility of joining.

AN EYE TO POLITICAL FORTUNES

One of the attractions for Europe, apart from the merits or demerits of the defense plan itself, is the prospect of substantial nonmilitary applications of the high-technology research.

Government leaders may be apprehensive about their political fortunes if they tie themselves too closely to the American project, according to some analysts. Opposition political parties, especially in Britain and West Germany, have made a point of publicly denouncing "Star Wars" as dangerous for Europe. Election campaigns in the next two years will probably test the resolve of governing parties to publicly support the American program.

At the heart of European concern lies a key technical consideration—the short time in which Soviet warheads can reach Europe—and the military judgment that many of these weapons would slip underneath the most elaborate shield that the United States could place in space.

GAIN CALLED "ALMOST ZERO"

"The flight time for missiles traveling from the Soviet Union to Western Europe is less than half the time it takes to reach the United States," said Dr. Lawrence Freedman, head of war studies at King's College of the University of London and a leading British strategist. "For missiles launched from Eastern Europe, the flight time is even shorter. The task of intercepting the missiles is therefore correspondingly greater."

An official in the French Foreign Ministry asserted that this showed the futility of space-based defense. "The military gain for Europe is almost zero," he said. "We don't believe for a moment that it is useful."

Echoing that view, Col. Jonathan Alford, deputy director of the London-based International Institute for Strategic Studies, said, "No matter how good the system, we will be more exposed." The institute is a private organization known for its annual assessment of the global military balance.

In contrast to such skepticism, the Reagan Administration sees space-based weapons as potentially effective in defending the United States, essentially because of increases in available response time that might be provided by new technologies. Ground-based defenses in the past had only seconds in which to work and thus could easily be overwhelmed. But in space, a "layered" system of defensive arms would theoretically have many chances to destroy enemy missiles and warheads, even to attack one slipping through the first or second lines of defense.

EUROPE'S SPECIAL PROBLEMS: TIME AND DISTANCE

For the United States, space weapons would be intended particularly to counter Soviet SS-18 missiles, which have a range of about 7,000 miles. Under the 1979 treaty on strategic arms, which the United States Senate has not ratified, the missile is limited to 10 nuclear warheads; however, it is large enough to carry many more than that. According to Reagan Administration officials, space defenses might also destroy SS-20's, which have a range of about 3,000 miles and present a threat to Western Europe.

But West European strategists, because of the proximity of the countries of the Warsaw Pact, are primarily worried about a different set of Soviet weapons—nuclear-armed bombers and smaller aircraft, cruise missiles, artillery shells and a variety of low-flying missiles. The missiles include SS-21's (with a range of about 70 miles), SS-22's (550 miles) and SS-23's (300 miles); as distinct from strategic missiles, which travel many thousands of miles, these are known as tactical missiles.

"In Europe we will always be vulnerable," said Yves Boyer, a researcher at the French Institute of International Relations in Paris. "We may get the bomber, but the airplane, the artillery and the tactical missiles will get through."

An emerging question in Europe is whether such Soviet weapons might be stopped by devising a new generation of anti-tactical missiles. Based on the ground rather than in space, these defensive weapons would fly rapidly to obliterate Soviet warheads closing in on targets. One possible anti-tactical missile might be an advanced version of the Patriot, which is currently being deployed with American troops in Europe for defense against enemy planes.

The Pentagon has studied the possibility of designing new defenses against short-range Soviet missiles. In the months after President Reagan's "Star Wars" speech, a panel headed by the American strategist Fred S. Hoffman said such research "should reduce allied anxieties that our increased emphasis on defenses might indicate a weakening in our commitment to the defense of Europe."

European responses have tended to be skeptical. One fear is that ground-based anti-tactical missiles could easily be overwhelmed. Another is that "leaky" defenses, while theoretically beneficial for North America, would have few advantages for Europe.

"Airfields, storage facilities, and troop concentrations are always going to be more vulnerable than missile silos," said Dr. Dietrich Schroer, a physicist at the International Institute for Strategic Studies. "There are problems even for the Pershings, which are out in the open, if a bomb goes off miles away. European targets are intrinsically soft and therefore hard to defend."

In contrast, some Administration officials have said that a "leaky" defense of the United States would be worthwhile because it would protect many missile silos—if not cities—thus discouraging Soviet planners from launching a pre-emptive raid.

To some European analysts, the technical difficulties of trying to protect Europe in no way lessen the allure of space defenses for the destruction of Soviet long-range missiles. The protection of North America alone, they say, would suffice to increase European security because the United States would be more willing to aid its allies

in a war. In this view, the current American "nuclear guarantee" is a poor promise at best: No American President would order a nuclear strike to defend Bonn or Paris when to do so would mean the destruction of American cities.

"With the risks to America reduced by a system of defense, the policy would become more credible," said Gerald Frost, director of the Institute for European Defense and Strategic Studies in London. The institute is associated with the Heritage Foundation, a conservative research group in Washington.

The counterpoint to this view is that space-based defense might foster isolationism in that the United States, technically able to retreat behind a defensive shield, could abandon Europe to Soviet aggression. According to some analysts, this fear, whether real or imagined, might be enough to split the alliance.

EUROPE'S NUCLEAR ARSENAL: WOULD IT BE OBSOLETE?

Beyond the technical question of whether their land can be defended lies another contentious issue for Europeans: whether American and Soviet space shields would render "impotent and obsolete" not only American and Soviet nuclear missiles but Europe's as well. The question is of special moment for Britain and France, which have their own nuclear arsenals.

Here raw numbers are viewed as critical. The Soviet Union, with its large number of missiles and warheads, might easily overwhelm European ground defenses, while the more limited arms of the French and British might pose a weaker, but still significant, threat in return.

At stake are pride and prestige as well as military might. One fear of the French and British is that their status as world powers would be lost by a switch to expensive systems of space-based defense beyond the means of their national budgets.

"The nuclear game is the last opportunity for France to be a major power," said one French official. In his view, nuclear deterrence has worked, his country has played a role in that strategy and it, in turn, has enhanced his country's status.

"Europeans actually tend to like nuclear weapons," said Colonel Alford of the International Institute for Strategic Studies. "They don't say we want more and more of them, but they say it is nuclear weapons on the whole, their existence, the fear they induce, which has made it impossible to contemplate war."

Over the years, Europe has stockpiled nuclear weapons mainly to counter the numerical superiority of conventional forces in the nations of the Warsaw Pact, although a recent goal has also been to reply to deployment of Soviet SS-20's. Most recently, NATO countries have started to deploy cruise and Pershing 2 missiles, while the British and French have embarked on expensive programs to upgrade nuclear missiles on their submarines.

The financial and social costs of such deployments have been great. Over Easter weekend in West Germany, Britain and Italy, tens of thousands of people protested the stationing of United States missiles in Europe. Yet the price is often viewed as negligible compared to the consequences of not having nuclear weapons in Europe.

Benoît d'Aboville, an arms control official in the French Foreign Ministry, emphasized the point in a recent speech. "Making the world safe for conventional war," he said, "is not at all appealing for Europeans."

A MIXED REACTION FROM ALLIED LEADERS

Skeptical of space-based defenses, European leaders have tended to cautiously back the research while objecting to testing and deployment of defensive arms. In October 1983, the North Atlantic Assembly, which is composed of legislators from NATO countries, reluctantly endorsed President Reagan's research proposal.

"However, undesirable some feel an American ballistic missile defense system would be," the statement said, "the presence of solely a Soviet system would be still less desirable. Thus, while Soviet missile defense research continues, there is every reason for American research to continue also."

But the next spring France publicly disparaged both the strategic goals and the research. At the Geneva disarmament conference of the United Nations, its Ambassador, Francois de La Gorce, said defensive weapons in space "could threaten the stability—and thus the peace—that has resulted so far from the invulnerability of the means of nuclear response." He added that Mr. Reagan's announcement alone of the intention to go forward with the research "constitutes in itself a spur to redouble the effort to build offensive systems" as a way to try to defeat any possible defense.

The British reaction was cool and legalistic. In a quid pro quo, Prime Minister Margaret Thatcher agreed to support the research in exchange for President Reagan's agreement to these four points: that the Western aim must not be to achieve superiority; that deployment of a space-based defense system would be a matter of negotiation; that the overall aim must be to enhance, not undercut, deterrence, and that East-West negotiations should aim to reduce levels of offensive arms.

In March, Sir Geoffrey Howe, the British Foreign Secretary, raised the level of tacit criticism by cautioning that "we must make sure we are not developing what might prove to be only a limited defense against weapons of devastating destructive force." In a major speech, he listed a host of questions and implied that answers to them might prove disappointing.

Sir Geoffrey's speech was made in the opening week of negotiations in Geneva between the United States and the Soviet Union, and it was answered by a volley of criticism from Reagan Administration officials and others. The Times of London blasted the speech as "mealy-mouthed, muddled in conception, negative, Luddite, informed and, in effect if not intention, a 'wrecking amendment' to the whole plan." Sir Geoffrey, it added, handed the Soviet Union "all the best lines" with which to oppose the missile defense plan "and drive that wedge between Europe and America."

On the other hand, a French diplomat said, "all the questions raised by Sir Geoffrey can be endorsed by Europeans in general, and that betrays the intensity of concern."

In West Germany, initial reaction to the "Star Wars" plan was negative. In April, Defense Minister Manfred Wörner said the strategic goals "would lead not to stability, but just the opposite." But Chancellor Helmut Kohl, in a speech to the West German Parliament, gave a warm endorsement to "Star Wars" research. He said his Government would "not let itself be rushed" into a decision but generally favored taking part in the program. "We're receptive to the American suggestion," he told Parliament.

THE AMERICAN INVITATION INTENSIFIES THE DEBATE

On March 26, Defense Secretary Caspar W. Weinberger formally invited the allies join in "Star Wars" research. He set a deadline for response of 60 days. The offer was widely characterized by West European officials as an ultimatum and viewed by allied officials as a loyalty test. "Your country can do the job exactly by itself," a West German official said, "so what it is really looking for is political support."

Mr. Weinberger eventually backed down on the deadline, but debate on the cooperation issue has heated up. The main reason is that Europe feels it lags badly in high technology and sees "Star Wars" research as one way to catch up. Areas of application of the \$26 billion research program are likely to include computers, optics, electronics, metallurgy, materials science and space transportation.

The head of the "Star Wars" research program, Lieut. Gen. James A. Abrahamson of the Air Force, told a group of American military contractors in April that he was "fully confident our allies will be able to participate." He added, "They will be bidding, in some cases, against you."

Indeed, some European companies have said they are interested in cooperation. "Americans are daredevils to go into new fields, and we are always interested in developing new technologies," said Wolf Wehran, a spokesman for Carl Zeiss, a large optical company in West Germany. "But we do not need S.D.I. to fill our manufacturing capacity or to insure an innovative program of research into the next century. We can do quite well without it."

An official of a leading European military contractor was more enthusiastic, saying his company was ready to develop an anti-tactical missile for the defense of Europe. "It's just a matter of time and money," he said. He said his company also had a program research into high-energy lasers and was "willing and able" to cooperate with the Pentagon on advanced research in many areas.

Though intrigued, many West European companies have also voiced reservations. Fears include a scientific "brain drain" to the United States and Pentagon controls on the flow of "Star Wars" technologies. According to company officials, the Pentagon might want to limit the exchange of techniques between American and European researchers and to inhibit the export of military technologies by Europeans. In the past, the Reagan Administration has tightened such controls in an attempt to halt the flow of high technology to the Soviet bloc.

OVERCOMING THE BARRIERS: SHOULD EUROPE COMPETE?

According to Francois Heisbourg, a former international security adviser to the French Defense Minister, one way for European countries to overcome the barriers they fear is to form a consortium. "Being subcontractors is not so disagreeable," he said. "But it's not as exciting as working in the forefront of a major industrial venture."

Banded together, European companies might be able to work on such Pentagon projects as the quest for highspeed integrated circuits, he said. "These are going to be used in S.D.I. and everywhere else," Mr. Heisbourg said. "They have tremendous promise, but the program is completely closed to the allies. There's no access."

Partly in response to such concerns, the French Government in April proposed the founding of a European Research Coordina-

tion Agency, nicknamed Eureka. The agency would conduct peaceful scientific research in areas similar to those of "Star Wars." Some French officials describe it as a political and economic alternative to the American research program, while others see it as a way to better negotiate "Star Wars" contracts while avoiding a direct political endorsement of the American program.

So far the French proposal has not gained much European support. At an April meeting in Bonn of the Western European Union, the Defense and Foreign Ministers of Britain, France, West Germany, Italy, the Netherlands, Belgium and Luxembourg tried and failed to agree on a joint response to the Reagan Administration's research offer. Part of their debate centered on the merits of Eureka.

A European alternative to "Star Wars" is the last thing desired by American officials, who have criss-crossed Western Europe this year trying to muster support for space-based defenses. Originally, they hoped for a firm endorsement of the research plan at the Bonn summit meeting. Besieged by questions and hesitation, especially from the British and French, Administration officials then said they would settle for a vague supporting paragraph in the final communiqué.

But there was no such paragraph, and President Francois Mitterrand took the occasion to reject the American invitation to take part in the research. At a news conference, Mr. Mitterrand said Europeans should concentrate on a research program of their own rather than "wasting their talent" on a non-European undertaking.

According to an official in its Foreign Ministry, France is already pursuing its own research on space-based systems—but with the goal of finding ways to outwit them. "When we first heard the Reagan speech we were frightened," he said. "But now we believe it will always be possible to penetrate Soviet defensive systems, although perhaps with high costs, mostly by the multiplication of warheads."

In response to improved missile defenses around Moscow, France is already increasing the number of warheads carried by its submarines, according to a Defense Ministry official. The change is from single to multiple warheads on missiles. The force, he said, will be expanded from its current strength of about 100 warheads to 500 warheads by the mid-1990's. He added that the lightness of the new generation of warheads will allow them to carry more decoys to aid in the penetration of Soviet defenses.

THE FUTURE OF "STAR WARS": STRIKING A BALANCE

What the future holds for "Star Wars" in Europe is difficult to ascertain, according to most specialists. The issue is too volatile. Allied Governments are expected to try in equal measure to help the Americans in the Geneva arms talks with the Soviet Union, to fend off attacks from rival political parties and to evaluate the security issues for their own nations.

The immediate issue for countries other than France is whether to accept the American invitation. West Germany is widely considered likely to take part. In saying why he favored cooperation, Chancellor Kohl told the West German Parliament that joining in the research could increase Bonn's influence on questions of deployment and strategy.

But Karsten Voigt, the foreign policy spokesman for the opposition Social Demo-

crats, dismissed the Chancellor's position as naive. "To participate in the research is to endorse the politics," he said in an interview. "We say don't take part in S.D.I. by means of public agreements or resources. We have nothing against participation on a private level, company to company. But to think you can buy influence by taking part in a research program is an illusion. And if you join the research, you are also part of possible East-West conflicts that arise."

An official in Chancellor Kohl's office disagreed, saying the stakes were too high to merely sit on the sidelines. Negotiations in Geneva promise radical reductions in the Soviet arsenal, he said, and therefore strong allied support of the American position is crucial. He added that successful negotiations might "paradoxically" eliminate altogether the need for the deployment of space-based defenses.

Beyond debates over arms talks and political expediency lies what appears to be a fundamental consensus. By all indications, European officials want nothing to do with the actual deployment of space-based defenses. Governments fear that—for Europe—space arms would be useless and costly.

In an era of "Star Wars," Europe would have to pay not only for exotic defenses but also for increased conventional arms with which to deter Soviet aggression. The alternative, nuclear deterrence, is often viewed not as an unspeakable evil but as a positive force for peace.

The difficulty is that the President keeps coming back with his vision," said Dr. Freedman of King's College in London. "There's no doubt about his sincerity. That's what makes it so difficult. But the vision he offers is one that makes Europeans uncomfortable. We don't believe in it."

"The only way your country can be hurt is with nuclear weapons. That's not true in Europe. If war came, the conventional side could dominate. And rightly or wrongly, nuclear weapons have been one of the ways that threat has been held back."

ANGELS OF MERCY

Mr. PROXMIER, Mr. President, on September 21, 1984, the Wall Street Journal carried an article by Suzanne Garment entitled "The Real Mystery: Why Some Do a Righteous Deed." The article discussed a conference held that month called "Faith in Humankind: Rescuers of Jews During the Holocaust." The conference, which was sponsored by the U.S. Holocaust Memorial Council, featured a group of non-Jews whose courage and moral convictions impelled them to risk their lives for the sake of Jewish fugitives from the Nazis during World War II.

The heroic rescuers told their remarkable stories to the enthralled audience of conference participants. Among the individuals mentioned by Ms. Garment were the following:

Alice Schiffer, a Belgian who guarded 20 Jewish children from the Nazis and also smuggled supplies to Jews hiding in the countryside;

Peter Vlcko, a Czech army officer who provided Jews with phony documents that enabled them to avoid capture;

Martha Dreissen of Germany, who operated a business for her Jewish employer and then went underground with the Jewish woman after the bombing of her building; and

Herman Graebe, a construction worker for the German railroad, who saved 300 Jewish workers by guiding them through Nazi territory to the protective troops of the U.S. Army.

As Ms. Garment noted in her article, these were ordinary men and women who performed extraordinary acts of bravery. In her words, "An analyst searching this conference for what made these rescuers act differently from their fellow Europeans would have had a hard time of it. The meetings were not full of sparkling insights or powerful theories about the riddle. The stunning moments came in the heroic tales." The earthly angels of mercy simply felt a powerful moral obligation to follow the path of righteousness, an obligation which outweighed the possible dangers.

As a result of the fact that there are not nearly enough of these saintly individuals in the world, governments must devote their attention to the problematic task of genocide prevention. Thus, organizers allotted a portion of the conference time to a discussion on the role of public leadership in disasters like the Holocaust. During the discussion, Elliot Abrams, the Assistant Secretary of State for Human Rights, argued that free nations have a moral duty to restrain totalitarian nations because the latter would be most likely to provide a moral climate conducive to genocide. The Reverend Robert Drinan, on the other hand, argued for institutional innovation; specifically, the creation of a United Nations High Commissioner for Human Rights.

Undeniably, Mr. President, there are many possible avenues of experimentation open to us as we strive to ward off the Hitlers of tomorrow, in addition to the venerable tactic of combating totalitarianism. I am greatly distressed, however, by the fact that we have not taken what seems to be the obvious first step. The Genocide Convention has been pending before this Senate since 1949—36 years—and our approval of ratification must not be delayed further, for 96 nations have already joined this pact in an effort to make genocide an international, punishable crime, and they are waiting for the self-styled leader of the free world to reinforce the credibility of that title.

We all know President Reagan has called for ratification, and yet this body has failed to act, although we passed a resolution last year calling on the Senate to act early in our deliberations in the 99th Congress. Well, it is no longer as early as it should be. We have not yet seen the Genocide Convention emerge from the Foreign Re-

lations Committee. And, that is a shame.

THE HEROES OF CONSUMER PROTECTION

Mr. PROXMIRE. Mr. President, consumer protection began to gather steam about 15 or 20 years ago, the Congress enacted a series of laws requiring firms marketing products to disclose information that could guide consumers not only to save money and secure higher quality products but also to safeguard their health and even their life. In recent years—especially with the advent of the Reagan administration—consumers have suffered not only neglect but downright regression. A few days ago I asked two of the outstanding consumer advocates to tell me what Member of the Congress has been most helpful in working with the consumer movement in the past few dark years. They said without hesitation that MICHAEL BARNES, the Congressman from Maryland, has been a highly effective advocate and leader. This Senator knows MICHAEL BARNES only slightly. We have met occasionally in conferences between the Senate and the House. But I have known BARNES primarily by reputation. I have heard much about BARNES' leadership in foreign policy matters affecting Central America. I have heard very little about BARNES in matters that help 230 million citizens of this country. That is surprising. Here is the outstanding Member of the Congress in consumer protection, an area that intimately affects the lives of every single American. We know his views on Nicaragua and El Salvador. We know little about the good work he has done for every American. Well, we should.

And while I am at it, Mr. President, I would like to salute that remarkable Queen of consumer protection, Esther Peterson. For many years Mrs. Peterson has worked in our Government and in the United Nations for consumer protection. She has probably done more to advance the fight for uncontaminated, healthy food and medicine in this country and throughout the world than anyone from any country. And then there is Joan Claybrook. Claybrook has been a real star out in front fighting for safer automobiles and fuller disclosure so the marketplace can work its discipline based on rigorous honesty. And finally, Mr. President, thank heavens we still have the supreme consumer advocate: Ralph Nader. If ever it could be said that you can judge a man by the enemies he makes in Congress and out that can be said of Ralph Nader. As we all know Nader started out by standing up to one of the Nation's richest, biggest, most powerful corporations: General Motors on auto safety in a classic David and Goliath clash. And

Goliath—that is, General Motors—bit the dust. Nader has not stopped since then. Consider what this remarkable man has done. He has carried on his crusade with virtually no resources, except his excellent mind, his extraordinary energy, and his absolute integrity. He has pitted this one man operation with the assistance of a handful of enthusiastic idealists who work with him for little or no compensation against the biggest and most powerful corporate interests in the country.

The Nader fight is especially difficult now. The Reagan administration has become the firm and uncritical ally of big business in its clashes with Nader. The President not only has the nearly trillion dollar Federal budget and all the resources that commands on his side, but has the bully pulpit. The President has instant, total access to the American people and the President is a superb persuader. Reagan versus Nader is an elephant versus a very small gnat. The odds are great, but here is a bet on the gnat.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 3 p.m. with statements therein limited to 5 minutes each.

THE OLDER AMERICANS ACT—20 YEARS OF SUCCESS

Mr. GORTON. Mr. President, I am pleased to be a cosponsor of Senate Concurrent Resolution 47, to mark the 20th anniversary of the enactment of the Older Americans Act. This commemoration is especially appropriate during the month of May, which the President has declared as Older Americans Month.

The theme of the 1985 Older Americans Month is "Help Yourself to Independence." For the past 20 years the Older Americans Act programs have been doing just that, helping seniors to live independently. The Older Americans Act, through the Federal Administration on Aging and a network of State area and local agencies has helped to foster economic and personal independence for millions of older persons. Since enactment of the programs in 1965, a complex network of 57 States and territorial units on aging and over 660 locally based area agencies on aging and thousands of senior centers have effectively provided a wide array of services to older Americans. The 1966 Older Americans Act budget was \$5.7 million. This figure has jumped to more than \$1 billion in 1985. This spending increase is indicative of Congress' commitment to our senior citizens.

The Older Americans Act created a coordinated system of services which touch many aspects of a senior's life. Available services include transportation and legal counseling, as well as more intensive home health and social services provided to the frail elderly. The popular nutrition programs serve millions of nutritious meals at senior centers, as well as to the homes of those who are not mobile. The senior centers also provide a gathering place for seniors from all walks of life. I have heard many stories about the warmth and friendships discovered at senior centers and nutrition sites across the Nation.

In 1984 Congress extended the Older Americans Act for an additional 3 years and added several new provisions to benefit senior citizens, their families, and their communities. Special priority in the 1984 reauthorization was given to the training of people who care for victims of Alzheimer's disease. Also, a greater emphasis was placed on general health awareness and disease prevention. Congress realized that with more information and training in their own health needs, seniors can prevent unnecessary illness. Funding for Senior Community Services Employment Program—title V—was increased so that additional low-income seniors can be employed in hospitals, senior centers, and schools.

Washington State's senior centers and nutrition sites are especially active. Washington State has 13 area agencies on aging, 160 senior centers, and annually serves 73,140 seniors through the congregate and home delivered nutrition programs, serving a total of almost 3 million meals. I am pleased to report that a number of the area agencies on aging and senior centers around Washington State are commemorating Older Americans Month and the 20th anniversary of the Older Americans Act along with Congress. As we look forward to many more years of successful services to seniors, I take this opportunity to pause and join with my colleagues in the Senate, as well as with the seniors of Washington State, to mark the 20th anniversary of the Older Americans Act.

AMERICAN WHEAT IN FOREIGN TRADE

Mr. MELCHER. Mr. President, it is discouraging to learn that the opportunities for the utilization of American wheat are thwarted by actions of our own Government. We have indeed witnessed the tragic circumstances where agriculture producers in general have received a sort of short shrift—I guess, to state it more accurately, have gotten very minimal hopes of reversing the situation where their net farm income continues to decline. With wheat producers, it may be worse or

may be better than some other particular agricultural commodity producers, but it is the nature of wheat producers to grasp at every opportunity there is to improve their situation because the past several years have found them continually losing ground in their endeavors to make a living, first of all; and second, to improve their economic lot in terms of the debts they owe and the situation they have on their financial sheet that, year after year, shows declining assets and more debt.

Mr. President, I am sorry to have to discuss what I am about to proceed to discuss in light of the serious situation that wheat producers are faced with. I have asked the Department of Agriculture representatives at the markup session of the Agriculture Committee, as we had our first day of markup for the new farm bill, why applications for wheat under various programs that are available to be utilized by foreign countries have been turned down. I specifically mentioned Public Law 480 and section 416. They explained in terms of section 416 that, since that law had only been amended a little over 1 year ago, the regulations were not yet in place. In April of last year—as a matter of fact, a little more than 13 months ago—we modified section 416 so we could be eligible as an export commodity from this country upon application of friendly countries that we deal with both to alleviate any situation they found themselves in in terms of distressed economy in their own particular country and also from our side of it to build the opportunity for further trade expansion in the particular country that was applying.

There have not been any 416 Programs approved in this 13 months since the law was modified to include wheat from any country that we deal with, any country on the globe, for wheat. I find that delay intolerable.

I have been advised that, a few weeks ago, the Department of State had sent out a cable to their people in AID offices of various countries instructing them to refuse to accept any application for wheat under section 416. That is, indeed, true and I shall ask unanimous consent to have printed in the RECORD the cable signed by Secretary of State Shultz where the instruction went out. The cable is dated April 17 and it clearly is of a nature to instruct AID officials in various countries not to accept any application for wheat under section 416.

Section 416 allows the application for wheat for friendly countries, or dairy products, on the basis that the surplus commodities from this country will be sold at full price, reduced price, conditions of terms, all sorts of advantages for the applicant countries. The advantage to the United States is that we dispose of a commodity that is in surplus—wheat and dairy products are

our two greatest surplus commodities—and that we have the opportunity to have some trade expansion, not just from that particular sale, but from followup sales.

It is an absolutely sound program. We have used section 416 for dairy products for a number of years, and we could be using wheat today and in the past 13 months had the Department of State and the Department of Agriculture found themselves capable of handling those types of applications.

Mr. President, I believe that this is a very serious shortcoming in the commonsense department. It obviously works to the detriment of the wheat producers of this country; I might add that it is part and parcel of the trade imbalance that we are now experiencing. It also is a very costly delay in reducing some of the surplus of wheat on which we pay storage costs.

Those storage costs for all commodities total about a half billion dollars per year. Now, that is not all wheat. It is for all the commodities. I have not tried to figure out exactly what it is for wheat, but nevertheless wheat storage costs are a part of that total. So refusing to accept applications for American wheat not only hurts wheat producers and our balance of trade, it also hurts the taxpayers of the United States.

Mr. President, I ask unanimous consent that the full copy of the cable from the State Department to the AID offices be printed in the RECORD.

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

APRIL 1985.

AIDAC.

Subject: Section 416 food donations—Melcher amendment.

1. Section 416 of the Agricultural Act of 1949 was amended in 1984 to add subsection (b) known as the Melcher amendment.

2. The amendment provides that wheat, as well as dairy products, may be furnished by the Secretary of Agriculture for carrying out title II of Public Law 480. Availability of wheat for section 416 programs must be determined by the Secretary of Agriculture.

3. Second major feature of the amendment provides that "commodities and products furnished under this subsection may be sold or bartered, as approved by the Secretary, solely as follows: (1) Sales and barter which are merely incidental to the donation of the commodities or products, (2) sales and barter which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country of otherwise for activities that are consistent with providing food assistance to needy people, and (3) sales and barter of commodities and products donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those organizations. Except as provided in the foregoing sentence, no portion of the proceeds or services realized from such sale or after may be used to meet operating and overhead expenses."

4. The phrase "activities consistent with providing food assistance to needy people" is subject to a variety of interpretations. The availability of wheat and sale of commodities must be approved by the Secretary of Agriculture with the accord of the DCC working group. Several months have passed during which AID and USDA have sought approval of guidelines for both wheat and monetization. There is, however, no DCC agreement for either.

5. Action requested. Until such time, no new section 416 proposals involving wheat or sales should be submitted. Each USAID that has submitted a proposal under section 416 for either wheat or commodity sale should advise AID/W whether and how they would wish to proceed with only dairy products and no monetization.

SHULTZ.

CITIZENS AGAINST COCAINE

Mrs. HAWKINS. Mr. President, I would like to take an opportunity to commend the organization Citizens Against Cocaine for their drug control activities.

In a worthy effort to curb cocaine abuse in our Nation, Citizens Against Cocaine is being formed as an educational awareness program designed to counter the cocaine marketing strategy by utilizing statewide volunteer groups. This group has three primary goals: First, to diminish the current cocaine market by enlightening, extolling, and convincing as many as possible about the dangers and results of cocaine use; second, to limit the growth of the cocaine market by soliciting nonusers to pledge "Never to buy, sell, or use cocaine;" and third, to educate citizens to the need for support systems to aid those individuals addicted to cocaine and who are desirous of breaking the habit.

Membership in Citizens Against Cocaine is open to everyone—all citizens, business, political, and religious groups. Members are divided into three categories: First, sponsors are organizations initially identified in each region to spearhead the campaign in their region; second, cosponsors are those businesses and organizations who purchase the Citizens Against Cocaine promotional kit and who display the material for all to read and consider; and third, general members are all who join in the effort of the campaign and who pledge to "Never buy, sell, or use cocaine."

The long-range goal of this effort is to generate enough spirit and concern to develop a permanent anticocaine spirit.

Mr. President, as chairman of the U.S. Senate Subcommittee on Children, Family, Drugs, and Alcoholism, I am all too aware of the destructive power of this drug. In numerous hearings and investigations conducted by my subcommittee, more and more, information reveals just how destructive cocaine really is. Cocaine can cause addiction, paranoia, permanent brain

damage, and death. Cocaine ruins minds, marriages, finances, and lives.

One of the most difficult aspects of the fight against cocaine abuse is the popular misconception that it is a relatively harmless, recreational drug. Mr. President, the educational information provided by Citizens Against Cocaine is exactly what should be disseminated in order to counteract this dangerous misconception. I think this fine group is setting out to accomplish a difficult, but necessary task, and I applaud them for their commitment.

As Citizens Against Cocaine states in its strategy report:

This proposal is designed that * * * (we) * * * march together in a nationwide "citizens against cocaine" campaign, passing out literature, putting up posters, sharing information and concerns; enlightening, encouraging and extolling one another to pledge "Never to buy, sell, or use cocaine." For cocaine is America's public enemy No. 1 because cocaine destroys human potential. It enslaves the user; and changes his personality. Cocaine destroys physical health, cocaine divides families. Cocaine reduces productivity. Cocaine results in death. Cocaine is anti-American; antifamily; and antireligion. To be successful in solving America's cocaine problem, we must march together. And if our march is successful, these same feet will be able to dance a victory dance together in the joy and knowledge that once more the American people have demonstrated that the American spirit is unconquerable and indestructible. We would have shown our enemies that we are indeed, one Nation under God.

Mr. President, I think that says it very well. In making the effort we must to eradicate cocaine abuse, we must offer our support to fine organizations like Citizens Against Cocaine. I wish to commend this group's organizers and volunteers for their aspirations and goals. I wish Citizens Against Cocaine much success in their endeavors.

RUSSELL LONG

Mr. HOLLINGS. Mr. President, I call to the attention of my colleagues an article appearing in today's Washington Times. It's entitled "Russell Long's Legacy" and it's written by former Secretary of the Treasury William Simon.

Mr. Simon's words for our esteemed colleague from Louisiana are flattering, but far from fatuous. Indeed, they are words of praise that RUSSELL LONG has earned many times over during his distinguished 37-year tenure in the Senate.

This article does not sum up the outstanding career of my friend, nor will I attempt to do so with my short remarks. There will be ample time later for that. The article I commend to everyone's attention, Mr. President, comments on the vision of RUSSELL LONG and the considerable talents he has brought to this body. Given those abilities, his accomplishments have

been notable. Perhaps that was to be expected from the son of Huey Long. His continuation of the populist teaching of his father are evident, but so is a creative wisdom that bears his own imprint. Mr. Simon points this out and outlines the legacy Senator LONG leaves Congress and the Nation.

Much will be said about RUSSELL before he calls it quits sometime next year. The Senate will miss his intelligence and leadership. He may be retiring from his seat in the Senate, but it is the hope of this Senator, and certainly that of his fellow Members, that he continue to contribute his abundant wisdom and talent to the Nation.

Mr. President, I ask that the article I mention appear following my remarks.

The article follows:

[From the Washington Times, May 14, 1985]

RUSSELL LONG'S LEGACY (By William A. Simon)

When the 100th Congress arrives in Washington in 1987, one man will be conspicuously absent. After 38 years in the Senate, Russell Long, the senior senator from Louisiana, will retire. Those who, like myself, have had the privilege of working with Mr. Long can only consider this something of a minor tragedy.

In the media over the years, Mr. Long's name has most often been associated with resistance to civil-rights legislation in the 1960s, the advocacy of the agricultural and shipping interests of Louisiana, and, especially, his defense of tax provisions beneficial to the petroleum industry. And it's true that in his 14 years as chairman of the Senate Finance Committee, and now as its ranking Democrat, Mr. Long has taken care of those interests well.

But Mr. Long deserves to be remembered for far more than merely looking out for the citizens and industries of his state. He was one of the first to understand that the structure of our tax laws was strangling the capital formation so indispensable to sound economic growth.

Unable to persuade Congress to restructure the tax code to spur investment generally, Mr. Long did the next best thing. He pried open enough loopholes to keep the patient alive until public opinion was ready to accept a genuine cure. For that he took a lot of flack, but it ought to be clear now that what he did was a great public service.

But perhaps the most important reason why Americans should remember this great man with gratitude is that for many years, without much publicity, Mr. Long has been a dedicated and effective champion of expanding the distribution of private property ownership among the people of the United States.

The early statesmen of this country thought deeply about how a free republic could be maintained. Considering the experience of Europe, they argued that concentrated power is ever the enemy of liberty. Power follows property; thus, the concentration of property in the hands of a few would necessarily lead to either revolution or servility. James Madison observed that in the former instance, "The rights of property and public liberty would not be secure," and in the latter, those without property

would become "the tools of opulence and ambition."

But the case for a widespread distribution of property ownership did not rest entirely on the need to protect republican liberty. It was also clear that the opportunity to acquire and enjoy private property was a strong motivating factor in economic growth. In addition, the fact of ownership has a powerful positive effect on an individual's self-image. It encouraged him or her to take part in civic affairs, engage in works of charity and improvement, and stand in the front rank of patriots in time of war.

This emphasis on the importance of helping as many citizens as possible to become owners carried on in our political tradition until the days of the New Deal. Then, except for some continuing interest in promoting home ownership, it pretty much vanished.

The New Deal's interest lay in organizing capitalism, taxing away its profits, and redistributing them among the poor and propertyless.

The idea of expanding the ownership so that all might participate as owners in a free economic system was not of interest to Franklin D. Roosevelt and his Brain Trust. And except for the efforts of former President Richard Nixon and his secretary of commerce, Maurice Stans, to assist minority enterprise in the first Nixon term, the idea of expanding ownership largely receded from public discussion.

Then came Mr. Long, son of Huey Long—the Kingfish, as he was called—the populist governor and then senator from Louisiana, whose slogan was: "Every man a king."

Mr. Long instinctively grasped the importance of widespread property distribution. He saw clearly the benefits it would bring. And he recognized that the continual taxing and controlling of concentrated wealth to support the propertyless would in due course destroy the American economy.

Mr. Long set out to build a backfire against this trend. His best-known handiwork is the Employee Stock Ownership Plan (ESOP). Largely through his efforts an obscure technical provision in the tax code was widened and generalized to offer real incentives for the owners of corporations to share ownership with their employees.

Today, hundreds of American companies have created ESOPs to give their employees a stake in the business. Among the best known of these are People Express, Quad Graphics, Science Applications, Lowe's Stores, and Weirton Steel.

Since ESOPs became popular, the National Center for Employee Ownership has cataloged a number of studies that illuminate the economic consequences of expanding a firm's ownership to its employees. Without exception, these studies have shown that employee-owned firms show a higher growth in productivity, better ability to weather recessions, bigger returns on investment, and the creation of more jobs than similar firms that are not employee-owned. The reasons are not always clear, but from personal experience I can testify that employee-owned companies typically have fewer problems with inventory control, absenteeism, and labor relations. A realistic opportunity for workers to become owners has a powerful positive effect on employees' productivity, enthusiasm, commitment, and pride in their company.

ESOP refinancing has also been used frequently in recent years as part of rescue efforts for companies facing shutdowns. It is not a miracle cure by any means, but in

many cases the productivity gains and positive attitudes flowing from employee ownership have made a viable business out of one that was marginal at best, to the great benefit of both the workers and their communities.

In introducing major ESOP legislation in late 1983, Mr. Long observed that, "If we want this private property system of ours to succeed, we simply must ensure that as many Americans as possible have an opportunity to earn an ownership stake in that system . . . the goal is to provide incentives for financing to be structured in such a way that, in the future, more Americans will have a chance to accumulate a capital estate."

It is a tribute to the power of this concept, as well as to Mr. Long's persuasive powers, that 46 other senators of both parties co-sponsored his legislation, including conservatives like Sens. Laxalt, Hatch, and Denton, and liberals like Sens. Kennedy, Tsongas, and Pell. Most of that legislation was signed into law in 1984.

The idea of expanding the nation's capital-ownership base is a powerful one. But unlike so many ideas that capture the voters' minds—ideas like industrial policy, full employment, and price controls, to name a few—expanding ownership has demonstrable advantages for the American economy.

Whatever course his career may take after he leaves the Senate, Mr. Long's voice will doubtless continue to be heard on this subject. It's a voice that presidents and Treasury secretaries ought to be listening to, and there's no reason to wait until 1987 to begin.

NATIONAL ENDOWMENT FOR DEMOCRACY

Mr. MOYNIHAN. Mr. President, when the National Endowment for Democracy was established in 1983, a number of voices were heard in Congress expressing concern that the enterprise would unavoidably begin to develop aspects of official ideology.

Mine was not one of those voices. To the contrary, I spoke at some length and on a number of occasions in support of the experiment. There might have been a time, I argued, when Americans would have had difficulty spending Government money for avowed political purposes abroad, but it seemed to me that we had done a lot of learning in three decades and more of the cold war and could handle such an enterprise with poise and even deftness.

Those who took part in the debate will recall the further argument that absent some above board approach to the challenge of supporting democratic movements in various parts of the world, and of countering antidemocratic forces, we were repeatedly driven to other arrangements which were not suitable.

Last September, the endowment entered an agreement with the International Freedom to Publish Committee of the Association of American Publishers to mount a book exhibit, "America Through American Eyes," at the 1985 Moscow International Book Fair, with an annotated catalog in

English and Russian editions, to demonstrate the diversity of American society and the strengths of its democratic institutions.

The committee, on its own, had mounted just such an exhibit at the 1979 Moscow Book Fair, which was thought to have been a huge success. Some 300 titles had been chosen by the New York Public Library, the Philadelphia Free Library, and a small committee of writers and critics headed by the author Mr. Kurt Vonnegut.

To avoid Soviet censorship the 1979 exhibit included an annotated catalog describing the books, in English and Russian, which was distributed in tens of thousands of copies, creating, in their view, an instant underground sensation distributed widely from hand to hand among Soviet citizens.

The same arrangements were followed this time, and Mr. Vonnegut headed up substantially the same selection committee.

Late last week, however, we learned that Mr. Carl Gershman, president of the endowment found the new book list ideologically unsatisfactory.

On May 8, Mr. Gershman wrote Mr. John Macrae III chairman of the publisher's committee, to report that he had obtained an expert opinion that:

The list displays a unitary political point of view that gives no recognition to some of the most interesting and influential intellectual trends of the past five years.

Mr. President, I have scanned the list of books chosen for this particular exhibit, and recognize its difficulties. May I note in passing that some 180 publishers will be exhibiting their books in Moscow in a combined effort arranged by Baker and Taylor, the book wholesalers. The place will teem with American books, not simply these 300 odd. On the other hand, nothing could easily persuade me to speak ill of any selection of books that includes the work of Paul Horgan or Theodore H. White.

I could surely envision a different list. I was disappointed by the absence of serious, quantitative social science. It is useful to remember, or so I would think, that the Soviets persist in the belief that theirs is a society founded on principles of "scientific socialism," which is to say an accurate understanding of the processes of economic and social change. Well, of course, there is no such understanding: not here, not there. On the other hand, American social scientists look at "America Through American Eyes" with an increasing richness of data, and snatches of insight. I cannot but suppose that among those Muscovites that will attend the 1985 fair more than a few would be interested to find us doing what they can only pretend to be doing. To find, for example, how abundant our census data still is in

contrast to their official statistics which are fast becoming state secrets. So dismal the picture of life in the Soviet Union. Similarly, I would have liked to see a Manhattan telephone directory included on grounds that Muscovites have never seen a telephone directory.

But selections, as such, are beside the point. It is process that matters. The endowment signed a contract with the publishers to pay them \$50,000 to pick a list of books and display it in Moscow. The contract says nothing about the endowment having the right to review the list. Consult, yes. Review, no.

One of the things about democracy is that we keep contracts. The notion of reciprocal and binding obligations is central to a constitutional society.

In any event, the inevitable reaction came from the publishers. In a letter yesterday to Mr. Gershman, asking that "this campaign of intimidation be halted"—I happen to believe they are right, that there has been one—they ask for an apology and say that failing an apology they will return the foundation's money, and proceed on their own. They have so far received some \$12,000.

In response, Mr. Gershman is quoted in the New York Times as saying that for the publishers to take this position "without even defending the merits of the list, suggests that they must be particularly sensitive to the validity of our criticism."

Over the weekend, Mr. Macrae had to explain to the press that he did not even know the contents of the book lists when Mr. Gershman first questioned it. He himself is a publisher and wished to avoid any conflict of interest or appearance thereof.

This same sense of propriety has led the publishers to take the position they have done, or so I am disposed to believe. The "merits of the list" are precisely that it was chosen by an independent committee.

They voted.

Some of Mr. Gershman's ideological friends appear to have lost, and no doubt some of his opponents. Well, so did some of my friends. Come to think of it, so did I. Elections will do that.

How I wish this had not happened. The endowment owes the publishers the money it contracted to pay. On the other hand, the publishers probably should not accept. Let them go to Moscow under their own diverse and clashing colors.

Mr. Gershman is a young man with a fine desire for public service, and equally great promise. An apology need not be abject. Anybody can make mistakes; that too is another of the ideas that hover about a democracy.

But far, far more important a change in practice is in order. There is no more explicit and implicit provision of the National Endowment for De-

mocracy Act that in no circumstances may the activities of the endowment be used to influence political opinion in this democracy. Indeed articles VIII and IX of the publisher's contract explicitly state:

ARTICLE VIII LOBBYING

The Grantee agrees that none of the funds provided by this agreement shall be used by the grantee organization or its subgrantees, for lobbying or propaganda which is directed at influencing public policy decisions of the Government of the United States or any State or locality thereof.

ARTICLE IX

PROHIBITION OF POLITICAL ACTIVITY

The Endowment and its Grantees shall make no grants or other expenditures for the purpose of education, training, or informing U.S. audiences of any partisan policy or practice, or candidate for office.

Mr. Gershman, by stating what is ideologically balanced and not balanced, hazards the very condition he properly imposed upon the publishers. These are the conditions under which all moneys of the foundations are expended.

Mr. President, I ask unanimous consent that the booklist chosen for the "America Through American Eyes" and other related documents be reprinted in the RECORD at this place.

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

GRANT AGREEMENT BETWEEN THE NATIONAL ENDOWMENT FOR DEMOCRACY, INCORPORATED, AND INTERNATIONAL FREEDOM TO PUBLISH COMMITTEE, ASSOCIATION OF AMERICAN PUBLISHERS

Memorandum of Agreement, made and entered into by and between the National Endowment for Democracy, Incorporated, a nonprofit corporation located at 1156 Fifteenth Street, N.W., Suite 304, Washington, D.C. 20005 (hereinafter referred to as the "Grantor" or the "Endowment") and the International Freedom To Publish Committee, Association of American Publishers located at 1 Park Avenue, New York, NY 10016 (hereinafter referred to as the "Grantee").

Whereas, the National Endowment for Democracy Act, P.L. 98-164 (hereinafter referred to as the "Act") and U.S. Information Agency Grant No. 1A-20955-19-G provide that the Endowment (shall) grant funds to carry out the purposes of the Endowment as specified in the act.

Now, Therefore, This Agreement Witnesseth:

ARTICLE I

Purpose

The Endowment hereby awards a grant of \$50,000.00 to the International Freedom To Publish Committee, Association of American Publishers to enable the Committee to carry out program objectives, which are consistent with the purposes set forth in Section 502(b) of the Act, as follows:

To mount a book exhibit, "America Through American Eyes," at the 1985 Moscow International Book Fair, with annotated catalogue, in English and Russian editions, to demonstrate the diversity of American society and the strengths of its democratic institutions.

ARTICLE II

A. The period of this agreement shall be from September 17, 1984 through September 30, 1985.

B. The unexpended but obligated balance of funds provided under this grant agreement shall continue to be available to the Grantee until expended for the specific purposes authorized under this agreement.

C. Funds not obligated by the Grantee during the period specified in A above, shall not be available to the Grantee until expended for the purposes authorized under this agreement.

D. Use of unobligated funds for purposes other than those specified under this agreement, may only be made with the prior approval of the Endowment.

ARTICLE III

Payment, Items of Expenditure, and Accounting Data

A. The funds awarded pursuant to this agreement shall be used to further the objectives described in Article I; shall be paid to the Grantee in accordance with the provisions of Section B herein below; and shall be expended in accordance with the Items of Expenditure set forth in Section C herein below.

B. The Grantor shall disburse to the Grantee funds on an as needed basis. The expenditure projections set forth in Attachment B, Cash Flow Projections should reflect actual anticipated expenditures as closely as possible, although initially these may be estimates. Because of the extensive amount of time involved in overseas transactions, the Endowment will consider cash advances or "anticipated cash requirements" as expenditures for purposes of an expenditure estimate. The Grantee must request a drawdown from the Endowment in a prescribed written format at least five days in advance of a scheduled disbursement date in order to receive funds. All changes in cash flow requirements should be submitted in writing along with a revised cash flow schedule. The Grantee agrees to ensure that surplus funds do not accumulate in Grantee accounts in excess of regular expenditure requirements.

c. *Items of Expenditure.* All items of expenditure shall be in accordance with the following amounts.

<i>Program costs</i>	
Salaries:	
Director—5 mos. at \$2,000/month.....	\$10,000
Secretary—5 mos. at \$1,200/month.....	6,000
Communications and postage:	
Postage.....	4,000
Telephone.....	2,500
Subtotal.....	6,500
Contractual services:	
Translation of the catalog.....	2,500
Typesetting.....	3,500
Copy editing.....	2,000
Design and photo work.....	1,500
Paper and printing.....	17,250
Subtotal.....	26,500
Other direct costs: Meeting of selection committee.....	1,000
Total.....	50,000

D. Any transfer of funds between administrative and program categories shall require the prior written approval of the Endow-

ment. Transfers of funds between the above listed items that do not involve transfers between administrative and program categories and that exceed a fifteen percent increase or decrease in any one item may only be made after ten (10) days written notice to the Endowment of the intention to make such a transfer.

E. Allowability of costs incurred under this agreement will be determined generally in accordance with Office of Management and Budget Circular A-122 "Cost Principles for Nonprofit Organizations", Attachment C, as in effect on the date of this agreement, until the Endowment and USIA determine which, if any, are applicable to the Endowment.

F. Travel and per diem costs charged to this agreement by the Grantee and its subgrantees shall be limited to the per diem amounts provided for U.S. Government employees for staff and U.S. participants. Foreign participants may be provided per diem and allowances not in excess of the amounts provided for International Visitors under the programs of the U.S. Information Agency.

G. The grant made by the Endowment to the Grantee may include the costs of an accounting and reporting system established to meet the requirements of this grant.

H. Compensation made to consultants in amounts exceeding the federal daily maximum rate must be approved by the Endowment on the basis of salary history and standards of comparability.

ARTICLE IV

Responsibilities

In carrying out the purpose of this agreement, the Grantee shall be responsible for:

A. Planning, organizing and administering the program to carry out activities consistent with the purposes of the Endowment and the Act, Attachment D, and the program objectives in Article I, above.

B. Providing funds to other organizations only for activities which are consistent with the purposes set forth in section 502(b) of the Act.

C. Providing information to the Endowment on Grantee program activities on a timely basis in order to ensure the responsible implementation of the purposes of the Act.

D. The Grantee shall comply with the requirements of section 504 of the Act and further shall insure that the Institute and its grantees comply with the audit and reporting requirements of Section 504.

E. The Grantee shall be subject to the appropriate oversight procedures of the endowment and the Congress. These procedures include the following:

1. The Grantee agrees to keep such records as may be reasonably necessary to fully disclose the amount and the disposition by the Grantee of the funds granted under the terms of this agreement, the total cost of the project or undertaking in connection with which such funds are given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

2. The accounts of the Grantee shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts

of the Grantee are normally kept. All books, accounts, financial records, reports, files and all other papers, things or property belonging to or in use by the Grantee and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying the transactions with any assets held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

3. The report of each such independent audit shall be included in an annual report to the Endowment. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Grantee's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the Grantee's income and expenses during the year, and a statement of the application of funds, together with the independent auditor's opinion of those statements.

4. The financial transactions of the Grantee for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Grantee are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files and all other papers, things, or property belonging to or in use by the Grantee pertaining to its financial transactions and necessary to facilitate the audit; and they shall be afforded full facilities for verifying transactions with any assets held by depositories, fiscal agents and custodians. All such books, accounts, records, reports, files, paper, and property of Grantee shall remain in the possession and custody of the Grantee.

5. The Endowment reserves the right to conduct or have conducted its own audit of the Grantee's records in the exercise of its obligations under the Act and the USIA Grant.

6. Not later than October 31 of each year, the Grantee shall submit an annual report for the Endowment for incorporation in the Endowment's annual report to the President for transmittal to the Congress. The report shall include a comprehensive and detailed report of the Grantee's operations, activities, financial condition, and accomplishments under the Act and may include such recommendations as the Grantee deems appropriate.

7. The Board member(s) and officers of the Grantee shall be available to testify (together with Board members and officers of the Endowment) before appropriate committees of the Congress with respect to such report, the report of any audit made by the Comptroller General pursuant to the subsection 504(f) of the Act or any other matter which such committee may determine.

ARTICLE V

Reports

The Grant will retain in the permanent files the following written reports, copies of which will be sent to the Endowment.

A. Program—

1. The Grantee shall provide to the Endowment, on a regular basis, reports necessary to monitor the progress of program activity and ensure compliance with legislative requirements. Reports are to be in the form specified in Attachment E. Such reports on

grantee program activities are to be provided on a quarterly basis.

2. The Grantee shall prepare an annual report of its program activity (Section IV E. 6. above) for submission to the Endowment in order that this report may be included in the Endowment's annual report to the President and Congress, as required under Section 504(h) of the Act.

B. *Financial*—The Grantee shall provide financial reports on a regular basis along with the program reports referred to in Sections A.1 and A.2. above. These reports are to be provided on a quarterly and annual basis. Reports are to be provided in the form specified in Attachment E.

C. *Expenditure Estimates*—The Grantee shall provide modifications to expenditure estimates to ensure that excess funds do not accumulate in Grantee accounts as set forth in Article III. B.

ARTICLE VI

General Liaison and Consultation

The Grantee agrees to consult with the Endowment on a regular basis regarding program implementation and evaluation.

ARTICLE VII

Nonexpendable Personal Property

The provisions of Office of Management and Budget Circular A-110 "Uniform Administrative Requirements, Attachment N," appended hereto as Attachment F, shall apply to any nonexpendable personal property purchased with funds provided by this agreement, except to the extent that the endowment and USIA determine that such provisions are not applicable.

ARTICLE VIII

Lobbying

The Grantee agrees that none of the funds provided by this agreement shall be used by the grantee organization or its subgrantees, for lobbying or propaganda which is directed at influencing public policy decisions of the Government of the United States or any State or locality thereof. This provision shall not be construed so as to abridge the right of any grantee organization to exercise the same freedom of speech as is protected by the first article of amendment of the United States Constitution, so long as such organization does not use funds provided under this grant in exercising such right.

ARTICLE IX

Prohibition of Political Activity

The Endowment and its Grantees shall make no grants or other expenditures for the purpose of education, training, or informing U.S. audiences of any partisan policy or practice, or candidate for office. This does not exclude making grants or expenditures for the purpose of educating, training, or informing audiences in other countries on the values of democracy that may incidentally educate, train, or inform American participants.

ARTICLE X

Discrimination

The Grantee agrees to comply with:

A. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d et seq., which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance.

B. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handi-

cap in programs and activities receiving Federal financial assistance.

C. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 et. seq., which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance.

D. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et. seq., which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance.

ARTICLE XI

Prohibited activities

A. The Grantee agrees not to engage in activities unlawful under the laws of the United States, its states, and any subdivisions thereof.

B. There shall be no expenditure by the Endowment or its grantees for the purpose of supporting physical violence by individuals, groups, or governments.

C. No person engaged in intelligence activity on behalf of the United States government or any other government shall be employed by the endowment or by any of its grantees.

D. No funds provided hereunder shall be used to finance the campaigns of candidates for public office.

ARTICLE XII

Indemnity

The Grantee agrees to indemnify the Endowment and its Officers and Directors, including costs of defense, for any claim made against them arising out of the grantee's performance of this grant agreement.

This indemnity shall be in excess of the Endowment's insurance policies, but not limited by the scope of such policies.

ARTICLE XIII

Amendments and Modifications

No amendment or modification of this agreement shall have any force or effect unless it is in writing and signed by an authorized representative of the Endowment and the authorized representative of the grantee organization.

Attachment A

ASSOCIATION OF AMERICAN PUBLISHERS, INC.,
New York, NY, January 23, 1984.

MR. ALLEN WEINSTEIN,
National Endowment for Democracy,
Washington, DC.

DEAR ALLEN: I am writing to you at the suggestion of Jeri Laber who has, I understand already mentioned to you the major book exhibit for which the Association of American Publishers is now seeking funds. It is our hope that the National Endowment for Democracy will be interested in funding this project, which is very much in keeping with the NED's mandate.

Our goal is to mount a 300-book exhibit, including a large number of picture books, at the 1985 Moscow Book Fair. The exhibit, entitled "America Through American Eyes," would subsequently be shown in other countries, especially in countries where freedom of expression is curtailed or suppressed. The concept is simple: to describe life and thought in the United States, its diversity and freedom, by displaying a wide variety of books written by Americans about the United States. The exhibit itself will be a testimony to the free speech and free press that exist in our democracy.

As you may know, the Association of American Publishers a good record in this matter. Its first "America Through American Eyes" exhibit, displayed at the 1979

Moscow Book Fair, was a huge success with the Soviet people. The roughly three hundred books were selected by the New York Public Library, the Philadelphia Free Library, and a small committee of writers and critics headed by Kurt Vonnegut. Most of the books had been published within the five years preceding the 1979 fair. In the words of Kurt Vonnegut, the aim was to give "Americans themselves and all those kind enough to be curious about them an opportunity . . . to discover something about how Americans see themselves as the nineteen-eighties are about to begin."

The exhibit was also a clever way to avoid Soviet censorship: it included an annotated catalogue describing the books, and the catalogue was distributed in tens of thousands of copies in English and in Russian, an instant underground sensation distributed widely from hand to hand among Soviet citizens.

A similar exhibit, supported in part by the USICA, was subsequently sent to the People's Republic of China for their May 1981 American Book Exhibit, with a catalogue in English and Chinese. It, too, was the main attraction of the event.

The 1979 exhibit and the catalogues were made possible by the voluntary efforts and financial contributions of a large variety of people: writers, librarians, publishers, newspaper editors. We hoped at the time that the venture would subsequently receive regular U.S. government funding and become a traveling exhibit, updated every five years. Despite a good deal of enthusiasm in government circles and the obvious success of the exhibit in Moscow and in China, financial support from the U.S. government did not materialize and enthusiasm for the project within our Association began to wane as relations between East and West became more strained.

Now, however, there is a change in the feelings of our committee members and others who monitor the Soviet scene. We would like to try to reopen communication with the East in order to have some influence on the reactionary policies of those regimes. We are seeking contact with citizens living under repressive governments and looking for appropriate events to use as forums for protecting repressive policies.

For these reasons, our Association would like to mount a new "America Through American Eyes" exhibit. I enclose a tentative budget for the project, and I am eager to know whether the NED would be interested in providing the necessary funding. I also enclose catalogues and some photographs from the previous exhibits and, since our supply is very limited, request that you return them after you have had a chance to look them over.

Thank you for your attention and interest.

Sincerely,

JOHN MACRAE III,
Chairman, International Freedom
to Publish Committee.

BUDGET: AMERICA THROUGH AMERICAN EYES EXHIBIT FOR MOSCOW BOOK FAIR IN SEPTEMBER 1985

This budget envisions an exhibit of 250 to 325 books and an annotated catalogue in both English- and Russian-language versions, available in large quantities, for distribution to the public.

Costs are based on costs incurred in assembling and exhibiting "America Through American Eyes" at the 1979 Moscow Book Fair.

As in the 1979 Exhibit, the books in the exhibit will be selected by a non-paid selection committee consisting of prominent authors and librarians.

The selection of books should begin no later than September 1984. Catalogues must be shipped by May 15, 1985. Books must be shipped no later than June 30, 1985.

We anticipated that publishers will donate the books selected and thus we have not allocated funds for the purchase of books.

AMERICA THROUGH AMERICAN EYES

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JUNK BONDS AND HOSTILE TAKEOVERS

Mr. EAGLETON. Mr. President, I would like to turn the Senate's attention to the worrisome trend of junk-financed hostile takeovers. Dramatic changes in takeover practices, as documented daily in the financial press, are robbing our financial market of its two most valuable assets: capital and credibility.

Junk bonds offer tremendous leverage to a raider and permit takeover bids that leave companies drained of equity and straddled with debt. Some financiers are comfortable moving full steam ahead into greater and greater corporate debt. I fear, however, in the absence of sensitive congressional action, many corporations will fall so deeply into debt as to find themselves unable to survive the next recession.

Our distinguished colleague Senator PETE DOMENICI started Congress on a wise and cautious path with his bill to place a moratorium on hostile takeovers using junk bonds. I am pleased to have my name associated with such a conscientious step. Senator DOMENICI has carried the intellectual ball one step further with his excellent piece featured in today's Wall Street Journal. His insights and guidance are much needed in the chaotic and frantic world of hostile takeovers.

Mr. President, I ask unanimous consent that his article be included in the RECORD at the conclusion of my remarks in the RECORD in full.

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

(See exhibit 1.)

Mr. EAGLETON. In addition, the discussion of changing corporate takeovers has been enlightened by two articles recently published.

Mr. President, I ask unanimous consent that Felix Rohatyn's piece titled, "Junk Bond and Other Securities Swill" from the Wall Street Journal and Nicholas F. Brady's "Equity is Lost in Junk-Bondage" from the New York Times also be included in the RECORD.

I am hopeful that Congress will heed their wisdom and proceed with intelligent legislation in a timely fashion.

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

[From the Wall Street Journal, Apr. 18, 1985]

JUNK BONDS AND OTHER SECURITIES SWILL (By Felix G. Rohatyn)

Raids and takeovers, in many cases financed with junk bonds and other high-leverage, high-risk investments, are at an all-time high. The financial collapse of firms such as Drysdale Securities Corp., Lombard-Wall Inc., E.S.M. Government Securities Inc. and Bevil, Bresler & Schulman Asset Management Corp. menace the apparently safe world of government bond trading. Hundreds of millions of dollars have been lost by banks, cities and state agencies under the impression that they were making perfectly safe investments backed by government securities. And in the more staid world of commercial banking equally disturbing events have taken place. A small Oklahoma bank, Penn Square, was able to persuade large, reputable institutions such as Continental Illinois and SeaFirst Corp. to acquire enough bad loans to result in the collapse of these institutions.

The common thread running through such stories is the failure to assess risk on the part of financial institutions and fiduciaries eager to perform. There'd be no junk bonds—the name Wall Street has attached to high-yielding, often unsecured, debt securities rated double-B or lower by financial ratings services—if institutions weren't often willing to ignore substandard credit ratings in exchange for higher yields. There'd be no Drysdale Securities Corp., E.S.M., or similar situations if savings bank trustees asked themselves why they were getting higher yields on some government bonds if they were really as safe as Treasury bills. And there'd be no Continental Illinois or Penn Square if more emphasis were placed on credit and less on growth.

A GLANCE AT THE PAPERS

Under the banner of deregulation and total faith in the marketplace, we're impairing our greatest assets: the credibility of our capital markets and the faith in our financial institutions. The basic strength of our capital markets has relied, as opposed to other markets around the world, on the principal of protecting investors. This protection, the result of securities legislation of 1933 and 1934, is based on disclosure, anti-manipulative and anti-insider trading regulations, and the ethical standards of securities firms. It can be argued that our capital markets were, in large part, responsible for the postwar boom in the U.S., carrying well into the 1970s. Of course, elements of speculation and merger fever (for example, in the "go-go" years of the 1960s) have always been present. But something very different is happening now.

The growing feeling today is that the capital markets have become the property of insiders and of speculators, of raiders and other professionals, to the detriment of the general public. Unfortunately, a simple glance at the daily pages of the financial press confirms this suspicion. In editions of The Wall Street Journal published in the first two weeks of April, a casual reader would have found the following transactions or proposals:

1. Lorimar, with a net worth of \$105 million, proposes to acquire Multimedia Inc. for \$1 billion, to be financed with junk bonds.

2. Sir James Goldsmith proposes to acquire Crown Zellerbach Corp. for \$1.1 billion, to be financed by junk bonds.

3. Uniroyal Inc. asked shareholders to approve two anti-takeover measures to fend

off takeover threats like Carl Icahn's proposal to acquire the company for \$600 million in a package financed by junk bonds.

4. Golden Nugget Inc., with a net worth of \$230 million, proposes to acquire Hilton Hotels for what appears to be \$1.8 billion, to be financed by junk bonds.

5. Mesa Petroleum, et al., with a net worth of \$500 million, proposes to acquire control of Unocal Corp. to be financed by junk bonds.

6. Triangle Industries, with a net worth of \$65 million, proposes to acquire National Can for \$428 million, to be financed by junk bonds.

7. Farley Industries, with an undisclosed net worth and earnings of \$6 million, proposes to acquire Northwest Industries for \$1 billion, financed by junk bonds.

These transactions all were to be financed with junk bonds carrying interest rates of 15% to 18%. They were all to be issued by acquirers with thin equity. And at the time they were made, all the proposals were subject to financing actually being completed.

The New York Times also yielded similar evidence in the same two-week period. It reported that Ivan Boesky, an arbitrator who had acquired 8.7% of CBS, might join Ted Turner (who was trying to borrow \$50 million each from William Simon and MCI Inc.), to acquire all of CBS for \$4 billion.

CBS stock was driven up to more than \$110 a share by these speculative stories, including stores from unnamed sources indicating that GE would acquire CBS for \$150 a share. Other unnamed experts opined that the breakup value of CBS might be \$200 a share. On Tuesday the paper reported rumors that Mr. Turner had engaged E.F. Hutton & Co. to make a bid for CBS at \$175 a share. Even if Mr. Turner makes his bid for CBS, as is expected today, the general public can be forgiven for believing that a massive touting operation was going on, fed by deliberate leaks to an all-too-willing press, in order to drive more stock into speculative hands and ultimately drive CBS into a merger.

The protective reaction to the speculative aspect of such takeover activity is, in some ways, equally unhealthy. Legislation is being proposed to outlaw hostile takeover bids completely. "Poison pill" securities that make such takeovers prohibitive have, so far, been upheld in the courts. The "one share, one vote" principle is being abandoned by the New York Stock Exchange in favor of securities carrying as much as a 10-to-1 differential in voting rights. "Shark repellents," "crown jewel options" and various other defensive tactics are being used. Extreme responses of this sort, which may disenfranchise public stockholders or entrench existing management structures regardless of their quality, are also harmful. It's hard to know which is worse: the vaccine or the disease?

Junk bonds, in amounts estimated at a total of between \$50 billion and \$70 billion, have now been placed as a result of takeover or other financing activities. In certain instances, the use of a reasonable amount of high-yield debt can be easily justified. If the assets and earnings are there to support it, sophisticated investors may well take greater risk for greater return. Increasingly, however the use of these instruments appears excessive. The interest rates they carry are mostly higher than the rates of return the underlying businesses are likely to earn in periods of economic downturn. These securities are therefore based on the ability of

new management to sell assets in order to service debt.

Whether such sales will be possible in a period of recession is questionable. Whether large corporations can be treated like artichokes and simply torn apart without any regard for employees, communities, or customers, solely in order to pay off speculative debt, is a further question for public policy.

The public should pay attention to these activities, because in the last analysis the public always pays. When savings institutions get into trouble with junk bonds or "repos," the public pays. When banks make careless loans, the public ultimately pays. This is particularly true when the amounts involved are huge, as they are today.

The answer to these excesses is intelligent regulation, as opposed to total deregulation or over-regulation. This is true of takeovers and junk bonds; it is true of "repos" and other excesses in the government securities markets; it is true of banks.

To curb excessive use of junk bonds, consider the following suggestions:

a) Federally and state-insured and regulated financial institutions should be sharply limited in their ability to invest in obligations carrying below-investment-grade credit ratings.

b) Tender offers "subject to financing" should be prohibited and declared to be a manipulation of the public markets. Anyone making a tender offer should be required to have firm financing commitments in hand.

To curb the excesses of takeover activity both on offense and defense, consider the following:

a) Any acquisition of more than 20% of a company's stock should require an offer for 100%, at one price.

b) The minimum tender-offer period should be extended to 60 days.

c) Shareholder approval should be required by the acquirer's shareholders if the target represents more than 25% of the market value of the acquirer. Shareholder approval should also be required by the target's shareholders if the target proposes to reacquire more than 5% of its shares, to issue or option securities having more than 10% of its voting rights, or to sell or option assets having a value of more than 10% of its market value.

PART OF A TOTAL PACKAGE

To maintain the integrity of stock ownership we should:

a) Eliminate any form of "poison pill."

b) Delist companies with various classes of voting securities.

c) Eliminate "shark repellents," staggered bonds, "fair-price amendments" and similar devices.

These actions would be part of a total package of legislation and/or regulation. They are all interconnected. Public confidence in the integrity of our securities markets and our financial institutions is rapidly eroding. All takeovers don't have to be friendly, but they have to be fair and soundly financed. The appearance of excessive speculation in takeovers, as well as the repeated scandals in the government securities market and the lingering problems of many banks, is very much in the public's consciousness.

The word "credit" derives from the Latin *credere*: to believe. The belief in the integrity of our securities market is a national asset that we should not dissipate carelessly.

[From the New York Times, Apr. 25, 1985]

EQUITY IS LOST IN JUNK-BONDAGE

(By Nicholas F. Brady)

I believe strongly in shareholder democracy—including the rights of shareholders to rid themselves of slow-moving, entrenched management. I am not opposed to takeovers, hostile or friendly. But I oppose today's takeover frenzy, financed by junk bonds, which increasingly endangers our savings institutions and our system of corporate enterprise.

What is happening is similar in some ways to speculative abuses that led to the 1929 crash, and to the "Chinese wallpaper" craze of the late 60's, when the financial scene was flooded with poorly conceived takeovers financed by convertible debentures.

Many Wall Street Colleagues—indeed, my own firm—earn significant profits from sponsoring and defending against hostile junk-bond takeovers, so perhaps our interest is served by looking the other way. But we should not—because these activities represent an abuse of the system that is among the most serious I've seen in 30 years. Speculative, highly leveraged financing techniques involving junk takeover bonds, if unchecked, will leave misery in their wake.

Junk bonds—essentially high-risk, high-yield, less than investment-grade debt—have long been around. What is new, and dangerous, is the rapidly expanding use of such securities to finance highly leveraged hostile acquisitions. Junk takeover bonds most often take the form of unregistered, unrated or low-rated debt or quasi-debt securities. Usually, they are issued by a shell corporation created as the vehicle for a hostile takeover attempt. These bonds entail substantial risks to investors—risks that often have not been, and cannot be, adequately assessed.

Why do many raiders, insurance companies, foreign bankers, pension funds, savings-and-loan holding companies and a nationwide church join a junk takeover-bond syndicate? Because of substantial commitment fees, very high interest rates and the right to share in "greenmail" profits. The purchasers can compel the target company—which, when acquired, must assume the debt—to register the bonds for sale in the secondary market; they thereby try to make sure they can remarket the bonds quickly.

Junk takeover bonds only recently appeared as a mechanism for giving raiders access to funds over and above their own cash and conventional bank credit. To initiate a leveraged, hostile acquisition—or to set the stage for greenmail—a corporate raider must assemble an exceptionally large pool of funds. In today's overheated environment, this can be done fast, using a combination of bank credit and junk bonds.

The raider uses the borrowed funds to acquire the target company's stock. The second step of the takeover usually necessitates issuance by the target or raider of debt securities, which piles on a great deal more debt. This imprudent debt binge creates a mandate to lay off people and sell assets. Even in good economic times, the most likely result of the raider's quest for "enhanced stock values" is a "bust up" of the target. When the next economic downturn comes, many overleveraged companies find themselves in dire straits.

An avalanche of hostile takeover financings using junk bonds is rolling through the markets. For example:

\$5.4 billion in junk takeover securities for Turner Broadcasting to take over CBS.

\$3 billion in junk takeover securities for Mesa Partners II to take over the Unocal Corporation.

\$400 million in junk takeover securities for Sir James Goldsmith to take over Crown Zellerbach.

What's worrisome is that junk takeover financing—which is largely devoted to unproductive purposes—dangerously threatens to destabilize America's national savings system. As we have seen in the collapse of ESM Government Securities Inc., when major investors reach for higher yields without regard for security and safety of principal, the results can be disastrous.

The purpose of our national savings system is to finance real economic growth and thus create new jobs and serve consumers by producing goods at the lowest possible price. I cannot see how the junk bond takeover frenzy fits this definition. The opposite is true: whether it's Unocal, Uniroyal, Crown Zellerbach or Hilton hotels, the financing arrangements connected with these takeovers mandate the opposite result.

EXHIBIT 1

[From the Wall Street Journal, May 14, 1985]

POOLS AND THEIR TAKEOVER BONDS

(By Pete V. Domenici)

I have been fascinated by the intensity of the debate on this page over the risks of non-investment grade, or "junk," bonds, particularly in hostile takeovers. Literary flourishes reached a high point with the designation of junk bonds as "swill." But so far the debate has overlooked the two issues that will most likely result in a federal regulatory response.

The first of these is the recent and growing role of federally insured lending institutions and government-backed pension funds in purchasing junk bonds. The 1982 deregulation of financial markets and the Depository Institutions Deregulation and Monetary Act of 1980 were designed to give federally insured thrifts more elbow room in the financial marketplace to meet their commitment to provide home mortgages. Their involvement in the highstakes game of corporate takeovers has led Chairman Edwin Gray of the Federal Home Loan Bank Board to characterize the thrifts' participation as "heads I win, tails the FSLIC loses." Since 1981, more than 1,000 federally insured thrifts have been merged or liquidated.

The second issue that will prompt eventual federal action is the use of junk bonds to circumvent the Federal Reserve's margin requirement (Regulation G). This rule provides that loans for stock purchases cannot exceed 50% of the value of the stock being bought. In the military there is a saying that safety regulations are written in blood. The margin requirement is written in the blood of 1929.

Several of the recent hostile takeovers have made a mockery of the margin requirement. Shell corporations have issued junk bonds to finance stock purchases entirely with borrowed funds. Because there is no functional difference between bonds and loans in this situation, the margin requirement is unjustifiably circumvented.

I believe that responses by Congress and the Federal Reserve are inevitable. But we need to take care to craft legislation that preserves the advantages of hostile mergers, while limiting the risks of using junk bonds in such takeovers. Accordingly, I have proposed a temporary moratorium on hostile

mergers using junk bonds to give Congress and the regulatory agencies time to act.

Opponents of a moratorium, or for that matter, any federal action, have argued that hostile takeovers using junk bonds are a healthy development. This conclusion is based on a three-part argument that (1) history has shown junk bonds are not inordinately risky; (2) the present round of takeover activity will lead to better management and healthier companies, and (3) buying out stockholders with junk bonds is the way the market makes more efficient use of capital. The first two arguments reflect more fancy than fact. Third has some superficial appeal but, under close scrutiny, proves irrelevant to the particular policy issues facing us.

1. THE RISKS OF JUNK BONDS

The past offers us no guide to the risks of recently issued junk bonds. In 1977, \$1 billion of junk bonds was issued. In 1984, the market for junk bonds was more than \$15 billion. In the past, these bonds were issued by growth companies or troubled industrial giants such as Chrysler Corp. In contrast, the junk bonds of today are being issued by shell corporations to finance highly leveraged acquisitions. In addition to these dramatic differences in volume, and the quality of the issuer, 80% of these bonds have never faced the test of an economic down-turn or a rise in interest rates. Comparing today's explosion of junk bonds with their use in the late 1970s is like comparing World War II with the Civil War simply because gunpowder was used in both.

The recent default of Sharon Steel Corp. on its two most recent payments on \$426 million of these bonds and Metromedia Inc.'s decision to sell seven TV stations to service the debt on its junk bonds are timely reminders of the risks involved. Metromedia sold \$1.3 billion of junk bonds in two hours only last year, even though the prospectus admitted: "Based on current levels of operations and anticipated growth, the company does not expect to be able to generate sufficient cash flow to make all of the principal payments due on the notes. . . ." It goes on to state, "Based on current levels of operations, the company's cash flow would be insufficient to make interest payments. . . ."

The importance of Metromedia lies in that it is not part of a declining industry, but rather part of the vibrant communications sector. Moreover, the Metromedia sale comes in good economic times, not bad. As for the future, we need only remember the observation of John Shad, chairman of the Securities and Exchange Commission: "The more leveraged takeovers and buyouts today, the more bankruptcies tomorrow."

2. THE MANAGEMENT SMOKE SCREEN

Talk of improving management is a smoke screen for the raiders' scorched-earth tactics in the energy industry. Phillips Petroleum Co. has more than 70% of its cash flow dedicated to debt service. Its exploration and development budget is down by 32% (\$260 million). The last offer from Carl Icahn would have made the company's debt-to-equity ratio 14 to 1 (at 6 to 1 Chrysler came to the feds hat in hand).

By attacking Uniroyal Inc., whose stock has increased fivefold in the past three years, and Unocal Corp., whose cost of finding oil is the lowest of any major oil company (\$6 a barrel vs. \$14 for Mesa Petroleum Co. and \$22 for Chevron Corp.), the raiders further belie any interest in improving management.

Documents unearthed during the Unocal takeover effort and reported in the press

give a truer picture of raider intentions. They are looking for targets with two characteristics: strong cash flow and little debt. The quality of management is irrelevant. The court documents also undercut any contention that the raiders are concerned with the long-range health of the target company. In Unocal's case, the raider's plan for spending for exploration and development in the U.S. is scheduled to decline from \$850 million a year in 1984 to \$100 million a year in 1990. Foreign exploration would drop from \$355 million a year in 1983 to zero in 1988. We are speaking not of restructuring, but of liquidation.

3. MARKETS AND PREDATORS

An argument with surface appeal contends that buying out stockholders at a premium with borrowed money (substituting debt for equity) frees up stockholders to take their money elsewhere and put it in industries that will yield a higher return. Just as nature has a role for predators, the argument continues, so the financial jungle has a use for them. The process is not for the squeamish, but ultimately benefits us all. All just because we may not like the personalities involved, whoever said sharks were friendly?

Although flawed—stockholders can sell anytime, not just during a takeover, and much of the economic incentive comes from the tax advantages of using debt rather than putting capital to higher uses—this argument at least has the virtue of describing the motives of the participants.

But despite its descriptive value, this argument is devoid of policy consequences. Specifically:

It does not address whether the taxpayer should shoulder any of the risk of having federally insured institutions participate in corporate takeovers using junk bonds. Prior articles on this page have emphasized the savvy of participants such as the Belzberg family or Saul Steinberg, but not the liability of the taxpayer.

It has no impact on the need to enforce margin requirements. If it does, then proponents of junk-bond-financed takeovers are the ones asking for a major change.

It is also irrelevant to the issue of government intervention. The present takeover contests are being conducted within a long-established, elaborate framework of federal and state laws and regulations with many judges checking to see that every "i" is dotted.

A moratorium on hostile takeovers using junk bonds would give us the time needed to enact the minimal precautionary steps to preclude federally insured institutions from purchasing junk bonds and to scrutinize the present round of takeovers to ensure that the margin requirements are fully enforced. Timely action is needed to reduce the greatest risk of all, the risk to our nation's financial system. For more than five years the Federal Reserve has been navigating through a seemingly endless financial mine field. The debt volcano of the lesser-developed countries could erupt again. Savings and loan associations, as noted earlier, continue to succumb at alarming rates. And the Ohio banking crisis is not fully behind us. Into this fragile situation, junk-bond advocates are urging us to pump unprecedented amounts of high-risk corporate debt. Market theorists love to rhapsodize about the wisdom of markets. But part of this wisdom consists of dealing harshly with fools who believe that the good times are without end.

COORDINATING THE SEARCH FOR MENGELE

Mr. KENNEDY. Mr. President, last Friday the United States, Israel, and West Germany announced a coordinated new search for Joseph Mengele, the most infamous Nazi war criminal still at large. The joint action was announced after a 2-day meeting in Frankfurt, West Germany attended by Neal M. Sher of the Office of Special Investigations of the U.S. Department of Justice; Menachem Russek of the Israeli Police; M. Dennis Goldman of the Israeli Ministry of Justice; Hans-Eberhard Klein of West Germany; and other officials. I commend this promising development because apprehension of Mengele has assumed a special importance in this 40th anniversary year of the liberation of the Nazi concentration camps and in the wake of President Reagan's trip to Bitburg.

The continued freedom of Mengele is an affront to the memory of the millions who died in the Holocaust and an outrage for all humanity. Mengele's direct responsibility for some of the most shocking atrocities of the Holocaust is indisputable. As the "Angel of Death" at Auschwitz, Mengele personified the brutality, the horror, and the inhuman cruelty of the Nazis.

Last month Congressman ROBERT MRAZEK of New York and I proposed that a reward of \$1 million be authorized to be paid by the Department of Justice for information leading to the apprehension of Mengele. We believe that a substantial U.S. reward is not only appropriate as a means of enhancing the worldwide search for Mengele, but may prove to be an indispensable element for success in the effort to bring Mengele to justice for his heinous crimes.

As one of the three nations leading the search, it is especially fitting for the United States to contribute to the rewards that are already outstanding, especially in light of reports that our Government itself may have permitted Mengele to escape justice in the period immediately following World War II. Israel has recently offered a \$1 million reward for the capture of Mengele, as have the Simon Wiesenthal Center in Los Angeles and the Washington Times newspaper. West Germany has offered a reward of 1 million marks, or about \$300,000. A \$1 million U.S. reward would bring the total amount of rewards to well over \$4 million from public and private groups. With this substantial incentive, the authorities seeking Mengele are more likely to receive information essential to a breakthrough in the case.

I hope, therefore, that Congress will include a provision for a U.S. reward in the forthcoming supplemental appropriations bill for fiscal year 1985. I ask unanimous consent that an article

from the New York Times of May 12 on the coordinated search for Mengele by the United States, West Germany, and Israel may be printed in the RECORD, along with other related articles and letters to the editor of the New York Times, and the letter that Congressman MRAZEK and I sent on March 22 to the Senate and House Appropriations Committee.

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

[From the New York Times, May 11, 1985]
**THREE NATIONS JOINING TO HUNT MENGELE
 U.S., WEST GERMANY AND ISRAEL COORDINATE
 EFFORT ON NAZI**

(By Ralph Blumenthal)

The United States, West Germany and Israel announced yesterday a coordinated effort to track down and prosecute Josef Mengele, the elusive Nazi death-camp doctor.

After two days of meetings in Frankfurt, the Justice Department said, law enforcement officials of the three countries "resolved to open direct lines of communication at the prosecutorial and investigative levels" with the goal of bringing Dr. Mengele to trial for "crimes against humanity."

West German arrest papers charge him with selecting victims for gassing and medical experiments at the Auschwitz death camp.

RESURFACED AND DISAPPEARED

The agreement, the most ambitious international effort since World War II to hunt down a former Nazi, comes 40 years after Dr. Mengele shed his SS uniform and boldly resettled in his hometown in the American sector of Germany. Later he disappeared, to resurface in South America under his own name, selling the Mengele family's line of farm machinery, before going underground again.

The new international cooperation follows years of little official interest and only fitful moves to find Dr. Mengele, now regarded as the world's most wanted fugitive, with a price of nearly \$4 million on his head.

Although Israel asked Interpol this week to join the search for Dr. Mengele, the multinational police agency has generally steered clear of Nazi cases. Officials could recall no previous case in which the three Governments pledged such close cooperation in searching for a Nazi war criminal.

Why the case, after lying dormant for so many years, should now assume such extraordinary proportions is unclear, but some officials say it has to do with the 40th anniversary of Germany's defeat and a long-delayed coming to grips with issues of the Holocaust.

Taking part in the meetings in Frankfurt this week were officials of the Marshal's Service and Office of Special Investigations of the Justice Department, the West German federal and state criminal police and the Israeli Ministry of Justice and the police.

The Justice Department said that because of the sensitivity of the investigation, no further details could be provided. But investigators and other experts interviewed in recent months said they believed that Dr. Mengele was still alive at age 74 and hiding in his longtime refuge of Paraguay, making occasional visits to neighboring countries and possibly some trips overseas.

The Paraguayan leader, Gen. Alfredo Stroessner, in a highly unusual television

interview, recently denied knowing Dr. Mengele and told ABC News, "I don't know where he is, and we cannot find out where he is."

But accounts from admitted Mengele associates obtained by a New York lawyer place the former SS physician in Paraguay as recently as 1982—three years after the Paraguayan Government, under growing pressure, revoked Dr. Mengele's citizenship on the ground that he had been out of the country for at least five years.

Inquiries by The New York Times and interviews with those who conducted investigations have also brought out these disclosures:

For about four years after fleeing Auschwitz, Dr. Mengele lived, by all accounts openly, in or around his hometown of the Günzburg in Bavaria, a company town of the giant Mengele family farm-machinery factory. Günzburg was in the American occupation zone but the American authorities apparently never checked for his presence.

At some point, Dr. Mengele may have been taken into custody by American forces, according to ambiguous notations in Army records and recollections by former American soldiers.

In 1956 in Argentina, Dr. Mengele felt secure enough to abandon a longtime alias and resurface under his own name, under which he secured citizenship in Paraguay.

In Paraguay in the 1960's, officials of the Stroessner Government tipped Dr. Mengele that Israeli agents were looking for him.

While in Paraguay, Dr. Mengele traveled to German communities selling farm equipment and kept in touch with a Mengele company officer in Günzburg.

ISRAEL DID NOT PRESS

After Paraguay joined the United Nations Security Council in 1968, Israel took pains not to antagonize the Stroessner Government and did not press the Mengele case, according to Benno Weiser Varon, who was the Israeli Ambassador to Paraguay in 1968.

The worldwide interest in the Mengele case has produced a flood of misinformation and possibly deliberate disinformation that has clouded the search with bogus sightings and photographs—including, apparently, the pictures on widely circulated wanted posters.

"It's the third largest industry in Paraguay, information on Josef Mengele," said Allan A. Ryan Jr., former head of the Justice Department's special investigations unit for war-crimes cases.

The following account is based on Nazi records and postwar German documents, statements by members of the Mengele family, company officials and Auschwitz survivors, and interviews with investigators and private researchers.

FAMILY WAS WEALTHY

Josef Mengele was born in Günzburg on March 16, 1911, the year his father, Karl, bought a farm-machinery company that became the source of the family's substantial wealth. He had an older brother, Karl Jr., and a younger brother, Alois.

In 1933, the year of Hitler's rise to power, Josef Mengele joined the S.A., the extremist Nazi militia that was purged the following year. In 1937, as a young doctor, he joined the Nazi Party, and he married in 1939. After research at an institute for "racial purity" in Frankfurt, he joined military units, serving in the general SS and the Waffen SS on Russian front. After reaching the rank of major in the medical corps, he was assigned to duty at Auschwitz-Birkenau in Poland in May 1943.

He was not the chief doctor at Auschwitz, the Germans' largest death camp, where an estimated 4 million people, most of them Jews, were gassed and cremated.

But accounts of survivors—many of whom recall his hypnotic dark eyes and the distinctive triangular-shaped gap between his front teeth—place him constantly at the arrival ramp selecting those to be killed immediately and those to be put to work or to be used as guinea pigs for medical experiments. His obsession was twins and, the charges say, he killed and dissected many twin children in hopes of finding the secret to more quickly producing a "master race" of blue eyed Aryans.

One of the counts later filed by the West Germans charges: "At the end of 1944, he supposedly conducted experiments on a newborn baby of witness J., after which the eyes were not recognizable any more, but just formed a single red clump." The baby later died.

STRANGE FAREWELL RECALLED

By the time the Red Army liberated Auschwitz on Jan. 27, 1945, Dr. Mengele had disappeared. A survivor, Marc Berkowitz, recalls the doctor bidding him a strangely sentimental farewell at Christmas of 1944.

The doctor's movements over the next several months have not been traced, but Justice Department investigators are studying Army records suggesting that he may have been apprehended by American troops, a recollection shared by several former soldiers. If he was arrested, he may have escaped or been released, because the summer of 1945 found Dr. Mengele back in Günzburg.

Gerald Posner, a New York lawyer who has documented much of Dr. Mengele's life on the run for a book he is writing, said a friend of the doctor's had recounted meeting him in Günzburg during this time. The friend, Julius Diesbach, who has since died, said Dr. Mengele was using his own name and working for the Mengele company, according to Mr. Posner.

Similar accounts were given to another writer, Flora Rheta Schreiber, who visited Günzburg for investigative articles on Dr. Mengele in 1975.

LIVED WITH FAMILY AFTER WAR

The Simon Wiesenthal Center, a Los Angeles Holocaust study institute named for the Vienna-based Nazi-hunter, also recently obtained declassified Army intelligence records indicating that after the war Dr. Mengele was known to be residing with his family in Autenreid, a village near Günzburg.

By 1947 Dr. Mengele had already been publicly identified by the Auschwitz camp commandant, Rudolf Höss, as being responsible for some of the medical atrocities.

In 1949, as the American occupation forces yielded sovereignty to a new West German Government, Dr. Mengele fled the Günzburg area. With a Red Cross passport bearing a picture of his brother, Alois, and issued in the name of Helmuth Gregor, he reached Buenos Aires.

Seven years later, with no indication that anyone was interested in finding him, Dr. Mengele resurfaced.

GOT ARGENTINE IDENTITY CARD

On Sept. 11, 1956, he visited the West German Embassy in Buenos Aires, announced he was really Jose Mengele and obtained a certificate that then enabled him to get a new Argentine identity card in the Mengele name. There is nothing to show

that the West Germans questioned his action or checked on the reason behind it.

By 1958, however, a West German prosecutor, Hermann Langbein, persuaded reluctant officials to authorize charges against Dr. Mengele and happened to discover his presence in Argentina, clearing the way for a 1959 West German order for his arrest and extradition.

In response, Dr. Mengele crossed the border to Paraguay, where a Government intelligence official, Col. Alejandro Von Eckstein, and a former Nazi youth leader, Werner Jung, eased his way to citizenship by attesting that he had been a resident for Paraguay for five years.

Mr. Posner, who interviewed Colonel Von Eckstein recently in Paraguay, said the official defended his action as proper because he had known Dr. Mengele for five years. Mr. Jung died in the meantime in Spain.

[From the New York Times, Apr. 25, 1985]
WEST GERMANS BELIEVE MENGELE IS STILL LIVING

BONN, April 24—Two West German prosecutors said today that they were convinced that Josef Mengele, the Nazi camp doctor, is alive.

The two prosecutors—Hans-Eberhard Klein of Frankfurt and Alfred Streim of Stuttgart—said in telephone interviews that the best indications were that Dr. Mengele is in Paraguay. The Government of Paraguay has denied that he lives there.

However, the prosecutors warned against exaggerated hopes that Dr. Mengele would be captured.

A \$2.3 million reward has been posted for the doctor, who is wanted for selecting people for the Auschwitz gas chamber and for carrying out pseudo-medical experiments.

On Monday, Neal M. Sher, director of the Office of Special Investigations in the Justice Department, said in a Senate hearing in Philadelphia that he believed Dr. Mengele would be captured.

[From the New York Times, May 13, 1985]
SECRET NAZI SOCIETIES PROTECT MENGELE

To the Editor: The statement by Hans-Eberhard Klein, procurator general of Frankfurt, that he believes the "Butcher of Auschwitz," Dr. Josef Mengele, is in Paraguay warrants further comment ("West Germans Believe Mengele Is Still Living," news item, April 25).

If Dr. Mengele is in Paraguay, there can be no doubt of protection by Gen. Alfredo Strössner's regime and members of Nazi shadow organizations. The most powerful and far reaching of these Nazi groups has been Kameradenwerk, founded in April 1946 by Hitler's most decorated airman, Col. Hans-Ulrich Rudel. Colonel Rudel obtained postwar funds by pressuring West German companies and industrialists who were on lists of Nazis. He also acted, until his death in Rosenheim, as a funds courier to South America, was a crony of Juan Perón, Alfredo Strössner, et al., and was the driving force behind his organization until Dec. 20, 1982.

Although Odessa symbolized in the public mind the Nazi rescue organizations because of the novel "The Odessa File," it started as a file, but never reached the significance of Kameradenwerk or the other key worldwide group, Die Spinne (The Spider). Die Spinne was formed by a small group of fanatical SS prisoners in the Allied war-prisoner camp at Glashenbach, Germany, in 1948. The first

head of Die Spinne was Gen. Paul Hausser of the SS, and it soon spread its web around the world, becoming La Araña in South America. Also strong in the Southern Hemisphere was Das Reich, largely centered in Chile at Valparaiso, Santiago and in the enclave of Die Kolonie or La Dignidad at Parral.

These groups operate mostly in the background and under cover. Their members do not need membership cards in the common sense, since they all know one another among the Nazis, neo- and pro-, in such countries as Paraguay. Protection of such key surviving refugees as Dr. Mengele has become one of the prime functions of these shadow groups. There is a list of Nazi hunters who have been assassinated when they got too close to Dr. Mengele. Thus, La Araña and groups like it compound the two-part problem of finding and arresting Nazis such as Dr. Mengele.

R. H. HODGES,
Pelham, NY, April 25, 1985.

The writer, a major in the Air Force Reserve, has researched and tracked the subject for over 30 years

[From the New York Times, Mar. 13, 1984]

FLEEING NAZIS' FRIEND IN POSTWAR ROME
To the Editor: In reference to your Feb. 23 news articles about Nazis' post-World War II escape via Italy, I can give you some additional information.

In the 1950's, when I was working on the Eichmann case, I was in Rome and found out how this escape route operated after 1945. I never heard of Dr. Willi Nix, the focus of one of your articles, but I did hear about the German bishop in Rome, Alois Hudal. There is no evidence that Pope Pius XII ordered or knew about this escape route at the time it was run, but Bishop Hudal, in his diary published in 1969, had this to say: "... So the Allies' war against Germany had in its last consequence nothing to do with ideals. This was not a Crusade but the rivalry of economic complexes. . . . Slogans such as democracy, race, religious liberty and Christianity were used as bait for the masses. . . . (All this) led me after 1945 to devote my charitable efforts mainly to former National Socialists and Fascists, especially to the so-called 'war criminals,' who were being persecuted by Communists and 'Christian' Democrats."

The bishop recalled that among the Roman Curia he became known as the "Nazi, Fascist Bishop" and that eventually "Vatican politics" regarded him as no longer tolerable.

"But I thank God," he went on, "that He opened my eyes and gave me the undeserved gift to visit and comfort many victims of the postwar era in their prisons and concentration camps and to rescue not a few from their tormentors with the help of false identity papers, which allowed them to flee to happier lands." Another person who shed some light on the matter was Franz Stangl, commandant of the Treblinka concentration camp, whom I managed to find in Brazil and bring to trial in Germany. On the first day of his trial in Duesseldorf (May 13, 1970), Stangl told the court how he had escaped from an internment camp in Austria and, following a tip he had received in the camp, went to Rome to see Bishop Hudal. The bishop, he said, managed to get a Red Cross passport for him, and the Collegium Germanicum, the German theological seminary in Rome, found employment for him until his departure for Damascus six weeks later. With reference to the matter of

Dr. Joseph Mengele, I might add that in 1979 I managed, with the help of then U.N. Secretary General Kurt Waldheim as well as a number of U.S. senators, to persuade the Paraguayan Government to revoke Dr. Mengele's citizenship and to issue an arrest order. On Jan. 5, 1983, people working with me in South America found out that Mengele was in Philadelphia, Paraguay, a Mennonite village. I immediately asked my colleagues to contact the Paraguayan police, in part to check whether Mengele was really on their wanted list. A police agent did indeed accompany my colleagues to Philadelphia, prepared to arrest Mengele, but unfortunately they arrived five days too late. Mengele had left on Dec. 31, 1982.

SIMON WIESENTHAL,
Jewish Documentation Center Vienna.

U.S. SENATE,
Washington, DC, March 22, 1985.

HON. MARK HATFIELD,
Chairman,
HON. JOHN C. STENNIS,
Ranking Democratic Member, Senate Appropriations Committee, U.S. Senate.
HON. JAMIE L. WHITTEN,
Chairman,
HON. SILVIO O. CONTE,
Ranking Republican Member, House Appropriations Committee, House of Representatives.

DEAR MR. CHAIRMAN AND MR. RANKING MEMBER: We are writing to urge you to include in the next Appropriations bill a provision for the Department of Justice to pay a reward of one million dollars for information leading to the apprehension of Josef Mengele, the infamous Angel of Death at Auschwitz and the most wanted Nazi war criminal in the world today.

This year marks the fortieth anniversary of the liberation of Auschwitz, and an intensive new search is under way for Mengele, who personally sent more than 400,000 men, women, and children to the gas chambers and who conducted repulsive and sadistic human experiments on thousands of innocent victims at the concentration camps.

Experts at the Simon Wiesenthal Center in Los Angeles and other Nazi trackers believe that Mengele is alive and may be living in a remote area of Paraguay in South America. He is also reported to have been sighted in recent years in other countries in South America, as well as in Europe. Last month, the Reagan Administration joined the worldwide effort and opened its own investigation to locate Mengele; earlier this week, the Department of Justice, in testimony before the Senate Judiciary Committee, documented the effort it is coordinating with other federal agencies to bring Mengele to justice.

We believe that the offer of a federal reward is an appropriate and perhaps indispensable element for the success of the effort to apprehend Mengele and bring him to trial for his hideous crimes against humanity. We also feel that a reward by the United States Government is especially fitting, in light of reports that our Government itself may have permitted Mengele to escape justice in the period immediately following World War II.

At the present time, we are aware of two other large rewards for the apprehension of Mengele: one million dollars by a group affiliated with the Wiesenthal Center (one third to the persons responsible for Mengele's apprehension; one third to charity selected by cooperating law enforcement authorities in the country where he is appre-

hended; and one third to the Wiesenthal Center); and one million marks (about \$300,000) by the West German Government. The one million dollar additional reward we are proposing would go to the person or persons responsible for Mengele's apprehension, nearly doubling the reward available to such persons, thereby providing a substantial new incentive for Mengele's capture.

Apart from an appropriation for the reward itself, we urge the Appropriations Committee to provide an additional amount to the Department of Justice to fund expenses of the coordinated effort by the federal agencies involved in the search for Mengele. We also urge you to include a provision specifically instructing the United States Information Agency in its overseas programming to give a high priority to publicizing the reward and other aspects of the search.

There are ample precedents in federal law for the payment of substantial rewards in appropriate circumstances. In the past Congress, for example, P.L. 98-151 appropriated \$100,000 for the apprehension of the bomber of the Capitol in 1983; and P.L. 98-533 authorizes rewards up to \$500,000 to be paid for information on terrorism.

The monstrous crimes committed by Josef Mengele are an affront to civilization, and we should leave no stone unturned in the effort to bring him to justice. Forty years after the closing of the infamous camps at Auschwitz, it is time to close this shameful chapter of their history.

Sincerely,

EDWARD M. KENNEDY,
United States Senate.
ROBERT J. MRAZEK,
House of Representatives.

JAMES L. MOODY, JR.

Mr. COHEN. Mr. President, I'd like to take this opportunity to pay tribute to one of Maine's leading entrepreneurs and a good friend, Jim Moody, on the occasion of his being elected chairman of the Food Marketing Institute [FMI].

Jim Moody began his distinguished career at Hannaford Bros. in south Portland more than 26 years ago. By 1971, he was elected president and is now the chairman of the firm, which is the largest food retailer in northern New England.

Throughout his career at Hannaford Bros., Jim Moody has held a number of the firm's key leadership offices including vice president (1966) and director of corporate development (1967), executive vice president (1969), president (1971), chief executive officer (1974), and chairman (1984). In addition to his duties at Hannaford, Jim Moody also serves on the boards of Penobscot Shoe Co. and Sobeys Stores Ltd. in Nova Scotia.

It has been a career marked by conspicuous success. Under the leadership of Jim Moody, consolidated sales at Hannaford Bros. Co. stood at \$142 million in 1971 and grew to \$707 million in 1984. The company showed a \$1.2 million profit in 1971 and by 1984 it had grown to \$11.3 million.

Along with assuring profits for shareholders, Jim Moody has seen to it that Hannaford Bros. remains a step ahead of the competition. He has been able to read the future and spot the new trends. Hannaford Bros. was, for example, the first business in Maine to set up a combination supermarket and drugstore. At the same time, he has guided the company into two new areas—the retail pharmacy business and trucking.

But Jim Moody is much more than a resourceful businessman. He is a charitable, well-liked, modest individual who has given tremendous amounts of his time and energy to community service, particularly as chairman of the board of trustees at the Maine Medical Center and as a trustee at Bates College in Lewiston, his alma mater. Over the years, numerous groups have sought Jim Moody out for his fundraising expertise, organizational know-how and ability to get things done.

Jim Moody enjoys community service, but shuns the attention that so often accompanies such efforts. Just last year, for example, the Boy Scouts of America, Pine Tree Council, wanted to honor him with their Ninth Distinguished Citizens Award. But Jim refused to accept the award for himself, agreeing only to accept it on behalf of the company.

No doubt, the Food Marketing Institute, the national association of food retailers and wholesalers, will benefit from Jim's leadership. It is tribute to him and to the judgment of his professional peers that he has been elected to FMI's highest position.

DEATH OF PRESIDENT-ELECT TANCREDO NEVES OF BRAZIL

Mr. HART. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The legislative clerk read as follows:
A concurrent resolution (S. Con. Res. 48) relating to the death of President-elect Tancredo Neves of Brazil.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. HART. Mr. President, on behalf of myself and Senator ZORINSKY, as well as the distinguished chairman of the Senate Foreign Relations Committee, the Senator from Indiana [Mr. LUGAR]; the distinguished ranking Democrat on that committee, Senator PELL; and Senator CHAFEE, I should like the Senate to undertake consideration of this resolution under rather extraordinary circumstances.

Those circumstances have to do with a drama, the drama of what has just been taking place and is taking place in Brazil.

After 21 years of military rule, Brazil returned to democracy with the choice of a veteran, respected politician, Tancredo de Almeida Neves, elected President in January. But as Brazil struggles to return to democratic life, President-elect Neves struggled for his own life against an ultimately fatal illness.

Instead of being inaugurated to the applause of the nation, he underwent surgery on March 15. After seven operations over a period of 38 days, President-elect Neves finally lost his personal battle for survival.

Much of that life—50 of his 75 years—was devoted to the practice of democratic politics, including service in both houses of Brazil's legislature and as prime minister as well. Even Mr. Neves' last battle—the one he lost for his own survival—helped ensure the survival of Brazilian democracy.

During this time, the very crisis that might have challenged a fragile new democratic era, helped ensure its continuity. As Federal Deputy Del Bosco Amaral, a member of Neves' Brazilian Democratic Movement Party put it, "In a strange way, one of Tancredo's greatest achievements only took place after he died. His death left Brazil with only one path: democracy."

As Neves' body lay in state, it was visited by a Dominican friar jailed by the military government, a former leftist guerrilla who is now an opposition legislator, by Gen. Ernesto Geisel, who headed the junta for 5 years, and by a rightwing legislator who once helped lead the counterinsurgency campaign.

Vice-President-elect Jose Sarney is now sworn in as the new President, promising to continue Neves' policies. While the current mood of national reconciliation gives him the best possible start, he faces serious problems. There are major difficulties with debt, recession, and development. Brazil's \$100 billion debt must be restructured. Inflation has surpassed 250 percent annually. Yet, while fighting inflation, the government cannot neglect high unemployment and desperate poverty.

Ironically, it has been the most developed countries of Latin America—Argentina, Brazil, and Mexico—that have been struck hardest by the problem of debt. They, and poorer countries as well, are caught in the cruel paradox: austerity is required to pay their debts and stop inflation. Yet, development and assistance to those most in need require government aid and action. Those who ignore the former problem may face a coup; those who ignore the latter danger may face a revolution.

To congratulate the Brazilian people for their efforts, to encourage President Jose Sarney in his difficult task, and to express our hope of further strengthening the historic ties between Brazil and America, I have presented this resolution with its cosponsors.

I appreciate the support of the chairman of the Foreign Relations Committee, Mr. LUGAR; the ranking minority member of the Foreign Relations Committee, Mr. PELL; the chairman of the Republican conference, Mr. CHAFEE; and the ranking member of the Western Hemisphere Subcommittee, Mr. ZORINSKY, and their assistance in drafting this measure.

To conclude, it has been said that there are two parties in Latin America—the military and the civilians. But the people, Mr. President, always vote for the civilians.

I hope the Senate will accept this resolution as a statement of Senate attitude and intent with regard to the future prospects of democracy in Brazil.

Mr. LUGAR. Mr. President, I commend the distinguished Senator from Colorado for a very thoughtful and important gesture.

It is a tragic circumstance that brings this resolution to the Chamber, namely, the death of the President-elect of Brazil, a man who many of us had an opportunity to visit with during his last stay in our country.

The distinguished ranking minority member of the Foreign Relations Committee, Senator PELL, and I were privileged to have an interview with President-elect Neves, and the charismatic personality which he brought to the leadership and common sense to Brazil's politics will be sorely missed.

We clearly wish the very best for the incoming President and for all of those in Brazil who are fostering strong democratic institutions, and we have ahead of us, it seems to me, great opportunities in the friendship between our countries.

With all of these thoughts, I appreciate the opportunity to commend the Senator from Colorado and to strongly endorse this resolution.

Mr. PELL. Mr. President, I think that this is an excellent resolution, and I hope very much indeed it will pass, and our chairman and I agree entirely on this matter.

Mr. HART. Mr. President, I thank the distinguished chairman and ranking minority member of the Foreign Relations Committee for their statements and their support.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 48) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 48

Whereas, after twenty years of military rule, Brazil returned to democracy with the election of Tancredo Neves;

Whereas tens of millions of Brazilians peacefully and freely voted for candidates of their choice for their nation's highest offices;

Whereas it should be the policy of the United States to support democratic institutions in Latin America and elsewhere and the right to peaceful opposition and basic human rights;

Whereas President-elect Neves courageously devoted his last measure of strength to uniting his country while suffering from a fatal illness;

Whereas the death of President Neves has saddened all Brazilians and well-wishers for Brazil's return to democracy;

Whereas Brazil strengthened its commitment to democratic structures by rapidly and peacefully dealing with the necessary transition of power;

Whereas Vice President Jose Sarney has succeeded President-elect Neves in office and pledges to continue his democratic policies; and

Whereas the Brazilian nation has united to support a calm and expeditious transition: Now, therefore, be it.

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States—

(1) extends its deepest and most sincere condolences to the people of Brazil and to the family of President Neves;

(2) sends its best wishes to President Jose Sarney for the success of his term in office;

(3) forwards its congratulations to the people of Brazil for their country's return to democracy and its handling of the presidential succession after the tragic death of President Neves; and

(4) expresses its hope that the long historical bonds and cooperation between Brazil and the United States be further developed and strengthened in the coming years.

Sec. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the Secretary of State for transmittal to President Jose Sarney of Brazil.

PUBLIC BUILDING ACT
AMENDMENTS

Mr. STAFFORD. Mr. President, I call up Calendar No. 109, S. 709, Public Buildings Act amendments.

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

The legislative clerk read as follows:

A bill (S. 709) to amend the Public Buildings Act of 1959, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Environment and Public Works, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

S. 709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Public Buildings Act of 1959 (Public

Law 86-249) is hereby amended by adding at the end thereof the following:

"Sec. 19. There is established in the General Services Administration the Public Buildings Service. The Public Buildings Service shall be administered by the Commissioner of Public Buildings, who shall be appointed by the President, by and with the advice and consent of the Senate."

(b)(1) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Commissioner of Public Buildings, General Services Administration."

(2) Section 5316 of such title is amended by striking out the item relating to the Commissioner, Public Buildings Service, General Services Administration.

Sec. 2. Section 3(b) of Public Law 98-1 is amended by striking out "within two years of enactment of this Act".

Sec. 3. *The Act entitled "An Act to designate the United States Post Office and courthouse in Pendleton, Oregon, as the John F. Kilkenny United States Post Office and Courthouse" (Public Law 98-492; 98 Stat. 2271) is amended by striking out "Dorian" and inserting in lieu thereof "Dorian".*

Mr. STAFFORD. Mr. President, I move the adoption of the committee amendments to the bill.

The PRESIDING OFFICER. Does the Senator move them en bloc?

Mr. STAFFORD. Yes, I do.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

AMENDMENT NO. 99

(Purpose: To specify the effective date of the first section)

Mr. STAFFORD. Mr. President, I have delivered a technical amendment to the reading clerk and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) proposes an amendment numbered 99.

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

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

The amendment is as follows:

On page 2, between lines 12 and 13, insert the following:

(c) The amendments made by subsections (a) and (b) shall take effect on the day on which the individual holding the office of Commissioner of the Public Buildings Service of the General Services Administration on the date of enactment of this Act ceases to hold such office.

Mr. STAFFORD. Mr. President, the amendment specifies the effective date for section 1 of the bill, S. 709. Section 1 specifies that the Commissioner of the Public Buildings Service shall be appointed by the President, with the advice and consent of the Senate. The amendment will specify that this provision will take effect on the date the

individual holding the office at the time of enactment ceases to hold such office. In other words, the bill will not apply to the incumbent.

Any costs incurred in fiscal year 1985 as a result of this bill are intended to be funded from existing appropriations. This bill is not intended to require the appropriation of additional funds in the fiscal year.

Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment (No. 99) was agreed to.

Mr. STAFFORD. Mr. President, I know of no other speakers with respect to this legislation.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

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

The PRESIDING OFFICER. The bill, having been read the third time, the question is, Shall it pass?

So the bill (S. 709), as amended, was passed, as follows:

S. 709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Public Buildings Act of 1959 (Public Law 86-249) is hereby amended by adding at the end thereof the following:

"Sec. 19. There is established in the General Services Administration the Public Buildings Service. The Public Buildings Service shall be administered by the Commissioner of Public Buildings, who shall be appointed by the President, by and with the advice and consent of the Senate."

(b)(1) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Commissioner of Public Buildings, General Services Administration."

(2) Section 5316 of such title is amended by striking out the item relating to the Commissioner, Public Buildings Service, General Services Administration.

(c) The amendments made by subsections (a) and (b) shall take effect on the day on which the individual holding the office of Commissioner of the Public Buildings Service of the General Services Administration on the date of enactment of this Act ceases to hold such office.

SEC. 2. Section 3(b) of Public Law 98-1 is amended by striking out "within two years of enactment of this Act".

SEC. 3. The Act entitled "An Act to designate the United States Post Office and courthouse in Pendleton, Oregon, as the John F. Kilkenny United States Post Office and Courthouse" (Public Law 98-492; 98 Stat. 2271) is amended by striking out "Dorian" and inserting in lieu thereof "Dorian".

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

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

The motion to lay on the table was agreed to.

Mr. STAFFORD. Mr. President, I thank the Chair and I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The Chair announces that morning business is closed.

FOREIGN AID AUTHORIZATION FISCAL YEAR 1986

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate turn to Calendar Order No. 84, S. 960, the foreign aid authorization bill.

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

The legislative clerk read as follows:

A bill (S. 960) to amend the Foreign Assistance Act of 1961, the Arms Export Control Act, and other Acts to authorize appropriations for the fiscal year 1986 for international security and development assistance, the Peace Corps, the Inter-American Foundation, and the African Development Foundation, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. LUGAR. Mr. President, we are considering today the International Security and Development Cooperation Act of 1985 at a time when we are taking serious steps to hold down Government spending. The Senate has just completed action on the Senate budget resolution in which we took substantial steps toward reducing the Federal budget deficit for fiscal year 1986 and beyond.

Mr. President, we are bringing this bill to the floor in that same spirit. This bill is fully within—indeed, it is well below—the level proposed for foreign assistance expenditures within the 150 account.

At the same time that we work to restrain Federal spending, we must be mindful of the fact that the security of the United States is tied to the security and well-being of our friends and allies throughout the world. This bill provides funds to assist other nations to improve their economies and to strengthen their security against opponents of freedom. If we are successful in furthering these foreign policy goals, we will enhance the economic and security needs of the United States.

Enactment of this bill is, therefore, very much in the national security interest of the United States of America. It provides security assistance for our allies to strengthen their defenses and to provide for local self-defense in areas of great strategic importance to the United States. It provides assistance for nations to address destabilizing economic problems and to allow them to get on with the task of internal economic growth. And it provides for assistance to less well-off nations

to care for victims of natural and man-made disasters while planning for longer term remedies to problems.

Many Senators have been asked from time to time why it is important and necessary to provide assistance to other nations when there are so many pressing problems at home. Perhaps this question will be asked less and less for it is clear to many Americans that we simply cannot prosper as a nation if we turn in on ourselves. We cannot grow economically, we cannot remain secure as a nation with many international interests, and we cannot live up to our ideals and values as a free society if we turn our backs on problems outside our own boundaries.

If we ignore threats to friendly nations, for example, we will surely pay a steep price for doing so. The problems of today which are manageable will become deep and costly crises if they are ignored.

The amounts recommended for new authorization for fiscal year 1986 are essentially frozen at the 1985 level. Funding increases are confined to the Camp David countries, Israel and Egypt. We are recommending an authorization of \$12.824 billion, which is some \$416 million less than the administration's request. This recommendation amounts to between 1 and 2 percent of the total Senate budget resolution bottom line, a small amount for furthering such important foreign policy objectives of the United States. The bill includes proposals for international and security assistance, and the Peace Corps.

As I just mentioned, this bill contains funding increases for Israel and Egypt. All other military assistance has been held to the fiscal year 1985 levels or the President's request, whichever was lower. Both Israel and Egypt face severe economic problems, especially their international debt.

This bill will also help the United States to retain critical overseas military bases in NATO and the Far East, to retain important military access arrangements abroad and to assist countries on the frontlines of Soviet or Soviet-supported aggression. More than 80 percent of the security assistance proposed in this bill would go to the base rights countries, those providing U.S. military access or bordering on Soviet-supported clients and to Israel and Egypt. In most recipient nations, the economic and security assistance programs we are recommending are mutually reinforcing—the military assistance helps provide the basis for improved security that will help countries utilize their funds to spur economic development and growth. And, improved economic performance will help alleviate the causes of social and political turmoil and insecurity.

Mr. President, there is broad bipartisan support for this bill on the com-

mittee and we feel confident that it represents an appropriate mix of economic and military assistance that is tailored to both country needs and the national interests of the United States. We feel confident the bill also meets the need for fiscal restraint.

This bill will strengthen the President's ability to address the numerous and diverse security concerns around the world, the peace process in the Middle East, the struggle against oppression and the foes of democracy, the misfortunes of poverty and famine, and against instabilities that may be inspired by our adversaries. This bill is the most important vehicle of the United States for shaping the conduct of our foreign policy and for influencing events abroad, but we should not ignore the fact that this authorization includes funds that also have direct economic benefits to the U.S. economy. Virtually all the military assistance and economic assistance authorized in this bill would be spent in the United States, and a large portion of the military assistance funds will bring in revenues to the Treasury in the form of repayments on interest bearing loans. These programs are not giveaways. They derive important foreign policy and defense benefits for the United States. The foreign policy benefits far exceed the comparatively small resources we are proposing.

Let me reiterate, this bill is below the level provided for in the budget resolution.

It is the intention of the managers to proceed quickly and systematically through amendments. When no more amendments are presented, our intention will be to move to third reading.

Finally, Mr. President, I would like to reemphasize that the committee reached broad bipartisan agreement on this bill. We reached agreement without acrimony and discord and I want to take this occasion to thank the committee members on both sides of the aisle for their cooperation, time and energy in making this possible. I especially want to commend and thank my colleague, Senator CLAIRBORNE PELL, the ranking minority member, whose counsel and wisdom helped bring about the wide support the bill has enjoyed in committee.

Mr. President, I yield now to my colleague, Senator PELL, for his opening statement.

Mr. PELL. Mr. President, I thank the chairman for his kind words. I was very glad indeed to work with him to try to bring up this bill. I am very pleased that the bill has strong bipartisan support and merits that support since the thoughts and concerns of all us had a chance to be considered and worked out and to be reflected in the body and text of the bill.

Mr. President, I am pleased to join with the distinguished chairman of

the Foreign Relations Committee in urging the Senate to adopt S. 960, the International Security and Development Cooperation Act of 1985. Swift passage of this legislation, which was reported favorably by the committee in a 16-to-1 vote, will reaffirm the normal legislative process for these programs which have been without a regular authorization since fiscal year 1983 and that is calendar year 1981. It has been over 3 years since the Senate had considered the authorization legislation on this floor. This absence of authorization legislation has been due largely to a desire to limit or avoid lengthy and contentious debate on foreign policy matters and to a fear that foreign aid is a perennial political orphan lacking broad popular support at home.

I hope at this time that the contentious debate will not occur and that the amendments that come forward will be as germane and pertinent to the bill as is possible. The fewer amendments, the better.

As the ranking member of the Committee on Foreign Relations these past 4 years, I have fought for this legislation because I believe in regular legislative process—that is, an appropriation bill ought to be preceded by an authorization which sets policy—and, perhaps more importantly, because I believe that the Senate ought to have its chance to debate the major foreign policy issues confronting our Nation. In the past, the foreign aid bill has been the setpiece for annual foreign policy deliberations, and I believe that it has been invaluable in that regard. By debating our aims, policies, and programs, the Congress can forge the kind of bipartisan consensus that is essential to a successful foreign policy.

Unfortunately, since 1982, the Congress has folded the entire Foreign Assistance Program into the omnibus continuing resolution. Given the fact that so many other programs were also included in that catch-all funding bill—such as defense, or housing, or transportation—the debate on the merits of programs contained in the foreign assistance legislation was necessarily limited.

Mr. President, I am therefore most pleased to join with Senator LUGAR in recommending passage of this legislation, and I hope that our consideration of this bill augurs well for a return to normal legislative process in this body.

As the first item of business this afternoon, I intend to join with Senator LUGAR in moving adoption of a fiscal 1985 supplemental assistance package for Israel and Egypt as requested by the President. The Middle East Supplemental Assistance Act of 1985 is intended to provide badly needed funds for the ailing economies of Israel and Egypt, each of which has recently undertaken serious reform measures to improve its economic

health. In approving this supplemental legislation, the Senate will reaffirm its strong support for the Camp David peace process, and will provide further evidence of our firm commitment to the governments of Prime Minister Shimon Peres and President Hosni Mubarak.

Mr. President, I want to conclude my opening remarks this afternoon by noting the care with which the Committee on Foreign Relations reviewed the President's fiscal 1986 request. As its first measure, the committee adopted the mark proposed by Senators LUGAR and DODD which reduced the President's overall request by a net \$416 million. We accomplished this significant reduction through a formula of adopting the President's request or the current level of funding—whichever was less. With a few exceptions, such as increased military assistance for Israel and Egypt, or some restorations in smaller humanitarian aid accounts, the committee adhered to this formula in order to get as close as possible to a freeze in foreign aid for fiscal year 1986.

Of the \$12.825 billion provided in this authorization legislation, \$5.115 billion, or 40 percent is for the Camp David countries, Israel and Egypt; \$2.64 billion, or 21 percent, is for countries according U.S. base rights as Turkey and Portugal. Another \$1.25 billion, or almost 10 percent, is for Central America where the President has launched an ambitious multiyear program fashioned by the Kissinger Commission last year. The remaining \$3.82 billion is to finance all of our international narcotics control programs, all of our bilateral development assistance efforts, all of our voluntary contributions to international organizations such as UNICEF and the OAS, all of remaining security assistance relationships such as those with Thailand, Pakistan, and the Caribbean, and all of our peacekeeping operations.

Mr. President, the Foreign Relations Committee held the line on foreign assistance programs because it was clearly imperative to help curb the onerous Federal deficit.

Mr. President, our foreign and security assistance programs give critical economic and military strength to friends and allies who need our support. This assistance program is a prudent and carefully wrought investment in America's future. America may stand tall, but it cannot stand alone.

Mr. LUGAR. Mr. President, let me say at the outset that Senator PELL and I hope that we might move rapidly this afternoon through amendments on which there appears to be little controversy. We understand that there may be other amendments that will come after the hour of 5 o'clock that might be controversial and will

perhaps require rollcall votes. But there will be no rollcall votes until after the hour of 5.

The majority leader has given us the opportunity to work into the early evening this evening so that we might make a lot of progress. Then, tomorrow, we hope to work until we complete action on the bill. We hope the momentum we generate today will carry us on to completion at what could be a fairly early hour, but may well be a late hour depending upon how many amendments are offered and how much controversy is generated.

But I would indicate before I offer the first amendment, which I shall do in a moment, that Senators who are listening to the debate might wish to come to the floor and get rapid consideration of their amendments this afternoon. We might make progress in that way.

Mr. SARBANES. Mr. President, will the Senator yield? Is the Senator preparing to offer an amendment?

Mr. LUGAR. Yes, I am preparing to offer the Middle East supplemental amendment at this stage.

Mr. SARBANES. I wonder if I could have just a few moments to comment on the bill generally before the Senator proceeds.

Mr. LUGAR. I am happy to yield to the Senator from Maryland.

Mr. SARBANES. Mr. President, for the first time in a number of years, the Senate has before it—with, I think, the prospect of passage—a comprehensive foreign aid bill.

The Committee on Foreign Relations has worked constructively and cooperatively to bring this about. There is a very strong desire within the committee to reestablish the regular authorization-appropriations sequence for foreign assistance; in other words, to return to the committee and to the full Senate membership the responsibility of making the basic decisions with respect to our foreign assistance program, rather than falling back on the device of a continuing resolution as the Congress moves toward adjournment in the closing days of a session.

I want to commend the chairman, the Senator from Indiana, and the ranking minority member, the Senator from Rhode Island, for their leadership in the effort to place us back on the traditional, appropriate and proper Senate authorization-appropriation track in this important policy area, from which we have unfortunately strayed in recent years. The recent practice has been of concern virtually every Member of this body who recognizes that it is really not the proper way to do business.

So from that point of view, this is an important measure that is now pending before the Senate. I hope Members will recognize it as such.

Second, this bill was dealt with in the context of a very tight Federal budget situation. The debate we concluded only last week throws into sharper perspective the importance of a prudent and responsible approach to the foreign assistance program. And the committee was mindful of that in its consideration of this measure. In fact, the committee significantly reduced the administration's request in order to make certain that the legislation brought to the floor would conform with the recommendation of the Senate Budget Committee, and that the 150 account would be kept at the levels of the 1985 fiscal continuing resolution. That was accomplished, as my colleague from Rhode Island has pointed out, by adopting essentially an approach of either freezing at the 1985 levels or taking the lower figure requested by the administration—when indeed the figure was lower—for various programs. As a consequence, a net reduction of over \$400 million was achieved in the administration request, and at the same time the committee was able to restore some moneys in certain areas that had been cut very, very deeply by the administration proposal, particularly areas involving development assistance and humanitarian aid in which the Congress has traditionally been most supportive.

Another issue encompassed in this legislation—and it is not a new one—is one that has characterized the debate over foreign aid virtually since the inception of the program in the years following the Second World War. That is, of course, the widely differing views on the role foreign assistance can or should play in serving the national interest, on the proper role for foreign assistance in the conduct of foreign policy, on the question of the balance between security and development assistance and the role of economic assistance, which strictly speaking is neither security nor development assistance but is related to and affects both.

I do not intend to review the specific programs, but I do want to underscore the fact that the members of the committee tried to deal with the situation confronting us with great sensitivity to the budget pressures, while still recognizing some of our obligations and responsibilities.

I am frank to say that I think there has been a tendency in recent years in effect to militarize the foreign aid budget, with a pronounced shift of resources away from development programs and into military and security programs. If one compares the increases proposed by the administration—and in fact the increases that have taken place over the last few years—there have been very sharp rises in the military assistance program, particularly in the grant portion of that program which has increased

fivefold in the last 3 fiscal years. Members will have to examine that aspect of the legislation before them very carefully. But it was an issue before the committee, and one to which members of the committee addressed themselves, in an effort to try to balance out these considerations. Obviously, the broad range of our foreign policy interests embraces a host of factors; the pressures with which we are confronted vary sharply in different regions of the world. We are also dealing with an historical record, and the committee has tried to take that into consideration as well; Members of the Senate will do the same. There is however no question that in the last few years there has been a falloff of in the commitment to development assistance and a sharp increase in the military component of the foreign assistance bill, and I would urge Members simply to keep that trend in mind as they consider the various aspects of the legislation that is now before us.

We will be considering shortly a supplemental proposal with respect to aid to Israel and Egypt, as I understand it. I want to point out that this aid is extremely important in terms of achieving the U.S. national interest. It has a dimension to it significantly different from the normal military or economic aid program. That dimension is, one, the longstanding nature of the United States-Israeli partnership, and, second, the critical importance of the Camp David accords and the Israeli-Egyptian peace treaty.

In moving in 1979 to end the state of war that had existed since 1948, and in moving since to maintain the peace in the face of arduous pressures, Israel and Egypt have created the only practicable basis for reaching a broader solution, a peaceful solution, in the Middle East, a solution which will clearly serve our national interest. Therefore, I think this aspect of the proposal from the committee needs to be viewed in that special perspective.

Mr. President, in closing, let me simply say that this legislation was constructed by the committee after careful consideration. It was brought to the floor of the Senate on a 16-to-1 vote within the committee. While I do not agree with all of the priorities set out in the legislation, I do believe that it is a responsible and constructive piece of work. It responds to the enormous problems which confront us around the world, and it marshals our economic, diplomatic, and security resources in the most effective manner for dealing with those problems. I am pleased to join with the distinguished chairman and the ranking minority member in bringing this legislation to the Senate for its consideration, and in particular I welcome the prospect that for the first time in a number of years we will have authorizing legislation for

the Foreign Aid Program, something we have not had now for a number of years. I am very frank to say I think that the absence of a foreign aid authorization constitutes a major defect in addressing responsibly this important issue, and is inconsistent with the procedures the Senate has established for dealing with matters of this import.

Mr. President, I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I commend the chairman, ranking member, and all of the members of the Foreign Relations Committee for bringing this bill to the floor. As has been pointed out, this is the first time in recent years that we have brought a foreign relations authorization bill to the Senate floor with an authorization-appropriation approach. I believe very strongly in the committee system in the Senate of the United States. The major work, and the best thinking, and legislating is done in committees.

Mr. President, it is very important that this foreign relations authorization bill passes the Senate.

I hope that the House follows the same procedure. Mr. President, I think it has been a struggle to get a simpler bill to the House floor. As chairman of the European Subcommittee of the Foreign Relations Committee, I have a particular interest in European nations that receive U.S. aid, and our relationship with NATO.

I shall be making an indepth statement about the ratio between Greece and Turkey, which was discussed in the subcommittee, and some facts surrounding concessional loans in that part of the world.

I shall also submit for the RECORD a summary of the type of aid we are giving to the five nations in Europe which receive U.S. aid.

Let me also say, Mr. President, that although the Food for Peace Program is not entirely covered by this legislation, we must remember that our Food for Peace projects have developed some of our best customers in terms of agricultural export sales. There have been successes in the developmental area also. However, there have also been what I consider to be failures in many of our efforts in Africa and other locations. The failures have been caused by totalitarian governments, civil wars, and factors other than our efforts.

Due to the current budget deficits, many feel that this is a difficult bill to vote on. Why should the United States be giving foreign aid? It is easy to target. Indeed, in a survey in my State, it was the one area where people most wanted cuts in the budget. It is a bill is hard for many Members of the Senate

to vote for because it is difficult back home to justify voting for concessional aid to certain countries while our farmers, small businessmen, and others are paying 13 and 14 percent interest on loans.

Indeed, we will be working on modifying some of those items in the next day or two.

I also look upon this bill as being in the strategic interest of the United States, both economically and militarily.

From the economic point of view, we have an interest in having prosperous allies for trading purposes as well as for our national security.

In terms of national security, we use much of this money for strategic purposes. Indeed, four of our European allies have U.S. bases on their soil. Those bases have been assigned by Republican and Democratic Presidents. It has been pointed out that significant economic benefits accrue to countries hosting a U.S. base.

Perhaps with the strategic defense initiative, these bases will not be as important in the future, but they certainly are important at present.

So with those points, I am pleased that the Senate has begun debate on this important bill. I offered most of my amendments in the committee. I will be presenting a statement regarding the European aid and regarding the Greek-Turkish package as has been agreed upon by the committee.

I will be inserting those later today or tomorrow.

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

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Maryland for his generous comments about the work of Senator PELL, myself, and our colleagues on the committee.

Likewise, I am equally grateful to my distinguished colleague from South Dakota [Senator PRESSLER] for his constructive work throughout our deliberations and for his comments about our progress to date.

AMENDMENT NO. 101

(Purpose: To provide supplemental economic support fund assistance for Israel, Egypt, and the Middle East Regional Program)

Mr. LUGAR. Mr. President, on behalf of Senator PELL, Senator MATHIAS, Senator HELMS, Senator BOSCHWITZ, Senator PRESSLER, Senator MURKOWSKI, Senator TRIBLE, Senator EVANS, Senator SARBANES, Senator BIDEN, Senator CRANSTON, Senator DODD, Senator KERRY, Senator EAGLETON, Senator LAUTENBERG, Senator SASSER, and myself, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Indiana [Mr. LUGAR], for himself, Mr. PELL, Mr. MATHIAS, Mr.

HELMS, Mr. BOSCHWITZ, Mr. PRESSLER, Mr. MURKOWSKI, Mr. TRIBLE, Mr. EVANS, Mr. SARBANES, Mr. BIDEN, Mr. CRANSTON, Mr. DODD, Mr. KERRY, Mr. EAGLETON, Mr. SASSER, and Mr. LAUTENBERG, proposes an amendment numbered 101.

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

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

The amendment is as follows:

At the bottom of page 28, add the following:

SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS

SEC. 202. (a) In addition to amounts otherwise authorized to be appropriated for the fiscal year 1985 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, there are authorized to be appropriated \$2,008,000,000, of which \$1,500,000,000 shall be available only for Israel, \$500,000,000 shall be available only for Egypt, and \$8,000,000 shall be available only for the Middle East Regional Program.

(b) Amounts appropriated to carry out this section are authorized to remain available until September 30, 1986.

Mr. LUGAR. Mr. President, I have offered the Middle East supplemental amendment which deals with supplemental assistance for Israel, Egypt, and the West Bank and Gaza.

The amendment authorizes \$1.5 billion in economic support funds [ESF] in assistance for Israel to be used in furtherance of the economic reform program of the Government of Israel. The funds would be disbursed at the discretion of the President, at such times as he finds helpful to the stability and growth of the Israeli economy. This decision is in recognition of Israel's progress on economic reform, and the Prime Minister's intention to further the economic program. These actions are a positive first step in a continuing process.

Over the past year, Egypt has begun making a serious effort to reduce consumer subsidies and to stimulate greater economic productivity. The politically sensitive bread subsidy was reduced and utility tariffs have been increased. The price of gasoline was recently raised. More needs to be done, especially now that foreign exchange income is being squeezed by falling crude oil prices. Consequently, this amendment also provides \$500 million in supplemental ESF assistance for Egypt to support an expanding peace process and to further Egyptian economic reform efforts. It is intended that disbursement of this supplemental assistance be at the President's discretion so as to maximize its contribution to the achievement of these objectives.

The \$8 million in supplemental ESF assistance to the Middle East Regional Program is to be used for development programs and for addressing chronic

unemployment for the 1.2 million residents of the West Bank and Gaza.

Mr. President, this is an important policy initiative. It is one that we have chosen to encompass in this legislation so that the authorizing procedure might be clear. We appreciate that at some point in the near future the Appropriations Committee of the Senate will be discussing this issue and indeed may bring a supplemental appropriations bill before the Senate.

In the spirit of the proper authorizing procedure, we feel that it is important there be a clear track of consideration through our committee and through the authorizing procedure of this body.

We appreciate that the timing of this supplemental has been a sensitive issue of importance to U.S. foreign policy. The Secretary of State asked in the Foreign Relations Committee at the time of our markup to give him additional weeks to work with Prime Minister Peres and other responsible officials in Israel, and to work with Prime Minister Mubarak and his associates in Egypt. We have acceded to that request in a responsible way.

We now have indications from the Department of State that these are the levels to be requested and these are the programs they would like to have.

So in that spirit, Senator PELL and I, and our associates on the Foreign Relations Committee whom I have named as cosponsors of the amendment bring this amendment to the Senate and ask if possible for unanimous support.

Mr. PELL addressed the Chair. The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I am pleased to join with Senator LUGAR in offering the Middle East Supplemental Assistance Act as an amendment to this legislation.

This legislation, which has been requested by the President, provides Israel and Egypt with badly needed economic assistance with which they can continue to implement important budget reforms, and rejuvenate their flagging economies generally.

Mr. President, we are all firmly committed to this economic assistance effort because I believe that the U.S. Government must act expeditiously to provide support for the coalition government of Prime Minister Shimon Peres in Israel, and his Camp David partner President Hosni Mubarak of Egypt.

The current economic difficulties besetting these two countries could jeopardize the carefully wrought peace agreement that was fashioned at Camp David. The United States has a direct stake in the preservation, indeed the expansion, of that peace process and we cannot afford to permit temporary economic difficul-

ties to derail this important peace train.

This supplemental therefore represents an earnest, on our part, committing the United States to help reinvigorate these two economies, and, even more importantly, committing the United States to further the peace process we helped begin 7 years ago.

Mr. EAGLETON. Mr. President, I am pleased to join as a cosponsor of the pending amendment to authorize supplemental aid to Israel and Egypt, and the residents of the West Bank and Gaza Strip.

The Camp David accords which entailed a sizable commitment of U.S. aid to both Israel and Egypt remain the cornerstone of our foreign policy in the Middle East. Our country's longstanding and important security relationships with Israel and Egypt have, for over a decade, created unique circumstances surrounding American assistance. Both countries now receive all grant foreign military sales credits to help with the growing accumulation of FMS related debts which heavily burden both economies. Israel will, for the second year, receive its economic support funds on an expedited basis. Israel continues to be permitted to use U.S. funds toward the purchase of equipment in Israel rather than the United States and to finance military research and development projects in Israel with those funds.

The amendment before this body now embarks on a new phase of aid to Israel and Egypt, an emergency package designed to help cope with economic problems of our two financially strapped Middle Eastern allies. As we embark on this new phase of aid, it is imperative that we do so with the full understanding that U.S. aid can help mitigate their economic woes, but it cannot by itself pull either country out of its long-term economic dilemma.

Israel's economic crisis by far overshadows problems in Egypt. A November 1984 Senate Foreign Relations Committee report entitled "the Economic Crisis in Israel," is peppered with dire predictions. It states that "the economic crisis gripping Israel today * * * could pose as serious a threat to the security of Israel as any hostile neighbor in the region." It summarizes the problems as follows:

Foreign exchange reserves have declined precipitously in recent months and have dropped below Israel's "red line" of funds sufficient to cover 3 months of imports. Inflation now roars forward at a 450 percent annual rate, government budget deficits exceed earlier projections by 40 percent, Israel's foreign debt is the highest per capita in the world, economic growth has slowed to a virtual standstill, exports have declined for 2 years—the first such declines in Israel's history—and unemployment is rising to very high rates by historic Israeli standards." (Emphasis added.)

A further recent report by the Congressional Research Service of the Library of Congress sums up Israel's economic problems as follows:

Growing debt servicing costs, mounting government social services expenditures, perennial high defense spending levels, and a stagnant domestic economy combined with worldwide inflation and declining foreign markets for Israeli goods pushed the Israeli economy into a near crisis situation.

In testimony before the Senate Foreign Relations Committee on March 15, Secretary of State Shultz declined to make a recommendation for supplemental aid to Israel, stating that the Israeli Government would and should institute tough economic reforms prior to any additional infusion of U.S. aid.

The new National Unity government in Israel, elected last year, has made a start on economic reform. Prime Minister Shimon Peres has given us cautious hope that basic structural reform in the Israeli economy is under way. On March 28, the Knesset approved cuts of about \$2 billion from the 1984 Government budget of more than \$24 billion. The Knesset also adopted a budget for fiscal year 1985-86 that would reduce expenditures and the deficit below the actual level of 1984-85. An act designed to prevent budget overruns unless they had the approval of the government was also adopted. A second wage-price agreement between labor unions and manufacturers has been reached. Reductions of between 18 and 55 percent in subsidies for food, energy, and other items have been achieved. A 6-month ban on the import of certain luxury goods has been implemented. Foreign exchange control regulations have been tightened. Higher taxes for Israeli travelers have been imposed. The shekel was devalued by 8 percent and further devaluations are continuing.

These steps are, as I said earlier, encouraging, but much remains to be done.

In April of this year Secretary of State Shultz and Prime Minister Peres exchanged letters regarding the nature of the economic ills of Israel and what needs to be done about it. I applaud Secretary Schultz's initiative on the Israeli economy. Without his pushing and prodding, I doubt if Israel would have, on its own, taken some of the reforms it now pledges to initiate.

Israel now pledges to do the following.

First, the Government will adopt an inflation target as a commitment for fiscal year 1985-86 with an agreement of the social partners.

Second, the budget targets will be specified in real shekel terms for each quarter—dollar totals for each quarter plus monthly targets, will be provided as supplementary information.

Third, the budget law will be passed.

Fourth, the Bank of Israel law will be passed.

Fifth, the Bank of Israel will accept the Government's inflation target as its policy goal.

Sixth, the Bank of Israel will conduct monetary policy in accord with the inflation target using M-7 as its target, and M-2 as its operating target for policy.

Seventh, the effective real exchange rate will not be appreciated.

Eighth, the Government will express its intention to make Government debt tradable.

Ninth, the Government will express its intention to reduce the control and subsidization of credit.

Tenth, the Government's intention to reform the TAM system will be understood.

More may be needed. But, at least, a beginning has been made.

Finally, Mr. President, a word about the role of the tragedy in Lebanon played in Israel's economic demise. Even with Israel's deep-seated, deep-rooted economic ills, we still wouldn't be here at this moment seeking special supplemental aid but for the fiasco in Lebanon. This near economic collapse in Israel is in part another legacy of the Begin-Sharon blunder. Beyond the bodies, beyond the maiming, beyond the wounding, lies this economic devastation which the Prime Minister Begin and General Sharon inflicted on Israel when they marched to Beirut.

Israel, at this very moment, hastily withdraws its forces from Lebanon. All know a huge and catastrophic mistake has been made.

However, Mr. President, we can't rewrite the past. What's done—however poorly, however tragically—is done. Israel needs help. It needs it badly. It needs it now. It pledges to reform its economic ways.

I urge the adoption of the amendment.

Mr. LAUTENBERG. Mr. President, I rise today in support of the Lugar-Pell amendment to include \$2.8 billion in additional economic assistance for Israel, Egypt, and the West Bank/Gaza Strip.

I strongly support the approval of \$1.5 billion in emergency economic assistance for Israel. This aid would permit the Israeli economy to survive its current economic difficulties and give Israel the time it needs to implement its austerity program.

Prime Minister Peres has demonstrated real courage in doing what had to be done to restore growth and stability to Israel's economy. In a letter to Secretary of State Shultz, the Israeli Prime Minister provided detailed plans of the economic reforms he will implement in the coming months. First, the Israeli Government and the Bank of Israel will adopt quarterly inflation targets, and the Minister of Finance will set quarterly targets for expenditures, revenues, and deficits in accordance with such targets. Second,

the Bank of Israel will gradually restrict the amount of loans granted to the government with a 3-year objective of ending such loans completely. It will set monetary targets consistent with inflation targets. Third, the Government will increase the competitiveness of Israel goods on the world market, and will strive to make Israel's debt tradeable by selling bonds similar to our own Treasury notes.

This program of stringent economic measures is a constructive step toward resolving Israel's economic difficulties. Coming on top of a 17-percent cut in Israeli Government expenditures, including \$1 billion cut in subsidies on food and other staples, and a reduction in the defense budget, no one can doubt Israel's resolve to make the reforms necessary to put its economic house in order.

The Israeli people have also proven their willingness to sacrifice for the overall good of their country. A freeze has been put into effect on all public sector employment, and 15,000 public employees will lose their jobs because of budget cuts. Israelis have endured a nearly 20-percent cut in worker compensation, and the purchasing power of the Israeli citizen has been cut by 40 percent in the last 6 months. In light of Israel's willingness to undertake painful austerity measures, the supplemental economic assistance will ensure that Israel's economy can continue to function while the austerity program takes effect.

The United States has supported Israel in its drive to maintain its military strength. The need is no less urgent in the economic sphere. I urge my colleagues to approve this amendment, and give Israel the help it so desperately needs.

The PRESIDING OFFICER. If there is no further Senator seeking recognition, the question is on agreeing to the amendment.

The amendment (No. 101) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 102

(Purpose: To make not less than \$15,000,000 in each fiscal year available only for certain assistance to the Afghan people)

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

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Hampshire [Mr. HUMPHREY] proposes an amendment numbered 102.

On page 62, strike out lines 11 through 18 and insert in lieu thereof the following:

Sec. 910. (a) Of the funds authorized to be appropriated to carry out the provisions of

chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961, not less than \$15,000,000 in each fiscal year shall be available only to the President for the provision of food, medicine, or other humanitarian assistance to the Afghan people, notwithstanding any other provision of law.

(b) This section shall take effect on the date of enactment of this Act.

Mr. HUMPHREY. Mr. President, this is an amendment that I have discussed with Senators on both sides. The effect of it is to earmark not less than \$15 million from the economic support fund for assistance to the people of Afghanistan.

I think there are few issues, Mr. President, on which Members of this body and the House are more united than the issue of pressuring the Soviet Union to end its occupation and bludgeoning of the people of Afghanistan. The crimes the Soviets have committed in Afghanistan are unspeakable and the suffering of the people of Afghanistan has been massive.

One of the things we can do of a practical nature is provide funds to private voluntary organizations which will bring humanitarian aid in the form of medical care, medicines, food, and educational materials to the people of that stricken country.

I do not know of any opposition to the amendment, Mr. President. It is quite simple. It is very badly needed, in my view.

This does not represent a departure in terms of policy. During the last few years or so, the Department of State's reprogramming has made funds available for this purpose. We seek now to earmark funds and to specify the amount in terms as described.

Mr. President, I ask unanimous consent to add as cosponsors Senators KASTEN and D'AMATO.

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

Mr. D'AMATO. Mr. President, I support the amendment offered by my good friend and colleague, the senior Senator from New Hampshire. I believe this amendment is long overdue and is just a beginning in our effort to help the valiant people of Afghanistan.

The tragedy of the Soviet war on the Afghans has been raging for over 5 years. Over a half million Afghans have perished, 3 million have been forced to flee their country, and the infrastructure of Afghanistan has been laid to ruin. Children have been deliberately maimed through use of "butterfly" bombs which look like toys, civilian populations have been killed, brutalized, and starved, and the country has been ravaged.

By providing \$15 million in humanitarian aid to the Afghan peoples, we will send a strong signal not only to the heroic Afghan freedom fighters, but also to the Soviet Union as well.

The United States must demonstrate its iron will to resist the cancer of Communist despotism. In their effort to subjugate the Afghan peoples, the Soviet Army has destroyed crops, bombed medical centers, and leveled whole villages. Needless to say, Afghans are in desperate need for food, medical care, and humanitarian assistance.

We must never forget the heinous acts perpetrated by the Soviet Union and its satellites. The attempted assassination of the Pope in 1981, the downing of Korean Airlines Flight 007 in 1983, and the senseless murder of a U.S. major in East Germany are just some examples of the barbaric international behavior of the U.S.S.R. Its most savage act of current aggression, however, is the carnage it is now inflicting upon the people of Afghanistan. The acts of atrocities the Afghans have had to endure are overwhelming.

The Soviet Armies expected quick annexation of this Moslem nation. They did not count on the tenacity and fortitude of the Afghan freedom fighters. The Mujahidin, as they are called, deserve our support. They are not just a band of rebels who sporadically inflict casualties on the Soviet occupying forces. They are a spirited fighting force which has denied the Soviet Army 90 percent of Afghanistan and has withstood everything the Soviets could throw at them. To date, the freedom fighters have inflicted an estimated 20,000 Soviet casualties and the invasion has cost the U.S.S.R. over \$6 billion annually. We must provide the freedom fighters with adequate assistance to help them in their courageous struggle against tyranny.

Soviet global strategy clearly indicates expansion in this area in a quest for a warm water port. It is imperative that the nations in the region and the United States show their collective resolve to resist Soviet military domination. We have a moral imperative to assist the Afghan people in their monumental struggle for survival and their fight against Soviet incorporation. The United States would be remiss for not coming to their aid.

Mr. President, I commend the Senator from New Hampshire for his tireless efforts on this most important issue. I strongly urge my colleagues to join me in support of this amendment to aid the courageous people of Afghanistan.

Mr. LUGAR. Mr. President, I commend the distinguished senior Senator from the New Hampshire for this amendment. His leadership in drawing the attention of the Senate and, indeed, the country to the problems of Afghanistan and to the potential for our foreign policy is something that each one of us has reason to commend him for. His rising this afternoon to

offer this amendment is timely and appropriate.

Mr. President, on our side of the aisle, we are prepared to accept the amendment. I am most hopeful that the amendment will receive the unanimous support of this body today.

Mr. PELL. Mr. President, I am glad to join with my chairman in complimenting the Senator from New Hampshire on this amendment. It is a good one and deserves support. Before acting on it, however, 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. PELL. 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. PELL. Mr. President, I ask unanimous consent that I may be added as an additional cosponsor.

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

Mr. HUMPHREY. Mr. President, the United States as well as other nations have been very generous in supporting the Afghans as have other countries who are presently working with the Afghan refugees in Pakistan. This amendment, if adopted, we hope will serve to stem the flow of refugees out of Afghanistan by providing some humanitarian assistance which might, by easing the burden they bear, encourage them to remain within the country. I think that is an important point to consider in this matter.

If the floor managers have nothing further to say, I am ready to vote on the amendment at this time.

The PRESIDING OFFICER. Is there further debate?

Mr. BYRD. Mr. President, I ask unanimous consent that I may be added as a cosponsor.

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

The question is on agreeing to the amendment.

The amendment (No. 102) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 103

(Purpose: To promote immunization and oral rehydration in developing countries)

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

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY] offers an amendment numbered 103.

At the bottom of page 36, add the following:

PROMOTION OF IMMUNIZATION AND ORAL REHYDRATION

SEC. . (a) Section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b.(c)) is amended—

(1) by inserting "(1)" before "In order"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Congress recognizes that the promotion of primary health care is a major objective of the foreign assistance program. The Congress further recognizes that simple, relatively low cost means already exist to reduce incidence of communicable disease among children, mothers, and infants. The promotion of vaccines for immunization, and salts for oral rehydration, therefore, is an essential feature of the health assistance program. To this end, the Congress expects the agency primarily responsible for carrying out the provisions of this part to set as a goal the protection of not less than 80 percent of all children, in those countries in which such agency has established development programs, from immunizable diseases by January 1, 1991."

(b) Not later than 12 months after the date of enactment of this section, and at intervals of 12 months thereafter, the Administrator of the agency primarily responsible for carrying out part I of the Foreign Assistance Act of 1961 shall prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations a report describing the progress achieved during the preceding 12 months in carrying out section 104(c)(2) of such Act.

Mr. BRADLEY. Mr. President, the amendment I am introducing is to S. 960, the International Security Development Cooperation Act of 1985. It addresses the catastrophic problem of childhood diseases in developing countries in the most cost-effective manner known to health experts—by immunization.

Some sobering statistics have been published in a recent report by the Worldwatch Institute. More than 3 billion people in the world today will die at an earlier age than what we in the United States consider normal. Hundreds of millions live with the constant threat of hunger and a variety of debilitating diseases we in America are fortunate not to confront. Parasitic diseases affect 500 million people; malaria, alone, affects 300 million worldwide. A particularly sensitive group is the children of the Third World. Twenty-five percent of all deaths—13 million each year—occur among children under the age of 5. Of these, 95 percent are Third World children. What is more disturbing, a large percentage of those deaths are easily prevented. It is important to know that, of the 13 million childhood deaths previously cited, over 5 million are avoidable; these deaths are caused by immunizable diseases. Consider that within the hour, 600 children under the age of 5 will die; and this will con-

tinue every hour of every day until we act to stop it. The point is, we can.

But in a world of finite resources, the provision of comprehensive primary health care to everyone is an ambitious goal. Health experts agree that the most cost-effective component of comprehensive health care is vaccine development.

I applaud the efforts of the many domestic and international groups actively pursuing the control of communicable diseases among children. Rotary International is aiding in the worldwide fight against polio, while the Pan American Health Organization has pledged its efforts to erase this crippling disease from the Western Hemisphere. In addition, other international organizations such as UNICEF and the World Health Organization continue to push for the immunization of all the children of the world by 1990. Our own Agency for International Development has established immunization programs in parts of Africa and Indonesia protecting children from diseases such as polio, tetanus, measles, diphtheria, and whooping cough.

However, a troubling fact is that, while Congress has increased the funding level to AID to pursue primary health care, the Agency expects to reduce its staff thereby casting doubts on its ability to carry out much needed programs. Today, we must send a clear message to the Agency regarding priorities in international health—such is the nature of my amendment.

In summation, the temptation is great to increase the dollar amount to be used for the control of communicable children's diseases in the Third World; but in deference to budgetary restraint my amendment makes no reference to funding. Rather, I suggest incorporating new language in the International Security and Development Cooperation Act of 1985 which is consistent with, and in fact reemphasizes, the stated purpose of the Child Survival Fund. My amendment would set a goal for AID, to protect no less than 80 percent of all the children, within those countries where the Agency conducts development programs, from immunizable diseases by January 1, 1991. In addition, the Agency is ordered to report to the Congress, annually on the resources needed for and the progress toward achieving such a goal.

In the time it has taken me to deliver these remarks, 50 children have died. All it costs to immunize a child is less than \$5. Congress has significantly raised the authorization level of the AID health account; let us use these resources in the simplest, most cost-effective manner available—by developing and delivering vaccines to the children of the Third World.

Mr. LUGAR. Mr. President, I commend the distinguished Senator from New Jersey for an excellent amendment dealing with a policy statement which is important and which I am hopeful will be promptly acted upon by the administration. We accept the amendment on our side.

Mr. PELL. Mr. President, I join with our chairman in recommending to my colleagues the acceptance of this amendment. It is a good initiative, beneficial, particularly to children, in the inhibition and restriction of the spreading of disease.

The PRESIDING OFFICER (Mr. DANFORTH). The question is on agreeing to the amendment of the Senator from New Jersey.

So the amendment (No. 103) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 104

Mr. LUGAR. Mr. President, on behalf of Senator BOSCHWITZ, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. BOSCHWITZ, proposes an amendment numbered 104: On page 27, line 8, strike out the comma after "efforts" and all that follows through "funds" on line 10.

Mr. LUGAR. Mr. President, the bill that was reported to the floor by the Senate Foreign Relations Committee and which we consider today authorizes the administration to provide to Egypt a cash transfer of between \$165 and \$200 million in fiscal year 1986. This amendment eliminates the requirement that these funds come solely from development projects. The amendment has been developed with the consent of the sponsor of the original provision and the administration. I know of no objection to it and I ask that Senator might comment on it. I hope the amendment will be accepted.

Mr. PELL. Mr. President, I am indeed very glad to join in approving this amendment. It has been approved by the original sponsor, the Senator from Nebraska.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

So the amendment (No. 104) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 105

(Purpose: To authorize extended repayment terms with respect to foreign military sales credits for Spain.)

Mr. LUGAR. Mr. President, on behalf of Senator MATHIAS, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. MATHIAS, proposes an amendment numbered 105: on page 3, line 16, insert "Spain," after "Portugal."

Mr. LUGAR. Mr. President, on behalf of Senator MATHIAS, I am proposing an amendment to S. 960 to include Spain among the countries that would be receiving extended repayment terms on their FMS market rate loans in fiscal year 1986.

Of the four NATO allies on the southern tier, Spain is the only country that is not scheduled to receive extended repayment terms for its market rate loans in fiscal year 1986.

The extended repayment terms authorizes a recipient of FMS market rate loans to repay these loans over a 30-year period, including 10 years grace and payment on interest only and 20 years payment on principal and interest.

Congress provided extended repayment terms to Spain in the fiscal year 1985 continuing resolution with the condition "as long as Spain remains a member of NATO." To include them in the list of countries that would receive these terms in fiscal year 1986 would be consistent with this past action.

Spain is scheduled to hold a national referendum on continued NATO membership and excluding them from these extended repayment terms could send a wrong signal.

The Spanish Government has informed us that these terms would be helpful as they enter into a difficult period of adjustment as they enter the European Economic Community.

Mr. PELL. Mr. President, the amendment of the Senator from Maryland is an excellent amendment, particularly pertinent at this time prior to the referendum that our chairman has mentioned will shortly take place in Spain as to whether it will retain membership in NATO. If this amendment were not passed, I think it would be a negative factor in that referendum that in addition to its other merits, is good reason this amendment should be supported and approved by the Senate.

Mr. SARBANES. Mr. President, I think the chairman and ranking member of the committee have very effectively set the case for this amendment. I support it. It is important to underscore that in last year's bill Spain was accorded the treatment this

amendment would provide, and therefore the amendment maintains consistent treatment with respect to Spain on this important issue at a time, as has been pointed out by my colleagues, when Spain is approaching some very basic decisions with respect to their orientation in the future. It seems to me that this amendment is important in establishing the most favorable context for those decisions, and I support it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maryland.

So the amendment (No. 105) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. LUGAR. Mr. President, I know Senators are working on additional amendments. I ask those who may be within the sound of my voice to come to the floor; this is an excellent opportunity to do business and to make progress on this bill.

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

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

AMENDMENT NO. 97

(Purpose: To prohibit the furnishing of certain assistance to the Khmer Rouge in Kampuchea)

Mr. PROXMIRE. Mr. President, I call up my amendment No. 97 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin [Mr. PROXMIRE] proposes an amendment numbered 97.

Mr. PROXMIRE. 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 64, between lines 16 and 17, insert the following:

PROHIBITION ON CERTAIN ASSISTANCE TO THE KHMER ROUGE IN KAMPUCHEA

Sec. 914. (a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act or any other Act may be obligated or expended for the purpose or with the effect of promoting, sustaining, or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations in Kampuchea or elsewhere in Indochina.

(b) All funds appropriated before the date of enactment of this section which were obligated but not expended for activities having the purpose or effect described in subsection (a) shall be deobligated and shall be deposited in the Treasury of the United States as miscellaneous receipts.

(c) This section shall not be construed as limiting the provision of food, medicine, or other humanitarian assistance to the Kampuchean people.

On page 64, line 18, strike out "Sec. 914." and insert in lieu thereof "Sec. 915."

Mr. PROXMIRE. Mr. President, I shall explain the amendment.

Mr. President, this amendment would bar all aid to the Khmer Rouge in Cambodia. The Khmer Rouge, as we all know, is the former ruthless, indeed, genocidal rulers of that unfortunate country.

The Khmer Rouge, led by Pol Pot, is currently one of three factions engaged in armed resistance to the Vietnamese occupation of Cambodia. In recent years, reports have suggested that the CIA has channeled assistance through China, Pol Pot's closest ally, to the Khmer Rouge. This Senator has no means to confirm these reports, but given the heinous record of the Khmer Rouge, it is imperative that the United States not support its activities in any way—no matter how great the temptation may be to counter Vietnamese aggression. Indeed, this temptation makes this amendment all the more necessary.

Recent Vietnamese successes have prompted observers to warn that the question of providing the rebels in Cambodia with arms may soon become critical. Recently, the Association of Southeast Asian Nations called for weapons for the Cambodian resistance. In view of this situation, the United States must do everything it can to insure that no aid goes to the Khmer Rouge and that nothing is done that can bring the Khmer Rouge back to power. Any other policy would be shortsighted.

For nearly 30 years, Prince Norodom Sihanouk ruled Cambodia, striving to chart a neutral course and to keep the Vietnam war from spilling into his country. In 1970, he was deposed in a military coup by an ardent anti-Communist, Marshall Lon Nol, who tacitly supported the U.S. incursion into Cambodia in that same year. Although the United States intended only to interdict the flow of arms from North to South Vietnam, its invasion increased support for the Communist opposition, led by Pol Pot and his Khmer Rouge. Shortly after the United States withdrew militarily from Southeast Asia in 1975, Pol Pot ousted Lon Nol and established one of the most vicious regimes that the world has ever known.

By conservative estimate, some 2 million Cambodians—out of a total population of only 6 million—perished during the 4 years of Pol Pot's reign; 1

million people succumbed to malnutrition, disease, exposure, and forced labor. Tens of thousands of these victims died in forced marches as the Khmer Rouge emptied the cities, including Pnomh Penh, with its 2 million residents.

Another 1 million people were systematically executed because they fell into undesirable categories. These included: Members of religious and ethnic minorities; former national civilian and military officials; lower ranking local government and military personnel; merchants and the educated; and teachers, students, and many workers. The details of these atrocities have been widely reported and I will not repeat them here. They are tales of incomprehensible torture, slaughter, and purposefully inflicted hardship.

The horror of these atrocities is surpassed in modern history only by Hitler's holocaust. It is fitting that on this 40th anniversary of the fall of Hitler and the liberation of the death camps, this country should reaffirm that it will never align itself with perpetrators of genocide.

Quickly after assuming power, the Khmer Rouge alienated the Soviet Union and its Vietnamese neighbors. Vietnam invaded Cambodia and overthrew Pol Pot in 1979. They replaced him with a puppet ruler, Heng Samrin, who still holds power.

Three rebel factions have formed a loose alliance to resist the Vietnamese occupation. They are the Khmer Rouge, reportedly the strongest militarily and still led by Pol Pot; a group that supports Prince Sihanouk; and the Khmer People's National Liberation Front, and anti-Communist group led by former prime minister Son Sann and supported by the Association of Southeast Asian Nations. Clearly, these groups are incompatible but have allied themselves temporarily to drive the foreign invaders from their land. How they would rule if successful is uncertain.

It is difficult not to be swayed by sympathy for the long-suffering Cambodian people to urge a more active role in the conflict. Such a role, however, would most certainly be a mistake for it would increase the chances that the dominant forces of Pol Pot would eventually suppress their temporary allies and reestablish the oppressive Khmer Rouge regime. No matter how much we may dislike the Vietnamese occupation of Cambodia, we must not do anything that threatens to subject the Cambodian people again to the brutal rule of the Khmer Rouge.

Mr. President, I am hopeful that the distinguished managers of the bill will accept the amendment.

Mr. LUGAR. Mr. President, I commend the distinguished Senator from Wisconsin on his constructive amend-

ment. Indeed, he has ably outlined reasons why aid should not go to the Khmer Rouge and the forces of Pol Pot. On our side, we are prepared to accept his amendment.

Mr. PELL. Mr. President, the amendment of the Senator from Wisconsin seems particularly apt and useful in view of the Solarz amendment on the House side setting forth \$5 million will go to the resistance in Cambodia. That, combined with the Proxmire amendment, would ensure that that \$5 million did not go to the Pol Pot group, the Khmer Rouge. For that reason, this is a very useful amendment indeed and I commend it to our colleagues.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE].

The amendment (No. 97) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I thank my good friends, the majority manager and the minority manager on this bill, very much for their cooperation.

Mr. LUGAR. I thank the Senator.

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

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

AMENDMENT NO. 106

(Purpose: To preserve protections contained in present law concerning the expenditure of foreign aid funds)

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

THE PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 106.

On page 47, strike line 5 through line 14, inclusive.

Mr. HELMS. Mr. President, I have discussed this amendment with the distinguished manager of the bill and chairman of the Foreign Relations Committee. I believe he is prepared to accept it.

Mr. President, since 1962 it has been illegal under section 620(g) of the Foreign Assistance Act for the United States to subsidize programs of nationalization and expropriation in foreign

countries. Since 1980, section 740 of the same act has specifically prohibited the use of U.S. taxpayer funds for compensating those affected by Socialist programs of land seizures, bank nationalization, and other aspects of so-called "reform" measures.

This has proven to be good law. Not only does it protect the taxpayer from unwittingly subsidizing socialism abroad, it also sends a message to those countries receiving our aid that they should travel the road of socialism only at their own risk. The taxpayers of the United States will not be left holding the bag.

Section 403 of the bill before us contains a provision which was not discussed in committee deliberations. As chairman of the Subcommittee on Western Hemisphere Affairs, I reserved it for discussion by the full Senate. It is a provision which the Agency for International Development first proposed in 1984, without any prior consultation, as a panacea for the economic disaster which had been wrought by land seizures in El Salvador since 1980. Those seizures were a part of a so-called "land reform" program endorsed, even encouraged, by AID officials over the years.

In 1980, after 4 years of economic stagnation in the nationalized sector, AID could have faced the music and admitted that El Salvador was headed down the wrong road in choosing socialism in the agricultural sector. AID officials have acknowledged—in private—that the economic consequences of the land seizures have been disastrous. In contrast, Secretary Shultz, former Secretary Kissinger, and former Secretary Haig have all publicly endorsed before our committee the desirability of a free market, private-property based farm economy in El Salvador. Indeed, President Reagan has made the free market the foundation of his initiatives for growth and development as an alternative to the socialist practice of expropriation and redistribution which has passed for economic policy in the underdeveloped world. Often, sadly enough, these policies have been encouraged by our Government and even subsidized by the U.S. taxpayer.

Time and again, Mr. President, I have encouraged AID officials appearing before the Committee on Foreign Relations to share America's experience in the free market with our friends in El Salvador. Time and again I have asked them to advocate the same economic principles which are shared by most of the taxpayers in our own country. And time and again I have put to them the crucial question: What are you advising the Government of El Salvador to do with all this money we are giving them in aid?

Their answers, Mr. President, are disconcerting.

When I ask, "Are you advising the Government of El Salvador to dena-

tionalize its banking system and allow for competition?", I get a pained look, and muttered inconsistencies.

"Are you encouraging them to denationalize the export system, which is penalizing their own farmers?", I ask. Again, I get the same bureaucratic fog.

"Are you advising them to allow El Salvador's once-flourishing agricultural sector to produce without interference from the government?" As an answer to that question, Mr. President, we get a request for more money. Not only for more money, but for permission to spend it in a way which this country has held to be patently illegal for the past 20 years.

In 1980, the revolutionary junta in El Salvador expropriated over 250 of the largest, most productive farms in the country, and thousands of smaller tracts. The revolutionary junta promised to give these lands to the workers. They are still promising, Mr. President, because they have not delivered. What was supposed to be a simple transfer program has become a system of nationalized collectives, with staggering debts, subsidized by hundreds of millions of dollars of U.S. taxpayer funds since 1980.

But that does not seem to be enough, Mr. President. Because the Government of El Salvador nationalized land which, by conservative estimates, is worth over \$1 billion—with a B—dollars. And now AID wants the U.S. taxpayer to be liable for that claim.

Mr. President, the Government of El Salvador has other options. It can begin by assessing the economic realities of agriculture in El Salvador, not in the light of some theory of class conflict and the myth of some "14 families" who never existed, but in the light of the rules of market economics.

The Agency for International Development can begin to recommend sensible economic approaches, instead of tired Socialist nostrums, to the Government of El Salvador. Mr. President, do the American people realize that the officials of our Embassy in El Salvador, and the officials of AID, have never even so much as recommended to the Government of El Salvador that they try denationalizing the banks and the export sector?

If they have, I wish they would tell me. When asked the question, they respond by describing some sort of new U.S.-sponsored program to start up a new banking system, alongside the nationalized one, funded by U.S. taxpayers, which would be "private"—or semi-private, anyway.

Mr. President, the answer to El Salvador's economic problems is not untold millions of U.S. aid funnelled into a nationalized economy. That is not going to solve anything. The answer lies in good old American know-how, applied in a free market

where property is respected by the law, and where investment is encouraged by the opportunity for making a reasonable return without being expropriated at U.S. taxpayer expense.

This is one bill that the U.S. taxpayer would not be stuck for.

Mr. LUGAR. Mr. President, the Senator from North Carolina has introduced an amendment that restates current law. It has been the will of the Senate time and time again to make the point that he has made eloquently in his statement. On this side of the aisle, we are prepared to accept the amendment.

Mr. PELL. 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. PELL. 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. PELL. Mr. President, with the utmost respect for the senior Senator from North Carolina, I must oppose this amendment because as I understand it, it would pretty well damage—if not destroy—the land reform program in El Salvador. As I think most of us are aware, the land reform program is really the main vehicle, and the main means of bringing those campesinos that support the Government into that support. And if this program is allowed to dwindle away, we will see I think the campesino support for President Duarte diminished further than it is today. Basically for this reason, I urge my colleagues not to support this amendment.

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. LUGAR. 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. LUGAR. Mr. President, I will speak for just a moment in support of the Helms amendment, and then I will indicate a possible procedure. The majority leader has indicated that there would not be rollcall votes until 5 p.m. That hour is approaching. It appears that we will have a rollcall vote on this amendment. So Senators who are within the sound of my voice might be alerted that at about 5 o'clock it is very likely that a vote will occur. They will want to come to the floor.

In the meanwhile, Mr. President, I support the Helms amendment because the moneys we are going to be sending to El Salvador in this bill can be used for many purposes. There is clearly a philosophical objection that has been expressed before by this

body to having American taxpayer funds used for land reform.

It is a situation in which clearly, if this country's resources such as farms, or banks, or other businesses were nationalized, many citizens would have objection. In fact, our whole tradition moves in a different direction. We appreciate that there are different traditions and different situations. It is a policy of our Government, as Senator PELL has stated, to support land reform. As a matter of fact, it has been the administration that has requested there not be a prohibition in this regard. But my understanding is that in the past, when the issue has arisen, the majority of Members have agreed with the position outlined by Senator HELMS in his amendment today. I think that it makes good sense, and we need not really have a controversy of this particular variety on the transfer of funds by the El Salvadorans. So I will support the Helms amendment and will suggest in a moment the absence of a quorum until the hour of 5 o'clock at which time I would ask the Chair to put the question before the body for a vote, unless we are able to find other business to transact in between now and 5 o'clock.

I request, before I yield, that any Senators who have business to transact might come to the floor between now and 5 o'clock, and we have 15 good minutes to utilize. And with the permission of the Senator from North Carolina, I will ask for a quorum call with the understanding that a vote on this amendment would occur at 5 o'clock.

Mr. HELMS. Mr. President, I do not believe the yeas and nays have been obtained yet.

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.

Mr. HELMS. I thank the Chair.

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. LUGAR. 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. LUGAR. Mr. President, I ask unanimous consent that the pending amendment be laid aside temporarily—Senators have been informed that a 5 p.m. vote might occur; that would mean that that vote would be delayed temporarily—and that the Senator from Kansas [Mrs. KASSEBAUM] be recognized to introduce an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 107

(Purpose: To remove \$3.6 billion multiyear authorization of military and economic aid to Central America for fiscal years 1987-89)

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I shall be sending forward to the desk in a few moments an amendment which would deal with the multiyear authorization of economic assistance to Central America. In the bill that has passed the Committee on Foreign Relations, we have authorized \$1.2 billion in economic assistance for each of the fiscal years 1987, 1988, and 1989. This amounts to \$3.6 billion for that 3-year period. The amendment would remove the entire authorization of funds for each of those 3 years.

My concern, Mr. President, is that we, as an authorizing committee, will have given up the opportunity in each of those years to discuss whether, indeed, that level is adequate, whether it should be less or whether it should be more. The intent is, really, certainly to keep us involved as an authorizing committee in looking at the question of economic assistance to Central America.

The purpose of it, as I state, is an important one with regard to the multiyear assistance, because in the past, we have not given a consistency of support which I think is important. Certainly, we should make clear and clearly state that we will be there in full support of economic assistance to Central America. I think that is important.

I do believe it is also a precedent which would be a mistake to follow. So the amendment which I shall be sending forward would only affect fiscal years 1987 to 1989. I think that aid should not be guaranteed to any region or country at a specific level as much as 4 years in advance.

Developments in Central America have proven very hard to predict. As I say, it may be that we would need, for the 1987 fiscal year, to provide more money than we have. Of course, we could always do that with a supplemental. But, at that point, we would have given up the opportunity for us as an authorizing committee to weigh the pros and cons.

Every Member of the Senate who advocates authorization of the committee overview of use of such funds by the administration should favor this amendment. To argue against this amendment really argues against congressional oversight. This in no way applies to military assistance. It is simply the multiyear authorization for economic assistance and I believe it has merit on that basis alone.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. PELL. Mr. President, I am very glad to support this initiative by Senator KASSEBAUM. It is cosponsored by Senator ZORINSKY. The vote in the committee was 8 to 8, a narrow defeat.

The authorization presently entails a substantial amount of money, some \$3.6 billion, but without specificity as to the programs funded by this multiyear authorization. Essentially, the Committee on Foreign Relations, the committee charged with responsibility for making recommendations to this body on foreign economic matters, would be dropped out of the picture with respect to economic assistance for a singularly sensitive part of the world, Central America, for the next 3 years. Because of the sensitivity, the tenderness of the area with which we are dealing, I support this amendment. It is very important that the Committee have the opportunity and obligation to observe and assess what is going on there every year rather than every 3 years.

In normal circumstances, with most programs, traditionally, I like the idea of a longer authorization. In this case, I believe 1 year is correct and I urge my colleagues to support the Senator from Kansas.

Mr. HELMS. Mr. President, I support the adoption of the amendment proposed by the able Senators from Kansas and Nebraska, Mrs. KASSEBAUM and Mr. ZORINSKY. In fact, I congratulate them for their initiative in this matter because this amendment reflects our recognition of the role of the Committee on Foreign Relations and that of Congress is more than a symbolic one.

Yes, we are told by the advocates of the Kissinger Commission report that a multiyear authorization would be a symbol of support for democracies in Central America. But I ask, Mr. President, do we not abdicate our own oversight responsibilities embodied in the budget process and the oversight functions which accompany the annual deliberations of the authorizing process, by turning this very ambitious and cumbersome aid program loose for the rest of this decade, without recourse or oversight?

Mr. President, that is exactly what the language of the bill before us does, and it is exactly that which the Kassebaum-Zorinsky amendment seeks to redress. It should be clear to every Senator that the amount of \$1.2 billion, authorized for fiscal years 1987, 1988, and 1989, is not a negligible sum,

even in this age of government largesse. Does the Senate really want to say that we hereby delegate the conduct of our Central American development policy to the Agency for International Development and some quasi-international, totally unproven institution called CADO for the remainder of this decade? If that is the case, Mr. President, then those of us who maintain that the Senate is the body of responsibility and deliberation are liable for arrest under the truth-in-advertising statute.

Not only is a multiyear authorization an abdication of the Senate's responsibility, it also represents a sad misunderstanding of the nature of governmental agencies, in this case the Agency for International Development.

Mr. President, in recent months, Members of both parties have increasingly acknowledged the need for a thorough study of the Agency for International Development and its role in U.S. foreign policy. The Latin American and Caribbean Bureau of AID has demonstrated an especially profound need of such scrutiny. The directorship of that bureau has been a revolving door, and several glaring instances of poor administration have recently been revealed by inquiries from many committees in this body, including the Committee on Foreign Relations. I have in mind specific and extensive manifestations of such malfeasance in El Salvador, Costa Rica, and Grenada. Moreover, while instances of bureaucratic snafus proliferate, news accounts detail the junketeering of AID officials to points all over the globe, and the Administrator of AID tells Members of Congress that they did not know what their own legislation meant when they wrote it.

Mr. President, the Senate cannot unilaterally concede to anyone its oversight role, or its responsibility of advice and consent. I have no intention, as chairman of the Subcommittee on Western Hemisphere Affairs, to gavel out our proceedings until hearings are convened to discuss the authorizations for fiscal year 1990.

Mr. LUGAR. Mr. President, I oppose the amendment of the distinguished Senator from Kansas [Mrs. KASSEBAUM]. I appreciate the strength of her argument and likewise those arguments offered in support of her amendment by Senator PELL and Senator HELMS. I suspect that the closeness of the issue was reflected in our committee consideration of the amendment.

Senator KASSEBAUM offered this amendment during the markup in the Foreign Relations Committee, and it failed on a tie vote of 8 to 8. The vote was bipartisan in character, as Senators wrestled with the question that able Senators have already introduced in this debate this afternoon.

The basic construct for the 5-year proposition came from the Kissinger Commission idea that, nations could make the best use of the resources that would be forthcoming from the United States, if there was a period of time—5 years was suggested—that offers some certitude and stability for this general effort.

That 5-year idea runs contrary to the normal annual authorization and appropriation procedures of the Congress. These are procedures that Senators have guarded zealously. Occasionally, we have had 2-year authorization and there may be historical instances of more years than that, but the 5-year proposition, indeed, seemed audacious to many at the time and still seems that way.

But I simply say, Mr. President, the problems that Senator Henry Jackson found as he looked at Central America and that Secretary Kissinger and his Commission, which included able Senators from this body, found was a track record of fits and starts of assistance offered a very unpromising route for the future. They suggested that the type of building of infrastructure, the type of capital base building and confidence that was required could only come if there was a commitment that went beyond one administration. It clearly went beyond several Congresses, and thus the 5-year idea. That was in the original bill that we introduced for consideration in our committee and, as I have mentioned, was debated fully in the committee, and the idea of eliminating the 5 years lost on the tie vote. I hope Senators would give the process a chance. The 5-year authorization in this particular instance seems to me to be appropriate.

I understand other Senators will wish to express themselves on this amendment, specifically the distinguished Senator from New Mexico [Mr. DOMENICI] who has had a very considerable interest in this area. He was a part of the Commission's deliberations to begin with, and there may be other Senators who wish to be heard. Following that, we will proceed as expeditiously as we can to a vote so that all Senators may express themselves.

I see that the distinguished Senator from New Mexico is on the floor, and I think he knows the issue is the 5-year authorization period which Senator KASSEBAUM has offered as an amendment to eliminate that provision. I have spoken in favor of the 5-year authorization, and that is the committee's position as we get into this debate.

Mr. DOMENICI. Mr. President, might I first inquire of the distinguished floor manager what he contemplates with reference to disposition of the two amendments? Is it his in-

tention that we dispose of them this evening?

Mr. LUGAR. It is indeed. As a matter of fact, we were awaiting word from the Democratic side as to the possibility of having a vote on the previous amendment, and during that gap in time Senator KASSEBAUM was recognized to offer her amendment, and so in some sequence we will probably move to both of those votes at the conclusion of debate on this amendment.

Mr. DOMENICI. I do not intend to take very long. I am not usually involved in matters on foreign affairs that concern the committee of the distinguished Senator from Indiana and the distinguished Senator from Rhode Island, but I wish to take a few moments to speak with reference to the multiyear authorization. I was privileged to be one of the Senate advisers to the so-called Kissinger Commission that recommended a multiyear authorization.

Thinking back over the deliberations and then the final conclusions and recommendations of the Commission, I can assure the Senate that there probably was no issue more important than multiyear authorization of foreign aid for countries like El Salvador. Of course I understand this is for more than El Salvador, but I use it as a frame of reference for this discussion.

Time and time again in the Commission discussions, it was said that the United States had made mistakes by not consistently following a plan with reference to foreign assistance for underdeveloped countries. In particular this applies to those that are striving to move toward democracy as has El Salvador and some of the surrounding countries.

We go there quickly with some very elaborate approach, and nobody can rely upon a U.S. assistance program to continue for a reasonable period of time. As a matter of fact, that was such a concern about our lack of staying power that multiyear authorization of economic cuts was one of the strongest recommendations of the Bipartisan Commission.

I think everybody remembers the kind of people who were on that Bipartisan Commission. In addition to Chairman Kissinger and former chairman of the Democratic Party, Robert Strauss, it included a retired U.S. Supreme Court Justice, the president of the AFL-CIO, five or six citizens who were informed on the issue, and some academic people who were very informed.

The strongest of all recommendations was that if we are going to do something, then make sure it has a chance of working, make sure it is for more than 1 year or there will be a lack of credibility. Obviously, on the receiving end with such a commitment the Central Americans will not be able to accomplish what was originally in-

tended, and once again U.S. and Central American policies will fail.

As one who is involved in budget work, the question might be asked, "Why would you be for a 4-year authorization?" The Senate does not need an explanation of that. The very word that it is an authorization indicates it does not have to be appropriated each and every year.

As a matter of fact, the Bipartisan Commission on Central America, not being informed on the work dynamics of the Congress, was hopeful that there could be something like a 5-year appropriation. They were told, obviously, you cannot do that because by its very nature you appropriate every year. So the unanimous sentiment was to make a multiyear commitment, even though Congress retains the purse strings, because you do have to fund it each and every year.

So I do not see a multiyear commitment as something that is irrevocable. It is still subject to appropriations, but in another sense it offers hope that a program and set of policies which were recommended unanimously by this bipartisan committee clearly might be carried out. Leaders in El Salvador, Honduras, and Costa Rica, Belize, and Panama can look to this congressional action and say, "the United States wants us to continue striving to be democratic, to move toward the kind of economic vitality that is absolutely essential if we are going to keep democracy alive, and in a very real sense they have made a commitment that is apt to do the job."

So, along with the distinguished chairman of the Foreign Relations Committee, I urge those who are worried about the dollars—and all of us are—that at least we provide the continuity for the policy implementers and for those in Central America to plan their development programs, to plan their economic situation in a way that is credible, in a way that is apt to get the job done. The dollar amount can be changed later if it is not right.

Authorizations frequently are modified and altered. But clearly I believe the heart of the recommendations for the continuing democratization and economic development in this area is a policy commitment that is favorable and meaningful, and that is a multiyear authorization.

Mr. ZORINSKY. Mr. President, I have joined Senator KASSEBAUM in offering this amendment to delete \$3.6 billion in authorizations for economic assistance for fiscal years 1987-89 for Central America, because I do not believe that Congress should provide a blank check to the President to spend as he sees fit for the next 4 years.

You will note that the bill currently pending before this body is over 60 pages long. Page after page goes into detail as to how we believe authorized funds should be spent and how specif-

ic programs should be run. Yet almost as an after thought, in a little over half a page the committee recommends that the Senate authorize \$3.6 billion for Central America for fiscal year 1987-89.

Last week, the Senate completed debate on the budget resolution. Many programs were eliminated or cut back because of the serious budget deficit which faces us. This is hardly the time to begin a new practice of outyear authorizations for one of the least popular accounts in the budget.

The American farmer has been and will continue to be the backbone of this Nation, yet the President is not prepared to assist him in his plight this year, let alone provide extended assistance so that farmers can make long-term plans.

Yet, we are being asked to do just that for the region of Central America. I do not need to tell my colleagues how quickly events change on the international scene. One moment we have a government in power which is the closest of allies, the next moment that government may be replaced by one hostile to U.S. interests. I think Members of this body recognize that they have been quoted as saying that events overtake us in many areas.

I see very little to be gained by doing extended authorizations which may or may not actually be funded in the fiscal year in question by the appropriations process. For these reasons, I urge my colleagues to support the Kassebaum/Zorinsky amendment to delete \$3.6 billion in authorizations from this bill. Otherwise, Mr. President, the Senate will be endorsing a foreign aid package of over \$16 billion. I do not think that, timing-wise, this is the time to concur in that type of authorization.

AMENDMENT NO. 107

Mrs. KASSEBAUM. Mr. President, I send to the desk an amendment on behalf of myself and the Senator from Nebraska [Mr. ZORINSKY], and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas [Mrs. KASSEBAUM], for herself and Mr. ZORINSKY, proposes an amendment numbered 107.

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

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

The amendment is as follows:

On page 44, line 21, through page 45, line 12, strike the entire section 465, and renumber the following section accordingly.

Mrs. KASSEBAUM. 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.

Mr. LUGAR. Mr. President, I understand that the distinguished Senator from Maryland [Mr. MATHIAS] wishes to speak on this amendment.

Mr. MATHIAS. Mr. President, I doubt that there is very much I can add to the argument that has been made by the Senator from New Mexico. He and I shared the experience of serving on the National Bipartisan Commission on Central America, which was very educational so far as the problem of the Central American region is concerned.

One thing I came away from that service convinced of was the need to provide some sense of confidence and continuity in the people of Central America. They have had many promises over the years from many American administrations, many American Congresses, promises which I am sure were genuine and sincere when they were made, but promises that tended to recede into the past very rapidly as the crisis of the moment was dissipating. The result was that the interest and the sense of commitment that lay behind those promises seemed to dissolve, and the people of Central America became exceedingly discouraged with their experience under the various programs.

We are dealing with a case of deep, endemic poverty, poverty that has existed for generations, and that is not going to dissolve this problem and instantly develop a sense of prosperity and progress and economic uplift in Central America. It is going to be hard, grinding work. It is going to take a number of years; because, unlike the situation in Europe at the end of World War II, there is not an infrastructure, there is not a highly trained, technically educated population that merely has to have the tools placed in its hands so that it can go to work and rebuild the world. There has to be a lot of training; there has to be a lot of education. Some of it has begun at the primary levels of education.

So we are looking at a process of education alone which is going to take years. We will have to have the time in which to work.

The unfortunate aspect of the pending amendment is that I think it would delete from the bill the most important recommendation of the National Bipartisan Commission on Central America, which is that we finally believe that, without such large-scale assistance, economic recovery, social progress, and the development of democratic institutions in Central America will be set back. I am afraid that that will be the result of this amendment: It will set back these goals that are the real hope for the future.

Mr. President, I believe that we should maintain the multiyear funding proposal which has strong biparti-

san support. It has the support of the President of the United States. It was supported in the Committee on Foreign Relations by the Senator from Connecticut [Mr. DONN], who not only has evidenced bipartisan support but also has strong personal knowledge of the conditions in Central America, not just as a Senator from Connecticut but as a veteran of the Peace Corps, who knows what he is talking about because he has worked on the ground, in the field, with the people.

The reason why the multiyear proposal has such bipartisan support is that it makes fundamental sense. It represents a commitment by the United States to the well-being of the people in Central America, and it gives them hope for the future.

As the Senator from New Mexico will recall, the President of El Salvador said that if we just give the people the sense that next year will be a little better for them than this year—not a lot better, but just a little—you give the people some hope and reason to struggle in the direction of democracy and stability.

I believe that the objection to multiyear funding is unfounded. In the first place, Congress does not take its hand off the wheel. Congress will have its hand on the wheel and its foot on the accelerator, all at the same time.

Mr. DOMENICI. And on the brake.

Mr. MATHIAS. As the Senator from New Mexico has just remarked, Congress can apply the brake at any time, because the funding is controlled by the language of the appropriations process. We provide the multiyear funding in a number of fields.

This is not a precedent. We do it all the time in both domestic and foreign assistance programs. This would be merely one particularly wise principle of applying multiyear authorization, but by multiyear authorization we retain full control of the program. We can slow it down. We can speed it up. We could terminate it entirely, if that were the will of Congress. By making it multiyear funding, you give the people for whose benefit it is intended the sense that we are serious, that we are going to be steadfast, that we will maintain our interest. Therefore, you encourage them to put their money into the program, to invest their money at home to expand their own economy, to put in the kind of sweat equity that will make the program ultimately a success.

So, Mr. President, I strongly urge that the Kassebaum amendment should be rejected.

Mr. DOMENICI. Mr. President, I shall ask the distinguished floor manager a question.

I ask the distinguished senior Senator from Indiana, the manager of the bill, am I correct that even though this is a multiyear authorization there is nothing in this multiyear authoriza-

tion that creates an entitlement; it is subject to annual appropriation by the appropriations process and must be signed as an appropriation bill by the President each year to be funded; is this correct, Senator?

Mr. LUGAR. The Senator is correct.

As the Senator knows from his own distinguished work on the Commission in the crafting of the whole arrangement, annual appropriation is required and any fine tuning on the part of Congress obviously would occur each year.

Mr. DOMENICI. I ask the Senator one further question. This overall bill authorizes the foreign assistance programs. He and his committee have done such a wonderful job on this bill. We have not had a foreign assistance bill in a long time, leaving it exclusively to the appropriators, instead of the authorizing committee.

As I understand it, for the year 1986 if the programs within this authorization were funded, the dollar amount would be within the budget resolution adopted by the Senate last Friday morning when we voted it in. Is the Senator correct?

Mr. LUGAR. The Senator is absolutely correct. As a matter of fact, the Senator knows that the amount of money that we have asked for today in this authorization is approximately \$194 million less than the budget resolution passed by the Senate last Friday morning.

Mr. DOMENICI. That means that if the appropriators fully fund this authorization and the others from this committee still on the Senate calendar, it would still be roughly \$200 million in budget authority under the resolution total for international affairs if they fully funded the program.

Mr. LUGAR. The Senator is correct.

Mr. DOMENICI. Mr. President, I make the point that I have the deepest respect and admiration for the co-sponsors of the amendment which seeks to make the principal tools for economic revitalization, in Central America a 1-year instead of a 5-year authorization. They know that.

I just say that any argument in the Chamber reducing it to 1 year as a fiscal matter is in the opinion of the Senator from New Mexico really untrue. That is not a matter of expenditure of funds because, as we have just established in the colloquy, in 1986 if it were fully funded, and it might not be, every program there would be within the budget; in 1987 we will have the same situation before us.

It is the appropriation levels and budget authority and outlays that control the expenditures of this Government, not an authorization. An authorization is the policy map, the policy guidelines for the appropriators to fund or not fund.

Many Americans wonder when all of the deaths, turmoil, and commotion will end in Central America. There are those who are terribly worried, as I am, about the spread of Marxism and communism in that part of the world. Obviously there are many ways to inhibit it.

I do not think there is anyone who really believes we are going to help prevent revolution and civil strife in our neighboring Central American countries until there is some hope vested in the people for a little bit of economic prosperity, I repeat, they must have some hope for a better future.

That is why we are involved in Central America. That is why the bipartisan commission was so concerned that we put in place good policies with the continuity of commitment that had a reasonable expectation on the receiving side that the United States might consistently uphold some policy changes in our foreign assistance that might prove to be helpful.

I truly believe it is the least we can do for our Central American neighbors, and I hope we will do it.

Thank you, Mr. President.

Mr. ZORINSKY and Mr. MATHIAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Thank you, Mr. President.

I wish to ask the floor manager of the bill, the esteemed chairman of our Foreign Relations Committee, a question. If this authorization is approved for multiyears and, as the distinguished chairman of the Budget Committee pointed out, would it still be subject to the appropriation process annually for review? That would, in effect, mean that the Foreign Relations Committee would not necessarily have to become involved in it every year and the appropriations process would then take over our review process. Is that not correct?

Mr. LUGAR. Certainly the Senator from Nebraska has made an important point, and I suppose those who feel adversely about the whole procedure might feel that that is a reason to be opposed to it. I would simply argue that the authorizing committee can get involved annually, but we are attempting through our bill, which is about to be amended, to bring some continuity to this process.

We would hope that stability of funding would from our point of view, make a point. But clearly the Appropriations Committee does have an opportunity annually to review it and we have admitted this in response to the previous question.

Mr. ZORINSKY. I thank the floor manager. In carrying this philosophy a step further, then I would assume a substitute amendment to this amendment, ensuring our credibility for

NATO in a multi-year authorization, and the Philippines in a multiyear authorization, and all those other countries that may be currently losing faith and credibility in our country, would be very appropriate to show them our real faith. Last week we were cutting budgets and this year we want to lock in multiyear spending.

If that is where we are going, Mr. President, I think there is one less member of the committee following that parade.

Mr. LUGAR. In response to the question, the fact is that the construct of this 5-year funding proposal comes from the Kissinger Commission, from the Jackson proposal. I do not know of comparable studies that are available for NATO or the Philippines or other similar situations. I trust that the Senator will agree that this is a relatively unique situation in American foreign policy.

Mr. ZORINSKY. Is it not true that this proposal was never adopted by this body and last year we went with a continuing resolution and it was not included in the continuing resolution?

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

Mr. ZORINSKY. Certainly I yield to the Senator.

Mr. MATHIAS. I shall respond. It seems to me that the Senator raised a very important point. He raised the question of NATO. We have a track record of support of NATO, as the Senator from Mississippi knows, both in his role on the Armed Services Committee and his role in the Appropriations Committee.

We have never wavered in the support of our duties under NATO. We have a track record.

The people who are our allies in the NATO countries know that we are steadfast and loyal.

But let me tell you that the track record in Central America is very different and the track record in Central America is very unhappy because we have gotten a whole series of different programs started and we have waved the flag, played the band, and sent the diplomats and the experts off, and the whole thing has fizzled out time and again.

What we need to do this time is to make sure that the track record is a little better, and that is a cardinal point that the bipartisan commission made that in this situation we are dealing with endemic poverty of a level that is worse than almost anywhere else in the world. It is an area in which poverty is the enemy and in which the location is in our backyard.

So there are unusual and unique factors here that have to be dealt with.

So I think that it is useful to do, as the Senator from Nebraska has done, to look at varying situations, and you will find that this one is really unique and requires at this moment that we

provide the added level of confidence, because the only way this can work is if the people of Central America put their own money in it, if the people of Central America are willing to make their commitment, and their commitment will be much more effective if they have a sense that we are going to be there over the long pull.

Scoop Jackson and I together introduced the original bipartisan resolution, which resulted in the work of the Kissinger Commission.

So, as cosponsors, we talked about this many times.

Scoop Jackson said, "We need a 50-year commitment." That is what he was talking about, a 50-year commitment. Well, a 50-year commitment would, I have to grant, even with all due respect to Scoop Jackson's memory, would be pretty hard to get, but a 5-year commitment is very modest. A 5-year commitment is only one-tenth of what Scoop Jackson was talking about. I think it is the least that will be required to inject that sense of confidence into Central America which is necessary in this situation.

Mr. ZORINSKY. Mr. President, I wish to say in closing that I certainly agree with my esteemed colleague and friend from Maryland that in certain areas we have track records. I do not want to put our track record up in the Middle East, because it is a little spotted. I do not want to put our track record up in Asia, because it is a little spotted. And I could mention many other places.

But the place our track record is miserable is to the farmers and agriculture of the United States of America. We gave them a 4-year farm bill, like we are going to give the people in Central America a multiyear bill, and 2 years after the farm bill is in effect we change the target price on a bushel of wheat from \$4.65 to \$4.38—overnight we change the rules of the ball game. And that is what, essentially, we will do to the people in Central America and exacerbate the erosion of our credibility that the Senator so correctly is speaking about.

Nothing is binding on a future Congress, I am told. So after the elections next year, another Congress could come in, change that, erode that, then what happens to our credibility in Central America? All we have done is proven what many people think to begin with.

So, Mr. President, I say that, at a time when we cannot even honor our commitments on our track record to the American people, it is no time to attempt to spend money that we do not have. And when we talk about cutting the deficit and the budget—we are praying and hoping that we reduce it by \$300 billion in the next 3 years, not even balancing the budget—I think this sends a great signal to Central

America and a sorry signal to the taxpayers of this country in saying, "Here we go again. We are going to buy our way out of an international problem with your money that we do not have."

Mr. DODD. Mr. President, I would like to, if I may, very briefly address the two amendments.

Mr. President, a parliamentary inquiry. What is the amendment that is pending?

The PRESIDING OFFICER. The amendments of the Senator from Kansas is the pending question.

Mr. DODD. Mr. President, a further parliamentary inquiry. Has the amendment of the distinguished Senator from North Carolina been set aside temporarily, or is that pending the disposition of the Kassebaum amendment?

The PRESIDING OFFICER. That amendments has indeed been set aside for the consideration of the pending amendment.

Mr. DODD. I thank the Chair.

Mr. President, first of all, on the Kassebaum amendment, I rise to oppose, reluctantly, this amendment. I join with the chairman of the Foreign Relations Committee, the Senator from Indiana; the distinguished chairman of the Budget Committee, the Senator from New Mexico, who I see just walked into the Chamber; and the Senator from Maryland, Senator MATIAS, in expressing my opposition to the amendment to cut these funds out.

All three of the Senators I have just mentioned have somewhat differing views on the present military conflict and how it ought to be resolved in Central America. But where there is some commonality is on the issue that this is an area that, while it is gripped with political and economic difficulties far beyond the comprehension of most Americans, the matter is not going to get better, it is going to get worse as the years roll on if we do not begin to focus some more concentrated attention on how we deal with the underlying problems that have created the very situation we are now wrestling with in terms of a resolution. As I have said, we have had some disagreements on how that ought to be handled.

As my colleagues certainly will note, this is an authorization bill. Clearly, in fiscal year 1987, if, for whatever reason, we are not satisfied with what is being done with the economic program, of course we can modify the amount in fiscal year 1988 or fiscal year 1989. That is really not the question. That power is not being abrogated in any way whatsoever by the language included in the committee bill.

What we are trying to do, by inclusion of these dollars in authorization language for the next 4 or 5 years, is to say to our friends in Central America that we are determined and com-

mitted to trying to improve the underlying problems that have given birth to all of this strife that is ripping these countries apart.

I am not sure, and I do not think anyone else can tell us exactly on the floor, how these dollars are spent. That is not spelled out in here. Obviously, we all have a keen interest and concern as to specifically what will be done with this economic assistance program.

But I do think it is vitally important, despite how much we may disagree with one another over how we ought to deal with the present political and military problems, that there ought to be as much unanimity as possible on the issue of economic assistance to Central America.

It has been noted, Mr. President, by some of our colleagues that during times of staggering deficits we can hardly afford to authorize these funds. Why not make that case about every other spending proposition in the foreign aid bill? I know of no quicker way to get a standing ovation in an audience from Maine to California than to announce you are going to oppose all foreign aid. That is usually a very appealing argument, particularly during times like this.

The fact of the matter is that our own economic security, long-term economic security, in no small measure depends upon the soundness and the stability of countries as close to us as Central America. That will have an economic impact on this country.

So while this money is certainly no small amount—and all of us recognize that—it is an amount which clearly ought to receive the support of this Congress if we are truly interested in resolving the problem of this region in the long term. If we just want to see a continuation and a perpetration of problems that have persisted for decades, then we can vote for this amendment, and we can stand up and give speeches year after year about what this part of the world needs is some stability. And yet, at the very hour we are asking for some funds over the next 5 years, which we can modify, we turn our backs on them, then our rhetoric becomes hollow, indeed.

With regard, Mr. President, to the amendment being sponsored by the distinguished Senator from North Carolina with regard to the land reform provisions of the committee bill, it may have already been pointed out by other colleagues, but I say to my good friend from North Carolina, who has raised this issue now on a number of occasions over the last several years, that I think what we have done, effectively, with this legislation is not to mandate the funding in this area but merely to give the President some flexibility and discretion in the use of these dollars to improve or to promote the Land Reform Program,

which is an essential ingredient, I think, in terms of El Salvador's achieving some economic stability.

This language and legislation does not contradict existing provisions of law, but merely allows greater flexibility in the use of funds in this vital and important area of economic reform within that country.

So I would ask, with all due respect, that this amendment also be rejected.

Mr. President, I yield the floor.

Mr. LUGAR. Mr. President, I believe all Senators have spoken who wish to speak on these amendments. Therefore, I ask unanimous consent that a vote now occur on the Kassebaum amendment, to be followed immediately by a vote on the Helms amendment.

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

VOTE ON AMENDMENT NO. 107

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas [Mrs. KASSEBAUM]. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Florida [Mrs. HAWKINS] are necessarily absent.

I also announce that the Senator from North Carolina [Mr. EAST] and the Senator from California [Mr. WILSON] are absent due to illness.

Mr. CRANSTON. I announce that the Senator from Oklahoma [Mr. BOREN] and the Senator from Michigan [Mr. RIEGLE] are necessarily absent.

I also announce that the Senator from Nebraska [Mr. EXON] is absent because of illness.

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 41, nays 52, as follows:

(Rollcall Vote No. 76 Leg.)

YEAS—41

Abdnor	Helms	Nickles
Andrews	Hollings	Pell
Baucus	Humphrey	Proxmire
Bumpers	Inouye	Pryor
Burdick	Kassebaum	Rockefeller
Byrd	Kennedy	Rudman
Cranston	Kerry	Sarbanes
DeConcini	Leahy	Sasser
Dixon	Levin	Specter
Ford	Matsunaga	Stennis
Harkin	Mattingly	Symms
Hart	McClure	Weicker
Hatfield	Melcher	Zorinsky
Heinz	Mitchell	

NAYS—52

Armstrong	Danforth	Goldwater
Bentsen	Denton	Gore
Biden	Dodd	Gorton
Bingaman	Dole	Gramm
Boschwitz	Domenici	Grassley
Bradley	Durenberger	Hatch
Chiles	Eagleton	Hecht
Cochran	Evans	Heflin
Cohen	Garn	Johnston
D'Amato	Glenn	Kasten

Lautenberg	Murkowski	Stafford
Laxalt	Nunn	Stevens
Long	Packwood	Thurmond
Lugar	Pressler	Trible
Mathias	Quayle	Wallop
McConnell	Roth	Warner
Metzenbaum	Simon	
Moynihan	Simpson	

NOT VOTING—7

Boren	Exon	Wilson
Chafee	Hawkins	
East	Riegle	

So the amendment (No. 107) was rejected.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, if I may have the attention of the distinguished majority leader, could he tell us what his plans are for the rest of the day and tomorrow?

The PRESIDING OFFICER. The majority leader is recognized to respond to the minority leader.

Mr. DOLE. Mr. President, I can advise my colleagues that we would like to proceed for another hour or so. We are making good progress, and there is a possibility that we might even complete this bill this evening. The only reason I suggest we proceed is we were not in session yesterday. We accommodated Senators today and had no votes until 5 o'clock. We would like to finish this bill and move on to the DOD bill, if not tomorrow morning, at least tomorrow afternoon and, hopefully, finish that bill before the recess.

Let me indicate that as soon as we complete the DOD bill, we will start the recess.

Mr. BRADLEY. Will the majority leader yield for a question?

Mr. DOLE. The minority leader has the floor.

Mr. BYRD. Mr. President, I yield.

Mr. BRADLEY. Did the majority leader say he would like to finish the bill in the next hour?

Mr. DOLE. I would like to, Mr. President.

Mr. BRADLEY. The reason is that I do have an amendment that I think will take longer than the next hour.

Mr. DOLE. I assume we could have a window in here for about 1 hour, 1 hour and 15 or 20 minutes, to protect Members on both sides. But the manager of the bill, I think both managers—I discussed it with them earlier today. They feel they are making good progress. We would like to continue. We believe we have accommodated Senators all day today and yesterday and, if possible, maybe we can finish this bill—if not this evening, by noon tomorrow. We shall do as much as we can.

Mr. GLENN. Will the majority leader yield?

Mr. DOLE. The minority leader has the floor.

Mr. BYRD. Yes, Mr. President; I yield.

Mr. GLENN. Mr. President, I have two amendments on this bill. We were led today to believe we would not complete this tonight and we have been preparing amendments on it. If we are going to go a few hours tonight, maybe we can do that, but otherwise, if we could go over until tomorrow, we can consider those amendments.

Mr. DOLE. Obviously, I do not intend to stay late tonight. This is not like the budget resolution we had last week.

Mr. BRADLEY. It is history.

Mr. DOLE. Mr. President, the managers have been very cooperative. They have accommodated nearly everyone they could by accepting some amendments. We would be very happy if we could proceed for another hour or hour and a half.

There will be a vote right now. Then there will be an hour's window.

Mr. BRADLEY. I would simply like to assure the leader that I do not think I would be able to have my amendment ready this evening, but will be ready to go tomorrow early. I have no intention of delaying it.

Mr. DOLE. I thank the Senator.

Mr. NUNN. Mr. President, will the majority leader yield?

Mr. DOLE. Yes, Mr. President.

Mr. NUNN. While the Senator from Arizona is on the floor, since he is the chairman of the Armed Services Committee, let me say the majority leader said there is a possibility of bringing up the armed services bill tomorrow. We have a meeting tomorrow.

Mr. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NUNN. The committee will meet to mark up the zero level. I see no way to have the staff report ready in the morning. It might be possible to have a report on it by Thursday. I did not know whether the majority leader is thinking seriously about tomorrow afternoon or not. But from staff conversation, I think that would be almost impossible.

Mr. GOLDWATER. I might say to the distinguished majority leader, we have a meeting scheduled tomorrow morning at 9 o'clock to mark up this 0-3-3. That should not take too long. I would think that by 11 o'clock at the latest we could have that new bill—if they do finish the bill tonight, and we can accomplish that tomorrow morning, I would say that by possibly noon, but 1 o'clock at the latest, we could have a bill over on the floor and start to work on it.

Mr. NUNN. I would think we would have to have a committee report. Since we have \$10 billion in changes, it seems to me we have to do something to accommodate. My conversation with staff on our side this morning—

and I thought they were speaking for both sides—indicated it could probably not be done before Thursday just in simply writing up the amendment or whatever we have done.

Mr. GOLDWATER. I might say that we are the only committee that has completed its authorization markup, and we have done it on time.

Now, we have to change that write-up because the Senate changed the formula. I do not know if it would be necessary frankly—I would have to get a ruling from the Parliamentarian on that—but I do not know that it would be necessary to have a new report. The changes that will be made will be relatively small. I think we can point out on the floor where they are. I am going to try—I guess that is impossible now. I was going to try to have a meeting on the Republican side of all Senators interested to try to outline the new 0-3-3, and I thought maybe the Senator from Georgia could do the same, but why not see if we can, in keeping with parliamentary bounds, just go ahead with it.

Mr. DOLE. Mr. President, it seems to me it might be appropriate, if there is a meeting tomorrow, there could be a committee amendment offered to the bill that is pending. There is a report filed on the bill that is pending. You can offer a committee amendment to that and make the changes in the present legislation.

Mr. NUNN. I might say to the Senator from Kansas, I want to cooperate every way I can, and I think we have and will continue, but when you take \$10 billion in changes, those are not little bookkeeping items. That, in fact, is bigger than most bills that come to the floor. So we are not talking about insignificant matters.

Mr. GOLDWATER. Will the Senator agree that we could offer the new figures in the form of amendments, make a committee amendment to the present bill?

Mr. NUNN. I think we have to see what is coming up tomorrow in the committee, whether we are simply going to go back to the zero level or make language changes. We do not really know what is coming up yet.

I wanted to serve notice that in my opinion it is extremely optimistic to believe we could get that bill to the floor tomorrow afternoon, although I will work toward that end.

Mr. GOLDWATER. It is an optimistic view on my part, but we have done some pretty peculiar things in this place in the last few weeks, and this would just be one more. Getting this bill passed before the recess, as the Senator knows, is extremely vital. Every day counts. I would much rather take it up tomorrow, if we can do it.

Would the Senator be willing to wait until tomorrow?

Mr. NUNN. Certainly. Yes. I thank the Senator.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, we will certainly work with Senators on both sides. It is a very important piece of legislation. We are not trying to rush it at all. We would like to finish this bill and the DOD bill before the Memorial Day recess, and the recess will start whenever we finish those two bills.

VOTE ON AMENDMENT NO 106

The PRESIDING OFFICER. Under the previous order, the Chair wishes to advise the Senate that a vote has been ordered on amendment No. 106 offered by the Senator from North Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Florida [Mrs. HAWKINS] are necessarily absent.

I also announce that the Senator from North Carolina [Mr. EAST] and the Senator from California [Mr. WILSON] are absent due to illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. EAST] would vote "yea."

Mr. CRANSTON. I announce that the Senator from Oklahoma [Mr. BOREN] and the Senator from Michigan [Mr. RIEGLE] are necessarily absent.

I also announce that the Senator from Nebraska [Mr. EXON] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote.

The result was announced—yeas 33, nays 60, as follows:

[Rollcall vote No. 77 Leg.]

YEAS—33

Abdnor	Gramm	McConnell
Andrews	Hatch	Murkowski
Armstrong	Hecht	Nickles
Byrd	Heflin	Pressler
Cochran	Helms	Quayle
D'Amato	Humphrey	Roth
Denton	Kasten	Rudman
Dole	Laxalt	Simpson
Domenici	Lugar	Symms
Garn	Mattingly	Thurmond
Goldwater	McClure	Wallop

NAYS—60

Baucus	Evans	Leahy
Bentsen	Ford	Levin
Biden	Glenn	Long
Bingaman	Gore	Mathias
Boschwitz	Gorton	Matsunaga
Bradley	Grassley	Melcher
Bumpers	Harkin	Metzenbaum
Burdick	Hart	Mitchell
Chiles	Hatfield	Moynihan
Cohen	Heinz	Nunn
Cranston	Hollings	Packwood
Danforth	Inouye	Pell
DeConcini	Johnston	Proxmire
Dixon	Kassebaum	Pryor
Dodd	Kennedy	Rockefeller
Durenberger	Kerry	Sarbanes
Eagleton	Lautenberg	Sasser

Simon	Stennis	Warner
Specter	Stevens	Welcker
Stafford	Trible	Zorinsky

NOT VOTING—7

Boren	Exon	Wilson
Chafee	Hawkins	
East	Riegle	

So the amendment (No. 106) was rejected.

Mr. LUGAR. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 108

(Purpose: To provide further for the control of international narcotics.)

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration, on behalf of myself, Senator BIDEN, and Senator NUNN.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Florida [Mr. CHILES], for himself and Mr. BIDEN and Mr. NUNN, proposes an amendment numbered 108.

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

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

The amendment is as follows:

At the end of the bill, add the following new title:

TITLE X—INTERNATIONAL
NARCOTICS CONTROL ACT OF 1985

SHORT TITLE

SEC. 1001. This title may be cited as the "International Narcotics Control Act of 1985".

LATIN AMERICAN REGIONAL NARCOTICS CONTROL ORGANIZATION

SEC. 1002. (a) The Secretary of State, with the assistance of the National Drug Enforcement Policy Board, shall conduct a study of the feasibility of establishing a regional organization in Latin America which would combat narcotics production and trafficking through regional information-sharing and a regional enforcement unit.

(b) No later than six months after the date of enactment of this title, the Chairman of the National Drug Enforcement Policy Board shall report to the Committee on Foreign Affairs and the Committee on the Judiciary of the House of Representatives and the Committee on Foreign Relations and the Committee on the Judiciary of the Senate on the advisability of encouraging the establishment of such an organization.

ANNUAL REPORTS ON INVOLVEMENT OF COMMUNIST COUNTRIES IN ILLICIT DRUG TRAFFIC

SEC. 1003. Section 481(e) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"(6) Each report pursuant to this subsection shall describe the involvement, during the preceding fiscal year, of the governments of Communist countries (as defined for purposes of section 620(f) of this Act) in illicit drug trafficking, including—

"(A) the direct or indirect involvement of Communist governments in the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, and

"(B) any other activities of Communist governments which have facilitated illicit drug trafficking."

NARCOTICS CONTROL EFFORTS IN BRAZIL

SEC. 1004. (a) The Secretary of State shall enter into negotiations with the Government of Brazil in order to establish a bilateral narcotics control agreement. Such agreement shall have as a goal a 10 per centum reduction in illicit coca production in Brazil in calendar year 1986.

CONDITIONS ON ASSISTANCE TO BOLIVIA

SEC. 1005. United States assistance (as defined in section 481(i)(4) of the Foreign Assistance Act of 1961) may be provided to Bolivia for fiscal years 1986 and 1987 only under the following conditions:

(1) Of the aggregate amount of assistance allocated for Bolivia for fiscal year 1986—

(A) up to 25 per centum may be provided at any time after the President certifies to the Congress that the Government of Bolivia has enacted legislation which prohibits more than two hectares of coca production per family; and

(B) the remaining 75 per centum may be provided at any time subsequent to a certification pursuant to subparagraph (A) if the President certifies to the Congress that the Government of Bolivia achieved the eradication targets for the calendar year 1985 contained in its August 1983 narcotics control agreements with the United States.

(2) Of the aggregate amount of assistance allocated for Bolivia for fiscal year 1987—

(A) up to 50 per centum may be provided at any time after the President certifies to the Congress that during the first six months of calendar year 1986 the Government of Bolivia achieved at least half of the eradication targets for the calendar year 1986 contained in its August 1983 narcotics control agreements with the United States and

(B) the remaining 61 per centum may be provided at any time after the President certifies to the Congress that the Government of Bolivia fully achieved the eradication targets for the calendar year 1986 contained in its August 1983 narcotics control agreements with the United States.

UPPER HUALLAGA VALLEY PROJECT IN PERU

SEC. 1006. Funds authorized to be appropriated for fiscal year 1987 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 for the project of the Agency for International Development in the Upper Huallaga Valley of Peru may be made available for that project only if the Administrator of that Agency, after consultation with the Congress, determines that a comprehensive review of that project has been completed which establishes the effectiveness of that project in reducing and eradicating coca leaf production, distribution, and marketing in the Upper Huallaga Valley.

REALLOCATION OF FUNDS IF CONDITIONS NOT MET

SEC. 1007. If any of the funds described in sections 1005, 1006 of this title are not used for the country for which they were allocated because the conditions specified in those sections are not met, the President shall reprogram those funds in order to provide additional assistance to countries which have taken significant steps to halt illicit drug production or trafficking.

CONDITIONS ON UNITED STATES CONTRIBUTIONS TO THE UNITED NATIONS FUND FOR DRUG ABUSE CONTROL

SEC. 1008. Section 482(a) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"(3) Funds authorized to be appropriated by this section for fiscal year 1986 and for fiscal year 1987 may be used for a contribution to the United Nations Fund for Drug Abuse Control only if that organization includes in its crop substitution projects a plan for cooperation with the law enforcement forces of the host country."

PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR REIMBURSEMENTS FOR DRUG CROP ERADICATIONS

SEC. 1009. Chapter 8 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 483. PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR REIMBURSEMENTS FOR DRUG CROP ERADICATIONS.—Funds made available to carry out this Act may not be used to reimburse persons whose illicit drug crops are eradicated."

REQUIREMENT FOR COST-SHARING IN INTERNATIONAL NARCOTICS CONTROL ASSISTANCE PROGRAMS

SEC. 1010. (a) Section 482 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(d) Assistance may be provided under this chapter to a foreign country only if the country provides assurances to the President, and the President is satisfied, that the country will provide at least 26 per centum of the costs of any narcotics control program, project, or activity for which such assistance is to be provided. The costs borne by the country may include 'in-kind' contributions."

(b) The amendments made by this section shall take effect on October 1, 1985.

EXTRADITION TREATIES

SEC. 1011. The Secretary of State with the assistance of the National Drug Enforcement Policy Board shall increase United States efforts to negotiate updated extradition treaties relating to narcotics offenses with each major drug-producing country, particularly those in Latin America.

Mr. CHILES. Mr. President, this is an amendment that I propose on behalf of myself, Senator BIDEN, and Senator NUNN. It speaks to the tremendous problem that we are seeing in Latin America in regard to drugs, and it gives some advice to the State Department on how to handle the problem.

Mr. NUNN. Mr. President, may we have order? This is a very important amendment.

The PRESIDING OFFICER. The Senator's observation is well taken. The Chair will respectfully request all conversations be conducted outside the Chamber.

Mr. CHILES. Mr. President, several years ago a Time magazine story characterized Florida as "Paradise Lost." That Time article crystallized for the Nation the terrible onslaught of crime that south Florida was suffering, mainly as a result of the flood of ille-

gal narcotics from Latin America and the Caribbean.

Since that article's publication, Congress has taken a number of valuable steps to combat the drug traffickers and their deadly wares. The last Congress culminated with enactment of the Comprehensive Crime Control Act which is a major step toward assuring swift and certain punishment of these criminals.

This spring I picked up the Washington Post to read a page one story entitled, "Drugs Making Miami Synonymous With Crime." It brought home in very graphic terms that with all the efforts of the past few years we have barely made a dent in the drug trade. Record loads of cocaine, heroin, and marijuana continue to inundate our society spreading corruption, violence, and ruined, wasted lives. And for reasons mostly of geography, southern Florida remains a haven for the smugglers.

The State Department's "International Narcotics Control Strategy Report" for 1985 and a recent House Committee on Foreign Affairs staff report, "U.S. Narcotics Control Programs Overseas: An Assessment" provide ample evidence of our failure to contain the international drug trade. And our failure stems in large part from our problems in stopping drugs at their source. A consistent theme in every report and study, in every panel and hearing examining the narcotics problem is that the key to a successful drug law enforcement strategy is starting at the source of supply. All of the efforts to beef up drug interdiction forces, to break up organized crime drug rings, and to strengthen criminal penalties are undermined by a situation of ever increasing drug crops in foreign countries. With over 300,000 acres of coca fields now being cultivated in the major producing countries of Peru, Bolivia, Colombia, and Ecuador it is not difficult to understand why, with all our interdiction efforts, there is a glut of cocaine on the market.

Controlling the drug problem from foreign source countries is obviously a long term and difficult proposition. Success in one country often simply means development of new production in a neighboring country. Efforts by the governments of foreign source countries to destroy drug crops and narcotics production facilities range from sporadic bursts of activity, usually under U.S. pressure, to a passive acceptance of the drug trade. Efforts by the United States have involved dedication of significant financial resources, U.S. personnel, and even American lives with very limited results.

Mr. President, there are some who would conclude that we face an impossible mission in trying to eliminate narcotics production and trafficking in Latin America. I refuse to subscribe to

that conclusion because the consequences are simply too deadly for our society. Rather my conclusion is it's time to get tough. It's time to rethink old approaches and caution and make it clearly understood that no issue has higher priority in our bilateral relations with each narcotics source country than the elimination of those narcotics. In fact, there can be no amicable relationship with any nation that fails to cooperate to the fullest extent in that task. That should be our message: We're serious about stopping drugs and we expect them to be equally serious.

This amendment aims to deliver the message that we are going to use every resource and lever at our disposal to shut down foreign drug production. It aims to make clear what we expect and demand of our neighbors to the south.

The major provisions of the amendment are:

LATIN AMERICAN REGIONAL NARCOTICS CONTROL

Latin America, international borders mean little to the drug traffickers. When the heat is on in one country they move next door. The recent crackdown in Colombia has resulted in Brazil's emergence as a major producer of cocaine and marijuana. What is needed is a regional approach to combat narcotics. The Secretary of State is required by the legislation to report to the Congress within 6 months on the feasibility of establishing a regional organization in Latin America which would combat narcotics production and trafficking through regional information sharing and a regional enforcement unit.

COMMUNIST COUNTRY INVOLVEMENT IN ILLICIT DRUG TRAFFIC

Current reporting requirements under the Foreign Assistance Act of 1961 shall be amended to require a description of the direct or indirect involvement of Communist countries in the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances and any other activities of Communist governments which facilitated illicit drug trafficking.

FOREIGN ASSISTANCE PROGRAMS

BRAZIL

The Secretary of State is directed to enter into negotiations with the Government of Brazil to establish a bilateral narcotics control agreement with the goal of a 10-percent reduction in illicit coca production in calendar year 1986.

BOLIVIA

Bolivia has compiled a record of zero accomplishments in terms of eradicating coca and remains a principal source of the world's cocaine supply. Unless and until Bolivia demonstrates a serious commitment to drug eradication, including the enactment of legis-

lation to outlaw coca production except for traditional Bolivian medicinal uses, foreign assistance to that country will be terminated. A schedule is established for specified portions of that assistance to be restored when the President certifies that certain eradication targets are achieved by Bolivia.

PERU

Funds authorized for fiscal year 1987 shall be made available to the Agency for International Development project in the Upper Hallaga Valley in Peru only if the AID Administrator certifies to Congress that a comprehensive review of that project has been completed which establishes the effectiveness of that project in reducing and eradicating coca leaf production, distribution, and marketing in the Upper Hallaga Valley.

UNITED NATIONS FUND FOR DRUG ABUSE CONTROL

Funds authorized for the United States contribution to the United Nations Fund for Drug Abuse Control will be withheld until that organization includes in its crop substitution projects a plan for cooperation with the law enforcement forces of the host country.

PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR DRUG CROP ERADICATION

Use of foreign assistance funds is prohibited for the purpose of reimbursing persons whose illicit drug crops are eradicated.

COST SHARING

U.S. international narcotics control assistance will accomplish its objectives only if the recipient government is equally serious about those objectives. As a demonstration of that seriousness of purpose, U.S. assistance shall be provided only if the country in question puts up 25 percent of the costs of any narcotics control program, project, or activity for which such assistance is made available.

EXTRADITION TREATIES

Secretary of State shall increase U.S. efforts to negotiate updated extradition treaties relating to narcotics offenses with each major drug producing country.

Mr. President, this is legislation that the chairman of the Foreign Affairs Committee in the House of Representatives DANTE FASCELL is sponsoring and a number of House Members, and we think it is a step forward in trying to see that we show these Latin American countries that we are very serious about the drug problem and we intend to make it a cornerstone of our foreign policy.

Mr. President, I am delighted to yield to the Senator from Georgia [Mr. NUNN].

Mr. NUNN. Mr. President, I congratulate the Senator from Florida for taking the lead in a very important area. This sends an unmistakable mes-

sage that we intend to not only talk about drugs and have domestic law enforcement aimed toward drugs, but we are also making it a centerpiece of our national foreign policy in dealing with other countries, and we expect other countries to cooperate.

We know that this is a difficult problem. We know that our friends in Central America have problems in their own countries. But we have a crisis on our hands, and it is a continuing crisis. It is not one that just comes about. It has been with us some time, and there is no solution in sight.

This is not going to solve all the problems, but I think it does make it very clear to the nations of the world that this is not just a domestic U.S. problem. This is a problem that affects the entire area of the Americas, and we intend to really make it a serious part of our overall foreign policy.

So I congratulate the Senator from Florida, and I am delighted to join with him on this. I am hoping that the committee will accept it and the Senate will approve it, and I certainly think it is important that the chairman of the House Foreign Affairs Committee is already well-versed in this area and has taken a lead on the House side on this.

So I congratulate the Senator.

Mr. CHILES. I thank our colleague from Georgia who has done so much in the drug area.

Mr. FORD. Mr. President, will the distinguished Senator from Florida yield?

Mr. CHILES. I yield.

Mr. FORD. I compliment the Senator from Florida also on this fine piece of legislation. And I compliment the Senator from Georgia and others.

Mr. President, I ask the distinguished Senator from Florida if he will add me as a cosponsor to this amendment.

Mr. CHILES. I am happy to add the Senator from Kentucky as a cosponsor and the Senator from West Virginia, Senator BYRD, as a cosponsor to the amendment. I so ask unanimous consent.

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

INTERNATIONAL NARCOTICS CONTROL ACT OF 1985

Mr. BIDEN. Mr. President, I will join with Senator CHILES in offering this amendment because it is time to stop threatening to do something about countries that have been negligent in responding to narcotics production, and start demonstrating our seriousness about tying U.S. foreign aid to narcotics reduction.

As a member of the Senate Foreign Relations Committee and the ranking member of the Judiciary Committee I believe nothing is more important to the domestic security of this country than stemming the flow of drugs. Nothing bothers me more than con-

tinuing promises by the State Department that "things will get better next year."

Next year is now and countries like Bolivia, Brazil, Peru, and Jamaica are on notice that with U.S. foreign assistance funds and trade agreements, comes an expectation that there will be more than lip service paid to the cultivation, refining and trafficking of narcotics in their country.

The tragedy in Mexico this year when drug enforcement administration agent Enrique Camarena was brutally murdered should set the resolve for Congress, the President and the American people that we will not tolerate foreign countries ignoring our requests for help in stopping the flow of drugs to this country.

Four years ago I worked in the Foreign Relations Committee in developing a requirement that the State Department produce a report annually that describes the amount of narcotics being produced in foreign countries and provided for the suspension of all U.S. assistance except emergency aid, to those nations not showing positive results in reducing production of illicit narcotics. Two years ago with several of my Senate colleagues, we added additional language to the statute that required the State Department to set maximum achievable reductions for all source producing countries. These figures were intended to set a benchmark by which progress can be judged in stemming the flow of drugs in these countries and making determinations about foreign aid in the next fiscal year.

The State Department this year has made no recommendations to reduce foreign aid to any of the nations we know are doing little or nothing to reduce cultivation and production of narcotics within their borders. For example, the State Department recommends we give Bolivia, which produced an estimated 49 metric tons of coca, \$57 million in foreign aid for fiscal year 1986 even though Bolivia didn't pull up one single coca plant last year. Also, the State Department has been telling us for years about the great cooperation with Mexico in destroying opium and marijuana. This year production of both are up, our DEA agent in murdered there and there has not been a major drug trafficker arrested in Mexico in 8 years.

Admittedly, we have made some progress in Mexico in the last month, but only after we had a travel advisory included in our State Department authorization bill and Mexico saw real quick what that would mean in U.S. tourist dollars.

This bill is a comprehensive approach to addressing the international aspects of narcotics. The approach is similar to the reform of the Federal Domestic Law Enforcement Program

we undertook last year in the Comprehensive Crime Control Act of 1984, the most encompassing revision of Federal criminal law to occur in decades. In that legislation we gave Federal authorities new tools to go after the assets of drug traffickers, detain them without bail pending trial and increase prison sentences for all drug trafficking crimes.

As a member of the Foreign Relations Committee I ask my colleagues to show their support for our domestic and international fight against narcotics and drugs. Vote for this amendment and show our friends abroad and drug traffickers everywhere we are committed to the difficult task of slowing the flow of drugs.

I submit for the RECORD a letter addressed to Senators by Senator CHILES, Senator NUNN, and myself, and also a memorandum relating to the International Narcotics Control Act of 1985.

U.S. SENATE,
May 14, 1985.

DEAR SENATOR: In the last several years we've made important strides in improving our illegal drug law enforcement capability. These have ranged from revision of the Posse Comitatus statute to passage of the Comprehensive Crime Control Act. We have added to the resources of the Customs Service, the Coast Guard and the Drug Enforcement Administration in an effort to fortify our drug interdiction effort and break up large-scale narcotics trafficking rings. All these steps were necessary and valuable and we should continue to press for aggressive implementation of these new statutes and full support of our law enforcement agencies.

Unfortunately, record loads of cocaine, heroin, and marijuana continue to inundate our society spreading corruption and violence and ruining thousands of lives. We have failed to significantly curtail the international drug trade and our failure stems in large measure from our inability to stop drugs at their source. With over 300,000 acres of coca fields now being cultivated in the major producing countries of Peru, Bolivia and Colombia, it is not hard to understand why, in the face of all our interdiction efforts, there is a glut of cocaine on the market.

It is time to make unmistakably clear to narcotics source countries that no issue has higher priority in our bilateral relationship than the elimination of illicit drugs. To deliver that message, we are proposing an amendment to S. 960, the foreign assistance authorization bill. Among its major provisions our amendment:

Conditions aid to Bolivia on passage of a law to prohibit illicit coca production and eradication of 4,000 hectares of coca per year.

Withholds \$5 million in economic support funds to Jamaica, until Jamaica comes up with a strategy to fight narcotics production.

Prohibits funds in fiscal year 1987 for a crop substitution project in Peru unless aid can demonstrate that it's making concrete progress.

Tells the Secretary of State to negotiate an agreement with Brazil to reduce their coca production by 10 percent per year; if they don't, asks the President to consider

reallocating 10 percent of Brazil's sugar quota.

Requires countries receiving U.S. narcotics control assistance to contribute 25 percent of the cost of the program.

Reallocates any aid which is cut off from non-cooperating nations to countries which have taken significant anti-narcotics steps.

Prohibits U.S. cash payments to reimburse farmers whose drug crops have been eradicated.

Ask the Secretary of State with the assistance of the National Drug Enforcement Policy Board to examine whether a regional anti-narcotics organization in Latin America can be established.

Directs the Secretary of State with the assistance of the National Drug Enforcement Policy Board to increase U.S. efforts to negotiate updated extradition treaties relating to narcotics offenses with each major drug-producing country, particularly those in Latin America.

Requires the State Department to report on Communist governments' involvement in drug trafficking.

We solicit your support for this amendment which signals that in our international relations we have no higher priority than defending American society from illicit drugs. Should you be interested in cosponsoring this amendment, please let us know or have your staff contact Rick Farrell at 45274.

Most sincerely,
SAM NUNN,
JOE BIDEN,
LAWTON CHILES.

INTERNATIONAL NARCOTICS CONTROL ACT OF
1985

Sec. 2. Latin American Regional Narcotics Control—

U.S. should encourage countries like Colombia, Brazil, Argentina, Mexico to organize a joint information sharing program to combat narcotics production. The U.S. should supply resources that help coordinate intelligence and provide equipment while the Latin Americans would supply manpower and salaries. The State Department is to report to Congress in 6 months on a plan for establishing such an organization.

Sec. 3. Travel Advisory on Mexico—

Recent murders of U.S. citizens and DEA agent constitutes a danger to the safety of U.S. citizens traveling there and a travel advisory should be put in effect until the conviction of those involved in the DEA agent murder.

Sec. 4. Greater Support from the Defense Department in Narcotics Control Efforts—

Report from the President in 60 days on why the U.S. Armed Forces cannot exert greater effort in the detection and interdiction of narcotics traffickers.

Sec. 5. Annual Report on Communist Countries Involvement in Narcotics Traffic—

The annual State Department report on narcotics will include a new section on direct or indirect involvement of communist governments in production, processing and shipment of narcotics.

Sec. 6. U.S. Personnel Involvement in Arrests Action and Interrogations Abroad—

Amends current restrictions against U.S. personnel being present at arrests if mutually agreed to by the host country, the Secretary of State and Congress.

Sec. 7. Narcotics Control Efforts in Brazil—

Brazil has been slow to recognize increasing coca production in their country and

with pressure on traffickers in Colombia, Brazil could surpass Colombia as a haven for cocaine transshipment.

Secretary of State will enter into a bilateral narcotics control agreement of a 10 percent reduction in coca production for calendar year 1986.

Sec. 14. Cost Sharing by Host Country—

U.S. assistance funds for narcotics control will only be provided if at least 25 percent of the cost of the program is borne by the host country.

Sec. 15. Weapons to Defend Aircraft Involved in Narcotics Control—

Would permit, upon approval of Congress, the procurement of weapons for defense purposes on aircraft used to eradicate or interdict narcotics.

Sec. 16. Creating Narcotic Specialist Positions in the State Department—

A report from the State Department on how improvement in the personnel in the Bureau of International Narcotics Matters can be made, with specific emphasis on creating a new category of Foreign Service Officers with an expertise in narcotics matters.

Sec. 17. Information Sharing between the Department of Justice and State Department—

A comprehensive information system on foreign nationals arrested for drug trafficking will be developed so that U.S. law enforcement and State Department Embassies can keep abreast of the status of foreign nationals involved in narcotics traffick.

Sec. 18. Extradition Treaties—

The U.S. should increase efforts to negotiate updated extradition treaties regarding narcotic offenses.

Mr. LUGAR. Mr. President, let me propound a question to the distinguished Senator from Florida.

Mr. CHILES. I did misspeak. We have taken out the sugar quota provision.

Mr. LUGAR. Mr. President, I appreciate the diligent work of the distinguished Senator from Florida in crafting an excellent amendment and working with the staff on both sides of the aisle to think through the implications of how we might be affected with regard to the drug traffic in these particular countries.

On our side we are prepared to accept the amendment, and we appreciate the cooperation of the distinguished Senator working with us to perfect an amendment that we believe will be significant.

Mr. CHILES. I thank the Senator from Indiana.

Mr. PELL. Mr. President, I think this amendment is an excellent one and the result of a great deal of discussion between the different parties as to its crafting. I recommend its passage to my colleagues.

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

The amendment (No. 108) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 109

(Purpose: Expressing the sense of the Senate with respect to the construction or rental of a new building in Geneva, Switzerland, to serve as space for all U.S. arms control negotiating teams and staff)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Alaska [Mr. STEVENS] proposes an amendment numbered 109.

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

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

The amendment is as follows:

At the end of the bill insert:

Since the United States is party to vital talks on arms control in Geneva, Switzerland;

Since these talks include negotiations on strategic nuclear weapons, intermediate range nuclear weapons, space and defense systems, a bilateral U.S.-Soviet forum, called the Standing Consultative Commission, and a multilateral forum, called the Conference on Disarmament;

Since the U.S. delegations to these talks occupy buildings and spaces insufficiently secure, modernized or large enough to permit those delegations to conduct their work efficiently;

Since the U.S. delegations to the strategic, intermediate and space and defense talks in particular occupy space in the Botanic Building that is also occupied by offices of numerous other, non-U.S. organizations, and shares common walls and parking facilities with these delegations;

Since arms control negotiations require sophisticated security facilities, telecommunications equipment, simultaneous translation capabilities and other specialized services;

Since the Soviet Union, for its part, has made available for its negotiating team a modern, secure, well-equipped building dedicated for the use of its arms control negotiating teams: Now, therefore it is the sense of the Senate

That (a) in order to facilitate the effective work of the U.S. arms control negotiating teams, and to provide for them a dedicated structure capable of supporting their vital tasks on a permanent basis, it is the sense of the Senate that the Secretary of State should submit to the Congress a report on the feasibility, cost, location, and requirements of a structure to house the U.S. arms control negotiating teams in Geneva.

(b) It is further the sense of the Senate that this report should be submitted as soon as possible.

(c) It is further the sense of the Senate that, this matter be included in the consideration of the 1985 supplemental appropriation process.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senator from Georgia [Mr. NUNN] be added as a cosponsor of this amendment.

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

Mr. STEVENS. Mr. President, this is an amendment that would express the sense of the Senate that there should be a new building in Geneva, either constructed or rented, to serve the purpose of providing space for the arms control negotiating team. We now have a series of negotiations going on there that are most important.

One of the things that struck some of us, as we visited the negotiations and discussed the problems with the delegations that are involved, is that the Botanic Building that we now use to house our delegations is a building that houses other organizations. They share parking facilities and there are common walls. The security of this arrangement is not good.

As a matter of fact, when the Russian negotiators come to meet with our negotiators in the U.S. facilities, at times it is even difficult to get the elevators to take the Russian negotiators to the designated place in the building where the negotiations will take place.

But even more important, I think, is the problem that we are dealing now in a long continuum of negotiations. I am very hopeful there will be success in these current negotiations, but success is going to have to be measured in incremental amounts.

I am one who believes we will be negotiating on arms control measures probably for the rest of the century. We just cannot go forward with the facilities that are so limited and so inadequate, really, as to meet the needs of the people that are involved.

There were, in this one negotiation that we were observing, three separate talks going on at the same time: The strategic, the INF, and the defense in space talks, all under the umbrella of the new arms control talks. And that means that there are a substantial number of people that have to be able to meet and confer each day and to have their counterparts from the Russian side involved, as the practice is, on every other occasion that they negotiate.

I have discussed this with the managers of the bill. I want to point out to the Senate that what it does is urges the Secretary of State to submit a report to Congress on the feasibility, cost, location, and requirements of a structure to house the U.S. arms control negotiating teams in Geneva, that it should be done as soon as possible and, if it is possible, that we consider this matter in connection with the 1985 supplemental appropriations process.

Mr. NUNN. Mr. President, I am pleased to coauthor this amendment with the Senator from Alaska. I congratulate him on taking the lead on this.

I have been in the building he makes reference to. It is a building that is to-

tally inadequate for security purposes. It is totally inadequate for any kind of delegation. In visiting and waiting for the elevators, it takes a great deal of time. It also is simply not conducive to the business that has to be carried on by the arms control negotiators. I know the Senator from Virginia, the present occupant of the chair, has also been to that building and would concur in this.

It would be my hope that an existing building could be located in Geneva. But the Senator from Alaska has gone into it more than I have and he believes it will require construction of a new building. In any event, I am hopeful we can find satisfactory housing there for the important work of the arms control negotiating team.

I hope they will not be there for as long on the START talks as the Senator from Alaska indicated. I think he was indicating not just the START talks but the follow-on talks that will be coming in the future.

Mr. STEVENS. The Senator is correct. I am saying there will be ongoing talks there to the end of this century.

Mr. NUNN. I agree with the Senator on that. I think these talks will be continuing. Hopefully, we will have some agreements in the not-too-distant future on START, but certainly we are talking about a period of perhaps years before these negotiations are concluded. And then, if they are successful. It will require a continuation of negotiations into the long-distance future on follow-on agreements.

So I am pleased to support this amendment. I urge that the Senate approve it.

Mr. STEVENS. Mr. President, I am pleased the Senator from Georgia has articulated to a greater extent what we mean and at least what I meant by the comment that the United States will have negotiators in Geneva to the end of the century in arms control. I did not mean to imply this current negotiation will take that long to complete. But I do think, as the Senator from Georgia has stated, with follow-on talks to lead to a build-down and to lead a discussion on compliance and further understanding and further agreements as to the use of arms in the world, I think we ought to commit ourselves to the fact that arms limitations are that important that we should have a main structure there.

Mr. President, I ask unanimous consent that the present occupant of the chair, the Senator from Virginia [Mr. WARNER] be added as a cosponsor.

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

Mr. STEVENS. Mr. President, I further ask unanimous consent that the amendment be modified in the form that the clerks have informed me it should be in order to make it an

amendment to the bill rather than a freestanding resolution.

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

Mr. LUGAR. Mr. President, I deeply appreciate the leadership that the distinguished Senator from Alaska and the distinguished Senator from Georgia have been giving to our arms control observer group. My colleague in the management endeavor today, Senator PELL, and I are honored to share the cochairmanship with them. We all, as does the distinguished occupant of the chair, have an interest in the success of those efforts and particularly the support of our negotiating teams over the years.

Ordinarily, I would have encouraged the distinguished Senator from Alaska to attempt to have either a freestanding resolution or to amend the State Department bill. But I note that the urgency of what he is proposing suggests that action be taken in the 1985 supplemental appropriation process, which could occur fairly soon and that this is a sense-of-the-Senate resolution and a message to the leadership in the administration of the urgency of this project.

For these reasons, and especially because I believe that the desirability of the amendment is evident on its face and that the timeliness is important, we would be prepared to accept the amendment as a part of the foreign assistance bill, with the understanding that action may be urgent and that it is timely that this message be sent.

Mr. PELL. Mr. President, I think it was Winston Churchill who once said, "Jaw-jaw is preferable to war-war." This is what we hope to accomplish with the Soviets. As long as we are going to jaw-jaw, we might as well do it in a place that is secure, a place where people can work comfortably and effectively.

For all these reasons, I think this amendment points in the right direction. As one who has been an observer to these arms control talks for many years and has recently observed the conditions under which our delegations must presently operate, I think this is a very appropriate amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska [Mr. STEVENS].

The amendment (No. 109) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO 110

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Idaho [Mr. SYMMS] proposes an amendment numbered 110.

At the appropriate place add the following:

That section 118 of the International Security and Development Cooperation Act of 1980 (22 U.S.C. 2293 note) is repealed.

Mr. SYMMS. Mr. President, South Africa has been in the news headlines since last November's elections, and the ground has been laid by protestors and grassroots activists to push disinvestment legislation through the Congress.

The professed concern of disinvestment advocates is the rights of South African blacks. Critics of South Africa contend that the way to bring political power to South Africa's blacks is to put them out of work. It does not seem to make any difference that the South African blacks with real backing and support among their people, like Zulu Chief Buthelezi of South Africa's largest tribe, and Lucy Mvubelo, head of one of South Africa's largest labor unions, adamantly oppose disinvestment. The enlightened beltway liberals are sure that they know better than South Africa's blacks, what is good for them.

Mr. President, no one supports apartheid. But the imposition of economic sanctions and disinvestment is no way to reverse apartheid. The issue is how best to help South Africa to dismantle apartheid, and bring equality and freedom to all its citizens. Despite media distortion, much progress has been made in South Africa since "constructive engagement" began with the Reagan administration.

In 1979, the current prime labor law, the Industrial Conciliation Amendment Act, was passed. This law removed racial restrictions on labor unions and legally allowed multiracial trade unions and associations. From this legislation many other benefits, legal, economic, and social, were achieved. There has been a dramatic rise in black disposable income, which has in turn released a consumer-driven relaxation of apartheid laws in retail trade, and has led to the racial integration of the marketplace and the workplace. Much of these economic gains have been fueled by American businesses and their higher wages and nondiscriminatory hiring policies. Mr. President, investment in South Africa morally is a proper policy, and is contributing slowly but surely to the dismantling of apartheid, without violent upheaval, and economic chaos.

South Africa needs our continued encouragement and support for progressive change, and we should reward the progress that has already been made by increasing investment, and improving the political and economic status for South African blacks.

But South Africa's racial policies are only one aspect of the dynamic situation on the African Continent. There is a great struggle for freedom ongoing in Angola and in Mozambique, two areas of which the Soviets would rather the American people remain ignorant.

While the leftists in the media harp about South Africa's apartheid policy, they ignore the far worse human rights violations in Angola, in Zimbabwe, and in Mozambique. If you question my assertion, please take a look at the State Department's 1984 Country Reports on Human Rights Practices. I will also add that South Africa gets a rating from Freedom House of being "partly free," while Angola, Ethiopia, and Mozambique are rated "not free." Why is it then that a double standard is being applied in Africa on human rights? Is discrimination against blacks in South Africa more deplorable than the Ethiopian policy of starving enemies of the state? Is apartheid more appalling than the Mozambique concentration camps, and the Mozambique Government's selling of young slave laborers to labor in East German factories?

Mr. President, this amendment is the repeal of the Clark amendment, with which I know all Senators are very familiar, was overwhelmingly repealed in 1981 in the Senate. The Clark amendment lifts the prohibition against aid to the freedom fighters in Angola.

Mr. President, the reason I bring this issue before my colleagues—and I have spoken to many of my colleagues about this—is because I had the opportunity to witness the debate that went on in the other body on this subject back in the middle seventies when President Ford was in office. We lost in Angola because of our failure, for many reasons, to support Dr. Savimbi and his UNITA forces in Angola. We lost those votes. The Clark amendment was passed, became law, and the U.S. aid did not go to our friends. I think that was a mistake. I have a very firm, strong belief that if we want to be effective as the leader of the free world, and if we want to help preserve our own liberty, we must support our friends who aspire to the same goals that we do.

All you have to do is visit free Angola as I did in January 1984. I visited in Jamba and had the opportunity to see what Dr. Savimbi is doing. I think he is one of the greatest men in the world. He is leader in Africa who is a pro-Western, Christian, black nationalist. He does receive support from many other African states, from some in the Middle East, and from some Western European countries. I think we need to repeal this Clark amendment to get the leverage needed to force the MPLA to come to terms with

UNITA. Dr. Savimbi's stated goal is a government of national unity representing all the people of Angola.

I want to talk about a couple of things that are in this bill under discussion, Mr. President. This foreign aid bill that we are considering on the floor today proposes some \$15 million for aid to Zimbabwe, a country which is on a fast and sure track toward a one-party Marxist state. The bill also has economic assistance for Mozambique. Mozambique is a Soviet client state which with the support of our State Department is attempting to snuff out their democratic opposition.

Mr. ARMSTRONG. Will the Senator yield?

Mr. SYMMS. I yield.

Mr. ARMSTRONG. Is the Senator saying that this bill contains an authorization for the appropriation of U.S. funds for that purpose, to aid the Government of Mozambique?

Mr. SYMMS. That is correct.

Mr. ARMSTRONG. I wonder if the chairman or the manager of the bill could explain why in the world we would do such a thing. I know that is not the main point of the amendment.

Mr. SYMMS. If the Senator will give me a moment, I will try to make the point of why I think this amendment is so important. I thank the Senator for his question.

Mozambique received in 1984 from the United States loans and grants of about \$18 million. From international agencies to which the United States contributed substantially, some \$45 million more went to Mozambique. Where does this money go? Mozambique has thousands of Soviet, Cuban, East German, North Korean, and Libyan advisers and is receiving vast amounts of military equipment from the Soviet bloc. I think, Mr. President, that it is safe to assume that considering the disastrous economic situation created by the Marxist government, our taxpayers' dollars are not going to the betterment of the living standards of the people of Mozambique.

The reason I make that point which obviously aroused the interest of my colleague from Colorado is that if the United States of America wants to make a positive contribution in Africa, we should be supporting the process of expanding freedom and opportunity for the people in Africa, and putting pressure on the Soviets and their proxies who are not interested in representative government. The Soviets are only interested in the exploitation and the destabilization of the continent, in subversion and terrorism, and ultimately, in political hegemony over the region and its critical strategic resources. That is why this issue is of interest to the United States, among other reasons.

Setting aside the moral issue of course, we are all interested in the immeasurable strategic importance to

the United States of the African continent. Mr. President, with the critical minerals we depend upon across the mineral belt of central Africa, we need to be supporting our friends down there. There are viable, growing, pro-freedom revolutionary forces in Africa, in Angola, in Mozambique, and in Ethiopia that are fighting Soviet colonialism. Angola's freedom fighters, UNITA [the National Union for the Total Independence of Angola], is one such group in which I have, and the country should have, a great interest. I think it is worthy to mention again that Dr. Savimbi has had 10 years of experience in the bush. He is a great statesman. He is a soldier. He is a leader. He is building hospitals, and his people are farming. They are taking good care of their people as they grow in power, and UNITA now has absolute control of one-third of Angola. UNITA has virtual control of another third, and is threatening the power center of the Marxist MPLA, the capital city of Luanda. What I am saying, Mr. President, is that UNITA has been able to do this without our help so far, but we had better get on the bandwagon, and see what we can do to help carry the day.

Foreigners visiting Angola, if they go into Luanda, the capital city under the control of the MPLA, are warned not to travel outside of Luanda because of UNITA's operations, and the military situation from the Marxists' perspective is very precarious, despite the fact that Angola pays handsomely some 37,000 to 45,000 Cuban soldiers to keep its unelected government in control.

Now, in spite of the increasingly advantageous position of UNITA, and the imminent collapse of the illegitimate, pro-Soviet government, elements within the State Department are doing their best to salvage the MPLA, and to prevent the forces for democratic government from winning in Angola.

Just this morning, I had the opportunity to be briefed on the most recent proposition that the State Department presented to the MPLA, and to South Africa, the first time that State has directly brokered a proposed agreement between the two factions. This agreement could well have been devised in Moscow or Havana, because its terms were most advantageous to the Angolan Marxists. In my opinion, it is shocking that our State Department has kept the terms of this proposal under wraps despite inquiries from my office about its content.

What did the State Department tender? The thrust of the proposal was that the Angola Communists would have an 8-month timeframe in which to send home 12,000 Cuban troops. That is about a fourth of the estimated Cuban presence in the country, while South Africa would be required to, one, withdraw from Namibia

with only 1,500 troops left behind, and, two, pledge to uphold the "territorial integrity" of Angola, which would prohibit them from preventing SWAPO incursions into Namibia or from lending support to UNITA. Furthermore, the plan required the implementation of U.N. Resolution 435 from Namibia, which former Ambassador Jeane Kirkpatrick labeled a formula for a SWAPO power grab in that country. After 12 months the plan still allowed for the MPLA to keep up to 15,000 Cuban troops in Angola, and the force could remain indefinitely as long as they were not used in an "offensive" manner.

Mr. President, in my opinion, this proposal is an outright sellout of the forces who are on our side in Africa. I do not think we should in the United States abide this treatment of those brave Africans who have fought for so long to break the stranglehold that the Soviets and their proxies have on their countries. Incredibly, the MPLA turned down this generous offer because they have consistently refused for the past 4 years to make any concessions whatsoever on the Cuban troop withdrawal.

That continual refusal to ship the Cubans back to Castro is to Savimbi's and UNITA's credit, because without the Cuban muscle, the MPLA, lacking support from the Angolan people, would collapse. Fortunately for the MPLA, their unpopularity among the Angolan people is more than compensated for by their strong support from important segments here at Foggy Bottom. Heaven knows it is no wonder we have problems around the world when the United States cannot decide which side it is on.

Mr. President, the Senate lifted the Clark amendment in 1981. The Clark amendment, which I referred to earlier, foolishly prohibited aid to Angola's freedom fighters back in 1975. That amendment was a backlash from the isolationism spawned by Vietnam.

Those that argued that American withdrawal from Southeast Asia would ensure peace were proved dead wrong, and now there is bipartisan support for efforts to help the Cambodia Democratic Resistance. Let us show some consistency here, and extend American diplomatic and material support to not only the Cambodians and the Afghans, but to UNITA as well. There is no place in Angola, nor will there be, until the government respects basic human rights and reflects the will of the people.

America needs to clarify what this country stands for, and to recognize our friends, and protect them from the enemies of democracy and the enemies of freedom. Our incomprehensible foreign policy in Africa has deluged our enemies, demoralized our

friends, and jeopardized our critical security interests in Southern Africa.

Mr. President, I would like to read to my colleagues a letter handed to me this morning dated April 24, 1985, Jamba, Angola.

JAMBA, ANGOLA, April 24, 1985.

Dear Senator SYMMS, I very much appreciated your letter of last November. Regrettably, due to lack of couriers, I am today writing you quite belatedly.

I take this opportunity, to sincerely thank you for all you have been doing to help Americans understand the Angolan problem and the significance of our resistance to the Soviet and Cuban occupation of our country, Angola. We ask you to keep up your efforts to bring about adequate United States' policies to help to solve the conflicts.

Since you visited us here one year ago, further tremendous progress has been made by our organization. Our Armed Forces have increased both in numbers and in quality. We have now extended our military activities to the entire country, while consolidating and expanding the territory we totally control.

Our preoccupation today, however, is no longer the military side of the equation, but rather the politico-diplomatic factor. We need, at the very least, a strong political and moral backing from the United States, to enhance the attainment of a just settlement and lasting peace in Angola, entailing a total withdrawal of the Cubans and the holding of free elections, so Angola may become truly independent and democratic; our people must have a say in the shaping of their future and in the running of the country.

We retain good memories of your last visit here. But we hope you will soon reconsider honoring us with another visit so you may reassess the situation especially in the light of the ongoing U.S. State Department diplomatic efforts which have not been moving in the encouraging direction, to say the least, notwithstanding the complexity of the conflicts here and the sincerity of the diplomats.

In the meantime, Jerry Chitunda, who was here with us since last March, will convey to you a comprehensive up-to-date briefing on the situation.

Wishing you good health and all the best,
Yours sincerely,

DR. JONAS MALHEIRO SVIMBI,
President.

Mr. President, I read that entire letter only for informational purposes for my colleagues, and to say that we have, in my view, a golden opportunity on the African Continent. It is my opinion, Mr. President, that if the United States would take the bold step forward to help these brave freedom fighters in Africa, we would have a strong leader in Angola who could, in fact, put into place a government that would recognize and respect human rights; that could be an example to other nations in Africa of how they could run their affairs; that would be the best single positive factor that could happen to help solve some of the problems in southern Africa.

I would just urge my colleagues to give this amendment every consideration. If it is not going to be included in this bill that we are discussing to-

night, it certainly should be included in the State Department authorization bill.

I yield to my colleague from Colorado for a question.

(Mr. MATTINGLY assumed the chair.)

Mr. ARMSTRONG. Will the Senator yield for several questions? I understand that the purpose of the Senator's amendment is to repeal the so-called Clark amendment which forbids United States aid to the forces led by Dr. Savimbi.

Mr. SYMMS. That is correct.

Mr. ARMSTRONG. It is my further understanding, both from the Senator's statement and other information, that the amount of Soviet aid is enormous; that military aid alone has been very substantial, hundreds of millions of dollars. I do not have an exact figure, but there has been an enormous military as well as political support for the Marxist regime in Rwanda from the Soviet Union. Is that correct?

Mr. SYMMS. The Senator's understanding is absolutely correct.

Mr. ARMSTRONG. At the present time, we are supplying no support of any kind to the freedom fighters who are attempting to resist the consolidation of power by the Rwanda regime, that is to say the Communist regime. Is that also correct?

Mr. SYMMS. That is absolutely correct.

I might just say to the Senator that a Cuban soldier is costing \$600 per month and there are somewhere between 35,000 and 45,000 Cubans, by my information, in Angola. So you can imagine what this foreign military presence is costing. The Cubans do not have the money. The MPLA is draining the economy with military expenditures.

Mr. ARMSTRONG. The thing that I find particularly important or significant about the case which has been made by the Senator from Idaho is the realization that the Soviet Union, through its protection, is extensively funding the military power of the central government. Out in the bush, for not just a few months or for a year or two, but for a decade, Dr. Savimbi and his supporters have been battling on without any help from the United States, with some help, I gather, from other sources, and not only are not being driven out or gradually subjugated, but my information—and I have not had the opportunity to visit that region as the Senator from Idaho has—the best information available to me, indicates that on the contrary, it is the Communist regime that is on the defensive, it is the Communist regime that is embattled, that the territory under control by Dr. Savimbi and his supporters is part of the country which is pacified, well-run, and organized.

Increasingly, the so-called rebels are turning from purely military means to political aspirations, and in fact to the pacification and economic and political development of their country.

Mr. SYMMS. The Senator is correct and right on target. As a matter of fact, when I was in Angola in 1984, at that time Dr. Savimbi's assessment of the situation was that UNITA probably, at best, could hope for a political stalemate.

I will repeat what he is saying in his letter. He actually says the military dilemma is no longer the problem. He said, "Our preoccupation today, however, is no longer the military side of the equation."

Mr. Chitunda, who visited me this morning, said they feel very positive about the military situation. They are gaining support from the populace, from the people, because they do have schools and hospitals; they are farming; people have opportunities, they are making headway.

It is just tragic in my view that the United States of America, the bastion of hope and liberty in the world, cannot help and support these brave people who are really fighting our war in Africa.

In my view, what will happen if we support them, and help Savimbi gain power in the government, and I remind my colleagues that he has stated repeatedly, that Angola will have a government of all the people, then you would have a leader, a black, Christian, pro-Western leader in Africa, who stands for those values of human rights that we all in this Chamber talk about all the time. Angola would become a model for those other countries across the mineral belt of Africa. I believe Zimbabwe, Zaire, and Mozambique, and in those countries in that region, that they would then turn to the West, and our constructive engagement policy would be tremendous success. I am not condemning those people who work for the U.S. State Department for the President or for Mr. Shultz. Chester Crocker, the Assistant Secretary for African Affairs, has met with me many times, and he is sincere in his efforts to secure peace and stability in the region. What I am saying is I think constructive engagement can be greatly enhanced if the Congress will give the State Department the tools it needs for strong, successful negotiations.

This is a golden opportunity, and we are standing here failing to seize that opportunity. I would like to see the U.S. Senate, if not tonight, in the very near future, repeal the Clark amendment and stand up and support our friends, and oppose our adversaries who are in control of the Marxist government of Angola today. That is really my case.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator responding to my inquiry. If he would yield to me briefly, I have one observation, one unanimous-consent request and two additional brief questions.

My observation is that the Senator has done an extraordinarily useful service by bringing this matter to the attention of the Senate. I do not know what the disposition of this amendment will be tonight. But if it is not adopted tonight, as I hope it will be, I trust that the Senator will pursue this because I think he is raising an issue which has for too long been ignored by most of the Members of the Chamber and by most of the people at home.

It is hard to get excited about Angola. It is a long way away; it is a problem we do not want to look at. Yet what is happening in that far-off country is of significance to our country for many reasons, because the battle which goes on there is a battle which is not unlike that which our own country went through at one stage.

Mr. President, I ask unanimous consent that an article entitled "The Agony of Angola" by Mr. Edward B. Cain be printed in the RECORD at some point. It is a well-documented, well-footnoted explanation of the history of the Cuban-Soviet occupation of that tragic country, of the organization and political beliefs of those who are sometimes called the rebels—that is to say, Dr. Savimbi and his supporters.

That is my request, Mr. President, that following my remarks, that article be printed in the RECORD at this point.

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

THE AGONY OF ANGOLA
(Edward P. Cain)

Angola has been torn by war since March 1961, when Bakongo Warriors—who live in tribal lands divided by the border—poured into northern Angola from the newly independent former Belgian Congo. More than 300 Portuguese and thousands of blacks died within a few weeks in that explosion of violence.

Stretching for 1600 kms. along Africa's west coast a little south of the equator, Angola was Portugal's largest and most prosperous colony, with enormous undeveloped wealth. Covering an area of 1,246,000 square kilometers, nearly twice the size of Texas, it is roughly quadrilateral with an enclave in the extreme northwest—Cabinda—cut off from the rest of the country by a tongue of Zaire. Although its climate and vegetation are quite varied, ranging from equatorial forest to harsh desert, the central plateau is healthy and fertile, so much so that the Portuguese used to boast that Angola could feed all of Africa. Though it was the world's fourth largest coffee producer, Angola's real wealth lay under the soil. Its diamond fields are the world's fifth largest; it exports high-grade iron ore from its rich deposits; its vast hold-

ings of copper, manganese, gold, bauxite, and platinum are virtually untouched. But its real resource is oil: in 1983 it produced 135,000 barrels a day from deposits which are the envy even of the Persian Gulf.

Luanda, the capital, with its skyscrapers, wide avenues, a population of over 500,000, and its generally European appearance, was modern and dynamic. It also has one of the two finest natural harbors in West Africa (the other, Lobito, is in southern Angola). Angola's sparse population of 6.5 million is divided into many tribes speaking different languages. In 1973 the white population was 450,000.

Angola's war may be divided into three parts. From 1961 to 1974 three liberation movements fought against Portuguese colonialism. After a short period of peace following the left-wing military coup in Portugal during which the liberation movements conducted political campaigns, a civil war began which lasted from March 1975 to February 1976, when the MPLA, reinforced by enormous quantities of Soviet arms and by a Cuban expeditionary force of 13,000, overwhelmed the other movements. Finally in the third phase—continuing to the present—UNITA has challenged the Soviet-Cuban occupation of Angola with increasing success.

I. THE LIBERATION MOVEMENTS—THE MPLA

The Movimento Popular de Libertacao de Angola (People's Movement for the Liberation of Angola) was founded in Luanda on December 10, 1956. Its early leaders included Mario de Andrade and Agostinho Neto, both members of the Portuguese and French communist parties, and its initial financial support came from the Belgian, French and Portuguese communist parties. From the moment of its inception Moscow has viewed it as its instrument and has supported it in its propaganda publications. Indeed the official Soviet publication *Africa Today* claims that it was founded at the initiative of the Angolan communist party.

MPLA militants were responsible for the first acts of armed insurrection in Angola when they attacked prisons in Luanda on February 4, 1961. Agostinho Neto was in detention in Portugal at the time. He then escaped from house arrest and arrived in Kinshasha (then Leopoldville), Zaire, in the fall of 1962, to find the MPLA almost at an end. He took over the presidency from Andrade and set out to revitalize the movement. Neto, a member of the Kimbundu tribe, had compiled an excellent academic record, as a result of which he was one of the first blacks to be accepted as an *assimilado*, with the full rights and status of the whites. He had studied medicine at Coimbra University in Portugal, where he was arrested for subversive activities.

Prospects for the MPLA improved when it moved its headquarters to Brazzaville, Congo, in November 1963. Alphonse Massamba-Debat had seized power in the Congo only a few months earlier and begun transforming the country into a Marxist stronghold. In April of 1964 the first Chinese diplomats arrived in the Congo and built a training camp for the MPLA at Bouango. The MPLA began infiltrating the Cabinda enclave from the Congo in 1963-64, and when Zambia became independent in October 1964 Neto established bases there to support strikes into eastern Angola. By 1970 the MPLA was responsible for some 59% of guerrilla incidents in the country.

In March 1965 Neto visited Moscow under the auspices of Alvero Cunhal, the Portuguese communist leader who had been

Neto's friend since his student days. In October the Organization of African Unity (OAU) switched its support to the MPLA from the rival FNLA. By November the MPLA was receiving support from the Soviet Union, Cuba and China. Neto received the Joliot-Curie award from the World Peace Council in 1966 and was Angola's representative to the Afro-Asia Solidarity Conference: both of these organizations were communist fronts.

By this time as well the MPLA had extensive bases in the Congo in which it stored its Soviet arms and supplies. Aside from offices, indoctrination centers and other facilities located in Brazzaville, it had three other installations in the country, and used Radio Brazzaville's powerful transmitter to beam its propaganda into Angola. Several thousand of its cadres had been trained by Russia, Czechoslovakia, and Bulgaria.

Inside Angola, however, the MPLA had only limited political support. Since it had been founded by Portuguese and *mestico* (people of mixed ancestry) Marxists with urban roots and secondary education, the MPLA had difficulty in dealing with rural issues. It constantly stressed the class struggle, using egalitarian, multiracial and anti-imperialist themes. This bias was reinforced by the views of the political and military cadres trained in the Soviet Union, Eastern Europe and Cuba. Its rural support came almost exclusively from the Kimbundu, Neto's tribe, representing about 22% of the population.

Several internal conflicts have convulsed the MPLA both before and after it seized power in Angola. For example, after an unsuccessful attempt on Neto's life in Brazzaville in May of 1973, a number of its members were executed, but one of those involved in the plot, Daniel Chipenda, fled to Zambia, where he rallied the majority of the guerillas around him. The dispute virtually paralyzed the MPLA, and by 1974 it had been all but eliminated by the Portuguese army in the eastern region of the country.

UNITA

The Uniao Nacional para a Independencia Total de Angola (National Union for the Total Independence of Angola) was founded on March 13, 1966, by Jonas Malheiro Savimbi at Mwangali, in Angola's Moxico province. The son of a station master who founded churches and opened schools all along the Benguela railroad in central Angola, Savimbi was born in 1934 and finished secondary school at the top of his class. He studied at Lisbon University until violence erupted in Angola in 1961, then moved to Switzerland and graduated from the University of Lausanne in political science. He served as the first foreign minister of the Angolan Revolutionary Government in Exile formed by Holden Roberto in March 1962, but resigned along with several others in July 1964 on the grounds that Roberto was a flagrant tribalist who gave his men no political training. When his call for a united front of all valid nationalists movements met with no response, he formed his own movement.

UNITA, the first group to benefit from Zambia's independence, sent militants into eastern Angola in 1966-67. However, after it sabotaged the Benguela railroad—the main export channel for Zambian copper—Savimbi was expelled from Zambia in 1968, but later returned clandestinely, and then established his headquarters in eastern Angola. UNITA penetrated Angola on a

narrow front south of Luso and was active as far as the border with Bie. Though he initially enjoyed Chinese support, this faded after 1970, and Savimbi concentrated on building up a strong base among the people. Since UNITA operated in roughly the same area as the MPLA and had no representatives outside the country, at first MPLA was given credit for many of UNITA's actions. However, when the MPLA became inactive toward the end of 1973, guerrilla incidents in eastern Angola were correctly credited to UNITA. This at the time of the Lisbon coup, UNITA was the most active of the three movements, and the only one operating inside Angola.

FNLA

The Frente Nacional de Libertacao de Angola (National Front for the Liberation of Angola) was the successor to the UPA (Angolan People's Union), which was responsible for the bloody uprising of 1961 in the north of Angola. Led by Holden Roberto, brother-in-law of President Mobutu of Zaire, it drew its support from the Bakongo tribe, which comprises 13% of the population, and operated from bases in Zaire. Although it had been largely neutralized by the Portuguese by 1974, it still put up a strong showing in the civil war following the Lisbon coup. After he split from the MPLA in 1974 Daniel Chipenda joined the FNLA with 3,000 troops who had been fighting in eastern and central Angola, which gave the FNLA a presence in the southern half of the country. FNLA consisted mainly of a fighting force without a clear political program, and ceased to function in 1978 with the normalization of relations between Angola and Zaire. It will, therefore, receive only incidental mention in this study.

II. THE SOVIET-CUBAN OCCUPATION OF ANGOLA

A. The Civil War

The Portuguese coup of April 25, 1974, effectively ended army action against the Angolan insurgents. The new government almost immediately issued appeals to the liberation movements to lay down their arms, reconstitute themselves as political parties, and discuss the future of Portugal's colonies. On June 17, 1974, UNITA agreed to a ceasefire and Savimbi began moving through the country addressing political rallies.

The MPLA, still hopelessly divided, held a "unity conference" in Lusaka, Zambia, at which, surprisingly enough, Neto stormed out and allowed Chipenda to assume the presidency. Clearly Neto had learned from his friends in Moscow, in the Armed Forces Movement which initiated the coup, and the now legal Portuguese communist party, that he could seize power even without the MPLA guerrillas. He returned to Luanda and began mobilizing and arming the unemployed and discontented city residents.

On November 25, 1975, the Johannesburg-based Portuguese-language weekly *O Seculo* reproduced a letter purportedly written to Neto on December 22, 1974, by his brother-in-law Rosa Coutinho, the first High Commissioner appointed to Angola by the new Portuguese government. Nicknamed the "Red Admiral," Coutinho warned "comrade" Neto against the "imperialist forces" of the FNLA and UNITA, which, he said, were seeking to frustrate attempts to "extend communism from Tangiers to the Cape and from Lisbon to Washington." He then told Neto to instruct the MPLA to "terrorize the whites by all means" in order to force them to flee the country. "We shall uproot the whites so completely," he wrote,

"that with their fall the whole capitalistic structure will be demolished, making it possible to establish the new socialist society." Whether this letter was authentic or not—and Coutinho has never disputed its authenticity—it accurately foresaw the disaster which was to befall Angola.

On January 5, 1975, the MPLA, FNLA, and UNITA announced the formation of a common front to negotiate with Portugal. This was followed by the Alvor agreement of January 15, 1975, which established a quadripartite transitional government to exercise power until November 11, 1975, the date fixed for independence. The main task of the transitional government—whose ministries were divided equally among the movements and Portugal—was to organize general elections. By the terms of the agreement each nationalist movement would provide 8,000 men to be integrated with 24,000 Portuguese troops to produce a national army of 48,000 men. The Portuguese force would be a stabilizing presence and would not be withdrawn until February 29, 1976.

The Institute for the Study of Conflict has noted that the Portuguese adopted a policy of "neutrality" at a time when the influence of the Portuguese communist party was at its height in Lisbon, which meant that Lisbon gave tacit support to the MPLA as the preferred nationalist movement. During those critical spring and summer months of 1975 the Lisbon government acted as a broker between Moscow and the MPLA. The influence of the Portuguese communist party was only curbed with the information of the sixth Portuguese provisional government of September 19, 1975, but by that time the MPLA had already established military preponderance in Angola.

In the meantime Savimbi—who has always preferred political to military action—launched his nationwide election campaign. He proved a spellbinding orator, and soothed Portuguese anxieties with assurances that he considered all who had settled in Angola to be Angolans. He also promised blacks a new order under majority rule, free from domination by whites and *mesticos*. *Le Monde's* Gilbert Comte at the time described him as "intelligent, intuitive and gifted, with great personal charm, (offering) the anxious multitudes the reassuring words they (so) wanted to hear." Public opinion polls taken in March through May put UNITA clearly ahead of its rivals, with the MPLA drawing only 25% of the vote.

Soviet arms deliveries to the MPLA had accelerated steeply after October 1974, in line with the general Soviet policy of supporting national liberation struggles everywhere in the world. Neto mobilized and armed his newly acquired supporters with the assistance of East Germany, the Portuguese communist party, Yugoslavia and the Scandinavian countries; he literally had more guns than recruits for his mushrooming army and urban militia. In addition, the Soviet propaganda machine swung all its resources behind the MPLA.

Heavy fighting between the MPLA and the FNLA broke out in the Luanda region toward the end of March. The FNLA headquarters in the capital was demolished and the MPLA forces accomplished a priority objective of occupying the port region. During May the fighting spread to Caxito, 40 miles north of Luanda. Although Savimbi appealed to the Angolans to end the killing, neither the Portuguese military nor the transitional government issued a statement on the burgeoning conflict. At Savimbi's insistence the leaders of the three movements

met in Kenya from June 16 to 21, 1975, and signed the Nakuru agreement by which they undertook to restore the workings of the transitional government, to end all violence, set up a single national army and disarm civilians. They also affirmed that elections would be held "sometime during October 1975." But Angola was being effectively partitioned, and fighting resumed within days of the conclusion of the Nakuru conference.

The MPLA's first priority was to establish its complete ascendancy in Luanda for military, political and psychological reasons. The FNLA forces retreated northward, while UNITA regrouped in southern Angola, but the MPLA advanced southward and by the end of August had occupied Lobito, Benguela and Mocamedes. A secondary MPLA objective was the control of the vital Benguela railroad running from Lobito through the middle of Angola to Teixeira de Sousa on the Angola-Zaire border, and on to the Zambian copper belt. By early October MPLA troops held Teixeira de Sousa and the western section of the line, but UNITA blocked it by retaining control of Nova Lisboa, Silva Porto and Luso.

By early August MPLA had achieved unchallenged ascendancy in Luanda. Its occupation of the ports not only facilitated the Soviet arms buildup, but also prevented the importation of food, fuel and supplies, which intensified the chaos on which MPLA thrived. The widespread violence caused more than half the whites to flee the country, accelerating the administrative and economic breakdown. Meanwhile Soviet weapons continued to pour in. In its Angola after Independence: Struggle for Supremacy, the Institute for the Study of Conflict catalogues some of the arms shipments which reached the MPLA between March and October 1975. In addition to much increased quantities of infantry weapons, the new shipments included relatively sophisticated weapons such as light field artillery, tanks, armored vehicles, six-wheeled trucks, tracked armored anti-aircraft vehicles, armored personnel carriers, rocket launchers, and anti-tank wire-guided missiles. As none of the other nationalist movements possessed weapons of this type, the MPLA acquired both superior firepower and great mobility, which enabled it to gain an overwhelming military superiority. All this was, of course, in violation of the Alvor agreement, under whose terms all such aid should have gone to the transitional government, and not to an individual movement, a position reaffirmed in an OAU directive of June 1975 which also called for an end to foreign involvement in Angola.

The Cubans

Another new factor introduced into the conflict came in the form of Cuban combat troops. Fidel Castro had met MPLA leaders and subscribed to their ideals as far back as 1963, during his visit to Africa. Cuban military advisors and instructors began training MPLA guerrillas in the Congo under the terms of a 1966 military aid program, but this relationship was altered dramatically upon the arrival of 200 to 300 Cuban military advisers in April 1975. Preparations for greater Cuban involvement were made in July during a visit to Havana when Colonel Otelo de Carvalho, a Marxist member of the Armed Forces Movement, was asked to arrange permission for Cuban ships to dock in Luanda. The logistics for a full-scale war were being developed, and in addition Cuban war exercises that month seemed to

be aimed at an Angola-type war. By June the Cubans had set up military training centers in such widely scattered places as Benguela, Cabinda, Henrique de Carvalho (Saurimo) and Salazar (Dalatando). Troops were being prepared for Angola by mid-August, and the decision to send them was taken at the end of August or the beginning of September. By September leading members of the Cuban general staff and combat troops had begun arriving in Angola.

With the MPLA in control of Luanda, the transitional government also came under its effective control. To complete its ascendancy, in September the Portuguese High Commissioner announced that the Alvor agreement was suspended, that all Portuguese troops would be withdrawn from the country on November 11, and all Portuguese military equipment handed over to Angola. Holden Roberto complained that Portuguese Air Force planes were used to reconnoiter his military positions.

Thus by the eve of independence the MPLA had established both military ascendancy and *de facto* political legitimacy in Angola. Its position was further buttressed by the strenuous support it was receiving from the Soviet Union in such international forums as the OAU. At noon on November 10, 1975, the High Commissioner lowered the Portuguese flag in Luanda and sailed from the harbor, conferring independence on "the Angolan people who should decide the forms of its execution." At midnight Neto proclaimed the founding of the People's Republic of Angola, which was not recognized by Portugal. The elections promised in both the Alvor and Nakuru agreements were never held.

Operation Zulu

A new development in the civil war was the arrival of a small South African column, code-named "Operation Zulu," which entered the southern part of the country on October 14. It initially used only civilian vehicles, and consisted of a black FNLA battalion of 1,000 men, a battalion of Bushmen trackers with Portuguese ex-army officers, and a South African colonel with 6 officers and 7 NCO's. It was later joined by 25 Panther armored cars and a 81mm mortar platoon.

South African involvement had begun a month earlier, when two groups of about 20 instructors were sent to train UNITA and FNLA troops at Calombo and Mapupa respectively. They were instructed to assist the troops of the two movements, now allied, to regain the areas of southern and central Angola where they enjoyed traditional ethnic support, in the hope that the MPLA and the Cubans would consent to an agreement with the anti-Soviet forces if the latter were obviously in a strong military position. At the time of the South African intervention pro-Soviet forces had seized all major towns except four in the center of the country and Holden Roberto's capital in the north.

Initially the South Africans planned to withdraw at the time of Angolan independence, but Savimbi flew to Pretoria to urge the South African Prime Minister to help the anti-Soviet forces sustain their position at least until the OAU summer meeting scheduled for December 9, when he hoped to obtain a majority vote in favor of a tripartite settlement in Angola. South Africa acceded to this and similar pleas reaching it from other sources, including Zaire and Washington. The OAU meeting, however, was postponed.

The South African troops were withdrawn after the vote of the United States Senate in December against military aid to any faction in Angola, and the further postponement of the OAU meeting. Only on December 22, after the Senate vote, did the Cubans admit their involvement in Angola. By the end of January 1976 Cuban troop strength in Angola had risen to 15,000. By contrast, South Africa never sent more than 1,500 troops to the country.

The depth of African distrust at the time for the Angolan Marxists and their allies was demonstrated by the voting at the OAU summit. Despite intensive Soviet lobbying, a resolution recognizing the MPLA as the legitimate government of Angola was not accepted, receiving the same number of votes as one calling for a "government of national reconciliation" in Angola.

Soviet Involvement

By using proxy forces from another continent, the Soviets had scored a major military victory, and an even greater psychological one. They successfully gambled on an American lack of resolve to resist communist expansion in an area of the world which the United States did not regard as vital. When Secretary of State Henry Kissinger failed to persuade the Soviets to cease their activities in Angola, he sought more U.S. military aid to the FNLA and UNITA from Congress. The refusal of the Senate to grant his request prevented deeper U.S. involvement in Angola, but simultaneously gave Moscow a green light to increase its military aid and fly in large numbers of Cuban troops. By their intervention in Angola the communist powers successfully placed in power in an African country a government of their choice, without heeding the requirements of free elections and majority rule which the West customarily demands in cases of self-determination.

Soviet military aid to the MPLA, valued at \$280 million, included 12 MiG-21s and the devastating 122mm "Stalin organ" rocket launcher, to which UNITA and FNLA guerrillas had no answer. The MPLA was further assisted by its access to the oil revenues from Cabinda: Gulf Oil, the largest U.S. economic interest in Angola, switched its payments of oil royalties to a secret account held by the MPLA in Europe.

B. Development in the MPLA Since 1976

Even after the South African withdrawal Cuban troops and Soviet arms continued to pour into the country. The Cuban forces included 6,000 infantrymen, an armored regiment of 1,900 men equipped with 120 T-54 and T-34 tanks, an armored car regiment with 70 Soviet-built BRDM vehicles and 1,600 men, an anti-aircraft battalion and five regiments equipped with multi-barreled rocket launchers. Cubans also provided the key element in the new Angolan airforce, piloting all the MPLA's Soviet-supplied aircraft and commanding the airbases. They assumed major positions throughout the civil service, supervised the MPLA's program of political mobilization designed to drum up support for the "mass Marxist-Leninist party" the MPLA planned to found, and trained trade union leaders in Marxist philosophy and Cuban history.

During a visit to Moscow in October 1976, Neto signed a 20-year friendship and cooperation treaty with the Soviet Union providing for regular exchanges between the MPLA and the Communist Party of the Soviet Union. He and his Prime Minister both spoke of the importance to Angola of

the relationship between the MPLA and the Soviet Union. The MPLA security force, DISA, was set up and directly controlled by the Cuban intelligence service, the DGI, and modelled on the KGB. Soon after Neto's return, the MPLA announced that Angola was to be described officially as a "Marxist-Leninist Republic," to be governed by a "democratic revolutionary dictatorship" while preparations were made for the achievement of "scientific socialism." The MPLA would reorganize itself as a mass party by indoctrinating the peasantry. Private property would be abolished, and banks and other key sectors of the economy taken over by the state.

In 1977 the government introduced a new currency: Angolan families were allowed to exchange no more than 20,000 of the old escudos (about \$670) for the new kwanzas. Anything beyond that became worthless paper. As the Finance Minister boasted at the time, "when the exchange operation is complete, we will virtually be able to declare that the middle class has ceased to exist in Angola. At the MPLA's first congress in December 1977, the MPLA Workers' Party, a vanguard party dedicated to the "scientific ideology of the proletariat—Marxism-Leninism," was formed.

By the middle of 1977 an estimated 19,000 Cuban military personnel were in Angola, in addition to some 10,000 civilians. Eastern-bloc nations had delivered arms and equipment worth almost \$500 million to Angola by 1978, and the cost to the Soviets of maintaining a Soviet/Cuban presence there had risen to more than \$700 million annually. By 1979 the daily cost of maintaining this presence was estimated at \$1.7 million. There were also some 500 Soviet soldiers backed by 5,000 military advisors actively involved in military planning. Estimates of the number of East German troops ranged up to 5,000, with more than 14,000 personnel from other Eastern bloc countries. Angola had signed cooperation agreements in various fields with Yugoslavia, Czechoslovakia, Hungary, Bulgaria and Poland.

The MPLA in power has continued to suffer from internal disputes. On May 27, 1977, a faction killed a number of important officials in an attempt to seize power: supported by white Portuguese communists, this group wanted closer ties with the Soviet Union, as well as more extensive nationalization, and appealed to black racist sentiment by calling for the dismissal of whites and mesticos. When Neto's supporters regained control of the Luanda radio station, he labeled the rebels "leftists and ultra-revolutionaries;" a subsequent statement claimed they displayed a "feigned dedication to some friendly countries," in an obvious reference to the Soviet Union. The propaganda line was soon changed, however, to avoid antagonizing the USSR; they were labelled "rightist bandits" instead. Moscow's view of the uprising was ambiguous. Although apparently aware of the plot, the Soviets neither warned Neto nor came to his aid. The Cubans, however, were clearly pro-Neto, and Cuban troops helped quell the uprising after a delay of several hours.

On September 10, 1979, Neto died at 56 while undergoing surgery in Moscow. Rumor in Luanda and elsewhere held that he had been murdered in retaliation for his attempts to steer a course independent of Moscow. Ten days later the central committee of the MPLA-Workers Party elected Jose Eduardo dos Santos, 37, its new president, which automatically made him president of Angola and commander-in-chief of

the armed forces as well. Dos Santos was reputed to be a principal member of a group opposing contact with the West and working for closer ties with the Soviet Union. He was trained in Moscow as a petroleum engineer and was married for a time to a Russian woman. He was responsible for another shake-up within the party when he removed 30 MPLA members from their posts in January of 1983.

The MPLA suffers from its narrow power base. Its top leadership is drawn overwhelmingly from the Kimbundu and the *mesticos* who make up 22% and 1% respectively of the population, although recently it has attracted more support from the Bakongo (13%), all located in the northwestern portion of the country. Moreover, the MPLA has a total membership of only 20,000, or 0.3% of the population. One reason is that its constitution forbids membership to anyone who "believes in any religious idea," and the Angolans are deeply religious.

Complaining about the difficulty of negotiating with the MPLA regime, a French government spokesman recently said: "We are not certain whom we are addressing there, as the Angolan President does not seem to have the power of decision expected of a head of state. There are obviously at least two brains masterminding his policies—in Havana and Moscow."

The Angolan economy has been in a very poor state, with coffee production dropping from 200,000 tons before the civil war to 26,000 tons in 1983 and diamond production plunging from 2.2 million carats to half a million: in 1983 a diamond smuggling operation costing the state diamond monopoly \$150 million per year was uncovered, with several ranking MPLA officials implicated. The Angolan fishing industry—which in 1973 produced 470,000 tons of fish—has been ruthlessly exploited by the Russians, who took 248,000 tons in 1977 and gave Angola only 12%. Despite Angola's rich agricultural potential, it has been importing 90% of its commercial food supplies, while long lines formed outside food stores. The Soviet Union has provided Angola increasingly sophisticated weaponry, but next to nothing in economic aid. The only bright spot in the Angolan economy has been the oil produced by Gulf Oil in Cabinda, which accounted for 80% of the country's foreign exchange and enabled it to pay for Cuban troops and other foreign workers. A full 60% of Angola's income goes to military and security expenditure.

C. Angola's Army

At the conclusion of the civil war, the Forças Armadas Populares para Libertacao de Angola (FAPLA)—the People's Armed Forces for the Liberation of Angola, the armed wing of the MPLA—became the national army, while remaining totally subservient to party control.

FAPLA is a strong, well-equipped regular army of 35,000 men consisting of two motorized infantry brigades, each with a tank battalion. Other units are largely organized into infantry brigades, although there are also a number of detached tank battalions. Its tank force consists of approximately 60 T-54/55, 30 T-34/85, 50 PT-76, 100 T-34, and an unspecified number of newly acquired T-62s. In 1983 FAPLA acquired substantial fresh supplies of arms, including T-62 tanks, additional BM-12 rocket launchers, and new air defense systems consisting of SAM-8 surface-to-air missiles. These complement the existing SAM-3 and the SAM-6 systems. As back-up FAPLA has 300,000 militiamen (30,000 armed and trained) and

over 25,000 Cubans, who are mainly, though not exclusively, used for garrison duty, thus relieving the FAPLA troops for active duty.

The air force has 24 MiG-23, 10 MiG-17, 3 Fiat G91 jet fighters, 3 MiG-15 jet trainers, and 20 Alouette helicopters. It has 6 Antonov An-26 transports (one was shot down by UNITA in July 1977), 4 AN-12 and 3 C-47 as well as 2 Pilatus PC-6 Turbo-Porter utility transport and counter-insurgency aircraft. In early 1984 Angola acquired nearly 40 Dauphin helicopters from France. These versatile helicopters form a useful addition to the two helicopter squadrons which fly Soviet Mi-8 multi-role helicopters and Mi-24 assault gunships.

III. FIGHTING SOVIET-CUBAN INVOLVEMENT

On Independence Day—November 11, 1975—UNITA and its ally, the FNLA, established the "Democratic and Popular Republic of Angola" at Huambo (formerly Nova Lisboa), the country's second largest city. UNITA's annual conference—held in nearby Bie (Silva Porto) from December 28 to 31 with 300 participants—resolved to strengthen cooperation between UNITA and FNLA, demanded the "immediate and unconditional withdrawal" of all foreign forces, and blamed the Soviet Union's interference in Angolan internal affairs for the civil war. The conference called for an immediate ceasefire, a tripartite conference under OAU auspices, and a guarantee of free return for Portuguese who had fled. It warned that no party alone could impose its will on the people of Angola by sheer force.

In a booklet published the following month UNITA summarized its efforts since its inception to reconcile various nationalist movements, and called once again for a government of national unity. Appealing for an end to hostilities between "ourselves and our brothers in MPLA," it believed Angola could still extricate itself from "this externally induced war" and urged all forces to work for a political solution to the Angolan crisis. After recalling "repeated attacks" on UNITA offices and militants by the MPLA, the booklet notes that UNITA did not enter the civil war until "after the August 5 attack in Silva Porto on President Savimbi's plane." The booklet concludes:

"UNITA was not aligned to any world power, carried favor with none, received support from none, and thus owed allegiance to none. One of our basic founding principles, self-reliance, dictated that we depend primarily on the support and cooperation of the people. (Therefore) UNITA does not seek unity from a position of weakness. (Rather) the strength and determination of our people have given us the hope and courage to continue to fight for the goal of independence and self-determination for Angola. The same strength and determination inspires us to continue to seek a peaceful political settlement with our adversaries, who are also our people."

Huambo was "liberated" by a combined Cuban and MPLA force on February 8, 1976, and Savimbi withdrew once again to the bush of eastern Angola. UNITA's political base—the southern two-thirds of the country—remained largely intact, and despite strenuous efforts the MPLA has enjoyed little success in gaining support among the Ovimbundu peoples. On April 1, 1976, a Cuban-led MPLA offensive was launched against UNITA bases, but UNITA regained the initiative in early May and reoccupied the areas around Cuchi (Serpa Pinto) and Gago Coutinho, indispensable for its supply routes. By the latter half of 1976 Savimbi had established himself in the forests of the

Bie plateau, where his men continued to disrupt traffic on the Benguela line between Luena (Luso) and Bie. Dominique de Roux, a French political advisor, said of him then: "He has seldom been so happy and has found his niche again; tightening the ranks of his army, invigorating his soldiers after their defeat. He is using this third war to set the political scene which tomorrow, when peace comes—not a false and hostile peace—will bring about the reconstruction of the country, with the two other parties, the FNLA and the MPLA." UNITA was on the attack: its morale was high. They mounted patrols, destroyed ambushes and harassed the Cubans. Their object was to foster a sense of insecurity in the built-up areas and blow up railroad lines. There were even occasional attacks in Huambo itself. Savimbi had no message for the world. His immediate problems were those of "people's war": food, medical supplies, adequate arms and ammunition for his fighters.

In an interview of late 1976, Savimbi said that UNITA did not have or wish bases outside Angola, since it would then be subject to political pressure from the host country. It had sufficient arms and ammunition, and was prepared to fight a protracted war which it was certain it could win. In the preceding nine months its operations had moved through a series of planned stages. First, its untried soldiers made contact with the enemy, so that they could "get used to the fire." Then it tested itself in confrontation with the MPLA-Cuban forces and directed its efforts toward "confusing the enemy." "If we pass the test of confusing the enemy, we will plan real operations," Savimbi said. Their objective was to wreck the economy so that the MPLA could not pay for the war and would lose what popular support it had. Bridges were blown up, roads made unsafe, and the vital Benguela railroad kept closed through sabotage.

Journalist Luis Rodrigues, who spent six months in 1976 with UNITA, has borne witness to their problems, their support from the people, and the ruthlessness of the Cubans which has caused thousands of refugees to flee to Namibia. Amid scenes of great jubilation, Savimbi marched into a village with his feet bleeding from a 3-day march almost non-stop. He told Rodrigues that except for two white former Portuguese officers from Angola, no outsiders were fighting with UNITA. UNITA was willing to fight its own war. It could use foreign aid, but would not depend on it, and was prepared to do without it. What UNITA needed most was Western recognition for what it was accomplishing.

During the next year the Cuban-MPLA forces launched five major mopping-up operations, but for all their savagery against the civilian population large sections of central Angola remained contested zones, and the Benguela railroad stayed closed. A journalist visiting central Angola in March 1977 confirmed that no trains were operating along the 400 kms. between Bie and Luena, and that UNITA had blown up a bridge in Luena. MPLA, however, played down the threat, dismissing UNITA as "desperate bandits" and confidently predicting that all Cubans, both military and civilian, would be out of the country within a year or two.

In May 1977 UNITA inflicted many casualties on the MPLA in heavy fighting south of the important military town of Menongue (Serpa Pinto). Many MPLA soldiers stationed there had received no pay, and were in a state of starvation and near mutiny. In central Angola UNITA was conducting mili-

tary operations near Andulo and Huambo and on the coastal road between Lobito and Sumbe (Novo Redondo). In eastern Angola UNITA ambushed MPLA-Cuban convoys on the road between Luena and Gago Coutinho, inflicting heavy casualties; it also captured an MPLA base at Calundo, killing many troops, while others fled into the bush or drowned in the Cupango river while trying to escape. In southeastern Angola UNITA had such effective control of the countryside that FAPLA was forced to rely on air transport for re-supply. In southern Angola combined Cuban, FAPLA and SWAPO forces were still engaged in a genocidal "eradication" campaign along the Namibian border. Uncooperative tribesmen were either forced into controlled villages or shot, kraals were burned down and cattle removed or killed. Even families of FAPLA soldiers were not spared, which caused still greater disaffection in their ranks.

Calai, the last border town in southeast Angola, was captured by UNITA in August 1977 against almost nonexistent MPLA resistance, after it had already occupied the other border towns of Cuanger, Mucasso and Dericco. None of these towns was of much strategic importance, but the campaign again demonstrated the MPLA's inability to impose its authority on the entire country. In a communique of late August UNITA claimed to have killed 403 Cuban and MPLA soldiers in addition to destroying three trains and 24 armored vehicles, with casualties of only six dead and several wounded. In the first reported action in the Melanje province UNITA captured the fortified village of Fungo, near Quirima, on August 14. Before that most activity had occurred in the central and southeastern provinces of Huambo, Bie, Moxico and Cuando Cubango. By the time some 30,000 Angolan refugees had been resettled in the Kavango district of Namibia.

Jorge Sangumbe, UNITA's secretary for foreign relations, told the journal *Africa* that UNITA had held its fourth congress in March 1977 at Sambu, 80 kms south of Huambo, with 5,300 delegates in attendance. The congress had decided it would not refuse arms from South Africa, nor the offer of "its expertise in transforming the Unita guerrillas into a semi-regular force," but Sangumbe denied that some UNITA troops were being trained in northern Namibia. He claimed the UNITA was operating schools, cooperatives for food distribution, hospitals and a civil organization in the areas under its control. It had 12,000 armed soldiers and 8,000 more without proper arms.

A British peer, Lord Chalfont, has described Savimbi as follows: "The first impression is one of formidable strength. In his well-pressed jungle green uniform he looks, physically, even bigger than he really is, and when he talks it is easy to understand how he has captured the imagination and the loyalty of the 15,000 guerrillas who make up Unita." Savimbi said that eventually the MPLA would have to negotiate with him, and he would agree to negotiations on the essential condition that all Cuban troops be withdrawn. He regarded the southeastern Cuando Cubango province as completely "liberated," for UNITA troops traveled freely there and the MPLA did not even attempt to enter. In October a column of 5,570 men under Cuban command was deployed in the province to deal with UNITA, but their advance was held up for several weeks by fuel and food shortages which caused the desertion of unknown numbers

of men. In its communique covering the period from November 22 to December 7, 1977, UNITA claimed to have fought 28 battles, killed 515 soldiers (including 26 Cubans), and captured 11 vehicles, destroying 14 others and one train. Two railroad bridges were also destroyed, along with 1.4 kms of line. UNITA had captured 370 weapons, including 60 and 82mm mortars and a 75mm cannon, and freed 2,649 civilians.

Gerald Buthaud spent two months with UNITA in 1978, arriving in a four-engine DC-4 on a regular run. He walked 800 kms, was driven another 480 kms, and visited 10 large, permanent UNITA camps, some with more than 2,000 people each, and 15 smaller camps. He saw only two MPLA helicopters and a truck, which was successfully ambushed. At major rallies Savimbi commanded audiences of 20,000 or more. From its heartland in Bie, Moxico and Cuando Cubango, UNITA claimed to control half of Angola's 6 million people with 12,000 guerrillas, of whom only 8,000 were properly armed. Although it had a few Unimog trucks, UNITA usually walked to war.

In late 1979 Savimbi visited the United States to seek support. Lamenting the fact that the U.S. displayed a "total absence of resistance to Russian and Cuban aggression" in Africa, he complained about a "new style of slavery" on the continent. Commenting acidly on the lack of American support for Savimbi, the editor of the *National Catholic Register* noted that Savimbi was living proof of the United States' inability to distinguish its natural friends from its natural enemies.

Although UNITA operated primarily in the rural areas, it did not neglect the cities. In November 1979 124 alleged UNITA members were arrested for operating underground cells in major Angolan cities; of these 30 were sentenced and executed almost immediately.

Having slowly built up his forces in numbers, equipment and battle-tested experience, Savimbi was ready to commit them to conventional battle. He chose Mavinga, second largest town in the Cuando Cubango province, which was guarded by an MPLA brigade of 2,000 men. UNITA attacked with some 2,500 men in four battalions on September 19, 1980, and after four hours routed the MPLA, inflicting over 1,000 casualties and capturing large quantities of arms, ammunition and equipment, including 70 trucks. Significantly, the 6,000 Cuban and MPLA troops at Menongue and 4,000 at Cuito Cuanavale, 80 kms away, refused to intervene. In March and July of 1981 the MPLA made major efforts to retake the town, but failed when UNITA killed 800 of its troops in an ambush 70 kms to the west. Mavinga was UNITA's most substantial victory to date.

It was also one of 13 "significant engagements" between UNITA and MPLA forces from 1979 to 1981 which resulted in 1,609 MPLA fatalities. It is difficult to overstate the importance of these engagements, for they proved that UNITA troops and commanders could function as a conventional army, not merely as hit-and-run guerrillas. They had built up a small command structure, logistics, communications, and the tactical skills to defeat forces with superior equipment and air support. They could not only take, but also hold, and exposed position in an area with heavy MPLA troop concentrations.

On November 22, 1980, UNITA shot down an Antonov 22 transport plane in southern Angola, capturing its Russian pilot and me-

chanic. Another plane was shot down on May 16, 1981, in Cuando Cubango province, killing 10 high-ranking Cuban officers. UNITA also claimed to have shot down 5 helicopters, destroyed 16 locomotives and two rail bridges, and captured the MPLA garrison at Galanga, killing 112 MPLA and 7 Cuban soldiers. At that stage UNITA had 15,000 guerrillas operating in fighting groups of 30 and 150 in every province of southern Angola. It had trained and equipped 10 conventional combat battalions and expected to have 15 by the end of the year. It claimed to hold most of the provinces of Moxico and Cuando Cubango and half of Cunene, and to control territory containing a total of 2.5 million people. The weapons in its inventory included SAM-7 ground to air missiles, 81 and 82mm mortars, recoilless cannon, anti-aircraft guns and "Stalin Organ" multiple missile launchers.

At the beginning of April 1982, UNITA hit the headlines by releasing a number of Portuguese, some of whom it had held for five years. They confirmed that the guerrillas were active in the whole of southern and eastern Angola except the western province of Mocamedes, which is largely desert. One man had been captured on the coastal road between Lobito and Sumbe, an area previously considered free of UNITA activity. They had never seen any signs of South African troops or advisors at UNITA camps. At that time UNITA was active in the provinces of Bie, Huambo, Benguela, Huila, Cunene and the southern parts of Cuanza Sul and Malanje. More prisoners were released in November, including a Dutch priest captured within 5 kms of Cubango in Huila province. They had been captured as a warning to foreigners to stay out of Angola because the MPLA could not guarantee their safety. UNITA claimed to have overrun the MPLA garrison at Candono, Malanje province, 270 kms from Luanda, on October 19, killing 24 MPLA soldiers and 6 Cubans. This is the closest it had come to the capital to that date.

In January 1983 Savimbi reported that UNITA had doubled the area under its control through a series of fierce battles over the previous 6 months. The capture of the strategic town of Gago Coutinho gave UNITA control of most of the border with Zambia, enabling it to take a line of small towns further north to within 32 kms of Luena, a major MPLA/Cuban garrison on the Benguela railroad. One of its main objectives for 1983 was to open a corridor right to the center of the country to provide a secure logistics route to a regular battalion and several companies of guerrillas already operating 320 kms north of the railroad. UNITA had extended its operations to Cuanza Norte, Malanje, and southern Luanda provinces, to within 200 kms of the capital; its "area of expansion" included the northern Uige province, home of the Bakongo tribesmen, who were being recruited to open a new front there. It was also recruiting among the Kimbundu, Seles and Songo tribes, traditional supporters of the MPLA. In the south, it was seeking to control the western half of the Benguela line and the railroad between Mocamedes and Menongue. Only one train every three months—and then only under heavy military escort—was reaching Menongue, while the last train had reached Huambo in September 1982. Though the latter had been escorted by 1,200 MPLA troops, half its consignment had been destroyed en route. As a result of UNITA's growing strength, the

Cubans had been taking a more active role since July 1982. UNITA had also established 45-men "special forces" units of well-proven soldiers who had received a nine-month intensive training course in sabotage and demolition. On January 17, one group blew up the Lomaoum dam, which supplied electricity to Huambo and Lobito, Angola's second and third largest cities.

In April UNITA captured the key road junction of Alto Cuita Tempue, Moxico province, giving "open motorized access" to the Benguela railroad from the south, after already taking the rail towns of Munhango and Cangonga, which were vital to its access corridor. By July, Savimbi claimed, the corridor was operating from Namibia to southern Zaire; he said that 3,000 troops—composed of 100-man guerrilla squads and a 600-man regular battalion—were operating in the Lunda province. This development gave UNITA direct access to three countries (Namibia, Zambia and Zaire) and widened its political options (it had already instituted its own passport procedures along the Zambian border). Long involved in selling diamonds to finance its operation, UNITA could now tap the diamond fields in Lunda. In May and June the MPLA and Cubans launched a major offensive to retake Gago Coutinho, but UNITA halted their advance midway from Luena.

Cangamba—defended by 2,800 MPLA troops and 200 Cubans, the last MPLA stronghold in UNITA territory—fell in August after an 11-day siege, during which UNITA had cut all overland supply routes and surrounded it with SAM-7 missiles. UNITA killed 709 defenders and 120 Cubans, taking 165 prisoners. This great victory caused UNITA morale to soar, and freed some 6,000 guerrillas for deployment elsewhere, while putting a considerable dent in MPLA morale.

UNITA's first "general offensive," launched in August 1983, led to the capture of Calulo, 200 kms southeast of Luanda, on September 4. A dozen priests and nuns were among the 27 foreigners captured then. UNITA was still holding the town of Musende, 300 kms southeast of Luanda, which it captured in July with its new battle unit, a brigade of 2,000 men. Meanwhile foreign diplomats in Luanda were warned not to travel more than 50 kms from the capital because of the danger of guerrilla attacks, while hundreds of Cuban, Soviet and East German technicians were evacuated from outlying areas.

A new UNITA offensive launched at the beginning of November 1983 and intended to last 5 months resulted in the capture of Cazombo, which completed UNITA's control of the border with Zambia. Supplies for the offensive moved along the 800-km "Savimbi Trail" in a fleet of trucks which also carries UNITA "exports," including ivory, rhino horn, teak, leopard and antelope hides, and diamonds. In actions from November 16 to 24 UNITA claimed to have "neutralized" the railroad running from Luanda to Malanje, killing 284 soldiers, including 20 Cubans, and destroying 49 military vehicles. Alto Chicapa fell to UNITA on November 29 after a short battle in which 25 MPLA soldiers were killed. Resistance was minimal as MPLA morale was very low: they had little food, and water and electric supplies were gone. This victory opened the way to Saurimo, capital of the Lunda province, since the tarred road between Saurimo and Luanda has been under attack from UNITA guerrillas for the whole of 1983. The victory, together with the capture of Andulo, 270 kms

to the west, the Cazombo to the east greatly enhanced the security of the "Savimbi Trail." The MPLA meanwhile launched a two-month offensive involving 20,000 troops against UNITA in the central provinces of Huambo, Bie and Cuanza Sul, and claimed to have killed 1,971 guerrillas.

Brigadier Genaldo Nuda, 31, commander of UNITA's northern military front, moved his three battalions 80 kms north of Alto Chicapa and overran the major town of Caculo on the main tarred road, the only land route from Luanda to Lunda. At least 10 UNITA battalions of between 600 and 800 men were by then north of the Benguela line with regulars operating at brigade strength of almost 3,000 in two areas. Many months and hundreds of kilometers ahead of the battalions, guerrilla units 15 to 200 were planting mines, blowing up bridges, ambushing convoys and attacking small outposts. In the meantime fighting continued in the provinces of Cuanza Sul, Cuanza Norte, and Luanda, which lie between the capital and the besieged Huambo. UNITA cut one of the roads between Huambo and Lobito and also the coastal road between Lobito and Luanda.

As a result of these operations, over the last two years UNITA has pushed forward by hundreds of kilometers, carrying the focus of the war from the south to the north. It also controlled the entire Angolan border with Zambia (1,100 kms) and also 320 kms of the border with Zaire, so that the MPLA could no longer dismiss it as a handful of "bandits." However, its forces were compelled to withdraw from the Calulo-Mussende area, 175 kms from Luanda, in late September and October by major offensives of Cuban-backed MPLA forces using armor and helicopter-gunships. UNITA claimed that a Soviet general and an East German general were directing the operation. UNITA harassed the flanks, and then engaged in direct battle once the enemy supply lines became extended along poor remote country roads.

At a special press conference held at UNITA headquarters in Jamba in southeastern Angola at the end of March, Savimbi announced that his forces had struck simultaneously at four points on March 22. It has attacked Luena and held Sumbe for 12 hours. Sumbe, defended by two MPLA and one Cuban battalions, was hit by 5,000 UNITA soldiers after a three-month buildup of supplies. UNITA claimed to have killed 8,000 Cubans since 1981, and 6,000 MPLA troops in 1983. Between December 1983 and March 1984, UNITA has sustained 103 attacks against it while launching 3,373 of its own, destroying 446 enemy trucks, 9 trains and 5 tanks. UNITA had 35,000 men under arms, of which 20,000 were guerrillas, the remainder regular troops, including an armored column and special sabotage commandos. It totally controlled one-third of Angola, was active in another third, and was pushing hard in the remaining areas. Its priorities were to make greater progress in the northeastern Lunda province, to attack (but not necessarily to hold) provincial capitals as part of a strategy of "returning to the towns," and to reinforce its political and administrative control over the areas under its influence.

Meanwhile UNITA had embarked upon another new policy: the taking of hostages. In a typical incident, it attacked the diamond-mining town of Cafunfo, Lunda province, only 100 kms from the Zaire border, at first light on February 23. The attack was over in 10 minutes, and within 2½ hours the

foreign technicians—44 Portuguese, 17 Filipinos, and 16 British—were well on their way into the bush. They covered the 500 kms to the Benguela railroad in 32 days, from where they were taken by truck to Jamba. The Portuguese and Filipinos were released almost immediately. The only condition UNITA set for the release of the British subjects was that Britain acknowledge its existence by talking directly with it. Sir John Leahy, a British Under-Secretary, arrived on May 12, and the British prisoners were handed over after three hours of talks. All said they had been well treated and praised the discipline of the UNITA troops. The same procedure was followed in June, when 20 Czech prisoners were handed over to their country's deputy Foreign Minister, after they and their families had been captured on March 12, 1983, at Alto Catumbela, a "safe" area. The 43 wives and children had been released unconditionally the previous July. The taking of the hostages gave UNITA world-wide press coverage and the opportunity to put its case directly to the governments concerned, in addition to underlining the inability of the MPLA to protect foreigners in Angola.

Two Soviet lieutenant-colonels and a number of Cuban officers were killed on April 19, 1984, when UNITA exploded a bomb in Huambo. Afterwards MPLA troops fought a three-hour battle with Cubans which only ended with the intervention of the provincial governor. In May UNITA repelled an attack by 22,000 MPLA and Cuban troops (13 brigades) supported by at least 20 combat aircraft near the towns of Lewa, Lumenga and Mukuseegue, near the Benguela line. It overran the town of Quibala, Cuanza Sul, in June, taking a number of foreigners captive. In its first reported action in the northern Uige province, UNITA claimed to have "annihilated" a Cuban-backed MPLA battalion near Kinzala on June 28. UNITA scored a major victory when it blew up a major oil pipeline in the heavily fortified Cabinda enclave on July 13, killing 22 people and injuring another 50. With 80% of Angola's revenue coming from Cabinda oil, any disruption of that industry would deal a serious blow to the MPLA's hard-hit economy. A UNITA communique has warned foreign countries to review their positions or exert their influence for the removal of Cuban troops from Angola, thus opening the way for an Angolan government of national unity. UNITA claimed to be operating in every province except the desert province of Mocimedes.

IV. AN ASSESSMENT OF UNITA

A. UNITA's Theory of Guerrilla Warfare

Once the decision to resist the Soviet-Cuban occupation of Angola had been made, Savimbi set about assessing UNITA's situation and formulating future strategy. Realizing that the new war would require tens of thousands of troops, Savimbi decided to establish UNITA in the densely populated central plateau instead of returning to the extremely sparsely populated Moxico province, for only in this way could UNITA reach the people needed to provide its army with food, recruits and skills. This was the basis for Savimbi's "theory of big numbers." Coupled to this was the concept of the protracted nature of the struggle: UNITA would grow only gradually, and time was needed for this.

The support base for UNITA is within the rural population. By nature the peasants are traditionalist, conservative, fatalistic, generally disorganized, and mostly illiterate.

Hard work, time, and training were required to transform them into a reliable support base. In addition UNITA needed to acquire greater professionalism in military skills and political and administrative organization, which meant that a quick coup was out of the question. The bitterness of the people over the foreign armies in the country, along with the MPLA's brutal repression, political blunders, administrative incompetence and chronic internal crises have made them responsive to UNITA, which already had a guerrilla army and years of political experience. It had access to substantial weapons caches and operated over a vast area, which made it difficult to combat. It had loyal friends in the international community, and neighboring countries soon realized that the Cubans were a threat to their own security as well. Although the military forces at the disposal of the MPLA made it tactically powerful, its lack of support among the people made it strategically weak.

UNITA therefore formulated its theory of guerrilla warfare.

1. The guerrilla organization must be guided by a well defined political philosophy, and should serve as an instrument to achieve certain specific political goals. Military problems must therefore be viewed from a political perspective.

2. The guerrilla organization must be rooted among the people. It must enjoy their support, and become a truly people's army in a people's war.

3. Guerrilla warfare constantly relates theory to practice, and vice-versa.

4. The guerrilla army must strive for strength and cohesion. Ultimately it must evolve into a regular or semi-regular army, or a combination of the two, to enable it to attack larger enemy targets.

5. The guerrilla army must avoid direct confrontation with the enemy's powerful regular forces, concentrating on surprise attacks by small, flexible, mobile guerrilla units which take advantage of the terrain, the weather, and the sentiments of the people. In the first stages it must strive simply for physical survival, avoiding acts of bravado against its powerful adversary.

6. The guerrilla army must retain high mobility, avoiding fixed positions.

7. Despite the difficulties it suffers, the guerrilla organization must seek to meet the needs of the local population for such things, as medicine, salt, clothing, schools, and defense.

8. The guerrilla army must know how to deal with enemy infiltration of its ranks, and be aware of the enemy's counter-guerrilla methods.

9. Strategically the guerrilla army is a defensive force, defending the country against foreign intruders. Tactically it is an offensive force, initiating most military actions against the enemy.

10. As soon as possible the guerrilla organization must establish a Rear Support Base, a vast, liberated section of national territory in which party and the army may move freely and develop an infrastructure for continuous expansion.

11. The guerrilla army must adhere strictly to the universally recognized elementary guerrilla tactical principles. These include: retreat when the enemy advances; harass him when he camps; pursue him when he flees; encircle him when he tires.

12. The guerrilla army's relationship with the people is of paramount importance for the organization's survival and success. Therefore, in his contacts with the local

population the guerrilla must be beyond reproach at all times: he must be polite, honest, fair, and helpful.

13. The command structure of the guerrilla organization and the relationship between soldiers and officers should involve a strong sense of unity, compassion and authority. The guerrilla commander must be in permanent contact with his men. He must know how they feel and care about their difficulties. He must work to build up the *esprit de corps* of his troops, knowing that it is often their state of mind that makes his men good combatants. A good commander listens to the news on his transistor radio to keep abreast of national and international events, and shares that news with his subordinates.

Guerrilla units must know how to utilize and share their arms and ammunition, which are generally in short supply. The guerrilla commander must always think in terms of the whole army, the whole country, not just his own unit. Because they are few and united in their objectives, unity among the commanders and soldiers of the FALA (Forças de Libertacao de Angola) is theoretically and practically attainable. By contrast, unity is completely unattainable on the MPLA side because it is an unwieldy and heterogeneous mass composed of, among others, Cuban, Russian, East German, and Portuguese troops.

Rear support base

UNITA defines its rear support base as the territory within which its people and armed forces can move freely. Guerrillas cannot be permanently on the move, as this would exhaust them and make them incapable of undertaking serious actions. The guerrilla organization needs a place where its soldiers can rest, recuperate and train while the organization sets up its political power organs, schools, clinics and agricultural projects. The rear support base must above all be relatively inaccessible to enemy forces: mountainous or in dense forests, and without roads. It must, however, have a population and a water supply.

Despite setbacks suffered when the enemy bombed schools, burned hospitals, and destroyed agricultural projects, UNITA has succeeded in establishing its rear support base in central Angola. Over the years this area has been consolidated and expanded until in May 1984 it covered more than one-third of the country—truly a magnificent achievement. UNITA's watchword is vigilance, for its knows that the enemy retains his superiority in firepower and in sophistication and abundance of weapons, and will continually seek to disrupt UNITA's efforts. There is a firm interrelationship between the creation of FALA's regular units, the establishment of the rear support base, and the protracted nature of the struggle. The protracted war requires a rear support base, for it is only there, under peaceful conditions, that the regular forces can be trained. Yet one can consolidate and stabilize the rear base only with regular forces.

Phases of resistance

UNITA identifies four stages of its resistance to the Soviet-Cuban occupation of Angola.

The START was a traumatic experience after the joy of the period when UNITA tasted political power and could campaign politically, even in the cities. It was a bitter experience to withdraw into the bush again in the face of overwhelming enemy firepower. In assessing the future, the UNITA leadership had to contend on the one hand with

those who failed to appreciate the movement's weakness, and therefore could not chart a realistic course of action; and on the other, with those who viewed the Soviet-Cuban-MPLA coalition as invincible, and advocated capitulation. Certainly a challenge to Soviet imperialism at a time when Moscow enjoyed great influence among Western liberal intellectuals and in the Third World was unprecedented, and could easily be labelled "reactionary."

Survival was the first goal once the decision to resist had been made. UNITA had to take four steps immediately in order to survive the initial enemy offensive. It had to win the people's support by explaining the reasons behind the continuing struggle. It had to locate its dispersed forces and weld them into guerrilla units. It had to develop its strategy and divide the country into operational zones. And it faced the major problem of acquiring suitable weapons, especially infantry arms and light artillery to enhance mobility.

Militarily, UNITA concentrated on ambushes, sabotage (especially of the Benguela railroad), mine-laying and long-range mortar bombardments, with the objectives of dispersing the already thinly-stretched enemy forces, to cut their lines of communication and to confine them to the defense of major towns and strategic installations. At all costs it had to avoid conventional confrontation with the enemy, who had superior firepower as well as air support. At the same time, UNITA concentrated on improving its military hold on rural areas in the south, center and east of the country, and winning the support of the people.

Equilibrium of forces, the third stage, is the most difficult of achievement. Although its initial victories re-established the people's confidence in UNITA and boosted its morale, they also escalated the conflict. While UNITA's troop strength has increased four-fold over the past 5 years, Cuban troop strength has risen from 12,000 in 1976 to 30,000 in 1980 and to 40,000 in 1984, according to UNITA estimates. At the same time more sophisticated weapons such as MiG-23s and Mi-24 "flying tank" helicopters have been introduced. In this phase UNITA was able to establish its secure rear support base territories, which enabled it to move on to the next phase in certain areas.

Generalized counter-offensive. As UNITA gained military experience and strength, the impact of past victories and political and economic conditions unfavorable to the MPLA regime has enabled it to move to the strategic counter-offensive, which will eventually open the way for a generalized counter-offensive. Its semi-regular units have enabled it to adopt a far more offensive posture and to attack enemy strongpoints, heavily defended positions and even large towns. An example is the capture in August 1983 of the heavily defended town of Cangamba after a full-scale battle lasting several days. Previously UNITA abandoned captured towns in the face of inevitable MPLA or Cuban/MPLA counterattacks. Its current strategy of "capture and hold" indicates a dramatic reversal of the Angolan military situation.

UNITA is now in a position to dictate the nature and the pace of the war in Angola. It is expanding its operations in the northeast, in the north, and in the coastal areas just south of Luanda. Its purpose is to increase military pressure on the MPLA regime and the Cubans in order to bring about a Cuban withdrawal. Savimbi hopes that a combination of military reverses, mounting casual-

ties, the unpopularity of the war at home, its ever escalating cost, and diplomatic pressures will eventually force the Cubans to withdraw. Then the MPLA, faced with military defeat, will be forced, he believes, to negotiate with UNITA leading to free elections and a coalition government including UNITA, the MPLA, and the FNLA. Thus UNITA will have achieved the goals it set itself when it again took arms in 1975 after the breakdown of the Alvor accord.

The organizational structure of FALA

UNITA's armed wing FALA (Armed Forces for the Liberation of Angola) is a sophisticated force organized along conventional military lines with a rank structure resembling those of most Western armies. It has an officer corps ranging from lieutenant to general and a centralized staff structure incorporating the usual functional divisions of operations, intelligence, personnel, and logistics. Its High Command consists of the Supreme Commander with a Headquarters Staff headed by the Chief of Staff and consisting of the Chiefs of Intelligence, Personnel, Logistics, and Operations. It is responsible for the overall planning and coordination of the war.

UNITA has developed a system of dividing its forces into four levels, each one better trained and armed than the preceding level.

People's defense committees consist of local elements of the population, and are designed to safeguard the security of the villages. After they have been adequately politically mobilized to ensure their loyalty, they are trained in the handling of "rudimentary weapons" and are occasionally provided with rifles.

Dispersed guerrillas are small units whose function is to prevent the enemy from advancing into UNITA's rear support base area. They assist in gathering information, food production, and transport.

Compact guerrillas are company-size units which conduct guerrilla operations, such as ambushes, mine-laying, and sabotage, in a zone or fixed geographical area.

Regular and semi-regular forces operate in units up to battalion size, are trained to engage in frontal, conventional actions, and can be moved from one region to another. They operate as self-supporting formations, with offensive and defensive companies assisted by artillery, logistics, medical and intelligence supporting elements. At the beginning of 1984 FALA had 33 semi-regular battalions. The regular forces have anti-tank, anti-aircraft and support artillery capabilities and can conduct conventional warfare. These units give UNITA the ability to destroy relatively large enemy targets.

It is estimated that today FALA has 2,000 regular troops, 18,000 semi-regulars, 20,000 compact guerrillas, and possibly as many as 35,000 dispersed guerrillas. It is a highly motivated force which the MPLA's FAPLA is incapable of containing. UNITA has recently established a number of "special force" units trained in sabotage, demolition, tracking, intelligence, and reconnaissance. Regular force recruits are selected from the guerrilla units on the basis of combat record, age, and level of literacy. In its assaults on garrisons and towns UNITA attacks in overwhelming numbers (at least two to one) and keeps an avenue of escape open to the defenders: if trapped the defenders will make a last stand and inflict heavier casualties on UNITA. When losses are minimized, the morale of UNITA soldiers remains high.

Deployment of forces

UNITA has divided Angola into five military fronts (southern, western, eastern, cen-

tral and northern), each headed by a front commander who holds the rank of Brigadier or Colonel. The fronts are divided into 24 military regions each headed by a regional Chief of Staff with the rank of Colonel or Lieutenant Colonel. In each region some 1,500 men are deployed in guerrilla or regular units. Each region consists of sectors—usually 3—headed by a Major, and they in turn are broken down into zones headed by a Captain or Lieutenant. Most daily guerrilla operations are undertaken at the zone level, with 50 or 100 troops. A number of Compact Guerrilla units may be assembled for a specific combat mission, with the men reverting to their original units upon completion of the mission. Several important enemy posts have been captured this way.

Political awareness

Political awareness is of paramount importance in FALA. In addition to their military training, troops are expected to know the political orientation of UNITA's struggle. FALA therefore has political commissars at all command levels, who are superior to the unit commanders. In addition to imparting military knowledge, the commissars can explain the political nature of UNITA's struggle.

B. UNITA's Political Structure

UNITA was founded in March 1966 in Angola as a broadbased political movement, and the constitution it adopted at that time called for a proportionally representative government, Armed struggle—first against the Portuguese, later against the MPLA—was viewed as the means of achieving this government through free elections. From its inception, therefore, UNITA has placed as least as much emphasis on the political education (or "mobilization") of the peasantry as on the armed struggle. Persuaded of the importance of the people, UNITA places a high priority on the welfare of the soldier, the cadre, the teacher, the nurse, the student, and the peasant. It sees military operations and political action as inseparable, so that in its eyes greater military successes bring greater political and social responsibilities. This has led the movement to create an extremely sophisticated political structure predating its military structure.

UNITA's most important legislative organ is its National Congress, which meets every four years and is attended by elected representatives of all the kimbo (village) committees in the areas controlled by UNITA. They elect the President, secretary-general, permanent secretary and chief of staff, as well as the 20 members of the Political Bureau and the 35 members who, together with the Political Bureau, comprise the Central Committee. The President—Savimbi since UNITA's inception—is automatically the commander-in-chief of the armed forces and the chairman of the Central Committee.

General administrative matters of national importance are dealt with at the annual conference, attended by members of the Political Bureau and the Central Committee. The President appoints the political commissars responsible for political affairs at the regional level. These regions coincide with UNITA's 24 military regions; the political commissar may also be the regional military commander. He acts as the link between the Political Bureau and the Central Committee on the national level, and the district and village committees which make up the region. Below the village is the cell, the smallest unit in the party.

The system works remarkably well. Despite the long chain of command, the party

leadership maintains close contact with the interests and aspirations of its supporters at the grassroots level. UNITA has remained true to the democratic, populist principles on which it was founded, and has avoided the elitism which has plagued other African political movements.

UNITA's political ideology

UNITA's political ideology is difficult to define because it does not fit easily into one of the families Western patterns. Perhaps the closest would be the social democracy of Western Europe. It is clear the UNITA is resolutely opposed to communism, both on the grounds that it does not work and that it is a foreign ideology with no place in Africa. This does not mean, however, that UNITA is not socialist. Savimbi has often spoken of "democratic socialism," without defining precisely what this means. Recently UNITA has begun to use the even vaguer phrase "realistic socio-economic analysis." In contrast to the MPLA, which stresses the importance of intellectuals and industrial workers, UNITA believes that the peasants who make up 80% of the population should be the primary component of the new Angolan society.

Perhaps the key to an understanding of UNITA's political ideology may be found in the concept of "negritude," the central and constant theme of its political writings. This is not the same thing as the "black power" concept of an exclusive black nationalism; rather it is a generalized notion incorporating UNITA's most basic political beliefs and its political program. Savimbi has explained "negritude" as the recognition that ethnic and tribal groupings and systems must serve as the basis for any successful form of African government. The leadership must work toward compromise at all stages, and consensus must form the basis of government and all forms of political leadership. The deep-rooted African culture—subverted by various colonial powers to produce "rootless" African societies with no past—must form the basis of the present culture, though without being exclusive. Interstate relations in Africa must be based on practical cooperation between free countries, not on unrealistic ideals such as "Pan-Africanism." "Negritude," then, is not a political ideology in the proper sense, but rather a way of approaching the complex problem of governing multi-ethnic, ex-colonial societies.

UNITA's political views may be summed up as a moderate, democratic form of Afrocentric populism combining certain features of capitalism and socialism and based on the principles of compromise and consensus. UNITA sees non-alignment as a relative thing: "no one can be totally non-aligned," it holds. "UNITA's sympathy is with the West, in economy and politics. In other areas, national ideas must be followed."

Savimbi offers his followers the opportunity to decide their own future in a democratic way, free from foreign interference. UNITA's main aim is to get all "foreign troops out of Angola," as Savimbi says, "so that the Angolan people can decide their own destiny. The important point is that the people must have a say, i.e., the government must be accountable to the people."

A detailed outline of UNITA's political and economic program was published in the form of a 134-page book in Jamba in December 1983. Entitled *The Angola Road to National Recovery—Defining the Principles and the Objectives*, it deals with UNITA's economic development and its constitutional foundation.

Leadership

Clearly UNITA owes its formation, survival, growth and ultimate success to the talents and efforts of Jonas Savimbi, with whose life the history of UNITA is intimately intertwined. Perhaps no other political part or movement in modern times has been so dominated by a single individual. Savimbi has coordinated the entire range of UNITA's political and military activities as well as its internal security and information.

Savimbi has an extremely sharp intellect, great personal charm, and a stable yet charismatic personality: all the qualities of a great leader and statesman. As a politician he owes his success primarily to his pragmatism (he has been called the greatest survivalist of modern politics) and to his extraordinary oratorical powers. As a military leader he has a keen sense of history, especially military history, and a thorough grasp of the theory and practice of guerrilla warfare. In addition he has an incredible capacity for absorbing and recalling dates, personalities, places, facts and statistics. A writer and poet of note, he is also a remarkable polyglot: besides his mother tongue and other tribal languages, Savimbi is fluent in Portuguese, English, French, and German. Savimbi is a professing Christian with a strong sense of honor who abhors corruption and dishonesty and deals drastically with those found guilty of such things.

The long and arduous years of fighting in Angola have produced a capable second echelon of leaders around Savimbi. They are an extremely effective leadership by African standards, and make it possible for Savimbi to leave Angola for long tours abroad. UNITA's most influential and powerful figure after Savimbi is Secretary-General Miguel N'Zau Puna, who holds the rank of brigadier. A Cabindan with Tunisian training in agronomy, Puna is responsible for the civil administration of the Party as well as for the overall coordination of UNITA's logistic and communications network. Puna is also a superb orator, able to arouse the emotions of his audience. Although not a particularly good organizer, he is very intelligent, with a keen sense of humor. He communicates well in Portuguese and speaks passable English.

As Chief of Staff, Brigadier Demosthenos Chilingutla is the effective head of FALA and specifically responsible for training, accounting, mobilization and recruitment. A former corporal in the Portuguese artillery, Chilingutla is an Ovimbundu like Savimbi, but his rise through the UNITA hierarchy is not due merely to Savimbi's favor, but also to his enthusiasm, dedication, and willingness to learn. Ernest Mulatto, Permanent Secretary of the Political Bureau and Secretary of The Commission of Control, is a Bemba from northern Angola and an influential leader of long standing. His responsibilities include the arbitration of disputes within the party and the maintenance of good order and discipline. He has a very strong personality, and commands a great deal of respect. Jeremiah (Jerry) Chitunda, another leading personality and respected figure, is UNITA's Chief Foreign Representative, based in New York. Educated in the United States, he is extremely articulate and has built up an impressive network of influential contacts over the years. Brigadier Renato Campo Mateus, Chief of Staff Operations, is a former lieutenant in the Portuguese army. He is extremely able but handicapped by ill-health. Brigadier Samuel Epalongo, Commander of the HQ base, was for many years UNITA's chief logistic orga-

nizer. Brigadier Geraldo Nunda, Commander of UNITA's forces in northeastern Angola, is a relative newcomer. Colonel Dr. Vakulakuta Kashaka, Chief of Staff of Logistics, is a Kwanyama from southern Angola. He lost an arm in combat several years ago. Jorge Sangumba, Chief Political Administrator in Angola, was educated in the United States and was formerly UNITA's Chief Foreign Representative.

C. The SWAPO/South African Factor

The situation in Angola is complicated by the effects of another conflict. As soon as it became clear that the MPLA had won the civil war, SWAPO (South West African People's Organization), the Soviet-backed liberation movement fighting to replace the South African administration in Namibia (South West Africa), moved its bases from Zambia to Angola, bringing them closer to its operational area. Angola soon became the center of SWAPO activities, and the Cubans began training its members. As SWAPO guerrillas were infiltrated into Namibia, South African forces launched a number of "hot pursuit" operations against SWAPO bases in southern Angola, bringing them into conflict with MPLA and Cuban forces. Eventually South Africa established a permanent presence in the Cunene province of southern Angola.

Years of hostility between Angola and South Africa ended on February 16, 1984, when an agreement was signed in Lusaka, Zambia, by whose terms Angola banned both SWAPO and the Cubans from the border area while South Africa began withdrawing from Angola. It was hoped that the establishment of peace on the border would lead to the withdrawal of Cuban troops from Angola and the granting of independence to Namibia.

Two questions flow from the peace agreement. First, are the Cubans in Angola to protect that country from South African attack, as Luanda and Havana have consistently maintained, or are they there to prop up the unpopular MPLA regime against UNITA's growing strength? If the former is the case, then the peace with South Africa should clear the way for their departure.

The second question involves UNITA. Is it a South African "puppet" totally sustained and manipulated by Pretoria to destabilize Angola, or is it a self-motivated nationalist force which receives assistance from a number of countries, including South Africa? If the former is the case, will South Africa withdraw its support of UNITA—and could UNITA survive should that happen?

This question ignores two points. First, it is impossible for a medium-sized country like South Africa to sustain a military operation as large as UNITA has become, and which operates deep within Angola hundreds of kilometers from the Namibian border. UNITA has access to longer frontiers with Zambia and Zaire than with Namibia. Second, it overlooks Savimbi's philosophy of self-reliance, which he has successfully put into practice both in his war against the Portuguese and in the current one. He believed UNITA should base itself exclusively inside Angola, become self-reliant in economic and military matters, and follow Mao's precept that the enemy should be the principal source of guerrilla arms. Savimbi estimates that during the latter stages of the war against the Portuguese, 80% of UNITA's weapons were either captured or stolen from the enemy. Beginning in 1978, thanks chiefly to Savimbi's diplomatic and negotiating skills, UNITA began receiving financial assistance, arms and ammunition

from a number of African and Middle Eastern countries, including Egypt, Iran (before the Shah's fall), Saudi Arabia, Morocco, Senegal, Zaire, Sudan, and South Africa.

Savimbi makes no secret of the support he has received from South Africa, and does not apologize for it either. "We had no choice other than to accept South Africa's help", he has said, "unless you consider accepting domination by the Russians and Cubans as a choice. We could either accept being crushed or we could resist. To resist we had to resist with the help of somebody." Asked what the South Africans demanded in return for their support, Savimbi replied: "Well, they have never asked me to sign any document. But we are conscious of the fact that since they are giving us aid they hope for cooperation in the future." What cooperation would he give them?

"Friendship, I think that is what they want. I would invite (the South African Prime Minister) Mr. Botha to my own capital and receive him as head of state. (The Zambian President) Kaunda meets him on other people's borders, but I will challenge him on my own ground. And when he visits me, I will not, I cannot, become less black than I am already. And because I am willing to talk with South Africa does not mean I believe in apartheid. I cannot. Things must change in South Africa. There are two ways things can change there—through reform or revolution. But a revolution will spill over into the rest of southern and central Africa in unpredictable ways. So I think reforms are better in South Africa."

More recently, following the peace agreements between South Africa and Angola and Mozambique, Savimbi was asked whether he as a black revolutionary leader was not embarrassed by his links with South Africa. To that he responded: "What's wrong with talking to South Africa? Ask them in Maputo. Ask the MPLA." He added that he had advocated dialogue with the white south as early as 1974, and now everyone was doing it. Moreover, when in 1976 the emergency session of the OAU demanded that all foreigners leave Angola, "the South Africans left at once—but the Cubans increased their numbers to 35,000."

Asked about the peace initiative in southern Africa which sees South Africa and the MPLA cooperating without reference to UNITA, Savimbi said he was enormously encouraged by it because it created a mood of optimism and positive thinking which could only work to UNITA's benefit. And if supplies from South Africa should be cut off, "we have alternatives. We will survive as long as need be."

Asked how a UNITA victory might alter the political situation of southern Africa, Savimbi replied:

"Very dramatically. Take Namibia. We're now drifting into a Middle East-like situation. But with a UNITA victory, SWAPO would no longer have a sanctuary in Angola, or anywhere else. They would have to abandon guerrilla war and subject themselves to a democratic process in Namibia. Thus, a solution to Namibia means a solution to Angola first. For once the Cubans and SWAPO are gone from Angola, South Africa will have no more excuses."

D. UNITA's Achievements

It is difficult to overstate UNITA's achievements. From a military point of view it has successfully challenged the Soviet-Cuban occupation of Angola and the puppet MPLA regime imposed on the Angolan people. When it accepted that challenge in

1976, it had virtually no outside support. The world took it for granted that Angola was irreversibly in the Soviet camp; anyone contesting that fact was contesting the irresistible forces of history and needlessly prolonging the suffering of the people.

Against overwhelming odds, Savimbi regrouped his scattered, dejected followers and by a slow, deliberate process built them up into a disciplined, cohesive fighting force which has seized the initiative from the MPLA forces and their foreign commanders and is relentlessly forcing them into an ever-shrinking portion of the country, to the point where dos Santos now exercises control mostly over beleaguered large towns and cities. Now even those are threatened by UNITA, which is permanently and openly holding villages and small towns which the Marxist allies are incapable of retaking.

Even more impressive is the fact that UNITA has been able to blunt and roll back the major offensives launched against it. These, it must be remembered, are directed by Soviet and East German general, use T-54 and T-62 tanks, and have the aerial support of MiG-21s and 23s and of Mi-24 helicopter gunships, and now one of the latest western gunships, the Dauphin. Yet UNITA has stopped these offensives even without armor or air support. All this has been achieved without the overt or covert support of a superpower, or indeed of any major Western power, with very little publicity and none of the support groups to which Marxist "national liberation movements" have access in the West.

If anything, UNITA's achievements in the social and political areas are even more impressive than this. Savimbi has welded the illiterate peasants who provide most of his support and make up the overwhelming majority of Angola's population into a well-ordered community. Almost everyone visiting Jamba, Savimbi's capital, is impressed by its tidiness. All footpaths and huts are kept clean, and there is an abundance of hygienic latrines. There are no piles of garbage or foul odors so common in other African villages, or in Luanda itself. Jamba is a temporary town built of grass huts and sand paths, but it has a hospital as well as wood and metal working workshops. Other UNITA villages are just as orderly.

Savimbi has also been remarkably consistent in his views: from the time he joined Holden Roberto's Revolutionary Government in Exile in 1962, he has striven to unite Angola's different factions. Knowing the strength of Angola's tribal loyalties, he has contended that no one group can successfully govern the country: only a government of national unity which incorporates the different elements can do so. Thus even to the day UNITA is not fighting to overthrow the MPLA government but rather to drive out the foreign forces which brought strife to Angola. Once they are gone, the MPLA will have to talk to UNITA and form a coalition government to prepare for the elections promised by the almost forgotten Alvor agreement.

One final question needs to be answered. In view of the overwhelming support given the MPLA by Moscow, why has the West given Savimbi so little assistance? Savimbi has amply demonstrated that he is anti-communist and pro-Western; he has proven his leadership abilities and shown that he has widespread support within Angola. Why, therefore, are Western calls for the withdrawal of foreign troops, the formation of a coalition government, and the holding

of free elections so remarkably muted? The question is not easily answered. Savimbi's response is:

"I think it must be the Third World that has to give the West the courage to oppose the Soviet Union and stand up for its ideals, not the other way around—to provide a cure for what Solzhenitsyn calls the 'western disease.' That is why, we say, 'UNITA is the key to Angola, Angola is the key to Africa, Africa is the key to the West.'"

Certainly Angola's UNITA presents the West with a unique opportunity to turn the tables on the Soviets and roll back Marxism's hitherto inexorable worldwide advance. Cuban troops have been in Angola for nearly 10 years, suffering high casualties; they are war-weary and eager to return home. Luanda could not have signed a peace agreement with Pretoria without a green light from Moscow. This would indicate that now the Soviet will to assert itself in Angola as it did in 1975 is lacking, perhaps because of its commitments to Afghanistan, or because of its uncertain leadership. Moscow therefore apparently wishes to freeze the current situation in Angola until it can be given more attention. The situation in Angola in 1984 is the reverse of what it was in 1975. The American will was weak; now Soviet will is weak. With concerted diplomatic and moral support from the United States, combined with only a fraction of the material aid which the Soviets poured in in 1975, UNITA could take a dominant role in a new Angolan government, with immediate and tangible advantages to the West in the diplomatic, political, economic, moral and strategic spheres. Such an opportunity may not present itself again in the foreseeable future.

Mr. ARMSTRONG. Finally, Mr. President, my two questions are these of the Senator from Idaho: First, would he be willing to have me added as a cosponsor to his amendment?

Mr. SYMMS. Mr. President, I ask unanimous consent that the Senator from Colorado be added as a cosponsor.

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

Mr. ARMSTRONG. Mr. President, I have listened to the discussion of the situation in Angola but I still am not clear on a point which the Senator made in passing about Mozambique. Do I understand correctly that this bill authorizes funding for support to that region?

Mr. SYMMS. That is correct, Mr. President.

Mr. ARMSTRONG. I still did not hear an explanation of why in the world we want to do that. As I understand it, that is not addressed in the Senator's amendment.

Mr. SYMMS. Let me read the answer of the State Department. There may be those here who are more knowledgeable on this than I am. The justification from State is they are trying to buy out their enemies, so to speak. It is the same old song we have heard before.

Mr. ARMSTRONG. Mr. President, I wonder if the managers of the bill could explain that. Surely there is a better rationale for sending money to

a Marxist regime than that we are going to be able to capture them or buy them off or something. I admit this is something about which I am not particularly well informed, but I am really distressed by the notion that we would send money to a government as described by the Senator from Idaho under the conditions he has suggested.

Mr. SYMMS. Mr. President, I shall make just one comment, then I shall yield the floor for any comments the distinguished Senator may want to make.

Mr. President, I do not want to mislead my colleagues about what is in this bill because they have a difficult job to do. Before I yield the floor, Mr. President, I ask unanimous consent that, following my remarks, or at the appropriate place in the RECORD—perhaps with the letter from Dr. Savimbi—there be printed in the RECORD an article entitled "Negotiating the Cuban Withdrawal From Angola: A Strategy for Victory Versus a Diplomacy of Accommodation."

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

(See exhibit 1.)

Mr. SYMMS. Mr. President, I think, to go back to my good colleague from Colorado, one of the problems we have in trying to formulate a foreign policy is the lack of a definite goal of what our aims are in Africa. In my view, the African Continent is absolutely critical. There are some 12,000 ships a year, I think, that go past the Cape of Africa. We all know there has been a lot in the news recently with respect to South Africa, but not much in the news with respect to some of the terrible violations of human rights that are taking place in some of the other countries that have black minority rule which are tending toward a one-party government, drifting very rapidly, some already Marxist and others moving in that direction. In my view, we should really stand tall at this time and support our friends.

Frankly, Mr. President, I do not think there is too much the Russians could do about the Clark amendment repeal. Angola is a long way from the Soviet Union. The popular support is with Dr. Savimbi. All they need there is our moral support, maybe some slight improvement in the capability to shoot down the sophisticated Soviet helicopters and MIG 23's, which they might do if we could repeal the Clark amendment, and let those Africans resolve their own problem. I think a lot of good things could happen for the rest of the world in Africa, and that could send a signal to our allies around the globe. The policy toward Angola and Mozambique presently is a classic example of the U.S. Government helping our enemies in one country and not helping our friends in another

country. That is very hard for this Senator, at least, to accept. That is why I brought this amendment to the floor tonight. I am willing to work with the Foreign Relations Committee on this issue.

At this point, Mr. President, I thank my colleagues for their indulgence and I yield the floor.

EXHIBIT 1

NEGOTIATING THE CUBAN WITHDRAWAL FROM ANGOLA: A STRATEGY FOR VICTORY VERSUS A DIPLOMACY OF ACCOMMODATION

(By Jeremiah K. Chitunda)

The Soviet-Cuban occupation of Angola is nine years old now. And sophisticated weapons, tanks and aircraft continue to pour in the country to equip the Soviet Surrogate forces made up of Cubans, North Koreans and others. The Soviet main objectives: to keep in power in Luanda the unelected Soviet surrogate government of the MPLA (the Popular Movement for the liberations of Angola). UNITA (the National Union for Total Independence of Angola) has been resisting this foreign occupation in the quest for freedom, true national independence and the Angolans' right to elect freely their legitimate governing institutions: it is for these same goals that we fought the Portuguese colonial rule which ended in 1975 to be, alas, replaced with another foreign domination.

It would be good if we could achieve these national goals of freedom by peaceful democratic ways. But, viewed the refusal of the other side to reason, UNITA has no choice but to pursue the armed resistance. We are fortunate to have the leadership of Dr Jonas Malheiro Savimbi as well as immense popular support which enabled UNITA to acquire strategic superiority in Angola's theatre of operations, notwithstanding the enemy's tactical advantage from tanks and aircraft.

Still the Cubans (numbering up to 45,000 men of which at least 30,000 are combat troops) and other Moscow surrogate forces constitute the most serious obstacle to peace in Angola and the whole region. If they leave, Angolans will be able to engage in the process of national reconciliation leading to stability, lasting peace and socio-economic progress.

This is why we appreciate the United States efforts to seek the Cuban withdrawal from Angola. Were these efforts to succeed, it could be the most valuable United States help to Angolans, Namibians and Southern Africans in general.

This region of Southern Africa, especially South Africa, produces much of the free world's platinum, gold, manganese, chrome, ferrochrome, palladium, cobalt, diamonds and asbestos. The United States imports all of its manganese and cobalt, much of its platinum group metals, and more than half of its chrome, ferrochrome and palladium from Southern Africa. The Soviet Union, by establishing pro-Moscow regimes in the region, could soon succeed to control this source of vital raw materials or deny their availability to the West. The Soviets could thus cripple the industrialized Western economy and seriously undermine vital Western security interests. Added to its own vast domestic mineral resources, Moscow's dominance of Southern Africa would thus enable it to control almost all of the world's production of gold, chrome, platinum, manganese, vanadium, cobalt and diamonds.

Southern Africa's strategic location is equally vital to the West. About three ships

an hour pass around the Cape of Good Hope in the southernmost tip of Africa, making it the World's busiest sea lane. Nearly two-thirds of Western Europe's and more than one-fifth of all United States oil imports go by supertanker around the Cape of Good Hope. The Panama Canal route would be 5,000 miles longer, Persian Gulf to New York, than the Cape route. The super-tankers, on the other hand, are too large for the Suez Canal. The Soviet Union, over the years, has been deploying an increasing number of warships in the Indian Ocean with important base and/or mooring facilities in Yemen, Iraq, India, Bangladesh, Mauritius, Seychelles, Madagascar and the East African coast. And now with the establishment of an off-limits naval installation at Barra do Cuanza, about 30 km South of Luanda (Angola), the Soviets possess the capability to interfere with the security of these vital sea lanes around the Cape of Good Hope, from the Indian into the Atlantic Ocean.

While Angola has its own share of the potential wealth of strategic minerals (oil, diamonds, manganese, gold, etc.) in Southern Africa, it is, however, the country's strategic importance as an ongoing Soviet base of expansionism that should be underscored. The MPLA, gunned in power in 1975 in Angola with Soviet-Cuban military intervention, is Moscow's most dogmatic and most faithful African ally. Since 1975, the Soviets have already ostensibly made use of Angola to promote their expansionism in the world: intervention in the Horn of Africa in 1977 by airlifting Cuban troops from Angola to Ethiopia while waiting for reinforcements from Havana; armed invasion of Zaire's Shaba Province in 1977 and 1978 with Angola-based Cuban support; political and diplomatic support to the Soviet invasion of Afghanistan by the MPLA regime at the United Nations in January 1980; use of bases in Angola to fly reconnaissance missions against the British Royal Navy sailing in South Atlantic during the Falklands war in the Summer of 1982; MPLA's unquestioning support to the Soviet boycott of the 1984 Olympic Games held in Los Angeles (U.S.A.); use of Angola as a vast training camp for numerous Latin American, Asian and African subversive groups at the service of Soviet imperialism; and the exploitation of the region's political and social problems to consolidate Moscow's foothold, including the use of force to influence events and dim the prospects for negotiated Namibia independence settlement.

SWAPO (Southwest Africa People's Organization) has vowed to support ANC (African National Congress) in its armed struggle against the Republic of South Africa. The scenario would be as follows: SWAPO takes over in Namibia, whether by implementation of UNSCR 435/78 or some other means, and its government establishes guerrilla bases on the Namibian soil for the ANC to operate from against South Africa; the latter retaliates by bombing the guerrilla bases; the SWAPO government then invites its internationalist Soviet, East German and Cuban friends to intervene "to help to repel the South African aggression . . ."; and there you would have a new cycle of violence in the region, much closer to South Africa than today's round of confrontations against SWAPO based in Angola. With SWAPO's "internationalist friends" already camping and practicing in neighboring Angola, this scenario becomes most likely to take place. Hence the inevitability of "linkage" whereby the removal of Moscow's sur-

rogate forces from Angola should become a preliminary step in order to ensure dialogue among all indigenous political forces and even the co-existence or cooperation among regimes with differing ideologies in Southern Africa.

It is abundantly clear that, given the geopolitico-economic importance of Southern Africa to the West, the Soviet-Cuban occupation of Angola cannot be an end in itself, but a means for Soviet penetration in the whole subcontinent, in total detriment to the Western interests. The withdrawal of Soviet surrogate forces from Angola could therefore prove to be a most important step in the protection of vital United States and Western strategic, economic and security interests in the region. President Ronald Reagan, in fact, has been unequivocal and consistent on this: he wants "the removal of the thousands of Cuban surrogates from Angola".

Unfortunately, efforts to seek the withdrawal of these Soviet surrogate forces by diplomatic means have not been successful. True, the failure of negotiations at the present stage should not, in principle, diminish the basic role of diplomacy in the overall search for lasting peace and stability. The failure should, instead, prompt a re-assessment of the diplomatic strategy in use.

To begin with, there should be a strategy for victory rather than pure accommodation. Secondly, there must be a clear definition of the goals, some of which (i.e. democracy, freedom and true national independence) are not negotiable. And thirdly, one must recognize the limits of diplomacy in dealing with an adversary committed to achieve victory by hook or by crook. Diplomacy requires reciprocity and compromise, playing by the rules that are generally eschewed by Moscow and its allies.

For these and other reasons the concept of "negotiated Cuban withdrawal", plausible as it may appear, has not worked. Joint Cuban-MPLA declarations as well as MPLA's officials' statements have been categorical: the Cubans could leave only after, among other things, all outside support to UNITA ceases and there is no more internal or external threat to the MPLA regime. MPLA's aversion to democratically sharing power with other legitimate political forces in the country is total. The MPLA leaders profoundly believe that, political power being indivisible, it must be either the MPLA or UNITA—and never both of these parties—in power in Angola. As such, they are prepared to fight or to lose, and not to compromise.

In the actual negotiations that have been going on for four years between the United States, the MPLA and the South Africans, the MPLA's play has been characterized by endless procrastination regarding the so-called "agreement on a timetable for the Cuban withdrawal". The MPLA does not want to make any concessions to its negotiating counterparts, but it does not want to break off the negotiations either.

The MPLA procrastinates and takes full advantage of the known "stick and carrot diplomatic approach" by the United States. In this approach, the "carrot" is the massive financial support (through dealings with Gulf Oil Corporation and loans from U.S. Export-Import Bank) and humanitarian assistance to the Marxist MPLA as well as encouragement of U.S. private businessmen to invest in MPLA's Angola, while maintaining in force the Clark Amendment to prohibit United States help to UNITA. United States

diplomats thought with this "carrot" to lure the MPLA away from the Soviet grip and into the negotiations. But in reality the "carrot approach" has only been subsidizing the Soviet-Cuban occupation of Angola.

Some Western politicians argue that the MPLA, despite its anti-capitalist ideology, should be rewarded for its "pragmatism" of allowing the Western investor to do business in Angola. But "pragmatism" has always been the standard *modus operandi* of Soviet surrogate regimes around the world: faced with socio-economic crises, these regimes accept and seek temporary partnership with Western capitalists. Yet no true Marxist can sacrifice ideology to economic gains. They will accept your money to finance their anti-Western, anti-U.S. campaigns. Thus we hear the MPLA emphasizing in its domestic propaganda its favorite theme "U.S. imperialism and capitalism are the enemy number one of Angola", thereby fostering anti-American feelings among the people. Western analysts who always try to dismiss MPLA's anti-Western assertiveness as empty rhetoric, arguing that no one could do without Western money, are wrong because in Angola these Western resources are being effectively used to transform the country into a solid bastion of anti-United States struggle, at no cost to Moscow.

Nevertheless the MPLA now fears that its procrastination might just force the United States to reassess its options. The "flexibility" that we hear so much about these days—José Eduardo dos Santos' "willingness to talk about the Cuban withdrawal as part of an overall regional settlement . . .", if this is flexibility at all—is indeed MPLA's way of pleading for the extension of the "carrot" policy, even though no real concessions can ever be expected from the Luanda regime. In fact, after four years of intensive shuttle diplomacy by the United States, MPLA's acknowledgment of the fact that the Cuban withdrawal is an integral part of overall settlement could hardly be called a diplomatic breakthrough: the MPLA has always stated that the Cubans would be asked to leave only after all internal and external threat to its regime ends, outside support to UNITA stops and Namibia becomes independent. This is what the MPLA would view as "Cuban withdrawal within the context of an overall settlement in the region."

We trust that no U.S. diplomat would fully be committed to undermine UNITA's interests and to save the Marxist MPLA regime from collapse; but many of these diplomats essentially conceive a negotiated settlement in Angola as one in which the MPLA might be persuaded to kindly allow in its government some participation of UNITA, instead of viewing the latter as the real legitimate force shaping the future of a free Angola. At the very least, Western negotiators should help Angolans to acquire and exercise their right to freely elect their governing institutions.

The United States actually may or may not wish to reconsider the alternative to the costly and fruitless "carrot approach". But the State Department acknowledges what has been accomplished by UNITA's military pressure on the MPLA. In fact, the degree of MPLA's willingness to talk to its U.S. and South African counterparts has been directly proportional to UNITA's military success. The Soviet-Cuban MPLA leaders readily understand the language of force which is, indeed, their vernacular. Obviously, negotiations to bring about the Cuban withdrawal will never succeed unless undertaken from a

position of strength. Hence the validity of the original "stick and carrot concept", provided the "stick" is effectively in the equation. Paradoxically, while some State Department officials acknowledge the importance of our military efforts in forcing the MPLA to engage in the ongoing U.S.—MPLA—South African talks, others are nevertheless uneasy about UNITA's pursuit of military programs, arguing that the MPLA might never agree to send the Cubans away unless it is no longer threatened by UNITA. Little is said to the effect that reciprocity is fundamental in any cease-fire efforts, especially when our adversary is uncompromisingly committed to destroying UNITA, brutally taking advantage of any unilateral gesture of cease-fire by us.

There are also Western analysts and politicians who argue that UNITA's armed resistance is to be blamed for escalated Soviet military involvement in the region, and that since UNITA may never have the material means to match up to the MPLA's Soviet-Cuban backing, then UNITA should leave it up to the Western diplomats to decide the future of the region! Had we listened to this nine years ago, there would be no UNITA today in Angola, no more hope for democracy and freedom, and there would be nothing for the diplomats to negotiate about, since the Soviets would have irreversibly established their foothold in our country and the region. The bottom line is that we are winning, notwithstanding the apparently vast, unlimited Soviet material means at the MPLA's disposal; we are winning because in the Angolan conflict there are social and political factors overwhelmingly in UNITA's favor, enabling us to make up for much of our shortages, gain real strength and render our almighty adversary vulnerable. Nevertheless, UNITA's ultimate success, whether military or political, will not be possible without the Western understanding, sympathy and support.

It would be good if Western analysts could recognize and underscore the strategic importance of a Cuban military defeat in Angola which could enhance the options to cope with Fidel Castro's adventurism in this Hemisphere, including Latin America. In fact the Cubans gained notoriety as Soviet surrogates in the aftermath of their success in the 1975 Angolan civil war. Since then, the Cubans have been intervening with impunity in many more countries in Africa and Latin America. To reverse this trend, the Cubans ought to be defeated militarily somewhere—anywhere; it so happens that in Angola the conditions are excellent for this. As a result of such Cuban military defeat, (a) Russia could de-value Castro's mercenarism and Moscow would have to curb its aggressive expansionist programs; (b) weak nations would no longer be intimidated, co-opted or subverted; (c) other peoples around the world would feel encouraged to wage their own resistance to Cuban-backed tyrannies; (d) many of Moscow's surrogate regimes would be weakened because they would no longer be so eager to invite the Cuban "internationalists" to back them; and (e) most importantly for us, a negotiated settlement to Angola's problem would finally become attainable.

In arguing for a victory against the Cubans, we do not suggest United States military intervention in Angola. But we insist on that which the United States—and only the United States—could give decisively: political, moral and diplomatic help. Many countries that have been helping UNITA materially could do more, if they

were encouraged by the United States; but, on the contrary, no country has actually ever been advised or encouraged by the United States to help us. The Clark Amendment, passed by the U.S. Congress in early 1976 to bar U.S. aid to UNITA, is, of course, evoked to justify the situation. But it might also be that the State Department, eager not to antagonize the MPLA and the Front Line States, might prefer the non-repeal of this legislation. But the Clark Amendment effectively reassures the MPLA of the fact that the United States "stick and carrot approach" will remain devoid of the "stick". MPLA dreads the possibility of U.S. aid to UNITA. The repeal of the Clark Amendment could not necessarily lead to U.S. help to UNITA, but it could most certainly increase enormously the United States options and diplomatic leverage.

Finally, it must be pointed out that the Cuban withdrawal must be total and verifiable. This entails the need to ascertain the exact number of Cubans in Angola. At the present, the discrepancy on the estimates of the Cuban force goes from 25,000 to 45,000 men. It would be deceiving to differentiate between "combat" and "civilian" Cuban personnel, since all Cubans are there to support essentially a military effort. Likewise, we should beware of Cubans "naturalized" Angolans under an MPLA's February 1983 legislation; with this legislative ploy, the MPLA wanted to eventually deceive its negotiating partners and say, for example, that of the 45,000 men that came from Havana only 30,000 should be subject to any withdrawal agreement, the rest having become "Angolan citizens". There has also been much talk about the so-called "phased Cuban withdrawal". We agree that it may be physically unwieldy to get 45,000 Cubans out at one time in a single batch, as opposed to their leaving in several boatloads over a pre-established period of time. The concept of "phased withdrawal" would certainly require clarification on the actual timetable before its applicability could be ascertained. Total withdrawal over a two-month period would be one thing; but phased withdrawal to be completed over a two-year period would most certainly be objectionable.

Furthermore, the Cuban withdrawal must not be an end in itself: the Soviets, committed to the protection of their surrogate MPLA regime, may well replace the tired, controversial Cubans with a new surrogate force from other countries such as North Korea. North Korean military personnel are already arriving in increasing numbers in Angola, and they claim higher expertise in counter-guerrilla insurgency than the Cubans. At a September 1984 banquet he hosted in Luanda, the North Korean Ambassador to Angola, Kim Chung Nam, underscored strongly, in his speech, North Korea's commitment to help MPLA's Angola defend its integrity. Kim Chung Nam went on declaring that the peoples of North Korea and Angola could no longer be set apart by geographical distance, and that the two countries "would from now on march hand in hand in the fight against American imperialism, colonialism and racism . . ." Realistically, however, given the specific geographical, geopolitical and socio-historical factors about our country, it is obvious that no other surrogate force can succeed where the Cubans have failed. Still we should bear in mind that we are dealing with Moscow's surrogate forces from various nationalities rather than the restrictive (albeit dominant) Cuban expeditionary corps.

In conclusion, the United States' role in Southern Africa is vital and indispensable. But a wrong U.S. policy can make Soviet expansionism cost-free to Moscow, save the Soviet surrogate MPLA regime from otherwise inevitable collapse, and penalize those resisting Soviet-fanned Communist oppression and fighting for national independence and freedom. A correct United States policy should take into account, among other things—

The need for strong, unambiguous U.S. support to the basic questions of national reconciliation, formation of a government of national unity and the holding of free, general elections in Angola;

The need to understand that the process of national reconciliation in Angola cannot be undertaken by Angolans alone; the conflict has been heavily internationalized, requiring overt U.S. participation to advance dialogue and peaceful overtures;

The need to seriously ascertain MPLA's unwillingness to embark on a course of political settlement, and to reassess realistically the difficulties of removing the Cubans from Angola;

The need to fully take advantage, for diplomatic and political purposes, of existing conditions for a Cuban military defeat in Angola;

Realization of the profound implications of the Clark Amendment in the international community; and

The need for fairness in making humanitarian assistance available to Angola, given the fact that a large portion of Angola's needy population is in UNITA-controlled part of the country where humanitarian help is sorely and legitimately needed.

Thank you.

Mr. ARMSTRONG. Mr. President, I do not want to labor the issue, but I still would like to hear why we are authorizing the appropriation of money to Mozambique. I have no amendment to offer or any proposed solution, but what the Senator has described is a situation that does not seem to me to be justified, at least based on the facts he has mentioned.

Mr. LUGAR. Mr. President, has the Senator from Idaho completed his argument, or does he wish for me to respond?

Mr. SYMMS. I yield the floor, Mr. President.

Mr. LUGAR. Mr. President, I appreciate the analysis that has been given by the distinguished Senator from Idaho, particularly of American foreign policy in Angola, and the colloquy in which the distinguished Senator from Colorado and he have engaged about African policy in general.

Let me respond that the policies we have adopted there have been formulated carefully by the Secretary of State and Mr. Crocker, the deputy secretary for Africa. They are difficult questions of effectiveness. The query of the Senator from Idaho with regard to procedures in Angola, at least in my judgment, are worth very serious consideration.

I am hopeful that, in the event the Senator from Idaho would not press his amendment this evening, he would accept my pledge to have a hearing

promptly in the Foreign Relations Committee in order that we might take up specific action—I know the Senator from Idaho has that in mind—with regard to our foreign policy and proper procedures. Then we would have an opportunity to consider the issue as an amendment to the State Department authorization bill, perhaps, flowing from our committee in a fairly prompt way.

Let me respond for a moment, prior to a response from the Senator from Idaho on this idea, to my friend from Colorado. I think the question of foreign assistance to Mozambique is a very good question. I have queried the Secretary of State personally about this, because I think it is a serious issue.

Our Secretary of State has affirmed very strongly that he believes it is in the best interest of our foreign policy for the very small amounts of aid that are involved to continue in this fiscal year. He affirms his support for that. He has tried to reason with me and with other Senators about the course of activity of the Government of Mozambique as it has moved from a solid position in the Soviet orbit to one in which there is a fair degree of openness to our diplomacy and to our involvement, at least in that part of the world. The Secretary believes that there has been progress. I am inclined to agree with him.

I do not want to state the proposition more strongly than that because I think we have been disappointed on occasions when we thought we had an opening and the door closed. But I think a case can be made, at least marginally, that this is a situation in which the Secretary is willing to take a small and limited risk in full light of the analysis that both the Senator from Idaho and the Senator from Colorado have given of the Marxist orientation of the government, and the possibility we may be sorely disappointed. We once thought we had an opportunity. As it came to pass, it just did not work out. I think it is the best that can be said for the rational and is the one that can be accepted.

Mr. ARMSTRONG. Will the Senator yield for a little further discussion?

Mr. LUGAR. Of course.

Mr. ARMSTRONG. Before I say what is on my mind, let me acknowledge that the chairman is vastly better informed on this matter than I, and I defer to his leadership and his expertise and to his understanding of these matters, and in a general sort of way I make the same observation about the Secretary of State. I think it is a good idea for the Congress to give considerable latitude to the Secretary of State. When Secretary Shultz, or whoever the Secretary is, comes in, it is a good idea for us to give them quite a bit of running room and accommodate their point of view whenever we can.

But I must say that when it comes to authorizing appropriation of money to a Communist regime, I cannot help recall a question that was recently put to me, and the question was this: "If you paid Ronald Reagan enough money, would he become a Communist?"

Now, that is a ridiculous question, isn't it. It is a ludicrous question, and yet that is the underlying premise, it seems to me, which so often is the intellectual foundation for our relationships with Marxist regimes; that somehow if we slip them a little trade, or slip them a little foreign aid, or we do this or do that, they will abandon their basic principles. I think that is an unlikely development. I think it is almost as laughable as the notion that somehow you could pay Ronald Reagan or STEVE SYMMS or DICK LUGAR or any of us to be something different than what we are. I do not necessarily say that is the case in question, but I must admit that it troubles me. I hope that at the right time we will have a chance to learn more about it. I am very grateful to the chairman for indicating that he would like to have a hearing on the Angola question because that is increasingly becoming a source of concern and needed action.

I thank the Senator for yielding.

Mr. SYMMS. Mr. President, I thank the distinguished chairman of the committee for what he has said with respect to hearings. I should like to make just an inquiry to confirm what he said, and then to make a couple of comments. I think the chairman is suggesting to me that we have a hearing on the subject of Angola and the Clark amendment and our policy toward the region as a whole. Then at that point we would have an opportunity to make a rational decision in this body as to whether or not we chose to repeal the Clark amendment.

Mr. LUGAR. The Senator is correct. As the Senator knows, in our discussion prior to this debate, the Senator from Idaho expressed a desire to have a debate, in fact this evening, on repeal of the Clark amendment, and it may be the pleasure of this body—as the Senator knows, it has been before—to want to repeal the Clark amendment. In order for the committee to have an opportunity to consider this and to make available to other Senators the benefit of those deliberations, I have proposed to the Senator that we would have a hearing promptly on Angola, specifically on the advisability of repealing the Clark amendment and that the deliberations be made public so that judgment could be made by the Senator from Idaho and others.

Mr. SYMMS. I express my appreciation, Mr. President, to the distinguished chairman of this committee. I have utmost confidence that if we

have a hearing, the State authorization bill then would be an appropriate vehicle to readdress this subject. Clark repeal might even be more appropriate legislatively on State authorization than on this foreign aid bill because we never know, when it goes to the other body, how it will fare.

So with that in mind, it will be my intention in just a moment, before I yield the floor, to withdraw the amendment. But I want to reiterate to my colleagues for whatever it is worth—the only way we are going to achieve peace in Angola is to help the UNITA forces achieve a clear-cut military victory. I say that because without it, if we allow the MPLA to keep the cancer of 15,000 Cuban troops or 10,000 Cuban troops, or whatever, in some kind of an agreement, ultimately we will be back facing the same problem that we have seen in so many other places in the world.

I think the chairman has made a very good offer. It makes a lot of sense. To Senators who were not here in 1981, who were not in the Congress back in the middle seventies when this was debated, when many of us had the opportunity to become familiar with the issue, it probably does make a lot of sense to discuss this at length, in the authorizing committee. In fact, to those interested Senators who have talked to me on the floor today and throughout the day since I mentioned I was considering offering this amendment, I say we would probably have a better opportunity to repeal the Clark amendment at an early date if it were part of the State authorization act than if it is part of this foreign aid authorization.

So, Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The Senator has that right.

The amendment is withdrawn.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I advise Senators that there will be no more rollcall votes this evening. The rollcall that was to have developed I think now would be on the Kerry amendment, which will be laid down following. I guess, a couple of amendments, which will be accepted.

Mr. LUGAR. Yes.

Mr. DOLE. In any event, that will be the pending business tomorrow morning. So I notify all Senators there will be no more rollcall votes tonight. We will be in at 8:30 in the morning. We hope to take up the conference report on H.R. 1869, the repeal of the auto recordkeeping requirement. I would hope to dispose of that in less than 30 minutes with a voice vote. Following that, we will be back on S. 960, and I hope that will be not later than 10 a.m., maybe even earlier.

Then, as I understand it, the pending business will be the Kerry amendment to S. 960, the foreign assistance authorization bill, and that will require a rollcall, which could come as early as 10:30 a.m. I know the longer any bill continues the more staff prepare additional amendments. I have seen a couple in operation in the last few minutes.

But I hope that we could complete action on this bill by at least 2 o'clock tomorrow afternoon. Then we could turn to a couple other bills in the event the DOD bill is not available. I repeat again, the recess can start early next week if we complete action on those two major items.

Mr. PELL. Will the majority leader yield for a question? When then will be the first rollcall vote tomorrow?

Mr. DOLE. If there is a rollcall demanded on the auto recordkeeping conference report—and I hope that is not the case—it could come as early as 10 o'clock.

Mr. PELL. If it was the case, it might be rolled over a little bit.

Mr. DOLE. We might be able to do that, but I hate to trespass upon the time of the managers of this important bill.

AMENDMENT NO. 111

(Purpose: To express the sense of the Senate that the State Department should not interfere with the Government of the Philippines purchase of American wheat.)

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. Mr. President, a rather serious situation has come to light in the last few days concerning the sale of American wheat to the Philippines. While the Philippines need the wheat and are determined to purchase it from the United States, if possible, there have been conditions set down, or suggestions made by the State Department that interfere with the sale. The Government of the Philippines has purchased American wheat for a number of years, and they have purchased only from this country, for at least 7 years, the wheat they use. No other country has been able to sell wheat to the Philippines for that length of time or longer. They simply buy American wheat.

It also should be noted that the Philippines does not produce wheat and that, while not a large amount of wheat in terms of what we have to sell, it has been a growing market and one which we have some interest in further developing, as the Filipino people become used to wheat and want to see it in their daily diet.

The Government of the Philippines agreed to two suggestions made by the State Department during the past several months concerning wheat, and that is that the wheat would be milled and then the flour distributed under private enterprise.

Heretofore, for a number of years, the Government of the Philippines has controlled the milling of the wheat and also has controlled the distribution of the flour within the Philippines. The State Department, in their suggestion, wanted this opened up to free enterprise, and the Government of the Philippines agreed to that. But the Government of the Philippines could not acquiesce to the third suggestion of the State Department, that the Government of the Philippines not act as a purchasing entity of American wheat. That is not a strange position, since I know of no country that purchases American wheat and does not purchase it through a government entity.

So, while this is preventing wheat sales to the Philippines, we find that our wheat farmers are continually facing a declining wheat market.

We wonder sometimes, while we have all this abundance of agricultural commodities in the United States, why we cannot dispose of more of these commodities through the various programs we have; and here we have one that has been blocked by the State Department.

I find that to be a very sad situation, both from the standpoint of the United States and from the standpoint of the Philippines.

From the standpoint of the United States, our balance of trade is at a disastrous level. American wheat producers also find themselves in a disaster, due to the low price of the commodity they produce, and therefore do not have enough net income to pay all their bills. That is from our side; that is from the side of the United States in this matter.

In the Philippines, while they have agreed to two suggestions of the State Department as to how the wheat is handled after it gets to the Philippines, they find themselves in the very peculiar spot of being pressured by the State Department not to use the government as a purchasing entity. That is very peculiar. I repeat that I know of no other country that purchases American wheat and does not purchase that wheat through a government entity.

Meanwhile, flour is scant in the Philippines right now, and first-hand reports by some people who live there state that no flour is available in their area.

So, from the standpoint of the Filipino people, I think this State Department request should be modified or withdrawn or altered so that we do not prevent this sale of American wheat.

Mr. President, I hope we can express a sense of the Senate resolution that this matter be resolved, and I send to the desk an amendment for that purpose.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes an amendment numbered 111:

At the end of the bill add:

Since the Government of the Philippines has purchased American wheat for a number of years, and;

Since the Government of the Philippines has purchased wheat from no other country for at least 7 years, and;

Since the Government of the Philippines has agreed to the State Department's suggestion to both mill the wheat and distribute the flour under private enterprise, and;

Since the Government of the Philippines has stated that they cannot acquiesce to the suggestion of the State Department that the Government of the Philippines not act as the purchasing entity of American wheat, and;

Since most if not all American wheat sales are to government entities of the country purchasing the wheat;

Therefore, it is the sense of the Senate that the State Department should not prevent U.S. wheat sales to the government of the Philippines.

Mr. MELCHER. Mr. President, this amendment is a sense of the Senate resolution. I think the interference at this time, preventing this wheat sale, is an unfortunate circumstance. I believe we should present some guidance to the State Department in this matter.

Mr. LUGAR. Mr. President, will the Senator yield for a question?

Mr. MELCHER. I yield.

Mr. LUGAR. In the conclusion of the amendment, as I read the language, it states:

Therefore, it is the sense of the Senate that the State Department should not prevent U.S. wheat sales to the Government of the Philippines.

Is it the Senator's understanding that the State Department is currently attempting to prevent the sale of wheat?

Mr. MELCHER. Yes; I am sad to say that is true.

The State Department has successfully obtained agreement on the first two points and is pressuring the Government of the Philippines to agree to the third point—that is, that the sale from the United States not be to a government entity, that it be to private enterprise.

While those of us who admire private enterprise can feel that this is not too bad a deal, the fact is that I know of no government that does not purchase American wheat through a government entity. So I do not think we should reshape the Philippines into something that is not the case in all the other countries to which we sell.

Mr. LUGAR. 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. LUGAR. 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. LUGAR. Mr. President, the Senator from Montana has expressed in his resolution the thought that the Government of the United States, through our State Department, has worked with the Government of the Philippines to agree to arrangements by which the milling of wheat and the distribution of flour in the Philippines should be under private enterprise as opposed to the Government of the Philippines.

The understanding that I have of the amendment of the Senator from Montana, and I ask him to correct me if my understanding is in error, is that with regard to the sales of wheat the option be left open so that sales could be made to the Government of the Philippines.

The Senator from Montana, as I listened to the debate, has now affirmed that all sales would go to the Government of the Philippines, but he has offered language that the State Department should not prevent U.S. wheat sales to the Government of the Philippines. This is left as an option for the government-to-government sales, if this should appear to be in the best interests to both countries.

Is that interpretation a reasonable interpretation—I query the Senator from Montana—of his amendment?

Mr. MELCHER. Mr. President, if the Senator will yield to me, the Senator is absolutely correct.

Mr. LUGAR. Mr. President, on our side we are prepared to accept this sense of the Senate amendment and will be prepared to go forward.

Mr. PELL. Mr. President, I concur in this thought and suggest we move ahead and vote to approve.

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

The amendment (No. 111) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 112

Mr. KERRY. Mr. President, I send the following amendment to the desk and ask that it be considered according to the order of the majority leader as the first matter of business tomorrow after morning business.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Massachusetts [Mr. KERRY], for himself, Mr. MURKOWSKI, and Mr. DODD proposes an amendment numbered 112.

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

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

The amendment is as follows:

At the end of the bill, insert:

It is the Sense of the Senate that Congress should encourage the revitalization of democracy in the Philippines. To that end, the Congress affirms its intention to grant future aid to the Philippines according to the determination of the Congress that United States security interests are enhanced and sufficient progress is made by the regime of Ferdinand Marcos to:

(1) guarantee free, fair and honest elections in 1986 and 1987, or sooner should any such elections occur;

(2) ensure the full, fair and open prosecution of the murder of Benigno Aquino, including those involved in the cover-up;

(3) ensure freedom of speech and freedom of the press, and unrestricted access to the media on the part of all candidates for public office in the municipal elections of 1986 and the Presidential election of 1987;

(4) establish the writ of habeas corpus and the termination of the Presidential Detention Action and all other forms of detention without charge or trial;

(5) release all individuals detained or imprisoned for peaceful political activities; and

(6) make substantial progress in terminating extrajudicial killings by the Philippine military and security forces and the prosecution of those responsible for such killings in the past.

It is further the Sense of the Senate that Congress finds and declares that the primary purpose of United States assistance to the Philippines should be to maintain and foster friendly relations between the people of the Philippines and the people of the United States, and to encourage the restoration of internal security—both goals of which can be best served by the achievement of an open and stable democracy.

Mr. KERRY. I thank you, Mr. President, and I yield.

Mr. LUGAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUGAR. My understanding is that the amendment offered by the distinguished Senator from Massachusetts will be considered following consideration of the conference report on the automobile accounting question, is that correct?

The PRESIDING OFFICER. That will be the regular order of business, the Senator is correct.

Mr. LUGAR. My understanding is that the debate on the auto accounting procedure may or may not result in a rollcall vote. The majority leader has the word of the Senate that if a rollcall vote is required it can come as early as 10 a.m. in the morning and that following that vote or delay of that vote, as the case may be, we will proceed to the amendment laid before the Senate this evening by the distinguished Senator from Massachusetts, which we understand will call for a rollcall vote and that vote should be

anticipated some time around 10:30 a.m. or thereabouts tomorrow morning.

Mr. KERRY. Thank you, Mr. President, and I thank the distinguished chairman for clarification of that status.

SECURITY ASSISTANCE TO THE EUROPEAN REGION

Mr. LUGAR. Mr. President, a summary, entitled "Security Assistance to the European Region," has been prepared by Senator LARRY PRESSLER, chairman of the European Subcommittee, for the information of Members. I ask unanimous consent that Senator PRESSLER's summary be printed at this point in the RECORD.

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

SECURITY ASSISTANCE TO THE EUROPEAN REGION
OVERVIEW

In reporting out the Fiscal Year 1986 Foreign Assistance Bill, the Senate Foreign Relations Committee has proposed for the four NATO allies in the southern tier—Portugal, Spain, Greece, and Turkey—a total assistance package of some \$1.75 billion, mostly in FMS credits (\$1.465 billion) and \$242 million in Economic Support Funds. Nearly 70% of the proposed regional funds will go to Turkey and Greece. Apart from ESF, no other economic assistance is proposed for the region.

The United States has vital bases and military facilities in each country, and security assistance plays a central role in insuring that we retain these bases. Each recipient country has requested assistance for and has embarked on military modernization programs to help redress the military imbalance in the area.

TURKEY, GREECE, AND CYPRUS

The Committee accepted an amendment by Senator Pressler limiting grant MAP assistance to Turkey in fiscal year 1986 to \$215 million, with the understanding that the U.S. Government is acting with urgency and determination to oppose the permanent bifurcation of Cyprus. The Pressler amendment also limited total FMS credits for Turkey in fiscal year 1986 to \$500 million.

The Committee also accepted Senator Sarbanes' modification of the original Pressler amendment by recommending a \$500 million FMS earmark for Greece and adding a provision that the concessional rate FMS credits extended to Greece shall be at the same interest rate and in the same proportion of the FMS credits extended to Turkey.

In taking the above actions, the Committee accepted the Administration's request of \$500 million in military assistance to Greece but rejected the Administration's request of \$785 million in military assistance to Turkey, agreeing instead on the \$715 million figure. The Committee noted that the resulting 7:10 ratio in military assistance to Greece and Turkey and the equal proportion of concessional rates for Turkey and Greece were reflective of the traditional intent of Congress to provide a degree of balance in military assistance to the two countries and to demonstrate concerns over expanded Turkish-U.S. military cooperation in the absence of progress toward achieving a settlement of the Cyprus conflict.

The Committee also adopted an amendment by Senator Pell to increase the Eco-

nomnic Support Fund for Cyprus from the \$3 million requested by the Administration for fiscal year 1986 to \$15 million, an amount equal to that authorized by the Committee for fiscal year 1985. These funds are intended to be used for educational scholarships and refugee resettlement on Cyprus.

PORTUGAL

The Committee approved the Administration's requests for Portugal totaling some \$218 million, \$70 million of which is grant MAP, \$65 million in FMS credits (\$35 million in concessional and \$30 million in market rate credits) and another \$80 million in ESF. The Committee adopted an amendment offered by Senator Pell earmarking the \$80 million in ESF for Portugal. These funds will assist Portugal in its military modernization program (including completion of a second squadron of A-7Ps, procurement of P-3 aircraft, etc.), provide a signal of support for its democratic government and help meet the goals committed by the United States in the 1983 bases agreement. Portugal, along with Greece and Turkey, is on the list of countries which receive extended terms for repayment of the FMS market rate loans.

SPAIN

The Committee supported the Administration's request for Spain totaling some \$415 million, of which \$400 million would be in FMS market rate credits and \$12 million in Economic Support Funds (\$3 million in IMET). These funds will help support the purchase of 72 F-18s agreed to earlier and generally bring the Spanish Armed Forces closer to NATO standards through additional acquisitions of helicopters, frigate construction, etc. These funds will also help insure U.S. access to military facilities in Spain and promote the goal of military modernization integral to a strong NATO.

SUMMARY OF AID LEVELS TO THE EUROPEAN REGION

The aid levels recommended by the Committee for the countries of the European region are summarized below:

RECOMMENDED AID LEVELS

(In millions of dollars)

	Fiscal year—		
	1985 actual	1986 administration request	1986 SFRC recommendation
Turkey:			
MAP	175	150	150
FMS concessional	215	230	215
FMS market rate	250	345	500
ESF	235	210	
Greece:			
FMS concessional	258	0	500
FMS market rate	242	500	
Cyprus: ESF	15	3	15
Portugal:			
MAP	80	80	80
FMS concessional	70	70	70
FMS market rate	0	35	35
ESF	55	30	30
Spain:			
ESF	12	12	12
FMS market rate	400	400	400

ROUTINE MORNING BUSINESS

Mr. LUGAR. 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 8:15 p.m.

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

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE RECESS

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on May 13, 1985, during the recess of the Senate, received messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received on May 13, 1985, are printed in today's RECORD at the end of the Senate proceedings.)

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

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

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

ANNUAL REPORT OF THE COMMODITY CREDIT CORPORATION—MESSAGE FROM THE PRESIDENT—PM 44

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Agriculture, Nutrition, and Forestry:

To the Congress of the United States:

Pursuant to the provisions of Section 13, Public Law 806, 80th Congress, I hereby transmit the report of the Commodity Credit Corporation for the fiscal year ended September 30, 1984.

RONALD REAGAN.

THE WHITE HOUSE, May 13, 1985.

ANNUAL REPORT ON THE STATE OF SMALL BUSINESS—MESSAGE FROM THE PRESIDENT—PM 45

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Small Business:

To the Congress of the United States:

I am pleased to submit to the Congress my fourth annual report on the state of small business.

Nineteen eighty-four was a year of continued strong economic growth for the U.S. economy, and for small business. This success was achieved through the efforts of thousands of men and women who own, operate, and work in this Nation's small businesses. New businesses, new industries, and new jobs have been produced by millions of entrepreneurs free to test new ideas in open markets. This growing and dynamic small business role must be continued if we are to maintain our national strength in the world economy.

Actions that promote a vigorous small business sector have been and will continue to be at the heart of this Administration's economic plans. Low inflation, reduced and more equitable taxes, fewer regulatory burdens, and a sound monetary policy are the underpinnings of our current growth and will continue to be my primary tools for promoting small business success.

We have concluded that the lending programs of the Small Business Administration are unnecessary for the thriving small business sector. This decision will not diminish the voice of small business within the Executive branch. We will establish a new, independent organization within the Department of Commerce—the Administration for Enterprise Development and Opportunity (AEDO). AEDO will insure that small business interests are represented in the development of government policies and programs. It will also assume many of the nonlending functions of the Small Business Administration, including advocacy, procurement assistance, various small business and minority set-aside programs, and technical assistance and aid to minority firms.

In my three prior messages to the Congress, I have outlined specific small business policies and goals for this Administration and the Congress. These reports document the success of these policies measured by the extraordinary contribution that small firms made to our economy through a difficult recession and on a very strong recovery. In 1984, we made important progress toward these goals, building on the tax and regulatory reforms of our first three years.

In 1985, the opportunity for small business growth will continue, especially if we in the government reaffirm our intentions to let small business grow without distraction or interference by the government. Our stable economy will depend on more disciplined spending by the Federal government and the rejection of any calls for new taxes.

Congressional action on tax reform, however, is very much in order. Our efforts to lower the tax burden on small businesses are not complete as long as the tax code is so cumbersome and complicated. Businesses must be

allowed to develop based on opportunities in the marketplace, not on their ability to weave around the various tax technicalities that have developed over the years. Our goal is a simplified tax system with the lowest possible burden for the individual and small business. Our goal in this reform is not to balance the concerns of various special interests, but to achieve a fairer and simpler tax system for all taxpayers, including our 14 million small businesses.

Our small business agenda for 1985 is broad. In addition to spending and tax reform, many other Federal policies affect the climate for small business growth. I urge Congress to act on my proposal for urban enterprise zones, which would provide tax incentives for job creation in distressed areas. Uniform laws governing liability for product defects are important to untangling the current maze of conflicting State rules. Control of health care costs is important to us all, and especially important to small business owners who employ half the Nation's work force.

Of course, many other actions by Federal officials affect small firms. I will continue to direct efforts by all departments and agencies to insure that the spirit of entrepreneurs and small business growth will continue, unhindered by the government.

RONALD REAGAN.

THE WHITE HOUSE, May 13, 1985.

MESSAGES FROM THE HOUSE

At 2:21 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 105. An act to provide for the inclusion of the Washington Square area within Independence National Park, and for other purposes;

H.R. 439. An act to amend title 28, United States Code, to provide for the selection of the court of appeals to decide multiple appeals filed with respect to the same agency order;

H.R. 873. An act to amend title 5, United States Code, to provide that employee organizations which are not eligible to participate in the Federal employees health benefits program solely because of the requirement that applications for approval be filed before January 1, 1980, may apply to become so eligible, and for other purposes;

H.R. 897. An act to recognize the Army and Navy Union of the United States of America;

H.R. 934. An act to provide certain authority to reduce erosion within the Cuyahoga Valley National Recreation Area, and for other purposes;

H.R. 1042. An act to grant a Federal charter to the Pearl Harbor Survivors Association;

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865; and

H.R. 2068. An act to authorize appropriations for fiscal years 1986 and 1987 for the

Department of State, the United States Information Agency, the Board for International Broadcasting, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 95. A concurrent resolution commemorating the twentieth anniversary of Head Start; and

H. Con. Res. 132. A concurrent resolution observing the 20th anniversary of the enactment of the Older Americans Act of 1965.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 59. Joint resolution to designate "National Science Week".

The enrolled joint resolution 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. 105. An act to provide for the inclusion of the Washington Square area within Independence National Park, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 439. An act to amend title 28, United States Code, to provide for the selection of the court of appeals to decide multiple appeals filed with respect to the same agency order; to the Committee on the Judiciary.

H.R. 897. An act to recognize the Army and Navy Union of the United States of America; to the Committee on the Judiciary.

H.R. 934. An act to provide certain authority to reduce erosion within the Cuyahoga Valley National Recreation Area, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 1042. An act to grant a Federal charter to the Pearl Harbor Survivors Association; to the Committee on the Judiciary.

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865; to the Committee on the Judiciary.

The following concurrent resolution was read, and referred as indicated:

H. Con. Res. 132. Concurrent resolution observing the 20th anniversary of the enactment of the Older Americans Act of 1965; to the Committee on Labor and Human Resources.

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. 2068. An act to authorize appropriations for fiscal years 1986 and 1987 for the Department of State, the United States Information Agency, the Board for International Broadcasting, and for other purposes.

MEASURES HELD AT THE DESK

The following measures were ordered held at the desk by unanimous consent pending further disposition:

H.R. 873. An act to amend title 5, United States Code, to provide that employee organizations which are not eligible to participate in the Federal employees health benefits program solely because of the requirement that applications for approval be filed before January 1, 1980, may apply to become so eligible, and for other purposes;

H. Con. Res. 95. Concurrent resolution commemorating the twentieth anniversary of Head Start;

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate announced that on today, May 14, 1985, she had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 59. Joint resolution to designate "National Science Week."

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-1110. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals dated May 1, 1985; pursuant to the order of January 30, 1975, referred jointly to the Committee on the Budget, the Committee on Appropriations, the Committee on Environment and Public Works, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, the Committee on Energy and Natural Resources, the Committee on Labor and Human Resources, the Committee on Foreign Relations, the Committee on Armed Services, the Committee on Banking, Housing, and Urban Affairs, the Committee on the Judiciary, the Committee on Finance, and the Committee on Governmental Affairs.

EC-1111. A communication from the Secretary of Defense, transmitting, pursuant to law, a report on United States expenditures in support of NATO; to the Committee on Armed Services.

EC-1112. A communication from the Acting Secretary of the Air Force, transmitting a draft of proposed legislation to authorize the retention in an active status until age 60 of certain Reserve officers employed as military technicians; to the Committee on Armed Services.

EC-1113. A communication from the Federal Inspector, Alaska Natural Gas Transportation System, transmitting, pursuant to law, a quarterly report on the status of the Alaska Natural Gas Transportation System covering January through March 1985; to the Committee on Energy and Natural Resources.

EC-1114. A communication from the Secretary of Energy, transmitting a draft of proposed legislation to encourage the standardization of nuclear powerplants, to improve the nuclear licensing and regulatory

process, to amend the Atomic Energy Act of 1954, and for other purposes; to the Committee on Energy and Natural Resources.

EC-1115. A communication from the Chairman of the Pennsylvania Avenue Development Corporation transmitting, pursuant to law, an annual report for 1984; to the Committee on Energy and Natural Resources.

EC-1116. A communication from the Administrator, Energy Information Administration, Department of Energy transmitting, pursuant to law, a copy of the Annual Energy Review 1984; to the Committee on Energy and Natural Resources.

EC-1117. A communication from the Acting Administrator of General Service, transmitting, pursuant to law, the fiscal year 1986 GSA Public Buildings Service design program (Budget Activity 90) for Repair and Alteration projects; to the Committee on Environment and Public Works.

EC-1118. A communication from the Chairwoman of the United States International Trade Commission, transmitting a draft of proposed legislation to provide authorization of appropriations for the United States International Trade Commission for fiscal year 1987; to the Committee on Finance.

EC-1119. A communication from the 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 sixty day period prior to May 9, 1985; to the Committee on Foreign Relations.

EC-1120. A communication from the Senior Vice-President for Planning, Administration and Human Resources, Federal Home Loan Mortgage Corporation transmitting, pursuant to law, a financial report on the Federal Home Loan Corporation Employees' Pension Trust; to the Committee on Governmental Affairs.

EC-1121. A communication from the District of Columbia Auditor transmitting, pursuant to law, a copy of the annual report of the District of Columbia Auditor; to the Committee on Governmental Affairs.

EC-1122. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report on the Fiscal Year 1983 Low Income Home Energy Assistance Program; to the Committee on Labor and Human Resources.

EC-1123. A communication from the Deputy Administrator of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to make certain improvements in the educational assistance programs for veterans and eligible persons; to repeal the education loan program; and for other purposes; to the Committee on Veterans' Affairs.

EC-1124. A communication from the Acting Administrator of General Services, transmitting a draft of proposed legislation to repeal section 905 of Public Law 98-525, Department of Defense Authorization Act, 1985; to the Committee on Armed Services.

EC-1125. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EC-1126. A communication from the Chairman of the Federal Energy Regulatory Commission, transmitting a draft of proposed legislation to authorize the Federal Energy Regulatory Commission to collect

fees and charges for services, benefits, privileges, and authorizations granted in administering its regulatory programs, and for other purposes; to the Committee on Energy and Natural Resources.

EC-1127. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, proposed regulations for reportable quantity adjustments under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUMPHREY, from the Committee on Environment and Public Works, without amendment:

S. 1023: A bill to extend authorizations for appropriations for the Disaster Relief Act of 1974, and for other purposes (Rept. No. 99-46).

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 475: A bill to amend the Motor Vehicle Information and Cost Savings Act to require certain information to be filed in registering the title of motor vehicles, and for other purposes (Rept. No. 99-47).

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 863: A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1986 and 1987, and for other purposes (Rept. No. 99-48).

By Mr. GOLDWATER, from the Committee on Armed Services, without amendment and with a preamble:

S.J. Res. 108: Joint resolution authorizing the Secretary of Defense to provide to the Soviet Union, on a reimbursable basis, equipment and services necessary for an improved United States/Soviet Direct Communication Link for crisis control (Rept. No. 99-49).

By Mr. DOLE (for Mr. CHAFEE), from the Committee on Environment and Public Works, without amendment:

S. 1128: An original bill to amend the Clean Water Act, and for other purposes (Rept. No. 99-50).

By Mr. LUGAR, from the Committee on Foreign Relations, without amendment:

S. 1132: An original bill to amend the Arms Control and Disarmament Act to authorize supplemental appropriations for the fiscal year 1985 and to authorize appropriations for the fiscal years 1986 and 1987 for the Arms Control and Disarmament Agency, and for other purposes (Rept. No. 99-51).

S. Res. 161: An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1132.

By Mr. HATCH, from the Committee on Labor and Human Resources, without amendment and with a preamble:

S. Con. Res. 28: Concurrent resolution expressing the sense of the Congress that May 18, 1985, should be commemorated as the Twentieth Anniversary of the establishment of the Head Start program and reaffirming Congressional support for the Head Start program.

EXECUTIVE REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Pauline Crowe Naftzger, of California, to be a Member of the National Museum Services Board for a term expiring December 6, 1988;

George S. Rosborough, Jr., of Missouri, to be a Member of the National Museum Services Board for a term expiring December 6, 1988; and

John H. Moore, of California, to be Deputy Director of the National Science Foundation.

(The above nominations were reported from the Committee on Labor and Human Resources 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 times by unanimous consent, and referred as indicated:

By Mr. PACKWOOD:

S. 1124. A bill to amend title 49, United States Code, to reduce regulation of surface freight forwarders, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. D'AMATO:

S. 1125. A bill to amend the Internal Revenue Code of 1954 to provide a credit against tax for employers who provide on site dependent care assistance for dependents of their employees; to the Committee on Finance.

By Mr. GORTON (for himself, Mr. HEFLIN, Mr. EVANS, Mr. RIEGLE, and Mr. MATSUNAGA):

S. 1126. A bill to provide that certain activities performed in space, the use of certain property in space, and certain articles produced in space shall be treated as activities performed, property used, and articles produced within the United States for purposes of any tax laws of the United States; to the Committee on Finance.

By Mr. DIXON (for himself, Mr. SIMON, Mr. LEVIN, Mr. RIEGLE, and Mr. CRANSTON):

S. 1127. A bill to extend the Medicare prospective payment transition period; to the Committee on Finance.

By Mr. DOLE (for Mr. CHAFEE), from the Committee on Environment and Public Works:

S. 1128. An original bill to amend the Clean Water Act, and for other purposes; placed on the calendar.

By Mr. MATHIAS:

S. 1129. A bill to amend the Immigration and Nationality Act to permit the temporary admission to the United States of certain children, survivors, and retirees of staffs of international organizations; to the Committee on the Judiciary.

By Mr. SASSER (for himself, Mr. GRASSLEY, and Mr. GORE):

S. 1130. A bill to amend the Internal Revenue Code of 1954 to promote small businesses; to the Committee on Finance.

By Mr. ABDNOR (for himself and Mr. PRESSLER):

S. 1131. A bill to authorize the Secretary of the Interior to integrate the Hilltop and Gray Goose Units into the Pick-Sloan Missouri Basin Program, South Dakota; to the Committee on Energy and Natural Resources.

By Mr. LUGAR, from the Committee on Foreign Relations:

S. 1132. An original bill to amend the Arms Control and Disarmament Act to authorize supplemental appropriations for the fiscal year 1985 and to authorize appropriations for the fiscal years 1986 and 1987 for the Arms Control and Disarmament Agency, and for other purposes; placed on the calendar.

By Mr. RIEGLE (for himself, Mr. D'AMATO, Mr. SASSER, Mr. GRASSLEY, Mr. HEINZ, Mr. DODD, Mr. THURMOND, Mr. DURENBERGER, Mrs. HAWKINS, Mr. SPECTER, Mr. STENNIS, Mr. SARBANES and Mr. LEVIN):

S. 1133. A bill to amend section 119(d) of the Housing and Community Development Act of 1974; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KERRY:

S.J. Res. 135. Joint resolution to designate May 11, 1986, as "Mother's Peace Day"; 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. LUGAR, from the Committee on Foreign Relations:

S. Res. 161. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1132; to the Committee on the Budget.

By Mr. HART (for himself, Mr. LUGAR, Mr. CHAFEE, Mr. PELL, and Mr. ZORINSKY):

S. Con. Res. 48. A concurrent resolution relating to the death of President-elect Tancredo Neves of Brazil; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PACKWOOD:

S. 1124. A bill to amend title 49, United States Code, to reduce regulation of surface freight forwarders, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SURFACE FREIGHT FORWARDER DEREGULATION ACT

● Mr. PACKWOOD. Mr. President, today I am introducing the "Surface Freight Forwarder Deregulation Act of 1985." This legislation would remove Interstate Commerce Commission (ICC) regulations governing the operation of surface freight forwarders, thereby eliminating economic regulation of the surface freight forwarding industry in the United States.

The freight forwarding industry is an important part of our freight transportation system. A freight forwarder is a common carrier that contracts

with shippers to transport freight. The forwarder then make transportation arrangements with other common carriers. Freight forwarders generally assemble small shipments for consolidation, then dispatch these shipments in full truckloads or rail carloads. By arranging for the transportation of these small shipments as part of larger loads, freight forwarders have been able historically to offer lower rates for small shipments than the rates the individual shippers could have obtained from trucking companies or railroads.

There is healthy competition in the freight forwarding industry as well as vigorous competition between and among freight forwarders and trucking companies, unregulated shipper associations, brokers, and railroads. Because of this degree of competition continued ICC regulation of freight forwarders is not necessary. In fact, many freight forwarders are eager to be deregulated because they believe they are currently at a competitive disadvantage with the trucking and rail industries. In 1980, the Motor Carrier Act and the Staggers Rail Act were enacted. These two pieces of legislation brought significant regulatory reform by providing greater pricing flexibility for carriers and encouraging increased competition in the trucking and rail industries. As a result, trucking companies and railroads now can compete much more effectively with freight forwarders for small shipments traffic than they could in the past.

Mr. President, it is time to remove the needless regulations which hamper the operations of surface freight forwarders. The bill I am introducing today eliminates ICC entry and rate regulation over freight forwarders and removes antitrust immunity for collective ratemaking activities in the freight forwarding industry. The reforms in this bill are intended to strengthen the freight forwarder industry and will lead to more effective competition between freight forwarders and the trucking and rail industries.

Mr. President, I ask unanimous consent that the text of the "Surface Freight Forwarder Deregulation Act of 1985" and a section-by-section analysis of this legislation be printed in the RECORD.

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

S. 1124

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 "Surface Freight Forwarder Deregulation Act of 1985".

PURPOSE

SEC. 2. This Act is part of the continuing effort by Congress to reduce burdensome and unnecessary government regulations and to ensure the competitiveness and effi-

of transportation services of surface freight forwarders in the United States.

FINDINGS

SEC. 3. The Congress finds that—

(1) a safe, sound and competitive surface freight forwarder industry is important to the national transportation system;

(2) the statutes governing Federal regulation of the freight forwarder industry are outdated and must be revised to reflect present and future transportation needs and realities;

(3) protective regulation has resulted in anticompetitive pricing and has restricted the range of price and service options available to shippers;

(4) in order to reduce the uncertainty experienced by the Nation's transportation industries, the Interstate Commerce Commission's remaining responsibilities for the regulation of surface freight forwarders should be eliminated by Act of Congress; and

(5) legislative and resulting changes should be implemented with the least amount of disruption consistent with achieving the reforms enacted.

DEFINITIONS

SEC. 4. Section 10102 of title 49, United States Code, is amended—

(1) in paragraph (2), by inserting “, and a freight forwarder” immediately before the period;

(2) in paragraph (6), by inserting “, and a freight forwarder” immediately before the period; and

(3) in paragraph (9)—

(A) by inserting “and” at the end of subparagraph (A);

(B) in subparagraph (B), by striking “; and” and inserting in lieu thereof a period; and

(C) by striking subparagraph (C).

INTERSTATE COMMERCE COMMISSION ADMINISTRATION

SEC. 5. (a) Section 10328(b)(2) of title 49, United States Code, is amended by striking “or freight forwarder”.

(b) Section 10329 of title 49, United States Code, is amended—

(1) in subsection (a)(2)—

(A) by striking “, or a freight forwarder”;

(B) by inserting “or” immediately after “broker”; and

(C) by striking “II, III, or IV” and inserting in lieu thereof “II or III”;

(2) in subsection (c)(3), by striking “or freight forwarder” wherever it appears; and

(3) in subsection (d), by striking “(1)”, and by striking “or (2) a freight forwarder.”.

JURISDICTION

SEC. 6. (a) Section 10521(a) of title 49, United States Code, is amended by inserting “, except by a freight forwarder,” immediately after “transportation” the second time it appears.

(b) Section 10523 of title 49, United States Code, is amended—

(1) in subsection (a)(1)(B)(i), by inserting “or” immediately after the semicolon;

(2) in subsection (a)(1)(B)(ii), by striking “or” and inserting in lieu thereof “and”;

(3) by striking subsection (a)(1)(B)(iii);

(4) in subsection (a)(1)(C), by striking “or service provided by the freight forwarder”;

(5) in subsection (a)(2), by inserting “and” immediately after “rail carrier,” and by striking “, and under subchapter IV of this chapter when provided by such a freight forwarder”;

(6) in subsection (b)(1)(B)(ii), by inserting “or” immediately after the semicolon;

(7) in subsection (b)(1)(B)(iii), by striking “; or” and inserting in lieu thereof a period;

(8) by striking subsection (b)(1)(B)(iv); and

(9) in subsection (b)(2)—

(A) by striking “or service provided by the freight forwarder for whom the transportation was provided”;

(B) by inserting “and” immediately after “for such a motor carrier.”; and

(C) by striking “, and under subchapter IV of this chapter when provided for such a freight forwarder”.

(c)(1) Section 10561 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 105 of title 49, United States Code, is amended by striking

“10561. General jurisdiction.”

and inserting in lieu thereof

“10561. Repealed.”.

(d)(1) Section 10562 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 105 of title 49, United States Code, is amended by striking

“10562. Exempt freight forwarder service.”

and inserting in lieu thereof

“10562. Repealed.”.

RATES, TARIFFS, AND VALUATIONS

SEC. 7. (a) Section 10701(d) of title 49, United States Code, is amended by striking “II, III, or IV” and inserting in lieu thereof “II or III”.

(b) Section 10704 of title 49, United States Code, is amended—

(1) in subsection (b)(1)(A), by inserting “or” immediately after the semicolon;

(2) in subsection (b)(1)(B), by striking “or”;

(3) by striking subsection (b)(1)(C);

(4) in subsection (b)(3), by striking “or a freight forwarder”; and

(5) in subsection (b)(4), by striking “or a freight forwarder” and “or the inherent nature of freight forwarding, respectively”.

(c) Section 10706 of title 49, United States Code, is amended—

(1) in subsection (a)(2)(A), by striking “(C)(1)(B)-(E)” and inserting in lieu thereof “(d)(1)(B)-(D)”;

(2) by striking subsection (d)(1)(E).

(d) Section 10708 of title 49, United States Code, is amended—

(1) in subsection (d)(1), by striking “or freight forwarder”; and

(2) in subsection (d)(2), by striking “or freight forwarders” wherever it appears.

(e) Section 10722(d)(2) of title 49, United States Code, is amended by striking the second sentence.

(f)(1) Section 10725 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 107 of title 49, United States Code, is amended by striking

“10725. Special freight forwarder rates.”

and inserting in lieu thereof

“10725. Repealed.”.

(g) Section 10730(a) of title 49, United States Code, is amended—

(1) by striking “I, II, or IV” and inserting in lieu thereof “I or II”; and

(2) by striking the last sentence.

(h) Section 10741 of title 49, United States Code, is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (f) as subsections (c) through (e), respectively.

(i) Section 10743(b)(2) of title 49, United States Code, is amended by striking “(including a motor common carrier being used by a freight forwarder)”.

(j)(1)(A) The heading of section 10749 of title 49, United States Code, is amended by striking “and limitation on use of common carriers by freight forwarders”.

(B) The item relating to section 10749 in the section analysis of chapter 107 of title 49, United States Code, is amended by striking “and limitation on use of common carriers by freight forwarders”.

(2) Section 10749 of title 49, United States Code, is amended—

(A) by striking “(a)”;

(B) by striking subsection (b).

(k) Section 10762 of title 49, United States Code, is amended—

(1) in subsection (a) (2)—

(A) by striking “II, III, or IV” wherever it appears and inserting in lieu thereof “II or III” in each such place; and

(B) by striking “or by a freight forwarder”;

(2) in subsection (b)(1), by striking “I, III, or IV” and inserting in lieu thereof “I or III”; and

(3) in subsection (b)(1)(C), by striking “or IV”.

(1) Section 10766 of title 49, United States Code, is amended—

(1) by striking subsection (a);

(2) in subsection (b)—

(A) by striking “(b)”;

(B) by striking “providing service subject to the jurisdiction of the Commission under that subchapter”;

(C) by striking the second sentence; and

(D) by striking the last two sentences; and

(3) by striking subsection (c).

LICENSING

SEC. 8. (a)(1)(A) The heading of section 10923 of title 49, United States Code, is amended by striking “and freight forwarders”.

(B) The item relating to section 10923 in the section analysis of chapter 109 of title 49, United States Code, is amended by striking “and freight forwarders”.

(b) Section 10923 of title 49, United States Code, is amended—

(1) in subsection (a)—

(A) by striking “or to provide service subject to that jurisdiction under subchapter IV of chapter 105 as a freight forwarder,”;

and

(B) in paragraph (2), by striking “or service”;

(2) in subsection (b)(1), by striking “or to provide service as a freight forwarder”;

(3) by striking subsection (b)(7);

(4) in subsection (c)—

(A) in paragraph (1), by inserting “and” immediately after the semicolon;

(B) in paragraph (2), by striking “; and” and inserting in lieu thereof a period; and

(C) by striking paragraph (3);

(6) in subsection (d)(1), by striking “or freight forwarder”; and

(7) in subsection (d)(3)(B), by striking “or freight forwarder”.

(b) Section 10925 of title 49, United States Code, is amended—

(1) in subsection (b)(1), by striking “broker, or freight forwarder,” and inserting in lieu thereof “or broker,”;

(2) in subsection (c)(1), by striking “or freight forwarder”;

(3) in subsection (d)(1), by striking “, a permit of a freight forwarder,”;

(4) in subsection (d)(1)(A)—

(A) by striking “; and” and inserting in lieu thereof a period; and

(B) by striking “(A)”;

(5) by striking subsection (d)(1)(B).

(c) Section 10926 of title 49, United States Code, is amended—

(1) in paragraph (1), by inserting "and" immediately after the semicolon;

(2) in paragraph (2), by striking "; and" and inserting in lieu thereof a period; and

(3) by striking paragraph (3).

(d) Section 10927(c) of title 49, United States Code, is amended—

(1) by striking paragraph (1); and

(2) in paragraph (2)—

(A) by striking "(2)"; and

(B) by striking "providing service under a permit" and "under this subtitle".

(e) Section 10930 of title 49, United States Code, is amended—

(1) by striking "(a)"; and

(2) by striking subsection (b).

(f)(1) Section 10933 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 109 of title 49, United States Code, is amended by striking

"10933. Authorizing abandonment of freight forwarder service."

and inserting in lieu thereof

"10933. Repealed."

OPERATIONS OF CARRIERS

SEC. 9. (a) Section 11101(b) of title 49, United States Code, is amended—

(1) by striking "and freight forwarders";

(2) by striking "subchapters II and IV" and inserting in lieu thereof "subchapter II"; and

(3) by striking "and for" and inserting in lieu thereof "including".

(b)(1) Section 11127 of title 49, United States Code, is repealed.

(2) The section analysis of chapter III of title 49, United States Code, is amended by striking

"11127. Service of freight forwarders."

and inserting in lieu thereof

"11127. Repealed."

(c) Section 11141(1) of title 49, United States Code, is amended by striking

"(except a freight forwarder)".

(d) Section 11142 of title 49, United States Code, is amended by striking "II, III, and IV" and inserting in lieu thereof "subchapters II and III".

FINANCE

SEC. 10. (a) Section 11323 of title 49, United States Code, is repealed.

(b) The section analysis of chapter 113 of title 49, United States Code, is amended by striking

"11323. Limitation on ownership of other carriers by freight forwarders."

and inserting in lieu thereof

"11323. Repealed."

FEDERAL-STATE RELATIONS

SEC. 11. (a) Section 11501 of title 49, United States Code, is amended—

(1) by striking subsection (a);

(2) by redesignating subsections (b) through (f) as subsection (a) through (e), respectively; and

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

"(f) No State or political subdivision thereof and no interstate agency or other political agency of two or more States shall enact or enforce any law, rule, regulation, standard, or other provision having the force and effect of law relating to interstate rates, interstate routes, or interstate services of any freight forwarder."

(b) Section 11502 of title 49, United States Code, is amended—

(1) in subsection (a)(1), by striking "I, III, or IV" and inserting in lieu thereof "I or III"; and

(2) in subsection (b), by striking "or IV".

(c) Section 11505 of title 49, United States Code, is amended—

(1) in subsection (a), by striking "(a)"; and

(2) by striking subsection (b).

ENFORCEMENT: INVESTIGATIONS, RIGHTS, AND REMEDIES

SEC. 12. (a) Section 11702(a) of title 49, United States Code, is amended—

(1) in paragraph (1), by striking "or 10933";

(2) in paragraph (5), by striking "; and" and inserting in lieu thereof a period; and

(3) by striking paragraph (6).

(b)(1) Section 11704 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 117 of title 49, United States Code, is amended by striking

"11704. Action by a private person to enjoin abandonment of service."

and inserting in lieu thereof

"11704. Repealed."

(c) Section 11705(b)(3) of title 49, United States Code, is amended by striking "or IV".

(d) Section 11707(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "I, II, or IV" wherever it appears and inserting in lieu thereof "I or II" in each such place; and

(2) in paragraph (2), by striking "subject to this subtitle".

(e)(1)(A) The heading of section 11708 of title 49, United States Code, is amended by striking "and freight forwarder".

(B) The item relating to section 11708 of title 49, United States Code, is amended by striking "and freight forwarder".

(2) Section 11708(a) of title 49, United States Code, is amended by striking "or service of a freight forwarder".

CIVIL AND CRIMINAL PENALTIES

SEC. 13. (a) Section 11904 of title 49, United States Code, is amended by striking subsection (d).

(b)(1) Section 11908 of title 49, United States Code, is repealed.

(2) The section analysis of chapter 119 of title 49, United States Code, is amended by striking

"11908. Abandonment of service by freight forwarder."

and inserting in lieu thereof

"11908. Repealed."

(c) Section 11908 of title 49, United States Code, is amended by striking subsection (d).

(d) Section 11910(a) of title 49, United States Code, is amended by striking paragraph (4).

(e) Section 11914 of title 49, United States Code, is amended by striking subsection (d).

EFFECTIVE DATE

SEC. 14. This Act shall become effective 60 days after the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS: THE "SURFACE FREIGHT FORWARDER DEREGULATION ACT OF 1985"

SECTION 2.—PURPOSE OF THE ACT

This section states that the purpose of this Act is to reduce unnecessary and burdensome government regulations and to ensure competitiveness and efficacy of the freight forwarder industry in the United States.

SECTION 3.—CONGRESSIONAL FINDINGS

This section states the following Congressional findings:

1. that a safe, sound, and competitive surface freight forwarder industry is important to the national transportation system;

2. that the statutes governing federal regulation of freight forwarders are outdated;

3. that protective regulation has resulted in anticompetitive pricing and has restricted price and service options available to shippers;

4. that the Interstate Commerce Commission's (ICC) remaining responsibilities for the regulation of surface freight forwarders should be legislatively eliminated; and

5. that legislative and resulting changes should be implemented with the least amount of disruption, consistent with achieving the reforms enacted.

SECTION 4.—DEFINITIONS

This section amends the definitions of "common carrier" and "contract carrier" in section 10102 of title 49, U.S. Code, to include freight forwarders.

SECTION 5.—INTERSTATE COMMERCE COMMISSION ADMINISTRATION

Subsection (a) of this section amends section 10328 of title 49, U.S.C., which allows the ICC to provide special notice procedures for operating authority applications. This subsection eliminates reference to freight forwarders since freight forwarders would be removed from ICC jurisdiction under this Act.

Subsection (b) of this section amends section 10329 of title 49, U.S.C., by deleting the requirement for designation of agents by freight forwarders, which will no longer be subject to ICC jurisdiction, as well as requirements for service of notice to those parties regarding Commission proceedings.

SECTION 6.—JURISDICTION

Subsection (a) of this section amends section 10521 of title 49, U.S.C. by removing Interstate Commerce Commission jurisdiction over the procurement of motor carrier transportation by freight forwarders.

Subsection (b) of this section amends section 10523 of title 49, U.S.C., by removing freight forwarders from the exemption from Interstate Commerce Commission jurisdiction over motor vehicle transportation in terminal areas.

Subsections (c) and (d) repeal section 10561, "General Jurisdiction," and section 10562, "Exempt freight forwarder service," respectively, of title 49, U.S.C. This removes all transportation by freight forwarders from ICC jurisdiction.

SECTION 7.—RATES, TARIFFS AND VALUATIONS

Subsection (a) of this section amends section 10701 of title 49, U.S.C., by eliminating freight forwarders from the provisions concerning standards for rates, classifications, through routes, rules and practices.

Subsection (b) of this section amends section 10704 of title 49, U.S.C., by removing Interstate Commerce Commission authority to prescribe rates, classifications, rules, or practices to be followed by freight forwarders.

Subsection (c) amends section 10706 of title 49, U.S.C., by removing freight forwarders from the class of carriers who are entitled to receive antitrust immunity from the Interstate Commerce Commission.

Subsection (d) amends section 10708 of title 49, U.S.C., by removing Interstate Commerce Commission jurisdiction to investigate, suspend, revise or revoke any rate of a freight forwarder on the grounds that such rate is unreasonably high or low. The zone of rate freedom established by the Motor

Carrier Act of 1980 will remain applicable only to motor carriers of property.

Subsection (e) amends section 10722 of title 49, U.S.C., "Special Passenger Rates," by removing freight forwarders from the special property rate provisions of this section.

Subsection (f) repeals section 10725 of title 49, U.S.C., "Special freight forwarder rates."

Subsection (g) amends section 10730 of title 49, U.S.C., by removing the Interstate Commerce Commission's jurisdiction to require or authorize freight forwarders to establish rates for transportation of property under which the liability of the freight forwarder for that property is limited to a value established by written declaration of the shipper or by written agreement. Freight forwarders will be subject to the common law, and the Uniform Commercial Code (Section 7-309(2) and state variants), which allows a freight forwarder to declare a limit to its liability as long as the consignee is afforded an opportunity to declare a higher value.

Subsection (h) amends section 10741 of title 49, U.S.C., by removing the general prohibition of rail, motor carrier, and motor discrimination against freight forwarder services. The effect of this amendment is to allow the general anti-discrimination provisions of the antitrust laws to apply to freight forwarders.

Subsection (i) amends section 10743 of title 49, U.S.C., "Payment of rates," by deleting the reference to freight forwarders.

Subsection (j) amends section 10749 of title 49, U.S.C., by deleting limitations on the exchange of services and use of common carriers by freight forwarders.

Subsection (k) amends section 10762 of title 49, U.S.C., by removing the requirement that freight forwarders publish, file, and keep tariffs open for public inspection.

Subsection (l) amends section 10766 of title 49, U.S.C., "Freight forwarder traffic agreements." This subsection removes the requirement to file contracts between freight forwarders and motor carriers with the Commission, removes requirements that such contracts establish reasonable conditions and compensation, and also removes Commission authority to prescribe such conditions and compensation when it finds them unreasonable.

SECTION 8.—LICENSING

Subsection (a) of this section amends section 10923 of title 49, U.S.C., by striking the language concerning entry requirements for freight forwarders.

Subsection (b) amends section 10925 of title 49, U.S.C., by removing language dealing with the effective periods and the conditions governing the operating authorities of freight forwarders.

Subsection (c) amends section 10926 of title 49, U.S.C., by deleting requirements concerning transfers of certificates for freight forwarders.

Subsection (d) amends section 10927 of title 49, U.S.C., to provide that the ICC may require freight forwarders to file with the ICC a bond, insurance policy, or other type of security to cover loss of or damage to property.

Subsection (e) amends section 10930 of title 49, U.S.C., by deleting the specified limits on who may simultaneously hold certificates and permits to provide freight forwarder transportation and rail, motor carrier, or water transportation.

Subsection (f) repeals section 10933 of title 49, U.S.C., "Authorizing abandonment of freight forwarder service."

SECTION 9.—OPERATIONS OF CARRIERS

Subsection (a) of this section amends section 11101 of title 49, U.S.C., by removing the authority of the ICC to prescribe requirements for continuous and adequate transportation service by freight forwarders.

Subsection (b) repeals section 11127 of title 49, U.S.C., "Service of freight forwarders." This deals with authority of the Interstate Commerce Commission to suspend service requirements for freight forwarders during emergencies, and to establish terms of compensation for freight forwarder service during such periods.

Subsection (c) amends section 11141 of title 49, U.S.C., by making a conforming change to the definition of "carrier."

Subsection (d) amends section 11142 of title 49, U.S.C., by removing Interstate Commerce Commission power to prescribe uniform accounting systems for freight forwarders.

SECTION 10.—FINANCE

This section repeals section 11323 of title 49, U.S.C., "Limitation on ownership of other carriers by freight forwarders", thereby removing the prohibition against freight forwarders owning or controlling motor carriers or rail carriers and/or vice versa.

SECTION 11.—FEDERAL-STATE RELATIONS

Subsection (a) of this section amends section 11501 of title 49, U.S.C., by removing the power of the ICC to prescribe rates, rules, classifications and practices of freight forwarders involved in both intrastate and interstate commerce, when it finds that state regulation is causing either unreasonable discrimination or is imposing an unreasonable burden on interstate commerce. This subsection also adds a new subsection (f) which prevents state and other political agencies from enacting or enforcing any regulations concerning interstate rates, routes or services that were subject to ICC jurisdiction prior to enactment of this Act. This subsection is intended to prevent states and other local governments from exercising regulatory authority over areas of interstate commerce that are being vacated by the Interstate Commerce Commission under this legislation.

Subsection (b) of this section amends section 11502 of title 49, U.S.C., by removing Interstate Commerce Commission power to confer and hold joint hearings with state authorities concerning freight forwarder matters.

Subsection (c) amends section 11505 of title 49, U.S.C., by removing the power of a state regulatory authority to bring civil action to enjoin the abandonment of service by a freight forwarder.

SECTION 12.—ENFORCEMENT: INVESTIGATIONS, RIGHTS, AND REMEDIES

Subsection (a) amends section 11702 of title 49, U.S.C., by eliminating ICC's power to enforce regulations against freight forwarders.

Subsection (b) repeals section 11704 of title 49, U.S.C., "Action by a private person to enjoin abandonment of service." This pertains to freight forwarders, controlled by or under common control with common carriers by rail, motor or water.

Subsection (c) amends section 11705 of title 49, U.S.C., by rescinding the rights of private parties to relief and damages sustained by them as a result of an act or omission of freight forwarders in violation of the Interstate Commerce Act. This will not reduce rights of private parties to sue carriers under state contract or tort law.

Subsection (d) amends section 11707 of title 49, U.S.C., which provides the legal standards of liability of common carriers under receipts and bills of lading.

Subsection (e) amends section 11708 of title 49, U.S.C., by deleting the reference to freight forwarders in private enforcement actions.

SECTION 13.—CIVIL AND CRIMINAL PENALTIES

Subsection (a) of this section amends section 11904 of title 49, U.S.C., by removing provisions for penalties against freight forwarders for rate and discrimination violations of the Interstate Commerce Act.

Subsection (b) repeals section 11908 of title 49, U.S.C., "Abandonment of Service by Freight Forwarder." This section provides penalties against freight forwarders controlled by or under common control with common carriers who abandon service in violation of Interstate Commerce Commission public interest findings.

Subsection (c) amends section 11909 of title 49, U.S.C., by removing freight forwarders from the provisions of this section which provide penalties for failure to make reports required by the Interstate Commerce Commission.

Subsection (d) amends section 11910 of title 49, U.S.C., by removing freight forwarders from the provisions of this section which provide penalties for unlawful disclosure of information.

Subsection (e) amends section 11914 of title 49, U.S.C., by removing freight forwarders from the general criminal penalties section of the Interstate Commerce Act.

SECTION 14.—EFFECTIVE DATE

This section provides that this Act shall take effect 60 days after enactment.●

By Mr. D'AMATO:

S. 1125. A bill to amend the Internal Revenue Code of 1954 to provide a credit against tax for employers who provide on-site dependent care assistance for dependents of their employees; to the Committee on Finance.

ON-SITE DAY CARE PRIVATIZATION ACT

● Mr. D'AMATO. Mr. President, I rise today to introduce the On-Site Child Care Privatization Act to remedy a problem confronted by millions of young families who must both raise a family and earn sufficient income to support their life styles. The question these couples face is how can both spouses in a family have fulfilling careers and be responsible parents? This problem is becoming even more severe as increasing numbers of women with children join the work force.

The number of women entering the work force has grown by mammoth proportions. The percentage of women in this country who work grew from 24 percent in 1970 to 44 percent in 1984. The percentage of women in the labor force with children under the age of six has risen from 37 percent in 1970 to 57 percent in 1984. This is no longer an indication of the sometimes employed mother, or partial employment of mothers, but the stark reality that 71 percent of all working mothers work 35 hours a week or more.

The benefits of full employment are known to many of us, and espoused

generally by all, but the responsibilities of providing private sector assistance for the needs of such an economy are all too often neglected. The advent of both parents being employed, or the single parent being employed, has meant that we have become a society with a burgeoning need for child day care.

Despite this need, the Treasury Department estimates that there are only 400 employer on-site day care centers in the United States. However, approximately 300 of these are hospitals, which are generally publicly owned institutions, and nonprofit organizations—leaving only about 120 day care centers provided by private industry. Private industry has only in rare circumstances become involved in establishing on-site day care facilities.

We have seen only scant attention given to the issue of private employer on-site day care. There is only one federally appropriated program that fully supports on-site day care services—Social Services Block Grants. After years of growth in social services and welfare expenditures, there was a slowing of the growth rate in 1981. Social Services Block Grants was not exempt from budget cuts. The Women's Bureau of the U.S. Department of Labor stated:

Subsidies for full-day care for children from low income families is provided through Title XX of the Social Security Act, which was implemented in 1975. Partial and full subsidies were provided for 799,000 children under 13 years of age in 1977 with subsidies totaling \$800 million (8). The total spent for child care in 1980 was \$650 million, and budget cuts since then have eliminated child care services for approximately 150,000 children (9).

This may be further compounded by changes in the Dependent Child Care Tax Credit, the largest Federal program assisting with day care expenses. The Treasury Department's tax reform proposals would alter this tax provision by changing it from a tax credit to a tax deduction, thus making it less useful to the working poor and members of the middle class. The Treasury Department has estimated that this credit would save Americans \$2.150 billion in 1986. If this credit is made a deduction, it may cost taxpayers up to \$750 million in Federal support of child day care services.

Furthermore, the Treasury plan would eliminate the tax-exempt status of employer provided child day care fringe benefits to employees. Treasury has estimated that this employer benefit would assist parents raising children to the tune of \$110 million in 1986. If the Treasury plan were enacted, this \$110 million Federal support benefit would be lost.

In addition, the Treasury proposal would eliminate flexible spending plans more commonly called cafeteria plans or ZEBRA's. These plans allow employees to make tax deductible

contributions to a plan to pay for, among other things, child care. Payments from the plan are tax free and do not count as income to the employee. These plans would provide child care benefits to individuals of \$240 million in 1986, according to the Treasury Department. This benefit would disappear under the Treasury tax reform plan.

The Treasury tax plan coupled with the administration's fiscal year 1986 budget proposal would cut child day care benefits by \$1.210 billion. Where will young families be able to get help in raising a child and working? The middle class currently cannot afford day care services. Where will they turn?

In an effort to confront this insidious dilemma for working parents trying to provide a decent life for their children, I am introducing the On-Site Child Care Privatization Act. This legislation would extend a 15-percent tax credit to businesses for all startup and on-going costs associated with employer operated on-site day care facilities during the facility's first year of operation. In the second year of operation, the employer would receive a 10-percent tax credit for all costs associated with salary expenses of workers at the day care facility. This act would take effect on January 1, 1987, and sunset December 31, 1989. My bill would encourage employers to build day care facilities on-site. In this way, a parent can be near their child and yet still be able to work.

I feel strongly that the private sector can effectively provide day care services that will pay for themselves over time as studies indicate. Preliminary studies have shown that on-site day care centers have had a positive effect on employee attitudes, absenteeism, and productivity. The National Employer Supported Child Care Project found that, when on-site facilities were provided, there was a positive impact on several employee issues. There were reductions in turnover of 65 percent and absenteeism was reduced by 53 percent with increased results in recruitment of 85 percent and morale of 90 percent. There have been some even more astonishing preliminary results. Dr. Deanne Tate of the University of Texas estimated that, for every \$1 spent on an on-site facility, there was a potential profit increase of \$3 to \$6 due to increased productivity resulting from lower rates of turnover and absenteeism. These findings indicate that all stand to benefit from the on-site facilities: Happier employees, closer family ties, fewer employment interruptions, and a generally healthier economy. It is time that we approach the working family with practical solutions.

Private employers have hesitated to build on-site facilities despite these impressive findings. Start-up costs scare

many companies. Also, employers suffer from a lack of understanding or sympathy confronting the problems of young parents, and a lack of information on the subject of on-site day care facilities.

My bill is intended to give companies a reason to explore on-site day care facilities. My legislation would partially offset the startup costs of an on-site day care facility. Once the facility has been established, the next largest expense is the salaries of the day care workers. This bill will partially offset this expense for the first 2 years.

I am convinced that, if done properly, employer on-site day care facilities can pay for themselves. Once the private sector realizes that on-site day care makes sense and promotes worker satisfaction and productivity, these facilities will become commonplace, but the process must start. My bill will give private industry a reason to investigate day care facilities. I have decided to sunset the legislation after 3 years because I believe the private sector can provide on-site day care on a cost-effective basis. My bill is intended to heighten awareness of the problem.

I do not feel a multimillion or even billion dollar program to build day care facilities is the answer to the needs of millions of parents with young children. Rather, the private sector can take the initiative. However, a purely laissez-faire attitude to the problem would be tantamount to just turning our backs on this issue. My bill will encourage private sector development of employer provided on-site day care facilities.

Mr. President, I ask unanimous consent that this legislation be printed in the RECORD.

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

S. 1125

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 "On-Site Day Care Privatization Act".

SEC. 2. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CERTAIN ON-SITE DEPENDENT CARE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to business related credits) is amended by adding at the end thereof the following new section:

"SEC. 42. CERTAIN EMPLOYER ON-SITE DEPENDENT CARE EXPENSES.

"(a) GENERAL RULE.—The amount of the credit determined under this section for any taxable year shall be equal to the sum of—

"(1) 15 percent of the taxpayer's qualified first-year dependent care expenses for such taxable year, and

"(2) 10 percent of the taxpayer's qualified second-year dependent care expenses for such taxable year.

"(b) QUALIFIED FIRST AND SECOND YEAR DEPENDENT CARE EXPENSES DEFINED.—For purposes of this section—

"(1) QUALIFIED FIRST-YEAR DEPENDENT CARE EXPENSES.—The term 'qualified first-year dependent care expenses' means, with respect to any dependent care facility, the qualified dependent care expenses paid or incurred by an employer during the 1-year period beginning with the date on which such facility is first placed in service.

"(2) QUALIFIED SECOND-YEAR DEPENDENT CARE EXPENSES.—The term 'qualified second-year dependent care expenses' means, with respect to any dependent care facility, the amount paid or incurred by an employer—

"(A) for wages for individuals performing dependent care services at such facility, and

"(B) during the 1-year period following the period referred to in paragraph (1).

"(c) QUALIFIED DEPENDENT CARE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified dependent care expenses' means any amount paid or incurred by an employer to provide dependent care assistance to dependents of employees of the employer—

"(A) at a facility located on, or adjacent to, the premises where such employees are employed, and

"(B) under a program which meets the requirements of—

"(i) any Federal, State or local law relating to such a facility, and

"(ii) paragraphs (2) and (3) of section 129(d) (relating to discrimination and eligibility requirements for dependent care assistance programs).

"(2) DEPENDENT CARE ASSISTANCE.—The term 'dependent care assistance' has the meaning given such term by section 129(c)(1).

"(3) PAYMENTS TO RELATED INDIVIDUALS.—No amount paid or incurred during the taxable year of the employer shall be treated as a qualified dependent care expense if such amount is paid or incurred to an individual—

"(A) with respect to whom a deduction is allowable under section 151(e) (relating to personal exemptions for dependents) to any employee of such employer for the taxable year of such employee ending with such taxable year, or

"(B) who is a child (within the meaning of section 151(e)(3)) of any employee and who is under the age of 19 at the close of the taxable year of the employee ending within such taxable year of the employer.

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

"(1) IN GENERAL.—The term 'wages' has the meaning given such term by subsection (b) of section 3326 (determined without regard to any dollar limitation contained in such section).

"(2) SPECIAL RULE FOR CONTRACTUAL ARRANGEMENTS.—If an employer contracts with another person to provide dependent care assistance at any dependent care facility, the term 'wages' shall include that portion of any amount paid or incurred by the employer with respect to such contract which is properly allocable to wages paid or incurred by such person to provide such assistance.

"(e) TERMINATION.—This section shall apply to taxable years beginning after December 31, 1986, and before January 1, 1990."

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1954 (defining current year business year credit) is amended—

(B) by striking out "plus" at the end of paragraph (3),

(3) by striking out the period at the end of paragraph (4) and inserting in lieu thereof, "plus", and

(C) by adding at the end thereof the following new paragraph:

"(5) the dependent care assistance credit determined under section 42(a)."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following item:

"SEC. 42. CERTAIN EMPLOYER ON-SITE DEPENDENT CARE EXPENSES."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1985.●

By Mr. GORTON (for himself, Mr. HEFLIN, Mr. EVANS, Mr. RIEGLE, Mr. MATSUNAGA, and Mr. DENTON):

S. 1126. A bill to provide that certain activities performed in space, the use of certain property in space and certain articles produced in space shall be treated as activities performed, property used and articles produced within the United States for purposes of any tax laws of the United States; to the Committee on Finance.

SPACE TAX INVESTMENT EQUITY ACT

Mr. GORTON. Mr. President, today, I join Senator HEFLIN, the former ranking member of the Subcommittee on Science, Technology, and Space, and our colleagues, Senators EVANS, RIEGLE, MATSUNAGA, and DENTON, in introducing the Space Tax Investment Equity Act of 1985, a bill which would give to commercial space activities and investments the same tax treatment as that enjoyed by similar terrestrial activities and investments.

It is becoming increasingly clear that the commercial development of space is on the doorstep of a wealth of opportunities, the magnitude of which we cannot begin to imagine. Not only will space commercialization help maintain our leadership in space, but it will also provide economic rewards and improve the quality of life for people the world over. The unique environment of space is a laboratory unlike any on Earth and offers, among other opportunities, the potential of developing new drugs to cure diseases, stronger and lighter alloys, and improved electronic technologies which could strengthen our industrial base.

The realization of these expectations will not occur overnight, however, and many companies are wary of the exotic nature of space-based manufacturing and R&D. Nevertheless, interest in commercial space activity is growing, and there are immediate issues that should be addressed if we are to take advantage of the opportunities before us.

Space activities are inherently expensive and filled with risks that are distinctly different from any on Earth. If companies are willing to assume these inherent disadvantages in their

quest to explore and exploit this last frontier, the Government should ensure that the "playing field is level" and that these companies do not have to overcome unnecessary obstacles of inequity. Certain tax laws written years before commercial space activities were envisioned now represent unintentional and unforeseen discriminations against companies that are contemplating the high-risk, long-term stakes of commercial space activity. These barriers have discouraged and, unless removed, will continue to discourage companies from space-based manufacturing or R&D. For many companies, the decision not to invest in space activities is an easy one. These companies simply invest in activities with the higher internal rate of return. And as long as Tax Code discriminates against space-based activities and investments, the path to this exciting and promising arena will be an unnecessarily slow one.

Mr. President, the purpose of this legislation is to create an investment climate for space-based activities that is equal to that of land-based activities. Equitable tax treatment is critical to the realization of these new opportunities that await us in space. This bill that I am introducing today would eliminate several of these discriminatory barriers and provide commercial space entrepreneurs with tax treatment that is equal, not preferential, to that treatment enjoyed by those who do business on Earth. Also, the provisions in this bill are initiatives that are part of the President's National Policy on the Commercial Use of Space, a policy which evolved through the interagency review of the Cabinet Council on Commerce and Trade.

This legislation would:

First, permit the use of investment tax credits [ITC] and accelerated depreciation [ACRS] for U.S. investments in space as if on Earth;

Second, provide R&D tax credits for space-based ventures just as we currently do for land-based R&D; and

Third, allow income derived from U.S. space ventures to be treated as domestic income.

Mr. President, I am aware that consideration is being given to simplifying the Tax Code and that some of the provisions in this bill might be affected by such a rewrite of the Tax Code. My position is that as long as these provisions are included in the Tax Code for land-based activities and investments, they should, as matter of equity, be included as well for space-based activities and investments. And, any repeal or amendment of these provisions as they relate to land-based activities or investments should apply to space-based activities and investments. The issue is simply one of equity.

Mr. President, I look forward to working with the members of the Fi-

nance Committee on this legislation, which would provide a real shot in the arm to commercial space activity. I am hopeful that our efforts will lead to the creation of an investment climate that is conducive to the growth of this enterprising era of commercial space development.

Mr. HEFLIN. Mr. President, I am pleased to join with my good friend and colleague Senator SLADE GORTON in introducing the Space Tax Investment Equity Act of 1985. This legislation will go far toward maintaining our country's leadership in space commercialization for many years to come.

Mr. President, we are poised on the threshold of a new and exciting age in which valuable new products will be manufactured in the weightless environment of space. Materials processing in space, which includes the production of materials such as alloys, drugs, and crystals, holds great commercial potential as well as limitless benefits to the well being of mankind.

The advantage of materials processing in space as opposed to Earth bound experiments is that Earth's gravity influences every physical process. Materials processing in space could yield powerful drugs for treatment of diabetes, cancer, and other life threatening diseases. In space, metals of varying densities can be blended together to yield new and superior alloys. Materials processing in space could also produce greatly improved industrial crystals, glasses, electroplating, and countless other products.

Many American firms have expressed interest in pursuing the potential benefits of space-based manufacturing research and development. However, to ensure industry involvement in this area, the Federal Government must support a strong commercial space policy. Commercial space ventures of this type are high risk, long term in nature, and very costly. The bill Senator GORTON and I are introducing will take an important step toward encouraging companies to invest in materials processing in space.

Currently, U.S. tax laws do not allow U.S. firms the same tax advantages for space based activities as they get for similar activities on Earth. Thus, space activities by U.S. firms do not get investment tax credits, accelerated depreciation or research and development tax credits. Further, income from space ventures could be treated as foreign income. Clearly, this is an inequity in our Tax Code which must be corrected if the United States is to continue to go forward in this area. Our bill simply corrects this inequity by allowing U.S. companies involved in space ventures the same tax treatment enjoyed by those companies involved in such ventures on Earth. Preferential tax treatment would not be given to space-based activities.

The economic, medical, and other rewards the United States will reap from materials processing in space is immeasurable. Our investment in these ventures will be repaid many times over. We must move quickly to clarify our tax laws so that they do not discriminate against U.S. commercial space activities and therefore allow research and development in space to go forward. I urge my colleagues to support this important legislation.

By Mr. DIXON (for himself, Mr. SIMON, Mr. LEVIN, Mr. RIEGLE, and Mr. CRANSTON):

S. 1127. A bill to extend the Medicare prospective payment transition period; to the Committee on Finance.

EXTENSION OF MEDICARE PROSPECTIVE PAYMENT TRANSITION PERIOD

Mr. DIXON. Mr. President, today I am introducing—along with Senators SIMON, LEVIN, RIEGLE, and CRANSTON—legislation to freeze the transition to national Medicare prospective payment rates for at least 1 year, or for as long as the Medicare in-patient rates are frozen.

My colleagues may remember that on March 12 and April 12, 1984, I stood before this body calling attention to the wrinkles in the Medicare prospective payment system [PPS]. I pointed out the economic hardship posed for hospitals in my home State of Illinois and many other States due to the shift from the hospital-specific rates to national rates for Medicare reimbursements under PPS.

Today, I am again appealing to my colleagues to take a close look at this system which is arbitrarily creating groups of winner and loser hospitals, to the detriment of my State of Illinois and many other States.

The statute enacted by the Social Security Amendments of 1983 calls for a 3-year phase-in of PPS. Under the system, hospitals throughout the country are paid a fixed amount for in-patient services to Medicare patients according to a fixed schedule of rates assigned to each of 468 illnesses—diagnosis-related group or DRG.

PPS provides hospitals incentives for efficiency and cost containment since the hospital is paid the same amount for a particular diagnosis regardless of the resources consumed during the patient's treatment. Simply put, if a hospital's costs are less than the payment, it can retain the surplus; if its costs are higher, it loses. However, at the end of the transitional period, hospital payments will be based on national average urban or rural rates per DRG, adjusted only for local wage variance.

As you know, we are now into the second phase of PPS and it continues to have some wrinkles in it. As regional rates are phased toward national payment rates, hospitals in higher cost areas of the country, including Illinois and many other Northeast, Midwest,

and Pacific States, will be adversely affected.

Additionally, the administration's budget proposal and the "Dole II" proposal would freeze the annual increase in hospital rates for fiscal year 1986. These budget proposals, coupled with the scheduled move to national rates, would create more of a financial burden than many of our hospitals could absorb.

According to the Illinois Hospital Association [IHA], Illinois hospitals will have already lost an estimated \$78 million by the end of the current fiscal year as a result of the phasing in of national payment rates. In fiscal year 1985, according to IHA,

Another \$100 million will be drained from our health care system and diverted to become windfalls for institutions in States which experience costs below the national norm.

As an example of the inequity not accounted for in PPS, IHA points out that neither Illinois nor the hospital industry in Illinois is average. Therefore, hospital costs in Illinois are not average.

According to IHA, some characteristics that distinguish Illinois from the rest of the Nation which should be considered in PPS are as follows:

First, 82 percent of the population lives in urban areas—this is 30 percent more than the national average; second, there is 27 percent more unemployment in Illinois than the national average; third, Illinois has 6 percent higher energy expenses; and fourth, Illinois has above average construction costs.

I call this issue to the attention of my colleagues to highlight the fact that once again, Illinois is not getting a fair deal from the Federal Government, an all too familiar refrain.

It is laudable to contain hospital costs, but we must do so in a manner which does not create such a glaring dichotomy between the haves and the have-nots.

The legislation that I am introducing today would temporarily freeze the phase-in to national payment rates at the current formula, where hospital rates are comprised of 50 percent hospital specific—historical costs—and 50 percent combined national and regional DRG rates—25 percent national and 75 percent regional.

According to the Secretary of Health and Human Services [HHS] in her letter to me of March 20, 1985, it would take at least a year to produce a "reasonably responsive, research-based report" to the Congress on the results of studies concerning certain aspects of PPS.

I want to give HHS the time that is needed so that the Congress and HHS can make reasonable improvements in the system.

It is important to note that a freeze in the transitional period will not increase the Federal deficit. I understand that the Medicare distribution formula is budget neutral since the national rate issue is one of resource distribution.

Mr. President, I ask unanimous consent that this bill be printed in the RECORD at the conclusion of my remarks.

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

S. 1127

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

(a) EXTENSION OF TRANSITION PERIOD.—Section 1886(d)(1) of the Social Security Act is amended—

(1) by striking out "October 1, 1986" in clauses (ii) and (iii) of subparagraph (A) and in subparagraph (C)(iii) and inserting in lieu thereof "the first day of the fiscal year of full implementation (as defined in subparagraph (F))",

(2) by striking out "October 1, 1985" in clauses (i) and (ii) of subparagraph (C) and inserting in lieu thereof "the first day of the transitional fiscal year (as defined in subparagraph (E))", and

(3) by adding at the end thereof the following new subparagraphs:

"(E) As used in this subsection, the term 'transitional fiscal year' means—

"(i) fiscal year 1987, or
 "(ii) if the percentage change determined under subsection (e)(4) for fiscal year 1987 is zero, the first fiscal year (after fiscal year 1987) for which the percentage change determined under that subsection is greater than zero.

"(F) As used in this subsection, the term 'fiscal year of full implementation' means the first fiscal year after the transitional fiscal year."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to cost reporting periods beginning, or discharges occurring, after September 30, 1984.

By Mr. MATHIAS:

S. 1129. A bill to amend the Immigration and Nationality Act to permit the temporary admission to the United States of certain children, survivors, and retirees of staffs of international organizations; to the Committee on the Judiciary.

INTERNATIONAL ORGANIZATION STAFFS' CHILDREN, SURVIVORS, AND RETIREES ACT

● Mr. MATHIAS. Mr. President, I am delighted to send to the desk a bill that would correct an injustice in the current immigration law that works a tremendous hardship on the employees of international organizations and their families. Present immigration law requires that if such an employee dies or retires, the family must leave the United States and return to its native land, often on very short notice. This is not only cruel and unfair, but it also runs counter to the interests of the international organizations concerned and to the interests of the United States.

In a world increasingly fragmented by conflict, these international organizations work toward the resolution of the common problems that divide us: hunger, disease, political, and social strife. Such international organizations include the World Bank, the International Monetary Fund, the Organization of American States, the United Nations and the Inter-American Development Bank. The United States plays a prominent role in the work of these organizations, and has always encouraged them to locate in our country.

Although small in number, the employees of these international organizations render a major service. While they are devoting their professional skills to the world community, they and their families are developing close social and cultural ties to this country. After working and living here, many come to regard America as their home.

Unfortunately, changes in the immigration laws during the past several years have inadvertently made it much more difficult for staff members and their families to stay here once their careers come to an end. Children, widows, widowers, and retired employees are forced to leave this country—no matter how long they have lived here. Many of them have been in this country more than two decades.

This situation is especially harsh for the children. After spending most of their lives growing up and going to school here, many of these children think of themselves as Americans and think of America as their home. The homeland of their parents is just another foreign country, and they often do not speak its language. But, as the law stands now, these children must leave this country when their parents die or retire.

Or they must leave when they reach maturity—leaving their families here in America—and return to a strange land where they are "citizens." This separation of families runs contrary to our own longstanding policy of family reunification.

The bill I introduce today would make it possible for some employees of international organizations and their immediate families—I expect no more than a few hundred a year—to remain in the United States after many years of service and residence in the United States. Such a law seems in the best interest of the United States, the international organizations, and the men, women, and children who would qualify for residence under its terms.

Former U.N. Secretary-General Kurt Waldheim has told me that a decision by the U.S. Government to extend such a privilege would represent "yet another expression of the humanitarian traditions of this great country."

The bill I introduce today has the same intent as the bills I introduced in

the 96th and 97th Congresses. Last Congress both the Senate and House versions of the Simpson-Mazzoli immigration bill contained provisions correcting this problem. Although we negotiated a successful compromise in conference, the whole effort was lost when we failed to reach agreement on the larger bill in the final hours of the 98th Congress.

In this Congress, we will try again. My bill would lighten an emotional burden that now weighs heavily on both the parents and children who have become "Americanized." I urge its speedy adoption, and I ask unanimous consent that a copy of the bill be printed in the RECORD.

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

S. 1129

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 "International Organization Staffs' Children, Survivors, and Retirees Act of 1985."

SEC. 2. (a) Subsection (a)(15) of section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended—

(1) by striking out "or" at the end of subparagraph (L);

(2) by striking out the period at the end of subparagraph (M) and inserting in lieu thereof a semicolon and "or"; and

(3) by inserting after subparagraph (M) the following new paragraph:

"(N)(i) the parent of an alien accorded the status of a special immigrant under paragraph (27)(I)(i), but only if and while the alien is a child, or

"(ii) a child of such parent or of an alien accorded the status of a special immigrant under paragraph (27)(I)(ii), (iii), or (iv)."

(b) Subsection (a)(27) of section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended—

(1) by striking out "or" at the end of subparagraph (G);

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof a semicolon and "or"; and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I)(i) an immigrant who is the unmarried son or daughter of an officer or employee (or of a former officer or employee) of an international organization described in paragraph (15)(G)(i), and who—

"(I) while maintaining the status of a non-immigrant under paragraph (15)(G)(iv) or paragraph (15)(N), has resided in the United States within seven years of the date of application for a visa or for adjustment of status to a status under this subparagraph and for a period or periods aggregating at least seven years between the ages of five and twenty-one years, and

"(II) applies for admission under this subparagraph no later than his twenty-fifth birthday or six months after the date this subparagraph is enacted, whichever is later;

"(ii) an immigrant who is the surviving spouse of a deceased officer or employee of such an international organization, and who—

"(I) while maintaining the status of a non-immigrant under paragraph (15)(G)(iv) or paragraph (15)(N), has resided in the United

States within seven years of the date of application for a visa or for adjustment of status to a status under this subparagraph and for a period or periods aggregating at least fifteen years prior to the death of such officer or employee, and

"(II) applies for admission under this subparagraph no later than six months after the date of such death or six months after the date this subparagraph is enacted, whichever is later;

"(iii) an immigrant who is a retired officer or employee of such an international organization, and who—

"(I) while maintaining the status of a non-immigrant under paragraph (15)(G)(iv), has resided in the United States within seven years of the date of application for a visa or for adjustment of status under this subparagraph and for a period or periods aggregating at least fifteen years prior to the officer or employee's retirement from any such international organization, and

"(II) applies for admission under this subparagraph before January 1, 1993 and no later than six months after the date of such retirement or six months after the date this subparagraph is enacted, whichever is later; or

"(iv) an immigrant who is the spouse of a retired officer or employee accorded the status of special immigrant under clause (iii), accompanying or following to join such retired officer or employee as a member of his immediate family." ●

By Mr. SASSER (for himself, Mr. GRASSLEY, and Mr. GORE):

S. 1130. A bill to amend the Internal Revenue Code of 1954 to promote small businesses; to the Committee on Finance.

SMALL BUSINESS TAX REFORM ACT

● Mr. SASSER. Mr. President, today, along with Senators GRASSLEY and GORE, I am introducing legislation designed to broaden the debate on comprehensive tax reform to include a very important segment of economic community, the small business owner. To date, little attention has been focused on how small business will fare under any of the major tax reform packages under consideration. Indeed, little thought has been given to just what tax equity means to small business.

This is a shocking omission when we consider the significant impact small business has on our economy. Small firms employ approximately 48 percent of the total nongovernment, non-farm labor force in this country. These small firms account for 40 percent of the gross national product. And in 1983, they contributed 42 percent of the sales in America.

The tremendous impact of small business is even more vivid in my home State of Tennessee, Mr. President. Of the 89,000 business establishments in our State, 79,000 employ fewer than 100 persons and make up our small business community. In 1982, these small businesses produced half of Tennessee's \$50 billion in goods and services and contributed nearly 45 percent of the State's payroll.

Small business at both the State and national level continues to be the most prolific job generator in this country. Last year's report on the state of small business noted that between 1980 and 1982, all net new jobs created in this country were generated by small business. That was some 984,000 nationwide.

To the men and women who make up our small business community, the Federal tax system can often determine whether or not a small firm will stay in business. This point has been underscored in the past three forums on small business capital formation sponsored by the Securities and Exchange Commission. Indeed, tax concerns have consistently been ranked among the top priority issues for most small business organizations.

Yet, when the Treasury Department unveiled its initial tax reform proposal late last year, it was clear that the tax concerns of small business had been overlooked once again. Nowhere was this more evident than in the recommendation to abolish the graduated system of corporate tax rates in favor of a flat 33 percent tax rate for all corporate taxpayers. This proposal would have a devastating effect on many small firms.

Arthur Anderson & Co., recently studied the impact of the proposed change in corporate tax rates on small business. This study reports that a small business with \$25,000 taxable income would face a 120-percent increase in its tax rates under the original Treasury proposal. A company with \$100,000 taxable income would shoulder a 28-percent increase. It is no exaggeration, Mr. President, to state that many firms simply could not bear such an increase and would be forced to close their business.

Other sections in the original Treasury proposal are also disconcerting to small business owners. Yet, thus far we have seen little discussion of such issues as direct expensing and capital gains as they relate to small business. And while some may be content to wait for the unveiling of the revised Treasury Department proposal to address small business issues, such a course leaves much to chance. This is particularly true in light of the President's recent remarks that tax reform will mean a less progressive tax system. This comment suggests that once again the tax concerns of small business may fall between the cracks, for it is the small business owners who will suffer under a more regressive tax system.

That is why I believe it is imperative that we raise several tax issues important to small business early in the tax reform debate. Such legislation will insure that small business is not overlooked in our haste to reform the Tax Code. Specifically, the legislation we introduced today will maintain a pro-

gressive rate schedule for small businesses filing as corporations. This is far and away the No. 1 tax reform concern of most small business owners. In addition, this bill extends the contemplated changes to our capital gains laws to incorporate small business interests. The bill also maintains direct expensing as a valuable tax tool for small firms.

This legislation would provide some security for small business owners when they retire by granting them a one-time exclusion of a percentage of the profits realized from selling the small business. Our bill would also apply the provisions of the Regulatory Flexibility Act to the Internal Revenue Service. Finally, we allow certain small businesses to make use of cash accounting without regard to inventory requirements.

Many of my colleagues who have followed small business issues for several years will recognize many of these proposals. Most have been the object of interest in the small business community for several years. These provisions, in a sense, reflect the collected wisdom of Members of this body on small business tax matters over the past decade. What our bill does is pull these various proposals together in one package at a critical time in the formation of tax legislation.

And while these issues have been explored in prior sessions, Mr. President, they remain timely topics. I chaired hearings of the Small Business Committee in my home State earlier this year on the issue of tax reform. At those hearings, witness after witness touched on these subjects. The importance attached to these matters has not diminished over the years. Rather, judging by the reaction of my Tennessee witnesses, the level of interest in these matters is growing as small business owners sense an opportunity to have some input in formulating a comprehensive tax reform package.

I wish to address one last concern I know will be on the minds of many who are interested in this measure, that is the revenue impact of this bill. Our legislative language is being reviewed by the Joint Committee on Taxation and I anticipate these provisions will be a net revenue loser. Yet, I hasten to point out that the elements of this bill are intended to be incorporated in a comprehensive tax reform bill, which will be revenue neutral.

It is not our intention to promote these small business concerns as a free-standing bill. Rather, we are raising points which we intend to discuss and debate in both the Small Business Committee and the Finance Committee as we formulate comprehensive tax reform legislation.

We will work diligently to ensure that these elements are included in such a revenue neutral bill, Mr. Presi-

dent, as we believe such steps are essential to promote the most dynamic sector of our economy. I urge my colleagues to join with us in our efforts to ensure that tax equity extends to small business by cosponsoring this measure. Mr. President, I ask unanimous consent that a copy of our small business tax reform legislation appear in the RECORD at this point.

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

S. 1130

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 "Small Business Tax Reform Act of 1985".

SEC. 2. REDUCTION IN TAX RATES FOR CORPORATIONS WITH TAXABLE INCOME BELOW \$125,000.

(a) IN GENERAL.—The first sentence of section 11(b) of the Internal Revenue Code of 1954 (relating to amount of tax on corporations) is amended by striking out paragraphs (1) through (5) and inserting in lieu thereof the following new paragraphs:

"(1) 12 percent of so much of the taxable income as does not exceed \$25,000;

"(2) 15 percent of so much of the taxable income as exceeds \$25,000 but does not exceed \$50,000;

"(3) 25 percent of so much of the taxable income as exceeds \$50,000 but does not exceed \$75,000;

"(4) 30 percent of so much of the taxable income as exceeds \$75,000 but does not exceed \$100,000;

"(5) 33 percent of so much of the taxable income as exceeds \$100,000 but does not exceed \$125,000.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1985.

SEC. 3. INCREASE IN DIRECT EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS.

The table in paragraph (1) of section 179(b) of the Internal Revenue Code of 1954 (relating to dollar limitation with regard to election to expense certain depreciable business assets) is amended to read as follows:

If the taxable year begins in:	The applicable amount is:
1983, 1984, 1985, or 1986	\$5,000
1987 or 1988	7,500
1989 or 1990	10,000
1991 or thereafter	12,500

SEC. 4. NONRECOGNITION OF GAIN ON ANY PROPERTY SOLD WHERE QUALIFIED SMALL BUSINESS INVESTMENT ACQUIRED.

(a) IN GENERAL.—Part III of subchapter O of chapter I of the Internal Revenue Code of 1954 (relating to nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1043. SALES OF PROPERTY WHERE QUALIFIED SMALL BUSINESS INVESTMENT ACQUIRED.

"(a) NONRECOGNITION OF GAIN.—

"(1) IN GENERAL.—If any property is sold by the taxpayer and, within the 1-year period beginning on the date of such sale, any qualified small business investment is purchased by the taxpayer, gain (if any) from such sale shall, at the election of the taxpayer, be recognized only to the extent that the amount realized on such sale exceeds the cost to the taxpayer of such investment.

"(2) ELECTION.—The election under paragraph (1) shall be made by filing, not later than the last day prescribed by law (including extensions thereof) for filing the return of tax imposed by this chapter for the taxable year in which the sale occurs, with the Secretary a statement (in such manner as the Secretary may by regulations prescribe) of such election.

"(b) QUALIFIED SMALL BUSINESS INVESTMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified small business investment' means any equity stock in a domestic corporation if, at the time such stock is issued, such corporation was a qualified small business corporation.

"(2) EQUITY STOCK.—The term 'equity stock' means any common or preferred stock—

"(A) with respect to which the payment of money or other property is not required solely by reason of the passage of time,

"(B) the repurchase of which may not be required of the issuer any sooner than 3 years after the date of its purchase by the taxpayer, and

"(C) which was issued by the corporation to the taxpayer for money or other property (other than stock or securities).

"(3) QUALIFIED SMALL BUSINESS CORPORATION.—The term 'qualified small business corporation' means—

"(A) any small business investment company operating under the Small Business Investment Act of 1958,

"(B) any business development company (as defined by section 2(a)(48) of the Investment Company Act of 1940), and

"(C) any small business corporation (as defined in section 1244(c)(3)).

"(c) SPECIAL RULES.—For purposes of this section—

"(1) EXCHANGE TREATED AS SALE.—An exchange by the taxpayer of property for other property shall be treated as a sale of the first property, and the acquisition of any qualified small business investment on the exchange of property shall be treated as a purchase of such investment.

"(2) LIMITATION ON STOCK SALES.—In the case of any qualified small business investment (other than stock in an S corporation as defined in section 1361(a)), subsection (a) shall apply to the sale of such stock only if such sale would, if such stock had been purchased by the issuing corporation in such sale, be treated as a redemption within the meaning of paragraph (1), (2), or (3) of section 302(b), including the application of section 302(c).

"(d) REDUCTION OF BASIS.—Where the purchase of any qualified small business investment results under subsection (a) in the nonrecognition of gain on the sale of any property, the basis of such investment shall be reduced by an amount equal to the amount of gain not so recognized on the sale of such property. Where the purchase of more than one qualified small business investment is taken into account in the nonrecognition under subsection (a) of gain on the sale of a property, the preceding sentence shall be applied to each such investment in the order in which each such investment is purchased.

"(e) STATUTE OF LIMITATIONS.—If the taxpayer during any taxable year sells any property at a gain, then—

"(1) the statutory period for the assessment of any deficiency attributable to any part of such gain shall not expire before the expiration of the 3-year period beginning on the date the Secretary is notified by the

taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's cost of purchasing any qualified small business investment which the taxpayer claims results in nonrecognition of any part of such gain,

"(B) the taxpayer's intention not to purchase any such investment within the 1-year period described in subsection (a), or

"(C) the failure by the taxpayer to purchase any such investment within such period; and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment."

(b) TECHNICAL AMENDMENT.—Subsection (a) of section 1016 of such Code (relating to adjustments to basis) is amended by striking out "and" at the end of paragraph (26), by striking out the period at the end of paragraph (27) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(28) in the case of any qualified small business investment the acquisition of which resulted under section 1043 in the nonrecognition of gain on the sale or exchange of property, to the extent provided by section 1043(d)."

(c) CONFORMING AMENDMENT.—The table of sections of part III of subchapter O of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Sec. 1043. Sales of property where qualified small business investment acquired."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply only to sales and exchanges of property (the nonrecognition of gain on which is to be claimed under section 1043 of the Internal Revenue Code of 1954) in taxable years beginning after December 31, 1985.

SEC. 5. 80 PERCENT CAPITAL GAINS DEDUCTION ATTRIBUTABLE TO SMALL BUSINESS EQUITY INVESTMENTS HELD AT LEAST 4 YEARS.

(a) IN GENERAL.—Section 1202 of the Internal Revenue Code of 1954 (relating to deduction for capital gains) is amended—

(1) by amending subsection (a) to read as follows:

"(a) DEDUCTION ALLOWED.—

"(1) IN GENERAL.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(A) 80 percent of the lesser of—

"(i) the net capital gain, or

"(ii) the qualified net capital gain, plus

"(B) 60 percent of the excess (if any) of—

"(i) the net capital gain, over

"(ii) the amount of the qualified net capital gain taken into account under subparagraph (A)", and

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

"(d) QUALIFIED NET CAPITAL GAIN.—

"(1) IN GENERAL.—For purposes of subsection (a), the term 'qualified net capital gain' means the amount of net capital gain which would be computed for any taxable year if, in determining net long-term capital gain for such taxable year, only small business equity investments held by the taxpayer for at least 4 years at the time of the sale or exchange were taken into account.

"(2) SMALL BUSINESS EQUITY INVESTMENTS.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'small business equity investment' means any common or preferred stock of a small business.

"(B) STOCK IN THE NATURE OF DEBT EXCLUDED.—Stock shall not be treated as a small business equity investment if—

"(i) the payment of money or other property is required with respect to such stock solely by reason of the passage of time, or

"(ii) the repurchase of such stock may be required of the issuer solely by reason of the passage of time.

"(C) SMALL BUSINESS.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'small business' means any small business corporation (within the meaning of section 1244(c)(3)).

"(ii) TIME FOR DETERMINING STATUS.—The determination of whether an equity investment is in a small business concern shall be made at the time when such investment is made.

"(3) REQUIREMENT OF 4-YEAR HOLDING PERIOD DETERMINED WITHOUT REGARD TO SECTION 1223.—The determination of whether a small business equity investment has been held for 4 years for purposes of this subsection shall be determined without regard to section 1223.

"(b) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after December 31, 1984.

SEC. 6. ONE-TIME EXCLUSION OF GAIN FROM SALE OF SUBSTANTIAL EQUITY INTEREST IN SMALL BUSINESS BY INDIVIDUAL WHO HAS ATTAINED AGE 65.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 134 as section 135 and inserting after section 133 the following new section.

"SEC. 134. ONE-TIME EXCLUSION OF GAIN FROM SALE OF SUBSTANTIAL EQUITY INTEREST IN SMALL BUSINESS BY INDIVIDUAL WHO HAS ATTAINED AGE 65.

"(a) GENERAL RULE.—At the election of the taxpayer, gross income does not include 75 percent of the long-term capital gain from the sale or exchange of property if—

"(1) the taxpayer has attained the age of 65 before the date of such sale or exchange, and

"(2) for the 10-year period ending on the date of the sale or exchange, such property has been a qualified small business investment held by the taxpayer

"(b) QUALIFIED SMALL BUSINESS INVESTMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified small business investment' means any equity stock in a domestic corporation if, at the time such stock is issued, such corporation was a qualified small business corporation.

"(2) EQUITY STOCK.—The term 'equity stock' means any common or preferred stock—

"(A) with respect to which the payment of money or other property is not required solely by reason of the passage of time, and

"(B) which was issued by the corporation to the taxpayer for money or other property (other than stock or securities).

"(3) QUALIFIED SMALL BUSINESS CORPORATION.—The term 'qualified small business corporation' means—

"(A) any small business investment company operating under the Small Business Investment Act of 1958,

"(B) any business development company (as defined by section 2(a)(48) of the Investment Company Act of 1940), and

"(C) any small business corporation (as defined in section 1244(c)(3)).

"(c) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The amount of the gain excluded from gross income under subsection (a) shall not exceed \$175,000 (\$87,500 in the case of a separate return by a married individual).

"(2) APPLICATION TO ONLY ONE SALE OR EXCHANGE.—Subsection (a) shall not apply to any sale or exchange by the taxpayer if an election by the taxpayer or his spouse under subsection (a) with respect to any other sale or exchange is in effect.

"(3) SALE OR EXCHANGE OF COMPLETE INTEREST.—Subsection (a) shall not apply to any sale or exchange by the taxpayer unless immediately after such sale or exchange the taxpayer no longer has any interest in the qualified small business corporation.

"(d) ELECTION.—An election under subsection (a) may be made or revoked at any time before the expiration of the period for making a claim for credit or refund of the tax imposed by this chapter for the taxable year in which the sale or exchange occurred, and shall be made or revoked in such manner as the Secretary shall be regulations prescribe. In the case of a taxpayer who is married, an election under subsection (a) or a revocation thereof may be made only if his spouse joins in such election or revocation.

"(e) SPECIAL RULES.—

"(1) PROPERTY HELD JOINTLY BY HUSBAND AND WIFE.—For purposes of this section, if—

"(A) property is held by a husband and wife as joint tenants, tenants by the entirety, or community property,

"(B) such husband and wife make a joint return under section 6013 for the taxable year of the sale or exchange, and

"(C) one spouse satisfies the age and holding requirements of subsection (a) with respect to such property,

then both husband and wife shall be treated as satisfying the age and holding requirements of subsection (a) with respect to such property.

"(2) PROPERTY OF DECEASED SPOUSE.—For purposes of this section, in the case of an unmarried individual whose spouse is deceased on the date of the sale or exchange of property, if—

"(A) the deceased spouse (during the 10-year period ending on the date of the sale or exchange) satisfied the holding requirement of subsection (a)(2) with respect to such property, and

"(B) no election by the deceased spouse under subsection (a) is in effect with respect to a prior sale or exchange,

then such individual shall be treated as satisfying the holding requirement of subsection (a)(2) with respect to such property.

"(3) DETERMINATION OF MARITAL STATUS.—In the case of any sale or exchange, for purposes of this section—

"(A) the determination of whether an individual is married shall be made as of the date of the sale or exchange; and

"(B) an individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married."

"(b) CONFORMING AMENDMENT.—The table of sections of part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 134 and inserting in lieu thereof the following new items:

"Sec. 134. One-time exclusion of gain from sale of substantial equity interest in small business by individual who has attained age 65.

"Sec. 135. Cross references to other Acts."

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1985.

SEC. 7. CERTAIN SMALL BUSINESSES PERMITTED USE OF CASH RECEIPTS AND DISBURSEMENTS METHOD OF ACCOUNTING WITHOUT REGARD TO INVENTORIES.

(a) IN GENERAL.—Section 446 of the Internal Revenue Code of 1954 (relating to general rule for methods of accounting) is amended by adding at the end thereof the following new subsection:

"(g) ELECTION BY CERTAIN SMALL BUSINESSES TO USE CASH RECEIPTS AND DISBURSEMENTS METHOD OF ACCOUNTING.—

(1) IN GENERAL.—A taxpayer may elect for the taxable year the cash receipts and disbursements method of accounting for a trade or business of the taxpayer without regard to any requirement to use inventories under section 471 if—

"(A) the annual gross receipts of the taxpayer do not exceed \$2,000,000 for each of the 3 taxable years ending with the taxable year, and

"(B) such taxpayer is a qualified small business for each of such 3 taxable years.

"(2) QUALIFIED SMALL BUSINESS DEFINED.—For purposes of this subsection, the term 'qualified small business' means a person engaged in a trade or business if, at all times during the taxable year, active participants in such trade or business own—

"(A) in the case of trade or business other than a corporation, at least 50 percent of the capital and profits interests in such trade or business, and

"(B) in the case of a corporation—

"(i) stock possessing at least 50 percent of the total combined voting power of all classes of stock of the corporation entitled to vote, and

"(ii) at least 50 percent of the total value of shares of all other classes of stock of the corporation.

"(3) ACTIVE PARTICIPANT.—For purposes of this subsection, the term 'active participant' means an individual—

"(A) who is actively involved in the management of the trade or business, and

"(B) whose principal business activity is such trade or business.

"(4) SPECIAL RULES.—For purposes of this subsection—

"(A) CONTROLLED GROUPS.—

"(i) IN GENERAL.—In the case of a taxpayer which is a member of a controlled group, all persons which are component members of such group at any time during the calendar year shall be treated as 1 taxpayer for such year for purposes of determining the gross receipts of the taxpayer.

"(ii) CONTROLLED GROUP DEFINED.—Persons shall be treated as being members of a controlled group if such persons would be treated as a single employer under the regulations prescribed under section 52.

"(B) COORDINATION WITH SECTION 481.—In the case of a taxpayer who changes its method of accounting by reason of an election under this subsection, under regulations prescribed by the Secretary, the net amount of adjustments required by section 481(a)(2) to be taken into account by the taxpayer in computing taxable income shall be so taken into account in each of the 10 taxable years beginning with the year of change.

"(C) ELECTION.—

"(i) IN GENERAL.—The election under this subsection may be made without the consent of the Secretary and shall be made at

such time and in such manner as the Secretary may by regulations prescribe.

"(ii) PERIOD TO WHICH ELECTION APPLIES.—The election under this subsection shall apply—

"(I) to the taxable year for which it is made, and

"(II) for all subsequent taxable years for which the taxpayer is a qualified small business and meets the requirements of subparagraphs (A) and (B) of paragraph (1), unless the taxpayer secures the consent of the Secretary to the revocation of such election."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1985.

SEC. 8. APPLICATION OF THE REGULATORY FLEXIBILITY ACT TO THE INTERNAL REVENUE SERVICE.

(a) IN GENERAL.—

(1) Section 601(2) of title 5, United States Code, is amended by striking out "pursuant to section 553(b) of the this title, or any other law".

(2) Section 603(a) of such title is amended by striking out "is required by section 553 of this title, or any other law, to publish" and inserting in lieu thereof "publishes".

(3) Section 604(a) of such title is amended by striking out "under section 553 of this title, after being required by that section or any other law to publish" and inserting in lieu thereof a comma and "after publishing".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective on the date of enactment of this Act.●

By Mr. ABDNOR (for himself and Mr. PRESSLER):

S. 1131. A bill to authorize the Secretary of the Interior to integrate the Hilltop and Gray Goose Units into the Pick-Sloan Missouri Basin Program, South Dakota; to the Committee on Energy and Natural Resources.

HILLTOP AND GRAY GOOSE IRRIGATION PROJECTS

● Mr. ABDNOR. Mr. President, I am, along with Senator PRESSLER introducing legislation integrating the Hilltop and Gray Goose Irrigation Districts into the Pick-Sloan Missouri Basin Program. Representative DASCHLE is introducing identical legislation in the House of Representatives.

According to former Deputy Assistant Secretary of the Interior Dan Beard, over 170 megawatts of power and over 310 million kilowatt hours of energy are allocated to irrigation development for South Dakotans; however, as of this year, not 1 kilowatt hour has been delivered as promised.

It is getting irritating having constantly to remind the Federal Government of its commitment to our State. When is the commitment going to be honored? When will the people of South Dakota be able once again to trust the Federal Government's commitments?

This legislation represents an opportunity to answer these questions and begin to deliver on the promises. The Hilltop and Gray Goose irrigation projects are currently operational, but they are in need of the Pick-Sloan power. Power rates have increased

drastically for the irrigation projects. The Hilltop Unit's power costs increased 300 percent since 1977, and the Gray Goose Unit's power costs increased over 112 percent. This legislation would allow these irrigation units to receive the promised low-cost power.

Mr. President, I urge my colleagues to support prompt enactment of this measure. This legislation will allow the Federal Government to begin to honor its Pick-Sloan promises and assist the Hilltop and Gray Goose Irrigation Districts to achieve financial stability.

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

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

S. 1131

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the existing irrigation projects known as the Hilltop Irrigation District, Brule County, South Dakota and the Gray Goose Irrigation District, Hughes County, South Dakota, are authorized as units of the Pick-Sloan Missouri Basin Program. As so authorized, the Hilltop Unit and the Gray Goose Unit shall be integrated physically and financially with the other Federal works constructed under the comprehensive plan approved by Section 9 of the Flood Control Act of December 22, 1944 (58 Stat. 887, 891), as amended and supplemented, and subject to Federal reclamation law (Act of June 17, 1902, 32 Stat. 388 and Acts amendatory thereof and supplemental thereto).

SEC. 2. Pick-Sloan Missouri Basin Program power shall be made available as soon as practicable for the Hilltop Unit and the Gray Goose Unit on the same basis as for other units of the Pick-Sloan Missouri Basin Program. The suballocated costs of the Pick-Sloan Missouri Basin Program assigned to the Hilltop Unit and the Gray Goose Unit shall be reimbursed by the water users as determined by the Secretary of the Interior in accordance with Federal reclamation law (Act of June 17, 1902, 32 Stat. 388 and Acts amendatory thereof and supplemental thereto.)

By Mr. RIEGLE (for himself, Mr. D'AMATO, Mr. SASSER, Mr. GRASSLEY, Mr. HEINZ, Mr. DODD, Mr. THURMOND, Mr. DURENBERGER, Mrs. HAWKINS, Mr. SPECTER, Mr. STENNIS, Mr. SARBANES, and Mr. LEVIN):

S. 1133. A bill to amend section 119(d) of the Housing and Community Development Act of 1974; to the Committee on Banking, Housing, and Urban Affairs.

HOUSING AND COMMUNITY DEVELOPMENT ACT AMENDMENTS

● Mr. RIEGLE. Mr. President, the legislation I introduce today for myself and Senators D'AMATO, SASSER, GRASSLEY, HEINZ, DODD, THURMOND, DURENBERGER, HAWKINS, SPECTER, STENNIS, SARBANES, and LEVIN will greatly improve the urban development action

grant [UDAG] selection system, and we believe it will renew the broad base of support the UDAG Program has long enjoyed in the Senate.

During the past year, some Senators have expressed concern that the UDAG project selection system puts a number of communities at a disadvantage in the competition for funding.

The problem was created at the end of 1983 when HUD implemented a new project selection system because demand for UDAG began greatly to exceed the funds available. As a result, eligible cities that have relatively low measures of distress came to feel that they are unable to get a grant no matter how strong a project they submit.

I understand that concern, and I am sympathetic to it. A number of Senators have worked with me over the last 9 months to come up with an effective and fair solution. That effort has involved Senators from both parties, from all regions of the country, and who represent cities on both sides of this issue.

Our bill would improve local negotiations and give all eligible cities a fair chance to have outstanding projects approved. The bill would retain important aspects of the UDAG Program, such as the national competition and targeting on the most distressed cities, that have made it so successful. It would not change the type of projects that a city may submit for the competition.

First, our bill would improve the measures of project quality giving more recognition to the degree to which projects would help relieve economic distress in distressed cities. In addition to measures considered under existing law, the bill would recognize a project's ability to export goods or services from the local economy, retain jobs, help the city's more distressed neighborhoods, and relieve the city's most pressing residential or employment needs. Cities that had received no UDAG grant for the past 12 or 24 months would get extra consideration.

Second, the bill would give these improved project measures more weight. Funds in each round would be separated into two pots—two-thirds would first be awarded according to impact (weighted 35), distress (weighted 35), and project specific measures (weighted 35). One-third would be awarded among the remaining projects according to project measures alone. This change would take effect as soon as the bill is enacted.

Our legislation has already been endorsed by the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the National Association of Housing and Redevelopment Officials, the National Housing Conference, the Na-

tional Council for Urban Economic Development, the American Business Coalition, and the Coalition for UDAG.

I am confident that we can enact this major reform soon and remove any concerns regarding the UDAG selection system.

The UDAG Program has proven that the Federal and local governments can act in cooperation with the private sector to strengthen the economies of our Nation's most distressed cities.

UDAG is clearly a program that is working extremely well. It helps locate new industry in areas where there is the greatest need. It creates jobs. It makes fuller use of the Nation's enormous investment in existing roads, water, and sewer systems and other infrastructure.

Since it was enacted, UDAG has demonstrated solid results. Over 2,400 UDAG projects are projected to create or maintain 484,000 permanent new jobs. The 55 percent of those jobs are slated for low- and moderate-income persons.

UDAG has stimulated almost \$7 in private investment for every Federal dollar. That's a total of \$21 billion private investment dollars that UDAG has generated in just a few years. That's a real success story in private sector-Government cooperation.

UDAG projects are expected to contribute \$491 million in annual tax revenues to hard-pressed local governments. At the end of 1983, local governments were already receiving \$63 million annually in additional revenues as a result of UDAG projects. Repayments of loans made with UDAG funds have provided an additional \$45 million.

At the end of last year, UDAG projects would produce almost 93,000 housing units, approximately one-third of which are for low- and moderate-income persons.

The UDAG Program generates more fiscal benefits in the form of increased revenues and reduced transfer payments than it costs. Conservative estimates place the increased Federal, State, and local revenues and cost savings at \$991 million per year, compared to an annual appropriation of \$440 million. Clearly UDAG has helped to build a solid new economic foundation in a number of hard-pressed cities across the Nation. And it has done so while maximizing the return on scarce Federal dollars. Such a successful federal program should be continued.

In my own State of Michigan, the UDAG Program has allowed communities to help themselves in partnership with the private sector and with a minimum of Federal direction, red-tape, and bureaucracy. Since 1978, nearly 50 Michigan communities have received over \$314 million from the

Federal Government and over \$2.5 billion from private investors for UDAG projects. Over 63,000 Michigan jobs have been created or saved.

I strongly support UDAG as an important and proven tool that enables private investors and local governments to carry out projects that help develop the economies of the Nation's most distressed cities. I urge my colleagues in the Senate to support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

Mr. President, I ask unanimous consent that a short summary and a table of the bill be printed in the RECORD directly following the bill.

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

S. 1133

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 119(d) of the Housing and Community Development Act of 1974 is amended—

(1) by indenting clauses (A) and (B) of paragraph (1);

(2) by striking out clause (C) of paragraph (1) and inserting in lieu thereof the following:

“(C) at least the following other criteria:

“(i) the extent to which the grant will stimulate economic recovery by leveraging private investment;

“(ii) the number of permanent jobs to be created and their relation to the amount of grant funds requested;

“(iii) the proportion of permanent jobs accessible to lower income persons and minorities, including persons who are unemployed;

“(iv) the extent to which State or local government funding or special economic incentives have been committed;

“(v) the extent to which the project is located in, and will improve the residential quality or employment base of, a census tract as defined by the United States Bureau of the Census (or a block group or enumeration district where census tracts are not defined) which the Secretary determines is predominantly residential in character and has a percentage of low- and moderate-income residents above the median percentage of such tracts in the applicant city or urban country; and

“(vi) the extent to which the project will produce goods or services the majority of which can be expected to be exported from the applicant's local economy;

“(D) additional consideration for projects with the following characteristics:

“(i) projects that the Secretary finds would retain jobs which would be lost without the provision of a grant under this section; and

“(ii) projects which address the applicant's most pressing employment needs, particularly where the project—

“(I) would reemploy workers in a skill that have recently suffered a sharp increase in unemployment locally,

“(II) would provide retraining in new skills for recently unemployed residents,

“(III) would provide training to increase the local pool of skilled labor; or

“(IV) would provide decent housing for low- and moderate-income persons in cases where such housing is in severe shortage in

the applicant's area and where Federal assistance would not otherwise be available; and

“(E) additional consideration for projects with the following characteristics:

“(i) projects to be located within a city or urban county to which no grant under this section was made during the preceding year; and

“(ii) twice the amount of the additional consideration provided under clause (i) in the case of a grant for projects to be located in cities or urban counties to which no grant under this section was made during the preceding two years.”; and

(3) by adding at the end thereof the following:

“(3) The Secretary may not award a grant under paragraph (1) unless he determines that the project would have a substantial impact on physical development and on the fiscal base of the city or urban county and its relation to the amount of the grant funds requested, that the proposed activities are likely to be accomplished in a timely fashion within the grant amount available, and that the city or urban county has demonstrated performance in housing and community development programs.

“(4) The Secretary shall award points to each application as follows:

“(A) not more than 35 points on the basis of the factors referred to in subparagraph (A) of paragraph (1);

“(B) not more than 35 points on the basis of the factors referred to in subparagraph (B) of paragraph (1);

“(C) not more than 30 points on the basis of the factors referred to in subparagraph (C) of paragraph (1), of which not more than 3 points shall be awarded for the factors referred to in clauses (v) and (vi) of subparagraph (C);

“(D) not more than 3 additional points as the Secretary deems appropriate for projects described in subparagraph (D) of paragraph (1); and

“(E) not more than 2 additional points as the Secretary deems appropriate for projects described in subparagraph (E) of paragraph (1).

“(5) The Secretary shall distribute grant funds under this section so that—

“(A) two-thirds of the funds are first made available utilizing all of the criteria set forth in paragraph (1); and

“(B) one-third of the funds is then made available solely on the basis of the factors referred to in subparagraphs (C), (D), and (E) of paragraph (1).”.

SEC. 2. Section 119(f) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following: “In any case where the project proposes the repayment to the applicant of the grant funds, such funds shall be made available by the applicant for other activities which are consistent with the purposes of this title. The applicant shall annually provide the Secretary with a statement of the projected receipt and use of repaid grant funds during the next year together with an audited report of the use of such funds during the most recent preceding full fiscal year of the applicant.”.

SEC. 3. Not later than March 15, 1986, the Secretary shall prepare and submit to the Congress a report evaluating the Urban Development Action Grant standards for eligibility and project selection under section 119 of the Housing and Community Development Act of 1974. Such report shall include an evaluation of the effect of those standards taken individually and as a whole,

to target eligibility on the Nation's economically most distressed cities, as well as any legislative recommendations of the Secretary for improvement and the reasons for such recommendations.

Sec. 4. The provisions of paragraphs (1)(E), (4)(E), and (5) of section 119(d) of the Housing and Community Development Act of 1974, as amended by the first section of this Act, shall be effective on the date of enactment of this Act. The remainder of the amendments made by the first section of this Act shall be effective upon the issuance of implementing regulations, which the Secretary shall issue not later than October 1, 1985.

PROPOSED AMENDMENT TO CORRECT PROBLEMS WITH THE UDAG PROJECT SELECTION SYSTEM

Prior to December 1983, developers and local governments in all eligible cities were under relatively equal pressure to find the strongest possible deal for the city so that projects would be competitive. Since then, some less distressed cities feel they are unable to get a grant no matter how strong their project. The negotiating leverage of the most severely distressed cities should also be strengthened. The amendment would help reset the game at the local level, giving developers in all cities added incentive to put together the strongest possible deal.

A. Improve the project specific measures.

The amendment would give more recognition to the degree to which projects help relieve economic distress in distressed cities. The project ranking point system would be slightly refined—the amendment would leave most current categories untouched, but would allot up to 3 points for the following important considerations:

Creation of net jobs in enterprises that export goods or services from the applicant's local economy.

Location in and improvement of the residential quality and employment base of the applicant's more severely distressed neighborhoods.

A maximum of 5 bonus points would be added for the following factors, increasing a perfect score from 100 to 105 points.

Give more weight to a retained job where HUD is satisfied there is conclusive evidence that, without UDAG, the job would be lost.

Targeting on the city's most pressing residential or employment needs. Points would be awarded to projects that (1) reemploy workers in skill categories that have recently suffered a sharp increase in unemployment locally, (2) provide retraining in new skills for recently unemployed residents, (3) provide training to increase the local pool of skilled labor, or (4) provide decent housing for low- and moderate-income persons where it is in severe shortage and other Federal assistance is not available.

Location in a city that has not recently received a UDAG grant. 1 point would be awarded to cities that received no UDAG in the past 12 months, and 2 points would be awarded to those having received no UDAG in the past 24 months.

B. Give more weight to project measures as improved.

The amendment would give all eligible cities a chance to put together projects that have a reasonable chance to receive a UDAG. It would retain such important characteristics of UDAG as its national competition and targeting on distressed cities.

Funds available for each round would be divided into two pots. Two-thirds of the

funds would first be awarded according to a ranking of all fundable projects based on impacton (35 points), distress (35 points), and the improved project specific measures (35 points, including 5 bonus points). One-third of the funds would be awarded according to a ranking of the fundable projects based solely on the improved project specific measures. The 2-pot method would be implemented immediately upon enactment.

C. Drop automatic points.

Under the current project ranking procedure, virtually every project automatically gets 3 points under several categories specified in the law: impact on physical development, impact on economic conditions, timeliness, and demonstrated performance.

Under the amendment, these items would become threshold conditions rather than bases for awarding-ranking points. The Secretary would have to find that they have been met before a project would be eligible for funding.

D. Require local plan for reuse of any UDAG payback.

A city could reuse any UDAG funds that are repaid but they would have to have a plan for reinvesting those funds in job-creating activities that are consistent with the purposes of UDAG. The city would have to submit an audited report on those reinvestment activities.

E. Require study of eligibility criteria.

The HUD Secretary would study the eligibility criteria and make recommendations for improving the targeting of UDAG on distressed cities across the nation.

COMPARISON OF UDAG SELECTION POINTS

	Current	Proposed	Difference
Impacton.....	40	35	-5
Distress.....	30	35	+5
Subtotal.....	70	70	0
Project measures:			
A. No change in 27 points:			
Leverage.....	10	10	0
Jobs.....	6	6	0
New permanent jobs.....	2	2	0
Tax benefits per UDAG.....	1	1	0
Minority participation.....	1	1	0
State and local funds.....	1	1	0
Percent low/mod. minority; and CETA jobs.....	3	3	0
Other.....	3	3	0
B. Drop 3 automatic points:			
Demonstrated performance.....	1	0	-1
Timeliness.....	1	0	-1
Physical development.....	0.5	0	-0.5
Financial impact.....	0.5	0	-0.5
C. Add 3 points:			
Export from region.....	0	0	0
Distressed neighborhoods.....	0	3	+3
Subtotal.....	30	30	0
Bonus points:			
Retained jobs; most pressing housing and employment needs.....	0	3	+3
Not a recent recipient.....	0	2	+2
Total.....	100	105	+5

● Mr. D'AMATO. Mr. President, I am pleased to join my distinguished colleagues as a cosponsor of this legislation that changes the selection criteria for the Urban Development Action Grant Program [UDAG], administered by the U.S. Department of Housing and Urban Development.

I am pleased to have worked with Senators HEINZ, GRASSLEY, RIEGLE, and SASSER to improve the project selection system for the UDAG Program. This legislation broadens the

criteria for the competitive urban development action grants. I firmly believe that this bill resolves concerns raised about the current selection system and that it significantly strengthens the UDAG Program.

This program has brought economic revitalization to New York State, as well as other States. UDAG funds have been used to create and expand commercial, industrial, and neighborhood projects. These projects have brought new jobs and economic gains to many communities in our great State.

The following statistics illustrate the benefits of this program to New York.

NEW YORK STATE UDAG STATISTICS

(Dollars in millions)

	Number of UDAGS	UDAG amount	Private investment	Local taxes	New jobs
1982.....	43	\$43	\$181	\$3	5,631
1983.....	68	84	305	5	7,702
1984.....	65	108	490	12	10,594

Although New York and a host of cities have produced exceptional proposals which have been funded, our cities and urban counties have not completed their revitalization efforts. Our State, and other States, must continue to have the opportunity to promote private investment and to create new jobs and taxes for the benefit of our communities. This bill will provide that opportunity for New York, as well as other States throughout the country.

The bill no longer provides points for items such as timeliness and demonstrated performance, which every project now receives. These would become a requirement for approval, making points available for other measures. This bill also improves measures of project quality, giving more recognition to the degree to which projects help relieve economic distress in distressed cities; it recognizes a project's ability to export goods or services from the local economy, a city's distressed neighborhoods, the retention of jobs, and a city's most pressing residential or employment needs are also recognized. Cities that have not received a UDAG for the past 12 or 24 months would get extra consideration.

Funds in each round would be separated into two pots: Two-thirds would first be awarded according to impacton, distress and project specific measures; one-third would be awarded among the remaining projects according to project measures alone. The Secretary of the U.S. Department of Housing and Urban Development would be required to evaluate the current standards that determine eligibility of cities to apply for UDAG's and to submit a report by March 15, 1985,

with any recommendations for improvement.

The UDAG Program is intended to help revitalize cities and urban counties that have a combination of characteristics. These characteristics include aged housing, low per capita income change, high percentage of poverty, loss of population and jobs, unemployment, and designation as a labor surplus area. UDAG's encourage local governments to work with the private sector to revitalize communities. The end result reflects the creative collaboration of both sectors.

The Urban Development Action Grant [UDAG] Program, administered by the Department of Housing and Urban Development, is a perfect example of a Federal program that helps our communities. It demonstrates that jobs can be created and that revenues can be generated to enhance the development of our communities. It is a perfect example of a great public private partnership.

I firmly believe that our communities are deserving of the Urban Development Action Grant (UDAG) Program. This bill has been endorsed by the National League of Cities, National Association of Counties, U.S. Conference of Mayors, National Association of Housing and Redevelopment Officials, National Housing Conference, National Conference for Urban Economic Development, the American Business Coalition, as well as others.

Mr. President, the Urban Development Action Grant Program, has helped create more than 479,170 new permanent jobs, 467,000 construction jobs, and has helped retain over 120,000 jobs. UDAG's have created at least \$20 billion in private investments. As a result of this program, an additional \$521 million has been raised in property taxes and other local taxes. UDAG's have assisted in more than 2,400 development projects in over 1,084 cities.

Mr. President, our communities must be encouraged to continue to carry out economic development activities vital for U.S. growth and prosperity. The UDAG success stories of our communities should not end. This bill gives all of our communities an opportunity to have UDAG success stories. Therefore, I urge my colleagues to join me in the speedy passage of this important legislation that will benefit our great Nation. ●

By Mr. KERRY:

S.J. Res. 135. A joint resolution to designate May 11, 1986, as "Mother's Peace Day"; to the Committee on the Judiciary.

MOTHER'S PEACE DAY

Mr. KERRY. Mr. President, as every Member of this body knows, on the second Sunday of May each year, this Nation celebrates Mother's Day, in honor of the women who have given

so much of their lives to their children, indeed, to all of us here.

What perhaps few of us were aware is that Mother's Day was originally called "Mother's Peace Day," by the woman who came up with the idea for a day honoring mothers—Julia Ward Howe, who wrote "The Battle Hymn of the Republic."

Mother's Day was Julia Ward Howe's original idea. By 1878, she was writing a "Mother's Day letter to friends . . . who help me celebrate this day."

But Mrs. Howe's idea was not the sending of flowers, gifts, and telegrams to mothers. Mother's Day, as she conceived it, was the day when everyone should be dedicated anew to the task of bringing about world peace.

She called the day, "Mother's Peace Day," honoring all who had lost sons in the Civil War and in other wars everywhere. She urged newspapers to publish articles stressing the means by which lasting peace could be brought about, and she wrote many such articles herself. She sent Mother's Day peace programs to women's clubs in answer to requests from all around the country.

In the early years, she held annual Mother's Day meetings in Boston. Then Mary Towles Sasseen, a Kentucky schoolteacher, took up the idea, and began conducting Mother's Day celebrations in Kentucky in 1887. Frank Hering of South Bend, IN, launched a campaign for the observance of Mother's Day in 1904.

Americans in many States continued to celebrate Mother's Peace Day early in this century. As late as 1912, the Pennsylvania Peace Society, in conjunction with the Universal Peace Union, held a celebration of Mother's Peace Day. The printed invitation to this festival read:

Thirty-nine years ago, Julia Ward Howe instituted this festival for peace—a time for the women and children to come together; to meet in the country; invite the public, and recite, speak, sing and pray for "those things that make for peace."

Mother's Day received national recognition on May 9, 1914. On that day, President Woodrow Wilson signed a joint resolution of Congress recommending that Congress and the executive departments of the Government observe Mother's Day. The following year, the President was authorized to proclaim Mother's Day as an annual national observance.

Since that time, Mother's Day has become an important American institution, a symbol of the love, affection, and respect we each have for our mothers. But the origins of Mother's Day as a day dedicated to peace have been somewhat obscured.

Today, more than ever, we need to think about the relationship of peace to our fundamental values—to the

values of nurturing and of family, to preserving our Nation and all of its possibilities for our children and their children.

In this nuclear age, it is especially important to recall the connections between mothers and their families and the universal desire for peace.

For this reason, as Mother's Day 1985 is celebrated, I am submitting to this body a resolution to make Mother's Day in 1986 a day designated as "Mother's Peace Day," as in the original idea of Julia Ward Howe.

As organizations like Women's Action for Nuclear Disarmament and others are demonstrating, the connection between mothers and peace is stronger than ever. As the article from the Boston Globe on last year's Mother's Day demonstrates, "nobody hates war more than mothers."

I ask unanimous consent that the articles on the Mother's Day peace rally printed in the May 14, 1984, and April 29, 1984, Boston Globe be published in the RECORD, as well as a copy of this joint resolution.

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

[From the Boston Globe, May 14, 1985]

PEACE RALLY WITH MOTHERS DAY TWIST

(By Terri Minsky)

"Nobody hates war more than mothers."

So said Mary Crittendon of North Reading, who celebrated Mothers Day by bringing her 10-year-old son to a rally for nuclear disarmament at Faneuil Hall yesterday.

"You want so much for your children to have a future, and I don't want my son to grow up thinking he might not," she said. "I couldn't think of a better way to spend Mothers Day than to work at changing that."

The rally, sponsored by Women's Action for Nuclear Disarmament (WAND), was attended by 500 mothers and some mothers-to-be, their husbands and their children. Some of the women carried their children in corduroy pouches against their chests, some in knapsacks on their backs, a few made leashes for their children from balloons which read: "My Mom Votes."

The rally's speakers, among them actress Margot Kidder and Dr. Helen Caldicott, founder of WAND and the author of the newly published book, "Missile Envy," exhorted those attending to lessen the threat of nuclear war by voting President Ronald Reagan out of office. "He's a nice man," said Caldicott, "I've met him, but unfortunately he doesn't understand what he's doing."

Mothers are the ones who historically had to send their children and husbands off to war, and had to suffer the loss but be proud and brave if they died," said Jan Williams, spokeswoman for WAND. "But instead of being brave, we think mothers could work to put an end to that." This year, the nationwide group held similar rallies in 30 US cities.

Ariela Gross, the Harvard University student who thanked Reagan for a presidential scholarship by handing him a nuclear freeze petition, told the assembled group. "What young people feel about nuclear war today

is powerlessness, like it was just handed to us and we can't do anything about it."

Indeed, that sentiment was echoed by 12-year-old Sarah Richardson from Brookline, who said, "I don't really think there's anything I could do to change it or stop it. I just think about it a lot." Rollin Crittendon, Mary Crittendon's 10-year-old son, said he has plans to be a theoretical scientist, "but I will refuse to do any work on nuclear bombs. The whole thought of that kind of explosion makes me angry."

"My 8-year-old daughter asks me questions like: 'Mom, if there is a nuclear war, will we be together?'" said Margot Kidder. Other parents at the rally said their children also raised similar fears. "Hers is the first generation which is growing up with this benign acceptance that something like this could happen, and they're so scared that it just makes my heart break," said Kidder said.

[From the Boston Globe, Apr. 29, 1984]

PEACE: A MOTHER'S DAY MISSION

(By Kay Longcope)

Jan Meriwether, 37, of Everett used to spend Mother's Day with her kids—Angela, 18, Erin, 11, and Ethan, 9. "They'd cook breakfast and give me special cards they made in school and other little mementos, depending upon what they could afford."

This year, with her oldest child in college in California and the other two, through a shared custody arrangement, with their father in Canada, Meriwether has other plans. Besides, she says, "I never really liked the sort of Hallmark appeal to commercialism on Mother's Day. I don't think I'm atypical."

On Sunday, May 13, she will join other mothers who have taken steps to "reclaim the day." Meriwether, who recently joined the Arlington-based staff of Women's Action for Nuclear Disarmament (WAND), will participate in a variety of activities scheduled from 2 to 4 p.m. at Boston's Faneuil Hall and attend a Mother's Day Ball at the Park Plaza Hotel that evening.

"Using Mother's Day as an educational forum and public way to discuss environmental and political issues is far more relevant for me now than a card or box of candy," she says. "I want to help ensure that my children have a future."

This year WAND, in concert with the Women's Vote Project in Washington, D.C., and the bipartisan Massachusetts Women in Politics, is urging mothers to throw Mother's Day traditions to the winds. All women, regardless of marital or motherhood status, are being asked to join a demonstration of support for nuclear disarmament. They also are being urged to register and vote in the 1984 presidential election to influence domestic and foreign policy.

Estimates from the 1980 US census place unregistered female voters at 31 million. "In 1980, 14 million women who were registered did not vote," Meriwether said. The clout of women is important, she says, "given the fact that Reagan Administration cuts in domestic programs have been felt most strongly by women, who now head one of every three families below the poverty line."

Meriwether says that fiscal 1985 budgetary projections place military spending at "nearly 30 percent of the total budget, or \$279.8 billion, while the planned expenditures on human services will be cut to \$166.7 billion, or 17.7 percent of the total."

So various women's organizations have linked arms and devised such slogans as "Women Vote for Survival '84," and "Chil-

dren Ask the World of Us" and "It's a Man's World Unless Women Vote."

WAND is a national organization founded in 1980 by Dr. Helen Caldicott of Newton, a pediatrician and prominent nuclear disarmament activist. Since its inception, it has orchestrated a symphony of Mother's Day activities aimed at nuclear disarmament.

VOTER REGISTRATION DRIVE

The Women's Vote Project is a coalition of 65 national organizations representing millions of American women who belong to religious, professional, civic, political and educational groups. Its major thrust is to demonstrate "womanpower" at the polls next November.

Women in Politics is a bipartisan group that, on Mother's Day, will launch a statewide voter registration campaign, according to the 1983 US census, Massachusetts, with a total of 1.3 unregistered voters, is among 17 states that have at least 500,000 unregistered women. The Commonwealth has 538,000 unregistered women, of whom 63,107 live in Boston.

Voter registration efforts of such groups as WAND are part of a national effort.

"We want to reach millions of women, especially mothers, all over the country who are concerned about life and the threat to children brought on by the continued nuclear arms race," said Meriwether, WAND's director of special projects.

"Since 1984 may be the first year that women vote in numbers that reflect their true political position in society, we are encouraging women to use their vote to 'go public' with their feelings against proliferation of the nuclear mentality. With more than 31 million unregistered women voters, WAND has decided to make voter registration a 1984 priority through the 'Women Vote for Survival '84' campaign. That is part of our life-sustaining work."

FANEUIL HALL ACTIVITIES

The activities at Faneuil Hall on Mother's Day will celebrate the lives of women who contributed to important human-rights movements over the last two centuries. Guest speakers will include Caldicott, Elsie Frank (Rep. Barney Frank's mother) and Harvard student Ariela Gross, who last year received the first Helen Caldicott Leadership Award. Gross, upon presentation of a White House scholarship by President Reagan, presented him with a petition for nuclear disarmament.

Clowns will do mime and face-painting. Women in Politics will sell "My Mom Votes" balloons while registering voters. The children's chorus from the Black Ghetto Theater/Paige Academy will sing, and Kathryn J. Woods will read some of her poetry. Woods is a member of the Underground Railroad theater group in Cambridge. Members of community theater groups in Winchester and Arlington will dramatize the lives of Jeannette Rankin, Jane Addams and Emily Greene Balch of Jamaica Plain, who received the Nobel Peace Prize in 1946. Balch was an economic professor at Wellesley College whose avocation was the pursuit of peace.

At 7 p.m. several hundred people paying \$100 a head will dance to the music of Peter Duchin and his orchestra at the Mother's Day Ball at the Park Plaza Hotel. The fundraising event is being sponsored by and will benefit Women's Action for Nuclear Disarmament and its voter registration program.

Actresses Meryl Streep and Jane Alexander, who will share this year's Helen Caldicott Leadership Award, will attend the ball.

Also planning to attend is Margot Kidder, who played Lois Lane in the movie, "Superman."

Other types of events also are scheduled for May 13.

At the Newton Center for the Arts, an unusual art show will begin Friday, May 11, and run through Sunday, May 27. Called "Full Circle," the show features 46 artists (most of them from Massachusetts) who have created images of pregnancy and birth. Artists have used various media—oil, sculpture, drawing, tapestry, and collage—to portray the birth cycle.

Deborah Lisansky Beck, who is coordinating the Newton art exhibit, said that some of the artists "used pregnancy as a metaphor to illustrate creativity of adult growth and development, so it is not just birth of a particular baby but birth of the creative spirit within all of us."

Of the 46 artists selected for the exhibit, 38 are women. Art work reflects archaic fertility figures, as well as contemporary imaginative images of life on other planets and in outer space.

Beck, who is a psychiatric social worker specializing in counseling expectant couples and parents of young children, is curator of the Full Circle show. She says the theme reflects "the circle of the pregnancy process, history, the calendar year and the fertility cycle."

On Mother's Day throughout in the nation, offshoots of WAND and the Women's Vote Project will sponsor a number of other activities, all revolving around nuclear disarmament and voter registration. A "family picnic" in Cherry Hill, N.J., will feature a "race for peace," with participants designated "Americans" and "Russians." A Mother's March will be held in Sacramento, Calif., ending at Mather Air Force Base "to bring the healing energy of the home to nuclear mentality."

In Madison, Wis., a group called "Another Woman for Peace" will hold its second annual rally for peace with a silent walk to the state capitol. And again this year, Dr. Jack Meyer of Enosburg Falls, Vt., is encouraging bell ringing from noon to 1 p.m. "In each time zone around the world to declare peace."

In Denver on May 10, a Mother's Day march has been scheduled to coincide with a national "Women's Congressional Lobby Day." Voters especially mothers, are urged to visit state legislators and congressional representatives to emphasize their concern about nuclear disarmament.

In Ft. Collins, Colo., a picnic on May 13 will feature a 60-foot submarine sandwich and circulation of petitions calling for a nuclear freeze. Ft. Collins is located 40 miles from Cheyenne, home of the MX missile.

ALABAMA AND TEXAS

Mothers in Birmingham, Ala., will stage a baby buggy parade to emphasize pursuit of life. In Amarillo, Tex., site of the Pentax Co., a large contractor in the nuclear weapons industry, women will release helium-filled balloons suggesting the flow of radiation from the plant to wherever the balloons land. Other events will include letter writing parties urging congressmen to vote against increased allocation of funds for nuclear weapons.

Through Women's Action for Nuclear Disarmament, the major thrust of Mother's Day for the last three years has been to reinforce Julia Ward Howe's instigation of "a mother's day for peace." It was in 1872 that the author of the "The Battle Hymn of the

Republic" urged mothers to organize. She had traveled Europe and was horrified by the Franco-Prussian War.

Howe said then that "the ultimate mothering issue is the prevention of war . . . to prevent the waste of human life of which (we) alone bear and know the cost."

S.J. RES. 135

Whereas Mother's Day was Julia Ward Howe's original idea as a day when everyone should be dedicated to the task of securing world peace;

Whereas Julia Ward Howe called Mother's Day "Mother's Peace Day", in honor of all who had lost sons in the Civil War and in other wars everywhere;

Whereas Mother's Day received national recognition on May 9, 1914, when President Woodrow Wilson signed a joint resolution of Congress recommending that Congress and the executive departments of the Government observe Mother's Day;

Whereas Mother's Day has been an annual national observance since 1914;

Whereas world peace is an urgent goal of the United States and the American people; and

Whereas a day in honor of world peace and of the special role mothers have had in seeking peace throughout human history will help bring about renewed public thinking about the important issues of peace, motherhood, and the family: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That May 11, 1986, is hereby designated as "Mother's Peace Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. CRANSTON, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 8, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 49

At the request of Mr. McCLURE, the name of the Senator from Colorado [Mr. ARMSTRONG] was added as a cosponsor of S. 49, a bill to protect firearm owners' constitutional rights, civil liberties, and rights to privacy.

S. 58

At the request of Mr. DANFORTH, the names of the Senator from South Dakota [Mr. ABDNOR], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of S. 58, a bill to amend the Internal Revenue Code of 1954 to increase research activities, to foster university research and scientific training, and to encourage the contribution of scientific equipment to institutions of higher education.

S. 206

At the request of Mr. TRIBLE, the name of the Senator from Florida [Mrs. HAWKINS] was added as a cosponsor of S. 206, a bill to amend section 5155 of the Revised Statutes.

S. 300

At the request of Mr. GRASSLEY, the name of the Senator from Utah [Mr. GARN] was added as a cosponsor of S. 300, a bill to amend section 1951 of title 18 of the United States Code, and for other purposes.

S. 361

At the request of Mr. MOYNIHAN, the names of the Senator from North Dakota [Mr. ANDREWS], the Senator from Arizona [Mr. DECONCINI], the Senator from South Carolina [Mr. THURMOND], and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 361, a bill to amend the Internal Revenue Code of 1954 to make permanent the deduction for charitable contributions by nonitemizers.

S. 410

At the request of Mr. JOHNSTON, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 410, a bill to repeal the Commercial and Apartment Conservation Service, and for other purposes.

S. 419

At the request of Mr. GRASSLEY, the names of the Senator from Iowa [Mr. HARKIN], and the Senator from Pennsylvania [Mr. SPECTER] were added as cosponsors of S. 419, a bill to amend the Internal Revenue Code of 1954 to allow a deduction for one-half of the expenses paid by a self-employed taxpayer for individual health insurance premiums.

S. 426

At the request of Mr. WALLOP, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as cosponsor of S. 426, a bill to amend the Federal Power Act to provide for more protection to electric consumers.

S. 454

At the request of Mr. GRASSLEY, the name of the Senator from Nebraska [Mr. ZORINSKY] was added as a cosponsor of S. 454, a bill to amend the Internal Revenue Code of 1954 to provide a 20-percent investment tax credit for certain soil or water conservation expenditures.

S. 502

At the request of Mr. TRIBLE, the names of the Senator from Virginia [Mr. WARNER], and the Senator from Nebraska [Mr. ZORINSKY] were added as cosponsors of S. 502, a bill to amend the Federal Financing Bank Act of 1973 to assure the proper budgetary treatment of credit transactions of Federal agencies.

S. 625

At the request of Mrs. HAWKINS, the name of the Senator from Utah [Mr. GARN], was added as cosponsor of S. 625, a bill to include the offenses relating to sexual exploitation of children under the provisions of RICO and authorize civil suits on behalf of victims of child pornography and prostitution.

S. 744

At the request of Mr. COCHRAN, the name of the Senator from California [Mr. WILSON], was added as a cosponsor of S. 744, a bill to amend the Agriculture and Food Act of 1981 to provide protection for agricultural purchasers of farm products.

S. 787

At the request of Mr. NUNN, the name of the Senator from Georgia [Mr. MATTINGLY], was added as cosponsor of S. 787, a bill to authorize the Secretary of the Army to accept and to operate a National Science Center for Communications and Electronics in order to enhance military training and to share technology development in the communications, electronics, and computer industries, and for other purposes.

S. 881

At the request of Mr. KENNEDY, the names of the Senator from Washington [Mr. EVANS], the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of S. 881, a bill to extend title X of the Public Health Service Act for 3 years.

S. 885

At the request of Mr. KERRY, the names of the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of S. 885, a bill to establish a moratorium during the fiscal years 1985 and 1986 on the testing of antisatellite weapons against objects in space.

S. 925

At the request of Mr. HUMPHREY, the names of the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Utah [Mr. GARN] were added as cosponsors of S. 925, a bill to deny most-favored-nation trading status to Afghanistan.

S. 944

At the request of Mr. HELMS, the name of the Senator from Nebraska [Mr. ZORINSKY] was added as a cosponsor of S. 944, a bill to amend title II of the Social Security Act to restrict the payment of benefits to certain aliens.

S. 980

At the request of Mr. TRIBLE, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 980, a bill to amend title I of the Housing and Community Development Act of 1974.

S. 994

At the request of Mr. JOHNSTON, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S. 994, a bill to facilitate the national distribution and utilization of coal.

S. 1018

At the request of Mr. GORTON, the names of the Senator from Oregon [Mr. HATFIELD], and the Senator from Pennsylvania [Mr. HEINZ] were added as cosponsors of S. 1018, a bill to amend the National Labor Relations Act to clarify the meaning of the term "guard" for the purpose of permitting certain labor organizations to be certified by the National Labor Relations Board as representatives of employees other than plant guards.

S. 1022

At the request of Mr. LEVIN, the name of the Senator from Florida [Mr. CHILES] was added as a cosponsor of S. 1022, a bill to establish intergenerational education volunteer network programs which will provide opportunities for senior citizens to work in elementary and secondary schools and in the home with educationally disadvantaged children and their families.

S. 1054

At the request of Mr. HEINZ, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1054, a bill to amend the Age Discrimination in Employment Act of 1967 to remove the maximum age limitation applicable to employees who are protected under such Act, and for other purposes.

SENATE JOINT RESOLUTION 47

At the request of Mr. CRANSTON, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of Senate Joint Resolution 47, joint resolution designating the week beginning November 10, 1985, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 87

At the request of Mr. MURKOWSKI, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of Senate Joint Resolution 87, joint resolution to provide for the designation of July 19, 1985, as "National POW/MIA Recognition Day."

SENATE JOINT RESOLUTION 88

At the request of Mr. LEVIN, the name of the Senator from Nebraska [Mr. ZORINSKY] was added as a cosponsor of Senate Joint Resolution 88, joint resolution to designate the week beginning September 8, 1985, as "National Osteopathic Medicine Week."

SENATE JOINT RESOLUTION 91

At the request of Mr. HUMPHREY, the names of the Senator from West Virginia [Mr. BYRD], the Senator from Mississippi [Mr. COCHRAN], the Senator from North Carolina [Mr. EAST], the Senator from Alabama [Mr. HEFLIN], and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of Senate Joint Resolution 91, joint resolution to designate March 21, 1985, as "Afghanistan Day."

SENATE JOINT RESOLUTION 107

At the request of Mrs. HAWKINS, the name of the Senator from Indiana

[Mr. LUGAR] was added as a cosponsor of Senate Joint Resolution 107, joint resolution to designate the month of May 1985 as "Older Americans Month."

SENATE JOINT RESOLUTION 111

At the request of Mr. DIXON, the names of the Senator from Connecticut [Mr. WEICKER], the Senator from Massachusetts [Mr. KERRY], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 111, joint resolution to designate the month of October 1985 as "National Spina Bifida Month."

SENATE JOINT RESOLUTION 115

At the request of Mr. LEAHY, the names of the Senator from Rhode Island [Mr. PELL], the Senator from Oklahoma [Mr. NICKLES], the Senator from Maine [Mr. COHEN], and the Senator from Vermont [Mr. STAFFORD] were added as cosponsors of Senate Joint Resolution 115, joint resolution to designate 1985 as the "Oil Heat Centennial Year."

SENATE JOINT RESOLUTION 117

At the request of Mr. LEVIN, the names of the Senator from South Carolina [Mr. THURMOND], and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of Senate Joint Resolution 117, joint resolution designating the week beginning September 22, 1985, as "National Adult Day Care Center Week."

SENATE JOINT RESOLUTION 118

At the request of Mrs. HAWKINS, the name of the Senator from Nebraska [Mr. ZORINSKY] was added as a cosponsor of Senate Joint Resolution 118, joint resolution to designate May 25, 1985 as "Missing Children Day."

SENATE JOINT RESOLUTION 126

At the request of Mr. PRESSLER, the names of the Senator from Nebraska [Mr. EXON], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 126, joint resolution to condemn Bulgarian brutality toward their Turkish minority.

SENATE CONCURRENT RESOLUTION 6

At the request of Mr. GLENN, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of Senate Concurrent Resolution 6, a concurrent resolution expressing the sense of the Congress that the policy of separate development and the forced relocation of South African blacks to designated "homelands" is inconsistent with fundamental American values and internationally recognized principles of human rights and should be discontinued.

SENATE CONCURRENT RESOLUTION 20

At the request of Mr. CRANSTON, the names of the Senator from Texas [Mr. GRAMM], and the Senator from Ohio [Mr. GLENN] were added as cosponsors of Senate Concurrent Resolution 20, a

concurrent resolution expressing the sense of the Congress that payments by the Veterans' Administration to veterans as compensation for service-connected disabilities should remain exempt from Federal income taxation.

SENATE CONCURRENT RESOLUTION 23

At the request of Mr. BAUCUS, the names of the Senator from Tennessee [Mr. GORE], and the Senator from Pennsylvania [Mr. HEINZ] were added as cosponsors of Senate Concurrent Resolution 23, a concurrent resolution expressing the sense of the Congress concerning the reduction of trade barriers by Japan.

SENATE CONCURRENT RESOLUTION 24

At the request of Mr. MATTINGLY, the name of the Senator from Arkansas [Mr. BUMBERS] was added as a cosponsor of Senate Concurrent Resolution 24, a concurrent resolution to direct the Commissioner of Social Security and the Secretary of Health and Human Services to develop a plan outlining the steps which might be taken to correct the social security benefit disparity known as the notch problem.

SENATE CONCURRENT RESOLUTION 36

At the request of Mr. PROXMIRE, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of Senate Concurrent Resolution 36, a concurrent resolution expressing the sense of the Congress regarding the establishment of a joint commission between the United States and the Soviet Union to study the concept of nuclear winter and its impact for the national security of both nations.

SENATE CONCURRENT RESOLUTION 41

At the request of Mr. BAUCUS, the names of the Senator from Iowa [Mr. GRASSLEY], the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of Senate Concurrent Resolution 41, a concurrent resolution expressing the sense of the Congress that corporate income tax rates should remain graduated.

SENATE CONCURRENT RESOLUTION 45

At the request of Mr. D'AMATO, the names of the Senator from Utah [Mr. GARN], and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of Senate Concurrent Resolution 45, a concurrent resolution condemning the actions of the Nicaraguan Government that hinder freedom of religion.

SENATE RESOLUTION 148

At the request of Mr. HELMS, the names of the Senator from South Dakota [Mr. ABDNOR], the Senator from Missouri [Mr. DANFORTH], the Senator from Nevada [Mr. HECHT], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Nevada [Mr. LAXALT], the Senator from Indiana [Mr. LUGAR], the Senator from Alaska [Mr. STEVENS], and the Senator from

Wyoming [Mr. WALLOP] were added as cosponsors of Senate Resolution 148, a resolution commemorating the 50th anniversary of the Rural Electrification Administration.

SENATE CONCURRENT RESOLUTION 48—RELATING TO THE DEATH OF PRESIDENT-ELECT TANCREDO NEVES OF BRAZIL

Mr. HART (for himself and Mr. ZORINSKY) submitted the following concurrent resolution; which was considered and agreed to:

S. CON RES. 48

Whereas, after twenty years of military rule, Brazil returned to democracy with the election of Tancredo Neves;

Whereas tens of millions of Brazilians peacefully and freely voted for candidates of their choice for their nation's highest offices;

Whereas it should be the policy of the United States to support democratic institutions in Latin America and elsewhere and the right to peaceful opposition and basic human rights;

Whereas President-elect Neves courageously devoted his last measure of strength to uniting his country while suffering from a fatal illness;

Whereas the death of President Neves has saddened all Brazilians and well-wishers for Brazil's return to democracy;

Whereas Brazil strengthened its commitment to democratic structures by rapidly and peacefully dealing with the necessary transition of power;

Whereas Vice President Jose Sarney has succeeded President-elect Neves in office and pledges to continue his democratic policies; and

Whereas the Brazilian nation has united to support a calm and expeditious transition: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States—

(1) extends its deepest and most sincere condolences to the people of Brazil and to the family of President Neves;

(2) sends its best wishes to President Jose Sarney for the success of his term in office;

(3) forwards its congratulations to the people of Brazil for their country's return to democracy and its handling of the presidential succession after the tragic death of President Neves; and

(4) expresses its hope that the long historical bonds and cooperation between Brazil and the United States be further developed and strengthened in the coming years.

Sec. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the Secretary of State for transmittal to President Jose Sarney of Brazil.

SENATE RESOLUTION 161—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. LUGAR, from the Committee on Foreign Relations, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 161

Resolved, That, pursuant to section 402(c) of the Congressional Budget Act of 1974,

the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1132, a bill authorizing supplemental appropriations for the Arms Control and Disarmament Agency for fiscal year 1985 and authorizing appropriations for fiscal years 1986 and 1987. Such waiver is necessary to provide authority to spend \$4,321,000 by the Agency in fiscal year 1985 to support the arms control negotiations between the United States and the Soviet Union now taking place in Geneva, Switzerland. At the time the Committee reported the legislation authorizing appropriations for the Agency for fiscal year 1985 the negotiations in Geneva had not been agreed to.

AMENDMENTS SUBMITTED

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT

PROXIMITY AMENDMENT NOS. 97 AND 98

(Ordered to lie on the table.)

Mr. PROXIMITY submitted an amendment intended to be proposed by him to the bill (S. 960) to amend the Foreign Assistance Act of 1961, the Arms Export Control Act, and other acts to authorize appropriations for the fiscal year 1986 for international security and development assistance, the Peace Corps, the Inter-American Foundation, and the African Development Foundation, and for other purposes; as follows:

AMENDMENT No. 97

On page 64, between lines 16 and 17, insert the following:

PROHIBITION ON CERTAIN ASSISTANCE TO THE KHMER ROUGE IN KAMPUCHEA

Sec. 914. (a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act or any other Act may be obligated or expended for the purpose or with the effect of promoting, sustaining, or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations in Kampuchea or elsewhere in Indochina.

(b) All funds appropriated before the date of enactment of this section which were obligated but not expended for activities having the purpose or effect described in subsection (a) shall be deobligated and shall be deposited in the Treasury of the United States as miscellaneous receipts.

(c) This section shall not be construed as limiting the provision of food, medicine, or other humanitarian assistance to the Kampuchean people.

On page 64, line 18, strike out "Sec. 914." and insert in lieu thereof "Sec. 915."

AMENDMENT No. 98

On page 64, between lines 16 and 17, insert the following new section:

POLICY OF CONGRESS REGARDING THE ESTABLISHMENT OF A JOINT COMMISSION OF THE UNITED STATES AND THE SOVIET UNION TO STUDY THE CONSEQUENCES OF NUCLEAR WINTER

Sec. 914. It is the sense of the Congress that the President should propose to the

Government of the Soviet Union during any arms control talks held with such Government—

(1) that the United States and the Soviet Union establish a joint commission to study the atmospheric, climatic, environmental, and biological consequences of nuclear explosions, sometimes known as "nuclear winter", and the impact that nuclear winter would have on the national security of both nations;

(2) that the work of such joint commission include the sharing and exchange of information and findings on the nuclear winter phenomena and the conduct of joint research projects that would benefit both nations; and

(3) that at some time after the establishment of the joint commission the other nuclear weapon nations—the United Kingdom, France, and the People's Republic of China—be involved in the work of the joint commission.

On page 64, line 18, strike out "Sec. 914." and insert in lieu thereof "Sec. 915."

PUBLIC BUILDINGS ACT AMENDMENTS

STAFFORD AMENDMENT NO. 99

Mr. STAFFORD proposed an amendment to the bill (S. 709) to amend the Public Buildings Act of 1959 and for other purposes; as follows:

On page 2, between lines 12 and 13, insert the following:

(c) The amendments made by subsections (a) and (b) shall take effect on the day on which the individual holding the office of Commissioner of the Public Buildings Service of the General Services Administration on the date of enactment of this Act ceases to hold such office.

UNIFORM PRODUCT LIABILITY ACT

GORTON AMENDMENT NO. 100

(Ordered to be referred to the Committee on Commerce, Science, and Transportation.)

Mr. GORTON submitted an amendment intended to be proposed by him to the bill (S. 100) to regulate interstate commerce by providing for a uniform product liability law, and for other purposes; as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

TITLE I

SHORT TITLE

Sec. 101. This Act may be cited as the "Product Liability and Compensation Act".

DEFINITIONS

Sec. 102. As used in this Act—

(1) "allowable expense" means reasonable expenses incurred for products, services, and accommodations reasonably needed for medical care, and other remedial treatment and care of a person harmed by a product, including reasonable expenses for rehabilitation treatment and occupational training;

(2) "claimant" means any person who brings a product liability action under title

II of this Act or who makes a claim under title III of this Act, and if such an action or claim is brought through or on behalf of an estate, the term includes the claimant's decedent, or if such an action or claim is brought through or on behalf of a minor, the term includes the minor's parent or guardian;

(3) "collateral benefits" means all benefits and advantages received or entitled to be received (regardless of any right any other person has or is entitled to assert for recoupment through subrogation, trust agreement, lien, or otherwise) by any person harmed or by any other person as reimbursement of loss because of harm to person or property payable or required to be paid, under—

(A) any Federal law or the laws of any State (other than through a claim for breach of an obligation or duty); or

(B) any life, health or accident insurance or plan, wage or salary continuation plan, or disability income or replacement service insurance or any benefit received or to be received as a result of participation in any pre-paid medical plan or Health Maintenance Organization;

except that "collateral benefits" payable with respect to harm for which a claim is brought under title II of this Act shall have the meaning given to such term under applicable State law;

(4) "commerce" means trade, traffic, commerce, or transportation (A) among the several States, between any foreign country or any territory or possession and any State or between points in the same State but through any other State or a foreign country; or (B) which affects trade, traffic, commerce or transportation described in clause (A);

(5) "compensation benefits" means the claimant's damages, less collateral benefits, which have been received by the claimant, together with reasonable attorney's fees, at such attorney's usual hourly rate or at the prevailing hourly rate for attorneys in the community in which such attorney has the attorney's principal practice, whichever is lower, for the actual hours spent by such attorney in the preparation of the claimant's claim;

(6) "damages" means (A) for the purposes of title II of this Act, damages as allowed by the law of the State in which an action is maintained; and (B) for the purposes of title III of this Act, damages for economic loss consisting only of—

- (i) allowable expenses;
- (ii) work loss;
- (iii) replacement services loss;
- (iv) property damage; and
- (v) medical monitoring and preventative care;

(7) "harm" means (A) physical damage to property other than the product itself; (B) personal physical illness, injury, or death of the claimant or an increase in the likelihood of illness, injury, or death for the claimant; (C) mental or emotional harm of the claimant; or (D) any harm recognized under the law of the State in which the action is maintained, other than loss or damage caused to a product itself or commercial loss with respect to which recovery is available under the commercial or contract law of the State;

(8) "manufacturer" means (A) any person who is engaged in a business to design or formulate or to produce, create, make, assemble or construct any product (or component part of a product); (B) a product seller with respect to all aspects of a product (or component part thereof) which are created

or affected when, before placing the product in the stream of commerce, the product seller designs or formulates, or produces, creates, makes, assembles or constructs an aspect of a product (or component part thereof) made by another; and (C) any product seller not described in clause (B) which holds itself out as a manufacturer to the user or consumer of the product;

(9) "medical monitoring and preventative care" means any reasonable medical monitoring, including an increase in the number of routine medical examinations, and any reasonably needed preventative care which is generally accepted as appropriate to decrease the risk of illness, injury or death to a person as a result of the use of, or exposure to, a product, or which is generally accepted as appropriate for early detection of an illness or injury which is more likely to occur because of the use of, or exposure to, a product;

(10) "product" means any object, substance, mixture or raw material in a gaseous, liquid or solid state which is capable of delivery itself, or as an assembled whole in a mixed or combined state or as a component part or ingredient, which is produced for introduction into trade or commerce, which has intrinsic economic value, and which is intended for sale or lease to persons for commercial or personal use; "product" does not include (A) for the purposes of title II of this Act, human tissue, blood, or organs unless specifically recognized as a product pursuant to State law; (B) a product used in the course of any trade or business which has been discarded, abandoned, or disposed of by such trade or business, unless such product is one which is customarily produced or distributed for sale, consumption or use, or is customarily stored by individuals, in or about an office or the household;

(11) "product seller" means a person who, in the course of a business conducted for that purpose, sells, distributes, leases, labels, or markets, or repairs or maintains (to the extent such repair or maintenance is alleged to have caused or contributed to any harm), or otherwise is directly involved in placing a product in the stream of commerce; "product seller" does not include—

(A) a seller of real property other than a builder or contractor;

(B) a provider of professional services in any case in which the sale or use of a product is incidental to the transaction and the essence of the transaction is the furnishing of judgment or skill; or

(C) any person who acts in only a financial capacity with respect to the sale or lease of a product;

(12) "product user" means any person who owns, leases, operates, uses, or has control of a product;

(13) "property damage" means damage to any person's property which was proximately caused by the product, without regard to whether the person was harmed;

(14) "replacement services loss" means reasonable expenses incurred in obtaining ordinary and necessary services in lieu of those the harmed person would have performed, not for income but for the benefit of the person or the person's family or dependents, if the person had not been harmed;

(15) "sale" means any change in ownership of a product, any intentional relinquishment of control of a product, and any lease of a product; "sale" includes any temporary transfer of control of a product in contemplation of the sale or lease of the product;

(16) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States, or any political subdivision of any State; and

(17) "work loss" means all lost income from work the harmed individual would have performed if the individual had not been harmed, reduced by any income from substitute work actually performed by the individual or by income the individual would have earned in available appropriate substitute work the individual was capable of performing but unreasonably failed to undertake; "work loss" does not include that portion of such income which would otherwise have been paid to the Federal Government or to a State or local government as a tax on such income; damages for anticipated work loss shall be determined in accordance with generally recognized actuarial principles and projections, including any appropriate adjustment for inflation.

PREEMPTION OF OTHER LAWS

SEC. 103. (a) This Act governs any civil action brought against a manufacturer or seller for harm caused by a product, including any action which before the effective date of this Act would have been based on: (1) strict or absolute liability in tort; (2) negligence or gross negligence; (3) breach of express or implied warranty; (4) failure to discharge a duty to warn or instruct; or (5) any other theory that is the basis for an award for damages for harm caused by a product.

(b) A civil action for loss or damage caused to a product itself or for commercial loss with respect to which recovery is available under the commercial or contract law of the State is not a product liability action, and shall be governed by applicable commercial or contract law.

(c)(1) This Act supersedes any State law regarding recovery for any harm caused by a product to the extent that this Act establishes a rule of law applicable to any action for such recovery. Any issue arising under title II of this Act that is not governed by any such rule of law shall be governed by applicable State law. This Act shall not be construed to waive or affect any defense of sovereign immunity asserted by any State under any provision of law.

(2) Nothing in this Act shall be construed to supersede any Federal law, except the Federal Employees Compensation Act.

(3) Nothing in this Act shall be construed to waive or affect any defense of sovereign immunity asserted by the United States.

(4) Nothing in this Act shall be construed to affect the applicability of any provision of the Foreign Sovereign Immunities Act of 1976 (28 U.S.C. 1602 et seq.).

DUTY TO INFORM

SEC. 104. (a) When a potential claimant enters into an attorney-client relationship with any attorney or contacts any manufacturer or product seller with respect to harm caused by a product, such attorney, manufacturer or product seller must inform such claimant, in writing and in a clear and comprehensible manner, of his or her rights under titles II and III of this Act.

(b) The Attorney General shall, within 90 days of the effective date of this Act, promulgate model forms which, if provided by any attorney, manufacturer or product seller to a claimant, will discharge the duty imposed by subsection (a) of this section.

(c) Any person who intentionally or negligently fails to discharge the duty imposed by subsection (a) to this section shall be liable to the claimant for a total amount consisting of any compensation benefits to which such claimant would have been entitled pursuant to title III of this Act, together with any reasonable attorney's fees and costs incurred as a result of the failure to discharge such duty, and an additional amount not to exceed the amount of any damages or compensation benefits actually awarded to the claimant pursuant to this section or titles II or III of this Act.

(d) No award shall be made to any person pursuant to subsection (c) of this section if such person was aware of his or her rights under the Act and acted in bad faith in failing to pursue an action or claim under this Act.

(e) Any action brought pursuant to this section may be brought in any State court or district court of the United States which would otherwise have jurisdiction over any action under title II of this Act or claim under title III of this Act. An action brought pursuant to this section must be served and filed within one year from the time the claimant discovered, or in the exercise of reasonable diligence, should have discovered that the claimant's rights to recover under this Act had been impaired by the failure of an attorney, manufacturer or product seller to comply with subsection (a) of this section.

(f) In any action commenced under title II or III of this Act, a copy of any notice required by subsection (a) of this section and supplied by the attorney shall be attached to the plaintiff's complaint, together with an affidavit of service of such notice. A copy of any such notice supplied to the claimant by the defendant shall be attached to the defendant's answer, together with an affidavit of service of such notice.

ADMISSIBILITY OF CERTAIN EVIDENCE

SEC. 105. Evidence that a manufacturer or product seller has admitted liability, expressly or impliedly, to a claimant for harm caused by a product in the course of—

- (1) making a payment under section 304 of this Act,
 - (2) rejecting a claim for compensation benefits under section 304 of this Act, or
 - (3) making a final offer of settlement under section 309 of this Act,
- shall not be admissible in any other action brought under title II or III of this Act.

SEPARABILITY CLAUSE

SEC. 106. If any provision of this Act or the application of it to any person or circumstance is held invalid, the remainder of this Act and the application of the provision to any other person or circumstance shall not be affected by that invalidation.

EFFECTIVE DATE

SEC. 107. (a) This Act shall be effective 90 days after the date of its enactment. In accordance with sections 207 and 303 of this Act, this Act shall apply to all product liability actions or claims commenced or brought on or after that date, regardless of whether the conduct which caused the harm, or the exposure to the product which caused the harm, occurred before the effective date.

(b) If any provision of this Act would shorten the period during which a manufacturer or seller is exposed to liability under this Act, the claimant may, notwithstanding the otherwise applicable time period in section 207 or 303 of this Act, bring such action

or claim within 1 year after the effective date of this Act.

TITLE II

PRODUCT LIABILITY ACTION

SEC. 201. Any claimant may bring a product liability action for damages against a product manufacturer or seller for harm caused by such product pursuant to applicable State law, except to the extent such law is superseded by this title.

JURISDICTION

SEC. 202. The district courts of the United States shall not have jurisdiction over any civil action subject to the provisions of this title, based on sections 1331, 1332 or 1337 of title 28, United States Code. The district courts of the United States shall have jurisdiction over any civil action with respect to which a motion and removal petition are filed in accordance with section 203 of this Act.

REMOVAL OF ACTIONS

SEC. 203. (a) A civil action brought in any State court which is subject to the provisions of this title may not be removed to any district court of the United States, except by motion and petition of a party in accordance with subsection (b) of this section.

(b)(1) When product liability actions involving one or more common questions of fact are pending in different States, such actions may be transferred to any district court of the United States for coordinated or consolidated pretrial or trial (or both) proceedings. Such transfers shall be made by the judicial panel on multidistrict litigation authorized by section 1407 of title 28, United States Code, upon its determination that transfers for such proceedings will be for the convenience of parties and witnesses and will promote the just and efficient conduct of such actions. Each such transferred action shall be remanded by the panel at or before the conclusion of such pretrial or trial proceedings to the State from which it was transferred, unless it shall have been previously terminated, except that the panel may separate any claim, cross-claim, counter-claim, or third-party claim and remand any of such claims before the remainder of the action is remanded.

(2)(A) Such coordinated or consolidated pretrial or trial proceedings shall be conducted by a judge or judges to whom such actions are assigned by the judicial panel on multidistrict litigation. For this purpose, upon request of the panel, a circuit judge or a district judge may be designated and assigned temporarily for service in the transferee district by the Chief Justice of the United States or the chief judge of the circuit, as may be required, in accordance with the provisions of chapter 13 of title 28, United States Code.

(B) In any case coordinated or consolidated for trial under this subsection, the State law to be applied to the action (except as otherwise specifically provided in this title) is the law of the State in which is located the district court of the United States to which such action was transferred.

(3)(A) Proceedings for the transfer of an action under this section may be initiated by motion filed with the panel by a party in any action in which transfer for coordinated or consolidated pretrial or trial proceedings under this section may be appropriate. A copy of such motion, together with a petition for removal, shall be filed in the district court of the United States for the district in which the moving party's State action is pending.

(B) The panel shall give notice to the parties in all actions in which transfers for coordinated or consolidated pretrial or trial proceedings are contemplated, and such notice shall specify the time and place of any hearing to determine whether such transfer shall be made. Orders of the panel to set a hearing and other orders of the panel issued prior to the order either directing or denying transfer shall be filed in the office of the clerk of the district court in which a transfer hearing is to be held or has been held. The panel's order of transfer shall be based upon a record of such hearing at which material evidence may be offered by any party to an action pending in any district or State court that would be affected by the proceedings under this subsection, and shall be supported by findings of fact and conclusions of law based upon such record.

(C) Orders of transfer and such other orders as the panel may make thereafter shall be filed in the office of the clerk of the district court of the transferee district and shall be effective when so filed. The clerk of the transferee district court shall immediately transmit a certified copy of the panel's order to transfer to the clerk of the State court in which the action was originally maintained and the district court from which the action is being transferred. An order denying transfer shall be filed in the State court from which the case was removed and the district court to which the case was removed.

(c) As used in this section, "State court" does not include a court in which questions of fact are subject to review de novo.

JURISDICTION AND VENUE

SEC. 204. (a) Under this title, a civil action may be brought in a State court in the State in which the defendant resides or has its principal place of business, in which the harm which is the subject of the action occurred, in which the product was sold to the plaintiff, or in which the plaintiff resides if the defendant is doing business in that State. For the purposes of this section, harm which is incurred due to prolonged or repeated exposure to a product or which remains latent for a period following exposure to the product is presumed to occur in any State in which any such exposure occurred or in which the claimant resided during such latent period.

(b) The summons and complaint in such an action shall be served as provided by the law of the State in which the action is brought, except that the delivery of the summons and complaint to the defendant or the defendant's agent as required by the law of such State may be made by certified mail beyond the territorial limits of the State in which the action is brought.

FORUM NON CONVENIENS

SEC. 205. Any court in which an action is commenced under this title may decline to exercise jurisdiction over the claim if the court determines that the convenience of the parties and the interests of justice dictate that the action should proceed in another State or foreign jurisdiction.

CHOICE OF LAW

SEC. 206. In any civil action subject to the provisions of this title, the law to be applied to the action, except as otherwise specifically provided in this title, is the law of the State in which the action is maintained, except that no State law regarding the choice-of-law shall apply.

LIMITATION OF ACTIONS

SEC. 207. Notwithstanding the law of any State, a civil action subject to the provisions of this title shall be barred unless the complaint is served and filed within 3 years of the time in which the claimant discovered or, in the exercise of reasonable diligence, should have discovered the harm and its cause, except that any such action of a person under legal disability may be commenced within 3 years after the disability ceases. If the commencement of such an action is stayed or enjoined, the running of the statute of limitations under this section shall be suspended for the period of the stay or injunction.

LIMITATION ON DAMAGES

SEC. 208. In any action subject to the provision of this title, and notwithstanding the law of any State, no punitive damages and no damages to compensate for non-economic loss may be awarded in an action with respect to which liability for a defect in design or a failure to warn or instruct is established on a theory of strict or absolute liability, breach of implied warranty, failure to meet consumer expectations (unless such failure constitutes negligence) or any other theory which is based on the condition of the product without regard to the fault of the defendant.

JOINT AND SEVERAL LIABILITY

SEC. 209. (a) If more than one person is liable to a claimant on an indivisible claim for the same harm, the liability of such persons shall be joint and several.

(b) A right of contribution exists between or among two or more persons who are jointly and severally liable upon the same indivisible claim for the same harm, without regard to whether judgment has been recovered against all or any of such persons. Such right of contribution may be enforced either in the original action or by a separate action brought for that purpose. The basis for contribution among such liable persons is the comparative fault of each such person, except that the court may determine that two or more persons are to be treated as a single person for purposes of contribution.

(c) If the comparative responsibility of the parties jointly responsible for the same harm to the claimant has been established by the court in the original action, and one or more of the parties is not liable in contribution as a matter of law, any party liable to the claimant for a sum in addition to its percentage of responsibility pursuant to subsection (a) of this section may have such additional sum reduced by an amount equal to any collateral benefits which have been received by the claimant.

SUBSEQUENT REMEDIAL MEASURES

SEC. 210. Evidence of measures taken after an event, which if taken previously would have made the event less likely to occur, is not admissible to prove liability in any action subject to this title, in connection with the event. This section does not require the exclusion of evidence of subsequent measures when offered for another purpose, such as proving ownership, control, or feasibility of precautionary measures, if controverted, or impeachment.

ACTIONS AGAINST PRODUCT SELLERS

SEC. 211. (a) Except as provided in subsection (b) of this section, a product seller, other than a manufacturer, is not liable to the claimant where—

(1) the product is expected to and does reach the user or consumer without materi-

al change in the condition in which it left the control of the manufacturer; and

(2) any warnings or instructions about the product or its use made by the manufacturer were supplied by the product seller to the user or consumer.

(b) A product seller, other than a manufacturer, shall have the liability of a manufacturer to the claimant if—

(1) no solvent manufacturer who would be liable to the claimant is subject to service of process under the laws of any State in which such action may be maintained;

(2) the court determines that it is highly probable that the claimant would be unable to enforce a judgment against any manufacturer;

(3) the product seller is a controlled subsidiary of the manufacturer;

(4) the product seller provided the plans or specifications for the manufacture or preparation of the product and such plans or specifications were a proximate cause of the defect in the product; or

(5) the product was marketed under a trade name or brand name of the product seller.

(c) In any action in which a product seller is a defendant and asserts as a defense to the action that none of the factors set forth in subsections (a) and (b) of this section is applicable, the court may, based on the likelihood of the defendant prevailing on that defense, bifurcate and seriate any pretrial proceedings, including discovery, or the trial, or both, on the issues of liability or damages between the product seller and any other defendant.

TIME LIMITATION ON LIABILITY

SEC. 212. (a) Except as provided in subsection (b) of this section, a manufacturer or seller shall not be subject to liability to a claimant for harm caused by a product in any action subject to the provisions of this title if the manufacturer proves, by a preponderance of the evidence, that the harm was caused after the product's useful safe life.

(b) A manufacturer or product seller may be subject to liability for harm caused by a product after its useful safe life if—

(1) the manufacturer has warranted that the product can be utilized safely for a time longer than the useful safe life;

(2) the manufacturer intentionally misrepresents facts about the product or intentionally conceals information about the product and that concealment was the proximate cause of claimant's harm; or

(3) the harm was caused by exposure to a product, which exposure first occurred within the useful safe life of the product, even though the harm did not manifest itself until after the useful safe life.

(c)(1) In any action brought under this title, there is a presumption that the harm was caused after the useful safe life of the product—

(A) if, in the case of a capital good, the harm was caused more than 25 years after the time of delivery of the product; and

(B) if, in the case of a product which is not a capital good, the harm was caused more than 12 years after the time of delivery of the product.

Such presumption may be rebutted by a preponderance of the evidence.

(2) As used in this subsection, "capital good" means any product, other than a motor vehicle, or a vessel, aircraft, or railroad used primarily to transport passengers, or any component of any such product, if it is also of a character subject to allowance

for depreciation under the Internal Revenue Code of 1954, and was—

(A) used in a trade or business;

(B) held for the production of income; or

(C) sold or donated to a governmental or private entity for the production of goods, for training, for demonstration, or other similar purposes.

(d) As used in this section—

(1) "time of delivery" means the time when a product is delivered to its first purchaser or lessee who was not involved in the business of manufacturing or selling such product or using it as a component part of another product to be sold; and

(2) a product's "useful safe life" begins at the time of the first use of the product following delivery and extends for the time during which the product would normally be likely to perform or be stored, or both, in a safe manner.

RECOVERY OF COMPENSATION BENEFITS IN STATE COURT

SEC. 213. (a) In any action brought subject to the provisions of this title in which the claimant alleges a defect in the design of a product or a failure to warn or instruct about a product or its use and in which the trier of fact finds that the claimant is not entitled to damages under applicable State law but would have been entitled to compensation benefits from the defendant had the claimant brought a claim pursuant to title III of this Act, the court shall enter judgment in favor of the claimant for the amount of compensation benefits (as determined by the trier of fact), except that such benefits shall not include any amount allocable to the attorney's fees and costs incurred in preparation for or during trial.

(b) In any action brought under this title in which the claimant alleges a defect in the design of a product or a failure to warn or instruct about a product or its use and in which (before taking evidence from the defendant) the court, with respect to each cause of action not subject to the limitations in section 208 of this title, grants to the defendant a judgment on the pleadings, summary judgment, or a directed verdict, the claimant shall pay the reasonable attorney's fees and costs of the defendant in an amount not to exceed one-half of any recovery by the claimant under State law or under subsection (a) of this section. If no recovery by the claimant is permitted pursuant to State law or pursuant to subsection (a) of this section, the claimant shall pay all of the defendant's reasonable attorney's fees and costs.

(c) The court shall decline to assess attorney's fees and costs and shall reduce the amount of attorney's fees and costs for which a claimant is liable pursuant to subsection (b) of this section if the court determines that the presentation of the claimant's case was in good faith and presented an unsettled or novel but credible question of law.

TITLE III

PRODUCT LIABILITY COMPENSATION CLAIM

SEC. 301. (a) Any claimant who does not bring a product liability action under title II of this Act may file a claim in accordance with this title. The election to bring a civil action under title II of this Act, to accept compensation benefits tendered in accordance with this title, or to bring a civil action under this title shall be binding on the claimant. The remedy afforded by such binding election by the claimant shall constitute the claimant's exclusive remedy

under this Act for harm which is the subject of such claim and which is caused by the product.

(b)(1) A claimant may bring a claim against a manufacturer or seller pursuant to this title prior to the receipt by the claimant of any collateral benefits or the determination of the amount of any collateral benefits to which the claimant is entitled.

(2) An election to proceed under this title prior to such receipt or determination operates as an assignment to the manufacturer or seller of any cause of action relating to such benefits. The claimant shall cooperate with any such manufacturer or seller in the collection of payment of such benefits.

(3) A manufacturer or product seller to whom such a cause of action has been assigned shall be entitled to retain from amounts received as a result of such assignment the compensation benefits paid to or on behalf of the claimant, together with any expenses incurred in recovering such payment. After such payment to the manufacturer or product seller, any remaining balance of compensation benefits shall be paid to the claimant.

DUTY OF MANUFACTURER AND PRODUCT SELLER

SEC. 302. (a) For the purposes of this title, a manufacturer who manufactures or a product seller who sells any product in a condition unreasonably dangerous to a user or consumer of the product or to a bystander, to the property of a user, consumer or bystander, is liable for compensation benefits for harm caused by the product to such user or consumer, property, or bystander if the product is expected to and does reach such user or consumer without material change in the condition in which it left the control of the manufacturer or product seller, or in which it was sold. This subsection applies even if—

(1) the manufacturer or product seller has exercised all possible care in the preparation or sale of the product;

(2) such user or consumer has not brought the product from or entered into any contractual relation with the manufacturer or product seller; or

(3) the product is one which is unavoidably unsafe.

(b) For the purpose of this title, a manufacturer who manufactures or a product seller who sells any product who has not provided adequate warnings or instructions about the product or its use and thereby renders the product unreasonably dangerous to a user or consumer of the product or to a bystander, or to the property of a user, consumer or bystander, is liable for compensation benefits for harm caused by the product to such user or consumer, property, or bystander if the product is expected to and does reach such user or consumer without material change in the condition in which it left the control of the manufacturer or product seller or in which it was sold. This subsection applies even if—

(1) the manufacturer or product seller has exercised all possible care in providing warnings or instructions with respect to the product or its use;

(2) such user or consumer has not brought the product from or entered into any contractual relation with the manufacturer or product seller;

(3) the product is one which is unavoidably unsafe; or

(4) prior to the occurrence of such harm, the manufacturer or product seller could not have known about the potential of the product to cause the harm.

(c)(1) As used in this section, "unavoidably unsafe" has the meaning given to such term

in Comment K to §402A of the Restatement of the Law of Torts Second, American Law Institute (1966), except that a product may be unreasonably dangerous to a user, consumer or bystander, notwithstanding the fact that such product is not unreasonably dangerous to the general public.

(2) For the purposes of this section, a product is not unreasonably dangerous to a user of the product if such user or consumer—

(A) was aware of the danger and the magnitude of the harm which could result from such danger; and

(B) despite such awareness, voluntarily and unreasonably proceeded to encounter such danger.

LIMITATION OF CLAIM

SEC. 303. A claim brought against a product manufacturer or seller pursuant to this title shall be barred unless notice in accordance with section 304 of this title is served on the manufacturer or product seller within three years of the time in which the claimant discovered or, in the exercise of reasonable diligence, should have discovered the harm and its cause. This section shall not bar a claim against a product seller in accordance with section 311 of this title if the notice required by section 304 of this title is served on such subject seller within four years of the time in which the claimant discovered or, in the exercise of reasonable diligence, should have discovered, the harm and its cause, if a claim against the manufacturer had been brought within the three year limitation specified in this section.

OBLIGATION TO PAY COMPENSATION BENEFITS

SEC. 304. (a)(1) A manufacturer or product seller who is liable to any claimant pursuant to section 302 of this title shall pay to that claimant compensation benefits in accordance with subsection (b) of this section within 60 days of submission by the claimant, or the claimant's authorized representative, of a claim consisting of notice that the claimant is (A) bringing a claim pursuant to this section, or (B) seeking only recovery for otherwise uncompensated economic loss, and reasonable proof of the fact of harm, a description of the circumstances under which the harm occurred, and amount of compensation benefits sought by the claimant.

(2) If compensation benefits are not paid on a timely basis under paragraph (1) of this subsection, a claimant entitled to such benefits shall be entitled to receive interest on the unpaid amount of such benefits at a rate equal to the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of 52-week United States Treasury bills settled immediately prior to the expiration of the 60-day period established by this subsection.

(3) Payment of compensation benefits by a manufacturer or product seller pursuant to this section and acceptance of such benefits by the claimant shall discharge the manufacturer or product seller from any further liability to the claimant with respect to such harm, except to the extent that such a payment includes an obligation to pay benefits at a future time.

(b) An obligation to pay compensation benefits may be satisfied by—

(1) the payment of benefits previously accrued and an enforceable promise to pay future benefits as they accrue;

(2) an agreement to pay benefits by means of an annuity; or

(3) payment of a lump sum.

No such compromise and release shall be made if the claimant is not represented by counsel and the claim has a current value of damages, in excess of \$5,000 unless, upon petition, a court which would otherwise have jurisdiction over the matter determines that the settlement is fair to the claimant.

(c) A manufacturer or product seller who disputes only that portion of the compensation benefits sought by the claimant which reflect the claimant's attorney's fees may, for the purposes of avoiding any penalty imposed by this title for failure to pay compensation benefits on a timely basis, pay such undisputed benefits directly to the claimant or to such claimant's attorney, in trust. Payment of such benefits to the claimant or attorney shall discharge the manufacturer or product seller for liability to the claimant for the claimant's damages and the provisions of this title shall apply to the remainder of the claim which reflect the claimant's attorney's fees.

(d) A manufacturer or product seller who rejects a claim for compensation benefits shall give to the claimant, within 60 days of submission of notice of such claim, written notice of the rejection and the reasons for such rejection.

(e) As used in this section, "harm" is that harm of which a claimant is aware or, in the exercise of reasonable diligence, should have been aware at the time a claim is made under this subsection.

PAYMENT OF COMPENSATION BENEFITS

SEC. 305. (a) Compensation benefits may be paid under section 304 of this title either to the claimant or, upon agreement by the claimant and the manufacturer or seller, to the person supplying the products, services, or accommodations to the claimant.

(b)(1) Except as otherwise provided in this subsection, compensation benefits shall be paid without deduction or setoff.

(2) Except as provided in section 301(b) of this title, an assignment or an agreement to assign any right to compensation benefits under this title for damages accruing in the future is unenforceable, except as to benefits for—

(A) work loss to secure payment of alimony, maintenance, or child support; or

(B) allowable expenses to the extent the benefits are for the cost of products, services, or accommodations provided or to be provided to the claimant.

(3)(A) Compensation benefits for allowable expenses are exempt from garnishment, attachment, execution, and any other process or claim, except upon a claim of a creditor who has provided products, services, or accommodations to the extend benefits are for allowable expense for those products, services, or accommodations.

(B) Compensation benefits other than those for allowable expense are exempt from garnishment, attachment, execution, and any other process or claim to the extent that wages or earnings are exempt under any applicable law exempting wages or earnings from process or claims.

(c)(1) A manufacturer or product seller who has paid compensation benefits under section 304 of this title may bring an action against a person to recover compensation benefits paid because of an intentional misrepresentation of a material fact by that person upon which the manufacturer or product seller relied. Such an action may not be brought against the claimant unless the claimant made or knew of the making of the misrepresentation. Any such action may only be brought in the district court of the

United States for the district in which the defendant resides or in which the claimant's harm occurred, and must be served and filed within one year of the date that the manufacturer or seller discovered or, in the exercise of reasonable diligence, should have discovered such misrepresentation.

(2) If a manufacturer or product seller prevails in an action under paragraph (1) of this subsection, the manufacturer or product seller may offset amounts it is entitled to recover as a result of such action against any compensation benefits otherwise due to such person. A manufacturer or product seller who prevails in an action under paragraph (1) of this subsection may receive interest on the amount the manufacturer or product seller is entitled to recover as a result of such action at the rate specified in section 304(a)(2) of this title, calculated from the date of payment of such compensation benefits, together with reasonable attorney's fees and costs.

DUTY TO DISCLOSE INFORMATION

SEC. 306. (a) To the extent permitted by any Federal or State law, and upon request of a claimant or a manufacturer or product seller, information relevant to payment of compensation benefits shall be disclosed as follows:

(1) The claimant shall furnish evidence of the claimant's earnings, if the claimant is self-employed.

(2) Any employer of the claimant shall furnish a statement of the relevant work record and earnings of the claimant who is or was an employee of the employer, for the period specified by the person making the request, which may include a reasonable period before, and the entire period after, the harm was incurred.

(3) The claimant shall, upon request, deliver to the manufacturer or product seller a copy of every written report made before or after the date of request which is available to the claimant and is not otherwise available to the person making the request, concerning any medical treatment or examination of the claimant. The claimant shall, upon request, deliver to the manufacturer and product seller the names and addresses of all physicians, hospitals and other persons and entities examining, diagnosing, treating, or providing accommodations to the claimant in regard to the harm or to a relevant past harm. The claimant shall authorize the person making such request to inspect and copy all relevant records made by such persons and entities.

(b) Any person (other than the claimant or a manufacturer or product seller) providing information under this subsection may charge the person making the request for information a reasonable charge for providing such information.

(c) If any person required to deliver information pursuant to subsection (a) of this section fails to deliver such information, the person who made the request for such information may petition any district court of the United States which would have jurisdiction over any action brought pursuant to section 308 of this title for an order requiring such delivery. The court shall impose such sanctions on the person failing to deliver the information as are appropriate and may lengthen any time period for action by any person under this title, as appropriate in the interests of justice.

ARBITRATION

SEC. 307. (a) If a manufacturer or product seller rejects a claim for compensation benefits and gives written notice of such rejection

in accordance with section 304(d) of this title, the claimant and the manufacturer or product seller may submit the matter to arbitration on the items at issue as set forth in the notice, including the appropriate level of compensation benefits. The decision of the arbiter under this section shall be final and binding on the parties.

(b) If the arbiter determines that the manufacturer or product seller's rejection of the claim or refusal to agree to the level of compensation benefits was unreasonable or not in good faith, the arbiter may, in addition to interest due on the unpaid amount of such benefits (at the rate specified in section 304(a)(2) of this title), award the claimant an additional amount up to 25 percent of the amount of compensation benefits awarded.

ACTION TO RECOVER COMPENSATION BENEFITS

SEC. 308. (a)(1) If a manufacturer or product seller does not pay compensation benefits in a timely fashion as required by section 304 of this title, and the parties do not agree to submit the matter to arbitration as permitted under section 307 of this title, a claimant may commence, by service and filing, an action to recover such compensation benefits within one year of the expiration of the 60-day period for payment under section 304 of this title. Such an action must be brought in the district court of the United States for the district in which the defendant resides or has its principal place of business, in which the harm which is the subject of the claim occurred, in which the product was sold to the plaintiff, or in which the plaintiff resides if the defendant is doing business in that district.

(2) The summons and complaint in such an action shall be served as provided by the Federal Rules of Civil Procedure, except that the delivery of the summons and complaint to the defendant or the defendant's agent as required by the Rules may be made by certified mail beyond the territorial limits of the district in which the action is brought.

(b) If the manufacturer or seller fails to give the claimant the notice of rejection required by section 304(d) of this title or the notice required by section 309 of this title, the court shall, unless it determines otherwise in the interests of justice, direct a verdict in favor of the claimant. The court shall enter judgment in the amount set forth in the claimant's notice of claim previously submitted to the manufacturer or product seller pursuant to section 304 of this title, together with interest on such amount (at the rate specified in section 304(a)(2) of this title), and reasonable attorney's fees and costs associated with such civil action. The court shall also impose a civil penalty against the defendant for the benefit of the claimant in such amount (not to exceed twice the amount of compensation benefits) as the court may determine to be appropriate. In imposing such civil penalty, the court shall consider the nature of the defendant's conduct and the length of delay in the payment of compensation benefits to the claimant.

(c) If notice of rejection has been provided to the claimant in accordance with section 304(d) of this title, the issues at trial shall be limited to those set forth in such notice unless the issues are further limited by the notice provided pursuant to section 309 of this title. If the issues are limited by the notice provided pursuant to section 309 of this title, the issues at trial shall be limited to those set forth in such notice.

FINAL OFFER OF SETTLEMENT AND SETTLEMENT CONFERENCE

SEC. 309. (a) Not later than 30 days before a trial is scheduled to commence, the defendant shall serve on the claimant and the court a written notice of either an admission of liability for the harm caused by a product to the claimant and a final offer of settlement or a denial of liability for such harm. Such offer of settlement may take any form permitted by section 304(b) of this title.

(b) Where the defendant denies liability for such harm pursuant to subsection (a) of this section, and the trier of fact finds that liability exists, the court shall enter judgment for the claimant in an amount equal to the total of all compensation benefits, together with interest on such amount (at the rate specified in section 304(a)(2) of this title), and reasonable attorney's fees and costs associated with such civil action. If the court determines that the denial of liability was not in good faith, the court shall impose a civil penalty against the defendant for the benefit of the claimant in such amount (not to exceed twice the amount of compensation benefits) as the court may determine to be appropriate. In imposing such civil penalty, the court shall consider the nature of the defendant's conduct and the length of delay in the payment of compensation benefits to the claimant.

(c)(1) Where the defendant does not deny liability and the court determines that the defendant's failure to pay compensation benefits to the claimant in a timely manner in accordance with section 304 of this title was unreasonable or not in good faith, or that the defendant's final offer of settlement was not made in good faith, the court shall enter judgment for the claimant in an amount equal to the total of all compensation benefits, together with interest on such amount (at the rate specified in section 304(a)(2) of this title), and reasonable attorney's fees and costs associated with such civil action. The court shall also impose a civil penalty against the defendant for the benefit of the claimant in such amount (not to exceed twice the amount of compensation benefits) as the court may determine to be appropriate. In imposing such civil penalty, the court shall consider the nature of the defendant's conduct and the length of delay in the payment of compensation benefits to the claimant.

(2) For the purposes of paragraph (1) of this subsection, where the claimant's prayer for relief seeks a liquidated sum and the defendant has made a final offer of a liquidated sum, a determination by the trier of fact that a claimant is entitled to benefits of—

(A) 20 percent or more above the level of benefits in the defendant's final offer of settlement creates a presumption that the defendant's final offer of settlement was not made in good faith; and

(B) more than 20 percent below the level of benefits in the defendant's final offer of settlement creates a presumption that the claimant's rejection of such offer of settlement was not made in good faith.

Either such presumption may be rebutted by a preponderance of the evidence.

(d) If the court determines that maintenance of the action by the claimant or the refusal of the claimant to accept the defendant's final offer of settlement was not in good faith, the claimant shall pay the defendant's reasonable attorney's fees and costs incurred from the commencement of the action or the time of refusal of the final offer of settlement, as appropriate.

(e)(1) Not earlier than 30 days before a trial under this section commences, the Chief Judge of the district in which the case is to be heard shall appoint a judge of the district to conduct a settlement conference before trial. The clerk of the court shall notify all parties of the date, time, and place of the conference, and the name of the judge or judge pro tempore who will conduct the conference.

(2) The attorney for each party, and the party if the notice requires it, must attend the settlement conference on the date, time, and place specified in the clerk's notice.

(3) If the parties agree to a settlement, to limit further the issues in such trial, or to other matters to promote the prompt and fair disposition of the action, the judge conducting such conference may enter an order consistent with such agreement. If the settlement conference order fully settles the action, judgment shall immediately be entered as indicated in the order. In all other cases, the order is binding on the parties at trial, except to the extent the court otherwise directs on its own initiative or motion of a party for good cause shown.

(4) If a party or counsel for a party fails to comply with this subsection or fails to comply with a settlement conference order, the court may impose such sanctions as it deems appropriate.

(5) The judge conducting such conference may preside over the trial of the action unless (A) the judge decides it is in the interest of justice that the judge refrain from presiding over the trial; or (B) a party disqualifies the judge by request to the clerk of the court. A party may disqualify a judge without cause. Each clerk of the court shall adopt and implement a procedure to preserve the confidentiality of the identity of a party who disqualifies a judge.

LIMITATION ON FEES

Sec. 310. Notwithstanding any State law, no claimant proceeding under this title shall be liable to any person rendering legal assistance or representation to the claimant in pursuing a claim under this title for any amount which would exceed 50 percent of that portion of compensation benefits actually paid to, or accepted or claimed by, the claimant and which is allocable to attorney's fees, whichever is less.

CLAIM WHEN MANUFACTURER OR PRODUCT SELLER UNKNOWN

Sec. 311. (a)(1) Where a claimant is unable to identify the manufacturer or product seller of the product which caused the claimant's harm, a claimant under this title is entitled to recover from a manufacturer or product seller who had any share of the national market for the product which caused the claimant's harm at the time the harm occurred or at the time of the exposure to the product. Any such manufacturer or product seller is liable for the full measure of any compensation benefits to which the claimant may be entitled under this title, notwithstanding the fact that the claimant is unable to prove that the manufacturer or product seller against whom the claim is made was the manufacturer or product seller of the particular product which caused the claimant's harm.

(2) Any manufacturer or product seller who is able to establish, by a preponderance of the evidence, (A) the identity of the manufacturer or product seller of the particular product which caused the claimant's harm, or (B) that the manufacturer, as a matter of fact, could not have made the product which caused the claimant's harm, is not

liable for such harm. Evidence that the manufacturer did not distribute its product in the claimant's local market shall not be admissible under this paragraph.

(b) Any manufacturer or product seller who makes payment to a claimant pursuant to this section shall be entitled to recover from any other manufacturer or product seller who had any share of the national market for the product which caused the claimant's harm at the time the harm occurred or at the time of the exposure to the product. Such recovery shall be in an amount equal to that percentage of the compensation benefits paid to the claimant which represents such other manufacturer's or product seller's share of the national market at the time the harm occurred or at the time of the exposure to the product. Any manufacturer or product seller who pays compensation benefits to a claimant pursuant to this section may proceed directly against any other manufacturer or product seller pursuant to this title as if such manufacturer or product seller is a claimant.

(c) A payment of compensation benefits to a claimant by any manufacturer or product seller pursuant to this section shall be final and binding on all other manufacturers or sellers on the issue of liability to the claimant and on the issue of the amount of benefits to which the claimant is entitled.

LIABILITY OF PRODUCT SELLER

Sec. 312. (a) No claimant may bring an action against a product seller under the provisions of this title unless such claimant has exhausted the claimant's remedies against the product manufacturer under this title where—

(1) the product is expected to and does reach the user or consumer without material change in the condition in which it left the control of the manufacturer; and

(2) any warnings or instructions about the product or its use made by the manufacturer were supplied by the product seller to the user or consumer.

(b) Notwithstanding the provisions of subsection (a) of this section, a claimant need not, prior to making a claim against a product seller, bring an action against the manufacturer pursuant to section 308 of this title if—

(1) no solvent manufacturer who would be liable to the claimant is subject to service of process in any district in which the action may be maintained;

(2) it is highly probable that the claimant would not be able to enforce a judgment against any manufacturer;

(3) the product seller is a controlled subsidiary of the manufacturer; or

(4) the product was marketed under a trade name or brand name of the product seller.

PENALTY

Sec. 313. Any person who knowingly makes a fraudulent claim under this title, or any person who knowingly makes an intentional misrepresentation of a material fact upon which a claimant, manufacturer or product seller relies or is entitled to rely with respect to any claim brought pursuant to this title, shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

JURISDICTION

Sec. 314. The district courts of the United States shall have exclusive jurisdiction over actions arising under this title without regard to the amount in controversy.

TREATMENT OF COMPENSATION BENEFITS FOR TAX PURPOSES

Sec. 315. Nothing in this Act shall be construed to render compensation benefits (other than that portion of compensation benefits which constitute attorney's fees and which are paid to an attorney) includable as gross income for the purposes of section 61 of the Internal Revenue Code of 1954.

RELATIONSHIP TO COLLATERAL BENEFITS

Sec. 316. The recovery permitted pursuant to this title is supplementary to any benefit or advantage to which the claimant is entitled pursuant to any collateral benefit. The recovery from the manufacturer or seller permitted by this title shall not be made primary by agreement, or by waiver by the claimant. Words or actions by any party in any form or context which seek to make recovery under this title primary shall have no force or effect.

TITLE IV

PRODUCT LIABILITY STUDY GROUP

Sec. 401. (a) In order to carry out the purposes of this title, there shall be established a Product Liability Study Group (hereinafter referred to as the "Study Group").

(b) The Chief Justice of the United States, and the President, Chairman, or Secretary of the American Bar Association, the Office of the Administrator of the Courts, the Department of Commerce, and the Consumer Product Safety Commission shall select three members from each organization or from the general public to be members of the Study Group. The Study Group shall select a Chairman from among its members.

(c) A member of the Study Group who is not an officer or employee of the Federal Government shall be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule pursuant to section 5332 of title 5, United States Code, for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Study Group. While away from the member's home or regular place of business, a member of the Study Group may be allowed travel or transportation expenses, including per diem in lieu of subsistence, as provided in section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

RESPONSIBILITIES OF THE STUDY GROUP

Sec. 402. (a) The Study Group shall conduct a study to determine the adequacy of—

(1) existing common law and statutory remedies in providing legal relief for harm caused to large numbers of individuals due to exposure to or use of a product; and

(2) judicial resources and procedures to resolve mass tort cases, including cases arising out of such exposure or use.

(b) In determining the adequacy of existing common law and statutory remedies to provide legal relief for harm caused to large numbers of individuals due to exposure to or use of a product, the Study Group shall evaluate—

(1) the nature, adequacy, and availability of remedies provided under current law (including this Act), in compensating for harm to individuals from exposure to or use of a product;

(2) the nature, adequacy, and availability of recovery for harm caused in the workplace due to the use of a product or for dis-

eases which are caused by individuals' occupations;

(3) the nature of barriers to recovery (particularly with respect to burdens of proof of going forward, proof of relevancy, and difficulties in proving causation) and the role of such barriers in the legal system; and

(4) whether there is a need to address the consequences of the cumulative effects of punitive damage awards in multiple tort cases brought against the same alleged tortfeasor.

(c) In determining the adequacy of judicial resources and procedures to resolve mass tort cases arising out of exposure or use of products, the Study Group shall evaluate—

(1) the adequacy of the multi-district litigation panel process to resolve the difficulties of mass tort litigation, including the convenience of the parties, judicial efficiency, and any other difficulties associated with cases involving multiple parties, multiple venues and a conflict of laws;

(2) the fairness to defendants and plaintiffs of applying different substantive standards of liability based on the location where the harm occurred or the choice of forum by plaintiffs whose claims arise out of the same transaction or alleged product defect;

(3) the adequacy of judicial systems and resources at the Federal and State levels to resolve mass tort actions;

(4) the advisability of establishing a new court or department within an existing court system to resolve such mass tort cases in a more efficient, less costly, and more expeditious fashion, as well as the feasibility and advisability of consolidating punitive damages actions in such a court or department; and

(5) whether the Congress should further study or take other action with respect to the adjudication of claims arising out of aviation accidents and the standards of liability relating to such accidents.

(d) In conducting such study, the Study Group may—

(1) to the extent provided in advance in appropriation Acts, contract with (A) non-governmental entities that are competent to perform research or investigations in areas within the Study Group's responsibilities under this section; and (B) nonprofit technical and other organizations for the purpose of developing necessary information for the study required by this section; and

(2) hold public hearings, forums, and workshops, and take testimony to enable full public participation in such study.

(e) The results of the study required by this title shall be submitted to the Congress within 24 months after the date of enactment of this Act.

(f) To assist it in carrying out the study required by this title, the Study Group may, in accordance with the provisions of title 5, United States Code, appoint and fix the compensation of such staff as it considers necessary.

AUTHORIZATION OF APPROPRIATIONS

SEC. 403. For purposes of this title, there are authorized to be appropriated for fiscal years 1986 and 1987 such sums as may be necessary.

Amend the title so as to read: A bill to regulate interstate commerce by providing for a uniform product liability law that affords persons harmed by products equitable and expeditious payment of their damages, and for other purposes.

Mr. GORTON. Mr. President, today I am submitting an amendment in the

nature of a substitute to S. 100, the product liability bill. The current state of the law of product liability does not serve either manufacturers, sellers, or consumers well. A protracted and uncertain process of litigation results in the courts awarding too many dollars to a few injured people and too few or no dollars to many other injured people. Moreover, many people who suffer catastrophic injury and are therefore most in need of immediate economic assistance are often those who, under our present system, must wait the longest to recover.

Manufacturers, wholesalers, and retailers spend enormous sums in litigation trying to determine the legal standard by which their conduct will be judged. In many States, unreasonably large verdicts are rendered against defendants who have exercised all possible care in the design of their products. These factors combine to make the process of insuring against product liability claims unnecessarily uncertain.

We can do better. I believe that we can design a system which will provide the proper incentive to reduce the number of avoidable accidents, better distribute limited resources to people injured by products, and accomplish these first two goals in a more efficient and predictable manner than does the current tort law. The result for manufacturers will be added certainty in the law, more predictability in insuring against claims, and lower legal fees.

The fatal flaw of S. 100 is that it will accomplish none of these goals. Strict liability concepts have developed, in part, because of the sense of judges of a need to compensate people injured by products and the view of the superior ability of manufacturers to provide compensation. That need will continue to be seen by judges who will merely interpret the text of S. 100 in a way to achieve the same results as the current system allows. Moreover, the haggling over choice of law and liability standards that takes place in litigation today will continue. Instead of arguing over which State's law should apply, however, the debate will simply refocus on the meaning of the language of S. 100. In sum, we will have only substituted one flawed system for another.

Mr. President, I supported the predecessors of S. 100. But I have become convinced that the bill ought not to become law for several reasons in addition to those mentioned above. First, I do not believe that it will better serve the goals of reducing accidents and compensating deserving injured parties than does the status quo. Second, it would mark a radical departure from a relationship between the States and the Federal Government which has existed since our nation was founded. I know of no other example

of a Federal substantive rule of law with respect to which the Federal Government has declined to give the Federal courts any significant degree of jurisdiction. And, finally, in my view we can achieve most of the result that the proponents of S. 100 seek in a manner that will not result in the vociferous and unnecessary opposition of groups which ought to support a reform of the product liability system, such as consumers, organized labor, and representatives of State government.

For 4 years the Senate Commerce Committee has considered legislation on this issue. The debate has been a divisive one. It need not be. In my view, it should be possible for manufacturers, wholesalers, retailers, insurers, consumers, labor, and State representatives to find some common ground and join together to pursue passage of a bill which will benefit both industry and people injured by products.

The manufacturing community is right to want to bring more certainty to the tort system, to reduce transaction costs, and to place reasonable limits on liability in design and warning cases where no fault is involved. I believe, however, that those goals can be accomplished in large measure without imposing a Federal standard of liability on the States. Procedural mechanisms such as choice of law rules and limitations on damages could bring about substantially the same result but do not tread so heavily on legitimate and traditional State prerogatives.

The amendment which I am introducing today is one which I hope will address the legitimate concerns of the proponents of S. 100 and opponents as well. Reform of the law of product liability is essential. But I believe that giving due deference to the significant interests and governmental functions of the States is equally essential.

The amendment has been circulated in draft form to many interested parties, and I have received a number of thoughtful and helpful suggestions. I appreciate the input from people who are concerned about this subject. There are a number of issues and suggestions which I will continue to study and which will almost certainly result in changes in this proposal, such as the issues of punitive damages and foreign claims. I must submit the amendment as it stands today, however, in order to ensure that it is pending before the Commerce Committee prior to the committee taking action on S. 100, the bill it is intended to amend.

Mr. President, I believe we have an opportunity in this Congress to make a substantial improvement in product liability law in this country. I also believe that we can make those changes with the support of consumers, labor,

and State officials. To change the law of the 50 States and territories so fundamentally in an area of traditional State concern without the support of those groups is a questionable policy and an unlikely result in the mind of this Senator. I hope, therefore, that the proponents of S. 100 will start a dialog with these groups to see the extent of which their interests coincide. I think they may be surprised at the results of such an inquiry.

Mr. President, I ask unanimous consent that a summary of the amendment be printed in the RECORD.

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

**SUMMARY OF THE GORTON SUBSTITUTE
AMENDMENT TO S. 100**

During the Senate Commerce Committee's consideration of product liability reform during the 97th and 98th Congresses, it became clear that the existing legal system is not only unsatisfactory for the manufacturers, wholesalers, sellers and insurers who have supported the efforts of Senator Kasten, but also for consumers.

Under current law, recovery for harm caused by a product is neither swift nor sure. To a disturbingly great extent, a relatively few injured people get very large awards, while others get little or nothing. In most cases, the delay of litigation only adds to the injured party's costs and sense of injury. Many claimants must bear the financial burden of their injury for extended periods before they are reimbursed, and during that time they must live with the prospect that they may receive no reimbursement whatsoever. And many, for financial reasons, must retain attorneys on a contingency fee basis which can result in a significant reduction in any amount they may recover.

This amendment is an attempt to address the legitimate concerns of manufacturers, sellers, insurers and consumers. The two tiered system of recovery proposed in the amendment has four goals:

- (1) to ensure fair compensation for people who are injured by unreasonably dangerous products;
- (2) to encourage prudent behavior by manufacturers, wholesalers and sellers;
- (3) to reduce the costs associated with product liability litigation and thus, hopefully, reduce the cost of consumer goods; and
- (4) to accomplish the first three goals with a minimum impact on substantive state law.

The "Product Liability and Compensation Act" provides two methods by which an injured person may recover for harm caused by a product.

The amendment consists of three titles. The first contains definitions and other miscellaneous provisions. Title II provides that a person may proceed against a manufacturer or seller pursuant to applicable state law. The title includes several provisions designed to make procedures in such trials more uniform without trampling on substantive state law:

- (1) a uniform venue provision,
- (2) a uniform choice of law rule,
- (3) a uniform statute of limitation,
- (4) a uniform rule on joint and several liability,
- (5) a uniform rule on evidence of subsequent remedial measures,

(6) a uniform rule on the liability of product sellers,

(7) a uniform statute of response, and

(8) a limitation on damages that may be awarded for non-economic loss in design defect and failure to warn cases premised on a theory of strict liability.

One of the legitimate concerns expressed by manufacturers and sellers has been that there ought to be a distinction made between the liability of a prudent manufacturer of what is nonetheless an unreasonably dangerous product, and a manufacturer whose product is unreasonably dangerous because of his or her negligence. As indicated by (8), above, Title II addresses this issue by limiting damages to economic loss in design defect and failure to warn cases which are not premised on the fault of the manufacturer.

This prohibition of Title II does not apply to cases alleging a construction defect (the product does not comply with the manufacturer's own specifications) or for a breach of an express warranty. There would be no limitation on damages under this bill if, for example, a case alleged that a tire was defective because it had a weak spot and in fact did not meet the manufacturer's own quality control standards. Nor would the amendment limit liability where the manufacturer expressly warranted that the product would perform in a way in which it did not perform and where that failure was the proximate cause of the claimant's injury.

One of the purposes of Title II is to encourage claimants in design defect and failure to warn or instruct cases who do not have a negligence claim against the manufacturer or seller to proceed pursuant to Title III, thereby avoiding extended litigation and receiving payment for their loss in a more expeditious fashion. Those claimants having colorable negligence claims or claims alleging a construction defect or breach of an express warranty may maintain their action in accordance with applicable state law with no limitation on the award of damages imposed by this amendment. The cumulative effect of the provisions of Title II should be a strong incentive for safety in the design and construction of products and a reduction in the uncertainty currently faced by all litigants in a product liability action, and thus transaction costs associated with such litigation.

Title III of the amendment deals with the issue of compensating injured people in a more expeditious way than the current system generally does. It creates a new federal right to receive payment for out-of-pocket economic loss from the manufacturer of an unreasonably dangerous product for harm caused by the product. Such payment is to be made within 60 days of the presentation of a documented claim to the manufacturer unless the manufacturer denies liability or disputes the amount of damages claimed by the injured party. If the claimant cannot identify with particularity the manufacturer of the product, he or she may make a claim against any manufacturer who had a share of the market for the product at the time of injury or exposure which caused the injury. The manufacturer against whom the claim is made may then proceed against any other manufacturer who had a share of the market at the relevant time in accordance with the procedure set forth in the amendment.

Title III also allows the award of damages for the otherwise uncompensated costs of medical monitoring and preventative care. Thus, even though there has not yet been

an injury in fact, where exposure to the product has resulted in an out-of-pocket loss, which is considered to be a reasonable expense, the claimant would be compensated. In such a case, the claimant would present a claim to the manufacturer in the same manner as a claimant who has been injured in fact. Of course, if the claimant is later harmed by the exposure to the product, such as a DES son or daughter who develops cancer, a new and independent claim for that injury can be made against the manufacturer.

The remainder of the provisions of Title III are designed to encourage the prompt settlement of valid claims. Penalties are assessed against either party if the party is acting in bad faith. If a federal court action under Title III is commenced, there must be a mandatory pretrial settlement conference. Finally, a limit is placed on the total of attorney's fees which are recoverable from either the manufacturer or claimant.

By providing prompt compensation for out-of-pocket economic loss for persons injured by unreasonably dangerous products, Title III should benefit both consumers and manufacturers. Consumers would be made economically whole without the necessity for protracted litigation. Manufacturers would have many claims for seemingly unlimited recovery diverted to a system which provides for a more modest recovery which can be more easily estimated by insurance companies in their underwriting.

This amendment constitutes an attempt to recognize those aspects of the current system of adjudicating product liability claims that do not serve either the defendant, plaintiff, or other injured consumers and to offer alternatives. Different groups of interested parties may disagree with the choices which have been made in this draft. The question of whether the current system allocates judicial and monetary resources in the most equitable and efficient way, however, is one which will continue to be raised by manufacturers and consumers alike. It deserves our continued review and analysis. I am most willing to work with any person or group to advance the goals of this amendment, and I welcome any input that any interested party cares to offer.

**INTERNATIONAL SECURITY AND
DEVELOPMENT COOPERATION
ACT**

**LUGAR (AND OTHERS)
AMENDMENT NO. 101**

Mr. LUGAR (for himself, Mr. PELL, Mr. MATHIAS, Mr. HELMS, Mr. BOSCHWITZ, Mr. MURKOWSKI, Mr. TRIBLE, Mr. EVANS, Mr. SARBANES, Mr. BIDEN, Mr. CRANSTON, Mr. DODD, Mr. KERRY, Mr. PRESSLER, Mr. EAGLETON, Mr. SASSER, and Mr. LAUTENBERG) proposed an amendment to the bill S. 960, supra; as follows:

At the bottom of page 28, add the following:

**SUPPLEMENTAL AUTHORIZATION OF
APPROPRIATIONS**

SEC. 202. (a) In addition to amounts otherwise authorized to be appropriated for the fiscal year 1985 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, there are authorized to be appropriated \$2,008,000,000 of which

\$1,500,000,000 shall be available only for Israel, \$500,000,000 shall be available only for Egypt, and \$8,000,000 shall be available only for the Middle East Regional Program.

(b) Amounts appropriated to carry out this section are authorized to remain available until September 30, 1986.

HUMPHREY (AND OTHERS) AMENDMENT NO. 102

Mr. HUMPHREY (for himself, Mr. KASTEN, Mr. D'AMATO, Mr. BYRD, and Mr. HUMPHREY) proposed an amendment to the bill S. 960, supra; as follows:

On page 62, strike out lines 11 through 18 and insert in lieu thereof the following:

SEC. 910. (a) Of the funds authorized to be appropriated to carry out the provisions of chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961, not less than \$15,000,000 in each fiscal year shall be available only to the President for the provision of food, medicine, or other humanitarian assistance to the Afghan people, notwithstanding any other provision of law.

(b) This section shall take effect on the date of enactment of this Act.

BRADLEY AMENDMENT NO. 103

Mr. BRADLEY proposed an amendment to the bill S. 960, supra; as follows:

At the bottom of page 36, add the following:

PROMOTION OF IMMUNIZATION AND ORAL REHYDRATION

SEC. . (a) Section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b.(c)) is amended—

(1) by inserting "(1)" before "In order"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Congress recognizes that the promotion of primary health care is a major objective of the foreign assistance program. The Congress further recognizes that simple, relatively low cost means already exist to reduce incidence of communicable diseases among children, mothers, and infants. The promotion of vaccines for immunization, and salts for oral rehydration, therefore, is an essential feature of the health assistance program. To this end, the Congress expects the agency primarily responsible for carrying out the provisions of this part to set as a goal the protection of not less than 80 percent of all children, in those countries in which such agency has established development programs, from immunizable diseases by January 1, 1991."

(b) Not later than 12 months after the date of enactment of this section, and at intervals of 12 months thereafter, the Administrator of the agency primarily responsible for carrying out part I of the Foreign Assistance Act of 1961 shall prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations a report describing the progress achieved during the preceding 12 months in carrying out section 104(c)(2) of such Act.

BOSCHWITZ AMENDMENT NO. 104

Mr. LUGAR (for Mr. BOSCHWITZ) proposed an amendment to the bill S. 960, supra; as follows:

On page 27, line 8, strike out the comma after "efforts" and all that follows through "funds" on line 10.

MATHIAS AMENDMENT NO. 105

Mr. LUGAR (for Mr. MATHIAS) proposed an amendment to the bill S. 960, supra; as follows:

On page 3, line 16, insert "Spain," after "Portugal,".

HELMS AMENDMENT NO. 106

Mr. HELMS proposed an amendment to the bill S. 960, supra; as follows:

On page 47, strike line 5 through line 14, inclusive.

KASSEBAUM (AND ZORINSKY) AMENDMENT NO. 107

Mrs. KASSEBAUM (for herself and Mr. ZORINSKY) proposed an amendment to the bill S. 960, supra; as follows:

On page 44, line 21, through page 45, line 12, strike the entire section 465, and renumber the following section accordingly.

CHILES (AND OTHERS) AMENDMENT NO. 108

Mr. CHILES (for himself, Mr. BIDEN, Mr. NUNN, Mr. FORD, and Mr. BYRD) proposed an amendment to the bill S. 960, supra; as follows:

At the end of the bill, add the following new title:

TITLE X—INTERNATIONAL NARCOTICS CONTROL ACT OF 1985

SHORT TITLE

SEC. 1001. This title may be cited as the "International Narcotics Control Act of 1985".

LATIN AMERICAN REGIONAL NARCOTICS CONTROL ORGANIZATION

SEC. 1002. (a) The Secretary of State, with the assistance of the National Drug Enforcement Policy Board, shall conduct a study of the feasibility of establishing a regional organization in Latin America which would combat narcotics production and trafficking through regional information-sharing and a regional enforcement unit.

(b) No later than six months after the date of enactment of this title, the Chairman of the National Drug Enforcement Policy Board shall report to the Committee on Foreign Affairs and the Committee on the Judiciary of the House of Representatives and the Committee on Foreign Relations and the Committee on the Judiciary of the Senate on the advisability of encouraging the establishment of such an organization.

ANNUAL REPORTS ON INVOLVEMENT OF COMMUNIST COUNTRIES IN ILLICIT DRUG TRAFFIC

SEC. 1003. Section 481(e) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"(6) Each report pursuant to this subsection shall describe the involvement, during

the preceding fiscal year, of the governments of Communist countries (as defined for purposes of section 620(f) of this Act) in illicit drug trafficking, including—

"(A) the direct or indirect involvement of Communist governments in the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, and

"(B) any other activities of Communist governments which have facilitated illicit drug trafficking."

NARCOTICS CONTROL EFFORTS IN BRAZIL

SEC. 1004. The Secretary of State shall enter into negotiations with the Government of Brazil in order to establish a bilateral narcotics control agreement. Such agreement shall have as a goal a 10 per centum reduction in illicit coca production in Brazil in calendar year 1986.

CONDITIONS ON ASSISTANCE TO BOLIVIA

SEC. 1005. United States assistance (as defined in section 482(i)(4) of the Foreign Assistance Act of 1961) may be provided to Bolivia for fiscal years 1986 and 1987 only under the following conditions:

(1) Of the aggregate amount of assistance allocated for Bolivia for fiscal year 1986—

(A) up to 25 per centum may be provided at any time after the President certifies to the Congress that the Government of Bolivia has enacted legislation which prohibits more than two hectares of coca production per family; and

(B) the remaining 75 per centum may be provided at any time subsequent to a certification pursuant to subparagraph (A) if the President certifies to the Congress that the Government of Bolivia achieved the eradication targets for the calendar year 1986 contained in its August 1983 narcotics control agreements with the United States.

(2) Of the aggregate amount of assistance allocated for Bolivia for fiscal year 1987—

(A) up to 50 per centum may be provided at any time after the President certifies to the Congress that during the first six months of calendar year 1986 the Government of Bolivia achieved at least half of the eradication targets for the calendar year 1986 contained in its August 1983 narcotics control agreements with the United States; and

(B) the remaining 61 per centum may be provided at any time after the President certifies to the Congress that the Government of Bolivia fully achieved the eradication targets for the calendar year 1986 contained in its August 1983 narcotics control agreements with the United States.

UPPER HUALLAGA VALLEY PROJECT IN PERU

SEC. 1006. Funds authorized to be appropriated for fiscal year 1987 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 for the project of the Agency for International Development in the Upper Huallaga Valley of Peru may be made available for that project only if the Administrator of that Agency, after consultation with the Congress, determines that a comprehensive review of that project has been completed which establishes the effectiveness of that project in reducing and eradicating coca leaf production, distribution, and marketing in the Upper Huallaga Valley.

REALLOCATION OF FUNDS IF CONDITIONS NOT MET

SEC. 1007. If any of the funds described in sections 1005, 1006, of this title are not used for the country for which they were allocated because the conditions specified in those sections are not met, the President shall re-

program those funds in order to provide additional assistance to countries which have taken significant steps to halt illicit drug production or trafficking.

CONDITIONS ON UNITED STATES CONTRIBUTIONS TO THE UNITED NATIONS FUND FOR DRUG ABUSE CONTROL

Sec. 1008. Section 482(a) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"(3) Funds authorized to be appropriated by this section for fiscal year 1986 and for fiscal year 1987 may be used for a contribution to the United Nations Fund for Drug Abuse Control only if that organization includes in its crop substitution projects a plan for cooperation with the law enforcement forces of the host country."

PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR REIMBURSEMENTS FOR DRUG CROP ERADICATIONS

Sec. 1009. Chapter 8 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 488. Prohibition on Use of Foreign Assistance for Reimbursements for Drug Crop Eradications.—Funds made available to carry out this Act may not be used to reimburse persons whose illicit drug crops are eradicated."

REQUIREMENT FOR COST-SHARING IN INTERNATIONAL NARCOTICS CONTROL ASSISTANCE PROGRAMS

Sec. 1010. (a) Section 482 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(c) Assistance may be provided under this chapter to a foreign country only if the country provides assurances to the President, and the President is satisfied, that the country will provide at least 25 per centum of the costs of any narcotics control program, project, or activity for which such assistance is to be provided. The costs borne by the country may include 'in-kind' contributions."

(b) The amendment made by this section shall take effect on October 1, 1985.

EXTRADITION TREATIES

Sec. 1011. The Secretary of State with the assistance of the National Drug Enforcement Policy Board shall increase United States efforts to negotiate updated extradition treaties relating to narcotics offenses with each major drug-producing country, particularly those in Latin America.

STEVENS (AND OTHERS) AMENDMENT NO. 109

Mr. STEVENS (for himself, Mr. NUNN, and Mr. WARNER) proposed an amendment to the bill S. 960, supra; as follows:

At the end of the bill insert:

Since the United States is party to vital talks on arms control in Geneva, Switzerland;

Since these talks include negotiations on strategic nuclear weapons, intermediate range nuclear weapons, space and defense systems, a bilateral U.S.-Soviet forum, called the Standing Consultative Commission, and a multilateral forum, called the Conference on Disarmament;

Since the U.S. delegations to these talks occupy buildings and spaces insufficiently secure, modernized or large enough to

permit those delegations to conduct their work efficiently;

Since the U.S. delegations to the strategic, intermediate and space and defense talks in particular occupy space in the Botanic Building that is also occupied by offices of numerous other, non-U.S. organizations, and shares common walls and parking facilities with these delegations;

Since arms control negotiations require sophisticated security facilities, telecommunications equipment, simultaneous translation capabilities and other specialized services;

Since the Soviet Union, for its part, has made available for its negotiating team a modern, secure, well-equipped building dedicated for the use of its arms control negotiating teams: Now, therefore it is the sense of the Senate

That (a) in order to facilitate the effective work of the U.S. arms control negotiating teams, and to provide for them a dedicated structure capable of supporting their vital tasks on a permanent basis, it is the sense of the Senate that the Secretary of State should submit to the Congress a report on the feasibility, cost, location, and requirements of a structure to house the U.S. arms control negotiating teams in Geneva.

(b) It is further the sense of the Senate that this report should be submitted as soon as possible.

(c) It is further the sense of the Senate that, this matter be included in the consideration of the 1985 supplemental appropriation process.

SYMMS AMENDMENT NO. 110

Mr. SYMMS proposed an amendment to the bill S. 960, supra; as follows:

At the appropriate place add the following:

That section 118 of the International Security and Development Cooperation Act of 1980 (22 U.S.C. 2293 note) is repealed.

MELCHER AMENDMENT NO. 111

Mr. MELCHER proposed an amendment to the bill S. 960, supra, as follows:

At the end of the bill add:

Since the Government of the Philippines has purchased American wheat for a number of years, and;

Since the Government of the Philippines has purchased wheat from no other country for at least 7 years, and;

Since the Government of the Philippines has agreed to the State Department's suggestions to both mill the wheat and distribute the flour under private enterprise and;

Since the Government of the Philippines has stated that they cannot acquiesce to the suggestion of the State Department that the Government of the Philippines not act as the purchasing entity of American wheat, and;

Since most if not all American wheat sales are to government entities of the country purchasing the wheat;

Therefore, it is the sense of the Senate that the State Department should not present U.S. wheat sales to the Government of the Philippines.

KERRY (AND OTHERS) AMENDMENT NO. 112

Mr. KERRY (for himself, Mr. MURKOWSKI, and Mr. DODD) proposed an

amendment to the bill S. 960, supra; as follows:

At the end of the bill, insert:

It is the Sense of the Senate that Congress should encourage the revitalization of democracy in the Philippines. To that end, the Congress affirms its intention to grant future aid to the Philippines according to the determination of the Congress that United States security interests are enhanced and sufficient progress is made by the regime of Ferdinand Marcos to:

(1) guarantee free, fair and honest elections in 1986 and 1987, or sooner should any such elections occur;

(2) ensure the full, fair and open prosecution of the murder of Benigno Aquino, including those involved in the cover-up;

(3) ensure freedom of speech and freedom of the press, and unrestricted access to the media on the part of all candidates for public office in the municipal elections of 1986 and the Presidential election of 1987;

(4) establish the writ of habeas corpus and the termination of the Presidential Detention Action and all other forms of detention without charge or trial;

(5) release all individuals detained or imprisoned for peaceful political activities; and

(6) make substantial progress in terminating extrajudicial killings by the Philippine military and security forces and the prosecution of those responsible for such killings in the past.

It is further the sense of the Senate that Congress finds and declares that the primary purpose of United States assistance to the Philippines should be to maintain and foster friendly relations between the people of the Philippines and the people of the United States, and to encourage the restoration of internal security—both goals of which can be best served by the achievement of an open and stable democracy.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON INVESTIGATIONS

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Tuesday, May 14, to hold a hearing on weight reduction products and plans.

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

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition and Forestry be authorized to meet during the session of the Senate on Tuesday, May 14, to mark up the 1985 farm bill.

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

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, May 14, to

hold an oversight hearing on the President's proposed budget for fiscal year 1986 for the Department of Energy's Conservation and Renewable Programs.

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

SUBCOMMITTEE ON ENERGY REGULATION AND CONSERVATION

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Subcommittee on Energy Regulation and Conservation of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, May 14, to hold an oversight hearing on automobile fuel economy standards.

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

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations, of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Tuesday, May 14, 1985, to conduct a hearing on S. 483, the Intergovernmental Regulatory Relief Act.

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

ADDITIONAL STATEMENTS

NATIONAL SCIENCE WEEK

● Mr. GORTON. Mr. President, this week we are celebrating the first National Science Week. This week, events around the country are designed to increase the public's awareness and understanding of science and technology and their importance to our lives. All across the country, schools, libraries, businesses, government and community groups, and many others are holding contests, putting on exhibits, holding open houses, and doing other things to encourage young people to study science and to teach all of us more about science. We are entering an age in which our careers, as well as our day-to-day lives, will involve working with, understanding, and living comfortably with science, mathematics, and technology. What better way is there to give our young people a start in this exciting era than by celebrating science for a week?

In my State, Science Week brings with it a number of exciting events. For example, the Bellevue Public Schools are holding science fairs in the elementary schools, the Pacific Science Center in Seattle is sponsoring Pacific Science Days, and the Shelton Public Library is displaying books and posters. And four eighth grade students from my State, Joel Singer of Spokane, Jey-Shin Chen of Seattle, and Richard Buck, and Julie Kerr of Bellevue, will compete in the math-

counts national competition, sponsored by the National Society of Professional Engineers, this Saturday. I wish these fine, young mathematicians the best of luck, and commend them on their success in being the student team from Washington.

But of all the events of Science Week, the most exciting is the Second Great International Paper Airplane Contest, held in the State of Washington, and sponsored by the Museum of Flight in Seattle, the Smithsonian Institution's National Air and Space Museum, and Science 85 magazine.

The first International Paper Airplane Contest was held in 1967. Since then, the technology of aviation and aerodynamics have advanced dramatically, and we expect these advances to be reflected in the paper airplanes flown in the second contest.

To compete in this contest, paper airplane builders the world over have constructed and sent their paper airplanes to Seattle, where judges skilled in paper airplane flying will test the designs in the Kingdome. The Museum of Flight has received approximately 4,500 paper airplanes from 23 countries, from Sweden to Bangladesh. These airplanes are of every shape and size, ranging from simple folded pieces of paper, much like the model JAKE GARN flew in the space shuttle, to elaborate models built from laminated paper glued together. One plane, nicknamed the "Flying Lizard," has a wing span of 3 feet. The judges will fly them next week and pick winners in three categories: professional, nonprofessional, and junior; and four events: time aloft, distance, aerobatics, and esthetic design. The first place winners in each event and category will be flown to Seattle to fly their airplanes in the Kingdome at a special ceremony on June 9. And the winning airplanes will be displayed in the National Air and Space Museum, along with Senator GARN's paper airplane, which he presented to the museum yesterday.

I want to commend the sponsors, the participants, and all those involved in the Great International Paper Airplane Contest, as well as in the thousands of events in Washington and nationwide, celebrating National Science Week. We all experience the promise, the excitement, and the fun of science through your efforts.●

DOD AUTHORIZATIONS

● Mr. GOLDWATER. Mr. President, within a few days, we hope to see brought to the floor, the military authorization bill, prepared by the Armed Services Committee and placed on the calendar some time ago. I realize, not just as chairman of the Armed Services Committee, but as one who has had almost a lifetime concern about the defense of our country, that

this piece of legislation is going to be attacked from every side on the floor.

Probably the real driving force behind the understandable desire on the part of all Senators and Congressmen to reduce defense expenditures is the tragic, uncalled for, unexplainable activity of some of our great corporations engaged in defense work and unscrupulously cheating the American public. I use that word advisedly. I probably would not have used it a few days ago, but when one of the biggest corporations in America, General Electric, is found guilty of this kind of malpractice, then I think I have to join forces, not to reduce further defense spending, but to try to impress upon the industries supporting defense, which defense in turn supports, that they had better clean up their act, or there are a lot of them that are not going to be doing business with the Federal Government.

How American businesses could bring themselves to the point of cheating the American people and the purpose of American defense, is beyond me. But it has been going on. And I just want my colleagues to know that those of us who serve you on the Armed Services Committee are just as violently opposed to these actions as you are. The committee has been trying, with every power it has to stop these things. The Defense Department has made an effort, although I have to say, not a great effort, to hold it down and penalize those who cheat. Written into our bill is an amendment offered by Senator GRAMM of Texas, which is a complete list of abuses that will not be tolerated any more. I hope everybody will support it.

So, as we go to work on this bill, I would ask my colleagues not to be overly influenced by what has been going on in the case of high priced toilet seats, pliers, stools, and so forth, but to join hands with all of us in our efforts to get this matter stopped, and stopped the way it should be stopped.

I ask that an editorial appearing in Aviation Week & Space Technology, written by William Gregory on this subject, be printed in the RECORD.

The editorial follows:

A \$2,000 MISUNDERSTANDING

Still another horror story has emerged from military support equipment procurement. This one involves a couple of pairs of pliers bought through Boeing as prime contractor for the KC-135R program with a price originally proposed at \$2,548 and later reduced to \$80. Both prices were denounced as ripoffs even though the Air Force tried hard to explain how and why the reduction was done. After the explanation brought even more beating about the head and shoulders, the Air Force has almost given up trying.

Where explanations of these horror stories run into flak is that to understand them often takes the background of a lawyer or an accountant familiar with defense procurement. They thus reach a jaundiced

public, suspicious that lawyers, accountants and bureaucrats are complicating regulations to such an extent that the ordinary citizen has lost the ability to cope with them. Boeing put together a 1-hr. briefing to recite the facts to the pliers case. It gave the presentation to congressional committee staffs and to the Pentagon. It refused adamantly to do the same in any more public forum. This kind of giveupmanship only reinforces the suspicion of those outside the favored circle that the military and the industry do have something to hide.

MORE DIFFICULT SITUATION

To delve thoroughly into the price of the pliers requires a thick sheaf of papers and a guide. Part of the reason for the uproar is that, in trying to avoid the cause of earlier horror stories, the Air Force skated into a situation that may well have been even more difficult to explain to anyone not familiar with government cost accounting methods and standards. In past support equipment pricing, engineering costs had been distributed on an equal basis for all items in a kit, no matter what value. These costs are direct engineering support, not overhead. Equal allocation of overhead has been the subject of heckling by self-appointed whistle blowers. The same allegation was made in this case, but simply confused the issue further since overhead costs were not involved at all in the price of the pliers. A year ago, USAF put out policy guidance calling for value-based price distribution, not equal allocation, and rejection if the final price looked unreasonable even on that basis.

In an earlier case of an Allen wrench for the General Dynamics F-16, an even higher price resulted when overhead was allocated as well as direct engineering hours. Direct engineering man-hours in the F-16 case came to 62 per item for those covered in the Allen wrench buy, or translated into dollars, \$1,034.64. On top of the \$1,034.64 came \$503 in engineering overhead, \$507 in fringe benefits, \$149 in general and administrative costs and \$388.79 in profit, plus some others like travel. Total price: \$2,917.45.

Even without overhead, the price for the pliers in the Boeing case was \$2,548 after equal allocation of direct management support costs on 66 items included in the contract. In line with the policy to avoid ridiculous prices, the Air Force separated out management support costs, proposed at \$398,000, and negotiated them as a group. That figure was shaved down to \$143,000 and the total contract price of \$884,579 was trimmed to \$557,500. Without any of the direct costs allocated, the unit price of the pliers came to the aforementioned \$80.

To the layman, \$80 is still a stiff price to pay for an ordinary pair of pliers. They were not quite as ordinary as the horror stories suggested, however. A small notch had to be cut in the nose since they were intended for use in picking up and inserting a small alignment pin. The pin was first bathed in a cryogenic liquid, and the pliers required a special coating to protect them for this kind of environment. Although neither modification was difficult, it meant an hour or two of direct labor to do the special work. A larger run would have meant little more direct labor, but a much lower unit cost, and is still one more example of the unfavorable economics of small production buys. By the time packing and handling costs had been added by the vendor or the industry buyer, plus markup, an \$80 price for the pliers is not surprising.

A more important big-picture question involved is whether support costs for aerospace hardware have ballooned out of control. This is not a new issue. Controversies over the use of engineering manpower by aerospace contractors deal with the same question. Time is money and the performance of trivial tasks by graduate engineers rather than engineering aids or secretaries has been criticized before as wasteful. As long as contract awards depend, in part, on engineering staff strengths, the system generates incentives for pyramiding of this kind of expensive manpower.

PAPERWORK VICTORY

Related to manpower question is that of excess regulation and specification. One important reason for the management support costs for the horror-story pliers is the necessity to keep track of the paperwork, the status of the pliers and whether they met specification. In a little-noticed breakthrough in the pliers case, the Air Force cut out acceptance testing in the pliers contract, accounting for most of the saving, but got little credit for a victory in the battle of the paperwork.

As a result of cases like the pliers, the Air Force is cutting out the middleman and buying direct from the vendor. Eventually this may cut support costs, but there were advantages to having the prime contractor do the buying. The prime had the purchasing organization in place to deal with a variety of small vendors and had a book on who could perform and who could not. This service was paid for in management support and direct engineering costs in contracts like that for the pliers. It meant equipment was on hand to make an aircraft operational in the field. Direct buying has already resulted in disruptions in supply, but the impact on readiness rates will not likely be connected in the public mind to changes in buying practices brought about by horror stories.—William H. Gregory●

SOVIET HUMAN RIGHTS TREATY VIOLATIONS IN AFGHANISTAN

● Mr. HUMPHREY. Mr. President, a report in the Washington Post of May 9 states that the Reagan administration will provide \$6 million openly in nonlethal aid to refugees and Afghan people remaining in Afghanistan.

This is a welcome and significant gesture on the part of the Reagan administration as well as a tacit acknowledgement of the legitimacy of the freedom fighters' struggle against an enemy who has violated every principle of customary international law in its planned and systematic destruction of a nation and its people, in many ways reminiscent of the Nazi Holocaust.

Because Afghanistan is the only place on Earth where the Soviet Army is engaged in direct military confrontation, it provides a showcase of Soviet military ethics and tactics from the use of poison gas, to the destruction of hospitals and farms, to the torture and murder of civilians and prisoners of war.

The Third Geneva Convention of 1949, dealing with the treatment of prisoners of war, was ratified by the

U.S.S.R. in 1954. Article 13 of this convention specifically prohibits any unlawful act or omission causing death or seriously endangering the health of a prisoner of war. It further prohibits physical mutilation, acts of violence, insults and reprisals. In addition, the 1977 first protocol to the Geneva conventions guarantees due process to all political prisoners.

In flagrant violation of these human rights treaties to which the Soviet Union is a signatory, the Red Army and its puppet government in Kabul is engaged in obscene and brutal acts of torture to prisoners, including women prisoners, and summary executions, according to multiple reports from eyewitnesses.

Mr. President, I ask that a section of two very recent accounts of the torture and murder of political and war prisoners in Afghanistan, which appeared in editions of the Daily Report, a publication of the foreign Broadcast Information Service, appear in the RECORD following my statement.

The accounts follow:

AFGHAN GOVERNMENT REPORTEDLY EXECUTING MUJAHIDEEN

FBIS South Asia Daily Report, 4/14/85:

The Afghan Government, which 50,000 political prisoners without trial, is summarily executing captured mujahidin. Their torture is so commonplace that it has "almost assumed the character of administrative practice." A former Afghan security officer admits using eight techniques including electric shock and forcing prisoners to drink urine. He also disclosed how a husband was forced to witness the rape of his eight-month pregnant wife. (Quoted in KAYHAN, Tehran, Iran).

DEFECTOR AFGHAN JUDGE ON COUNTRY'S LEGAL SERVICE

FBIS South Asia Daily Report, 4/26/85:

A judge of the Supreme Court in Afghanistan who has fled to India said in New Delhi today that his country's legal system had been reduced to what he called organized terror by the Soviet-backed authorities.

Announcing his defection, Mr. Muhammad Yusuf Azim told newsmen that he slipped out of Afghanistan on a diplomatic passport because he felt he was in danger from Kabul regime's security and intelligence body known as the Khad. Mr. Azim said he will ask the United Nations for refuge.

He said special revolutionary courts have been set up to try political prisoners. There was no appeal. Trials are usually held in camera and the system cannot be challenged in the conventional legal system. This is an organization of terror, he added. He knew of at least 100 cases in which it had been announced that people had been sentenced to death by the special court.

Many others were executed and their sentences were recorded by the court after the execution. Many of these victims never appeared in courts and, in these instances, the special court did not even know them. (Reprinted from Karachi Domestic Service).●

HELSINKI ACCORDS

● Mr. WALLOP. Mr. President, today I take my turn in the Congressional Call to Conscience, organized by my friend from Minnesota, Senator BOSCHWITZ. My purpose, and that of all who speak in this series, every day, is to remind the world of the plight of those who suffer in the Soviet Union for their insistence on worshipping God openly, for their identification with their religious community, whether Jewish, Catholic, or evangelical, or for their expressed desire to emigrate. These are prisoners of conscience. We forget them at the risk of losing our own.

It is our peculiar responsibility as part of the U.S. Government to remember those who suffer in the Soviet Union because of what we have done. I am referring to the people jailed for trying to monitor the Soviet Union's compliance with the Helsinki Accords, especially Anatoly Shcharansky. If we had not signed the Helsinki documents, if we had not given them the impression that their human rights are protected by an international agreement fully backed by the United States and 33 other countries, these sincere people might not have stood up for their religious and civil rights. They might not be in jail today had our Government not given them encouragement to speak out. But we did, and they are in trouble. We have a responsibility to them.

Ever since 1975, representatives of the U.S. Government have met with the Soviet dictators to ask that they live up to the Helsinki Accords they signed. But they have not. At a certain point, we must face up to this situation.

Mr. President, on Tuesday of this week, congressional members of the Helsinki Commission stood with Mrs. Avital Shcharansky to ask the Soviet Government, once again, to live up to its commitments. What I said then is worth repeating here.

The statement follows:

STATEMENT BY SENATOR MALCOLM WALLOP

Some 2 months ago, a majority of the Members of the U.S. Senate wrote to President Reagan to ask for his efforts on behalf of all those in the Soviet Union who wish to exercise the basic human right of emigration.

Until I called the White House last week, it had no intention of even sending a pro-forma reply. Last night, it sent the most pro-forma reply imaginable, signed by the legislative liaison man. The reply took note of the fact that the Soviet Union disregards its commitment under the Helsinki Final Act to allow people to live where they wish, and to allow the reunification of families. Then it said quite correctly that the Soviets summarily reject our requests to act differently. All of this is true.

But then we resist exercising what influence we have over the Soviets. I am aware of our Government having denied to the Soviet Union anything it really wanted from us, especially in the fields of trade and fi-

nance. In the context of this, the letter's statement that the level of emigration the Soviets allow is "unacceptable" rings hollow. Of course it is acceptable because we are accepting it. The letter also says that "substantial and sustained improvement in Soviet performance on human rights issues is integral to any improvement in overall United States-Soviet relations." Whom are we kidding? Does anyone know of any major move afoot to squeeze the Soviets militarily or to treat them internationally as South Africa is treated?

Finally, the letter quotes George Shultz saying that "the need for steady improvement of Soviet performance in the most important human rights categories is as central to the Soviet-American dialogue as any other theme." I would be interested to hear an explanation from the administration of why anyone would expect the Soviet Union to abide by the next arms control agreement, since it has not abided by the Helsinki Accords on human rights—or by the other arms control agreements it has signed, for that matter.

So, here we are, in the presence of his wife, asking the Soviet Union to treat Anatoly Shcharansky—and other Soviet citizens who took the Helsinki Accords at their word, according to Soviet law—which they are not doing. To encourage the Soviets to do this, some would have us speak of "continuing improvement in our relations, and reaffirmation of the Soviet Union's commitment." I think this is wrong.

We are responsible to the American people. The American people take agreements at their word, especially when they deal with basic human rights, especially emigration, which is so precious to this Nation of immigrants. Therefore I believe it is our responsibility to say that agreements are either to be observed in good faith or denounced as frauds.

It is politically pleasant to stand before the cameras time and again and to associate one's self with human rights. But I am concerned that at a certain point, this sort of thing becomes a convenient cover for the Soviet Union's unwavering commitment to totalitarianism.

AMBASSADOR FIELDS COMMENTS ON CHEMICAL WEAPONS ARMS CONTROL

● Mr. LUGAR. Mr. President, I would like to share with my colleagues a letter which I recently received from Ambassador Louis G. Fields, Jr., our former representative to the Geneva Conference on Disarmament. For 3 years his most important task was negotiation of an effective worldwide chemical weapons ban. Now Ambassador Fields writes to offer his experienced observations on the situation we face in chemical weapons arms control. Fields calls our military position hollow. Therefore, he suggests, the Soviet negotiating position at Geneva has been little more than an attempt to thwart American efforts at chemical modernization. Most importantly, he concludes that the binary modernization "would provide a meaningful incentive for the Soviet Union to pursue vigorously an effective ban."

Ambassador Fields' letter is well reasoned and insightful. I commend it to

all my colleagues, and submit it to be printed in the RECORD.

The letter follows:

VANCE JOYCE CARBAUGH,
HUANG, FIELDS & CROMMELIN,
Washington, DC, May 2, 1985.

Hon. Richard G. Lugar,
Room 306, Hart Senate Office Building
Washington, DC.

DEAR MR. CHAIRMAN: As the former United States Ambassador to the Conference on Disarmament (CD) in Geneva, I have been closely following what has become the annual debate over funding for the chemical deterrent program. The CD is the forum in which negotiations are being conducted to achieve a complete and verifiable ban on chemical weapons and these negotiations are viewed by many in both the Senate and the House of Representatives as pivotal in their decision to fund or not to fund this program. I certainly share a belief that these negotiations are important to our national security and that they should influence our decision about modernizing our chemical deterrent, which has seriously degraded from our 1969 readiness posture.

I was in the forefront of the United States negotiating effort to ban these weapons from 1982 until 1985 and believe that I have as clear a feel for the status of these critical negotiations as almost anyone associated with this endeavor. We have rigorously pursued these negotiations during my tenure as the United States Ambassador to the CD and that posture continues undiminished today. There is a strong interest among the Western members and most of the Neutral and Non-aligned members of the CD to achieve an effective and verifiable ban on chemical weapons. The United States significantly advanced this effort last year when Vice President Bush tabled our draft treaty and this initiative has received the enthusiastic support of a majority of CD delegations.

Clearly, we have what had been regarded by many as "the high ground" in the negotiating sense. Unfortunately, we do not enjoy a similar position in the military sense, inasmuch as the Soviet Union has the only significant, modernized chemical arsenal in the world today. It is, therefore, the Soviet Union which holds the military "high ground" today.

While many Americans might prefer the "high ground" on which we stand in this matter, I cannot help but consider, even as a former negotiator, that ours is a somewhat hollow position when you take into account the thousands of American service personnel stationed in Europe and the millions of our allies whom our forces are helping to defend. Naturally, I fervently desire a negotiated ban on these repulsive weapons if one can be achieved with adequate assurances against violation or militarily significant circumvention. I must, however, recognize that my experience in Geneva leaves me with little optimism that such an agreement is at hand. The Soviet conduct at the Geneva negotiations has been hortative at best and dilatory in the main. Their effort can best be seen as a clever propagandistic ploy to keep our modernization program at bay while they relentlessly continue to improve their already dominant position in this critical weapons field. The thin veneer of the Soviet chemical negotiating position is becoming apparent to most of the CD membership, aided by their adamant refusal to consider any realistic approach to international on-site inspection—a sine qua non

to all who are seriously interested in a meaningful ban.

Well, Mr. Chairman, where does this leave us? On the high negotiating ground, to be sure; but is this any insurance against the possibility that our troops and our allies might become victims of these dreaded weapons? Some have suggested to me that there is little likelihood that these weapons will be used in the European theatre; but I have not heard one of our NATO military commanders—and I have discussed this with most of them—share this opinion. Indeed, all to whom I have spoken have the view that a military attack by the Warsaw Pact will likely include the initial or early use of tactical chemical weapons against NATO airfields, nuclear installations and general troop concentrations. For a supporting view see General Frederick J. Kroesen's Summary Report on his Chemical Warfare Study prepared by the Institute for Defense Analyses (February 1985). Would not a prudent nation seek a better insurance policy? I would have to answer in the affirmative. A modernized deterrent capability is the best interim insurance I can envision to bridge the gap until we achieve our ultimate goal of a complete and verifiable ban on chemical weapons, if, indeed, the Soviet negotiators are inclined to agree to such an effective ban.

Lastly, may I offer my view as to the effect of our modernization program, if enacted by the Congress, upon these negotiations. Many have suggested to me that the binary component of the modernization program would preclude future negotiations on a ban. I would emphatically demur from such a view. It would be my opinion that our development and deployment of a truly responsive and credible retaliatory capability in kind in the weapons area would provide a meaningful incentive for the Soviet Union to pursue rigorously an effective ban. In fact, I cannot conceive that the Soviet Politburo, influenced as it is by the military leadership, would agree to permit a negotiation which would result effectively in a Soviet abandonment of a significant weapons monopoly. The Soviets have never been known to allow pragmatism to give way to altruism and, I submit, that they are certainly not going to do so on this issue.

Mr. Chairman, I do apologize for the length of these comments; however, I view this issue with much commitment and concern. Moreover, I feel constrained to share with you and your colleagues my personal insights as the former United States Negotiator in the Conference on Disarmament. I shall be delighted to discuss further my views and opinions with you, your colleagues and members of your staff. If you wish, please feel free to distribute this letter to your colleagues.

With warmest regards, I am

Respectfully yours,

LOUIS G. FIELDS, Jr. ●

WESTWAY PRECEDENT

● Mr. HUMPHREY. Mr. President, in his March 17, 1985, article "Westway Precedent Perils Waterfronts Across the U.S.," Gordon Bishop of the Newark NJ, Sunday Star-Ledger raises some interesting points regarding the precedent set by the Westway real estate development and highway project.

In the column Mr. Bishop argues that:

By granting New York a permit to go ahead with Westway—a multibillion dollar private real estate project to be built over a federally financed highway in the Hudson River—the U.S. Army Corps of Engineers has established a national precedent for any city to fill in public waterways to create private residential, commercial, and industrial development.

The Westway project involves filling 4 miles of the Hudson River in order to create land for private development interests and a new highway. While the project is estimated to cost \$4 to \$6 billion, the final bill could be closer to \$10 billion.

The Federal Government, by beginning to fund the project, will give other cities incentive for similar projects ignoring the fact that Westway violates the 1972 Clean Water Act and the 1899 Rivers and Harbors Act. These acts state that it is illegal to eliminate a portion of a public waterway and to destroy irreplaceable marine habitat. In addition, Westway violates the Federal Aid Highway Act of 1981 which contains language demonstrating that highway funds should be used for highways and not for additional amenities.

If allowed to proceed, the Westway project will give other cities incentive for similar projects. Government funds will be used for private real estate ventures, as in the case of Westway, throughout the country. We must stop Westway before the cities of America start following its misguided example. Federally funded projects must not become a medium for private gain. ●

APPOINTMENT OF SPECIAL ENVOY—SENATE CONCURRENT RESOLUTION

● Mr. D'AMATO. Mr. President, I rise today to cosponsor the resolution introduced by my distinguished colleague from my home State of New York that recommends to the President that he appoint a special envoy to assist the people of the Republic of Ireland, Great Britain, and the communities of Northern Ireland achieve a lasting, peaceful, and fair solution to the problems of that area.

While the focus of the world centers upon the Middle East and Central America, the strife in Northern Ireland continues to be a major world problem. Up until the late 1960's, violence was only sporadic since the division of Ireland in 1921. In 1969, the year that British Armed Forces were again stationed in Northern Ireland, the level of violence escalated dramatically. Over 2,300 men, women, and children have been senselessly killed and another 20,000 have been seriously injured.

The United States has a unique bond with the nations and the communities involved in the conflict. The United States has also had a history of

offering its diplomatic services in troubled areas of the world. The turmoil in Northern Ireland justifies close attention by our Nation. The problems of this area between allies must be solved by the nations involved. We can, however, offer our assistance in reaching accord.

The political stalemate in Ireland is becoming an enduring tragedy. The seeds of hostility are deeply rooted in Ulster. The United States can play a vital role in fostering negotiations for this troubled region. Senate Concurrent Resolution 4 would recommend to the President that he appoint a highly qualified and appropriately experienced special diplomatic envoy to investigate and report how best the United States could actively assist the governments involved in solving the conflict in Northern Ireland. This resolution is timely and I urge my colleagues to join me as cosponsors. ●

THE CHEMICAL WARFARE REVIEW COMMISSION

● Mr. GOLDWATER. Mr. President, the modernization of the U.S. chemical deterrent with binary munitions is one of our highest national security priorities. The current lack of a credible chemical retaliatory capability may be the United States single most serious military deficiency. In acting on the fiscal year 1986 defense authorization bill, a strong bipartisan majority of the Committee on Armed Services approved initial production of binary weapons by a vote of 15 to 3.

In the conference report on the fiscal year 1985 defense authorization bill, the Congress directed the President to create an independent Chemical Warfare Review Commission. This Commission was to review the overall adequacy of the U.S. chemical deterrent posture, and to report its findings and recommendations to the Congress. The Commission's findings were briefed to President Reagan on April 26, and they were presented to the Committee on Armed Services on May 1.

The Chemical Warfare Review Commission performed an important service to this Nation. In view of the high caliber of the Commission's members, I expect its findings to play an important role in informing Congress' action on this important issue. I submit a copy of the Chairman of the Commission's testimony to the committee, as well as a summary of the Commission's findings and recommendations, and urge my colleagues to review this material carefully.

The material follows:

TESTIMONY BEFORE THE SENATE ARMED SERVICES COMMITTEE OF AMBASSADOR WALTER J. STOESEL, JR., CHAIRMAN, CHEMICAL WARFARE REVIEW COMMISSION

Mr. Chairman, it is my privilege to present to the Committee the preliminary

findings of the bipartisan Chemical Warfare Review Commission, established by the President in Executive Order 12502 of January 28, 1985, in accordance with the provisions of Section 1511 of the Department of Defense Authorization Act of 1985.

Those appointed to serve on this Commission were, in addition to myself, Mr. Phillip John Bakes, President of Continental Airlines; Dr. Zbigniew Brzezinski, former Assistant to the President for National Security Affairs; General Richard E. Cavazos, whose last active-duty position was Commander, U.S. Army Forces Command; the Honorable Barber B. Conable, Jr., formerly a member of the House of Representatives from New York; the Honorable John N. Erleboren, formerly a member of the House of Representatives from Illinois; General Alexander M. Haig, Jr., former U.S. Secretary of State and also former Supreme Allied Commander, Europe; and Mr. John G. Kester, a partner in the Washington law firm of Williams and Connolly and former Special Assistant to the Secretary of Defense.

The Congress directed this Commission to "review the overall adequacy of the chemical warfare posture of the United States with particular emphasis on the question of whether the United States should produce binary chemical munitions."

The Commission was further directed to consider the relationship of this matter to United States efforts for a multilateral, verifiable ban on chemical weapons; the adequacy of the current United States stockpile of chemical weapons in providing a credible deterrent to Soviet use of chemical weapons against United States and allied forces; whether the proposed binary program will provide a credible deterrent to chemical warfare; and, finally, whether defensive measures alone are adequate to meet the Soviet chemical warfare threat and whether current and projected funding of defensive measure programs is adequate.

The Commission has been meeting for two months, and has carefully studied all these matters. It began by considering United States policy with respect to chemical weapons. That policy has three elements:

Arms control. The United States will actively pursue the achievement of a multilateral, verifiable ban on the development, production, and stockpiling of chemical weapons.

Deterrence. Until such a ban is achieved and in effect, the United States will retain the capability to deter chemical attack by other powers.

No first use. The United States will never use chemical weapons except in retaliation for the use of chemical weapons against the United States or its allies.

The Commission has concluded the policy as stated continues to be appropriate. The members of the Commission wish to stress their conviction that achieving a multilateral, verifiable ban on chemical weapons should remain a priority aim of the United States.

In carrying out its work, the Commission reviewed the history of chemical weapons use, the scientific characteristics of modern chemical warfare agents, the technology of chemical of chemical defenses and chemical munitions, and the technology for demilitarizing obsolete and deteriorating munitions. The Commission has heard briefings by intelligence specialists on the Soviet Union's capability in both offense weaponry and defense, and also on the spread of chemical weapons possession and the authenticated use of these weapons in warfare in recent years.

Members of the Commission traveled to Europe, where we spoke with U.S. commanders and service men and women, and representatives of our NATO allies. We also viewed a portion of the current stockpile at several locations in the United States.

The Commission has reached a general consensus on the matters we were asked to consider, and I should now like to convey to you our findings to date, which I expect will appear in substantially this form in the final report.

On the matter of the relationship of stockpile modernization to the U.S. goal of achieving a multilateral, verifiable ban on the development, production, and stockpiling of chemical weapons, the Commission believes that modernization would be likely to increase the chances of achieving such a ban. The Commission has noted that in the 16 years since the unilateral renunciation by the U.S. of production of chemical munitions the Soviet Union has not progressed substantively toward acceptance of such a ban; on the contrary, it has continued its intensive program of production and research and development for chemical munitions.

On the matter of the adequacy of the existing stockpile to deter, this is what the Commission found:

The existing U.S. stockpile of chemical weapons dates from the 1940's through 1960's and is in deteriorating condition. The bulk of it is militarily useless; a small fraction of the stockpile has deterrent value. All of it is potentially hazardous to handle.

Soviet chemical warfare capability is sizable and is increasing.

A more credible U.S. chemical retaliatory capability is needed in order to prevent either quick defeat or early escalation to a nuclear exchange in the event chemical weapons are used by the adversary.

Failure to acquire an effective chemical retaliatory capability could leave the United States with only nuclear retaliation to deter chemical attack.

The current stockpile should be destroyed at an accelerated rate.

The Commission carefully considered the proposed binary program, and came to the following conclusions:

The binary program will provide an adequate deterrent capability to meet our present needs and is necessary because of the deteriorating condition of the current stockpile.

The great advantage of the proposed binary munitions is safety.

The projected binary munitions program will not produce a more lethal generation of weapons. It provides, rather, a safer, separate packaging of nonlethal chemicals that combine to form lethal agents only when launched. The agents which would be formed after launching are identical to the lethal agents already produced and stored in the U.S. stockpile.

Substitution of these safer binary weapons to replace existing U.S. munitions filled with lethal nerve agent will provide much greater safety for U.S. personnel, and will simplify transport and handling. In addition, effective elimination of potential environmental hazards will be far easier and less expensive.

On the question of whether defensive measures alone are adequate to meet the Soviet threat, the Commission found:

The expectation that protective measures alone can offset the advantages to the Soviets from a chemical attack is not realistic.

Even if defensive equipment works, it severely handicaps personnel who must wear

it. Without a retaliatory capability, this leads to an overwhelming military advantage for the attacker armed with chemical weapons.

In addition to its conclusions on the four matters it was specifically asked to address, the Commission reached several additional conclusions on the basis of its extensive review of this country's chemical warfare posture. Here are those additional conclusions:

On the matter of deployment of binary munitions, the Commission concluded that peacetime deployment of binary munitions in foreign countries is not essential, because of the safety and speed with which these munitions can be transported.

The Commission concluded that research and development efforts on both defensive items and detection equipment, as well as on retaliatory chemical agents and munitions, should be accelerated, both in order to deter the Soviet Union from using new agents and in order to develop countermeasures.

Finally, the Commission concluded that U.S. intelligence gathering and analysis regarding chemical warfare activities of the Soviet Union and other countries should be greatly improved.

A full report on the Commission's review of U.S. chemical warfare posture, which will amplify our views and may contain additional conclusions and recommendations, is now being prepared and will be ready for delivery to the President for transmission to Congress within a few weeks.

If, in the meantime, members of this committee have questions about the thinking or data that underlie the conclusions I have presented, I shall be happy to discuss these with you.

SUMMARY OF FINDINGS AND CONCLUSIONS

This Commission was directed by the Congress to review the overall adequacy of the chemical warfare posture of the United States. The Commission began by considering United States policy with respect to chemical weapons. That policy has three elements:

Arms control. The United States will actively pursue the achievement of a multilateral, verifiable ban on the development, production, and stockpiling of chemical weapons.

Deterrence. Until such a ban is achieved and in effect, the United States will retain the capability to deter chemical attack by other powers.

No first use. The United States will never use chemical weapons except in retaliation for the use of chemical weapons against the United States or its allies.

The Commission found that the policy as stated continues to be appropriate.

The Commission was directed by the Congress to consider four specific questions:¹

1. The relationship of chemical stockpile modernization by the United States with the ultimate goal of the United States of achieving a multilateral, comprehensive, and verifiable ban on chemical weapons;

2. The adequacy of the existing United States stockpile of unitary chemical weapons in providing a credible deterrent to use by the Soviet Union of chemical weapons against the United States and allied forces;

3. Whether the binary chemical modernization program proposed by the Depart-

¹ These four questions were incorporated into the three tasks of Executive Order 12502, dated January 28, 1985.

ment of Defense is adequate to support United States national security policy by posing a credible deterrent to chemical warfare; and

4. The ability of defensive measures alone to meet the Soviet chemical warfare threat and adequacy of funding for current and projected defensive measure programs.

The following are the Commission's findings on each of the four points it was directed to address:

THE EFFECT OF MODERNIZATION OF ACHIEVING A CHEMICAL WEAPONS BAN

The Commission believes that modernization would likely increase the chances of achieving a multilateral, verifiable ban on chemical weapons. The Commission notes that in the 16 years since the unilateral renunciation by the U.S. of production of chemical munitions, the Soviet Union has not progressed toward acceptance of such a ban; on the contrary, it has continued its intensive program of production and research and development for chemical munitions.

ADEQUACY OF THE EXISTING STOCKPILE TO DETER

The Commission has found that:

The existing U.S. store of chemical weapons dates from the 1940's through 1960's and is in deteriorating condition. The bulk of it is militarily useless; a small fraction of the stockpile has deterrent value. All of it is potentially hazardous to handle.

Soviet chemical warfare capability is sizeable and increasing.

A more credible U.S. chemical retaliatory capability is needed in order to prevent either quick defeat or early escalation to a nuclear exchange in the event chemical weapons are used by the adversary.

Failure to acquire an effective chemical retaliatory capability could leave the United States with only nuclear retaliation to deter chemical attack.

The current stockpile should be destroyed at an accelerated rate.

THE BINARY CHEMICAL PROGRAM

The Commission has found that:

The proposed binary program will provide an adequate deterrent capability to meet our present needs and is necessary because of the deteriorating condition of the current stockpile.

The great advantage of the proposed binary munitions is safety.

The projected binary munitions program will not produce a more lethal generation of weapons. It provides, rather, a safer, separate packaging of nonlethal chemicals that combine to form lethal agents only when launched. The agents which would be formed after launching are identical to the lethal agents already produced and stored in the U.S. stockpile.

Substitution of these safer binary weapons for existing U.S. munitions filled with lethal nerve agent will provide much greater safety for U.S. personnel and will simplify transport and handling. In addition, effective elimination of potential environmental hazards will be far easier and less expensive.

DEFENSIVE MEASURES

The Commission has found that:

The expectation that protective measures alone can offset the advantages to the Soviets from a chemical attack is not realistic.

Even if defensive equipment works, it severely handicaps personnel who must wear it. Without a retaliatory capability, this leads to an overwhelming military advantage for the attacker armed with chemical weapons.

ADDITIONAL CONCLUSIONS

The Commission in the course of its deliberations has also arrived at these additional conclusions:

Deployment. The Commission does not consider peacetime deployment of binary munitions in foreign countries to be essential, because of the safety and speed with which these munitions can be transported.

Research and Development. The Commission believes that research and development efforts on both defensive items and detection equipment, as well as on retaliatory chemical agents and munitions, should be accelerated, both in order to deter the Soviet Union from using new agents and in order to develop countermeasures.

Intelligence. The Commission believes that U.S. intelligence gathering and analysis regarding chemical warfare activities of the Soviet Union and other countries should be greatly improved. ●

ABORTION

● **Mr. HUMPHREY.** Mr. President, many women have reported experiencing post-abortion psychological trauma. Some have experienced painful remorse which, once again, points to the humanity of the child in the womb and to the bond it has to the family of man. In fact, an organization by the name of Women Exploited by Abortion continues to experience a tremendous growth in membership and currently has 44 State chapters with dozens of local chapters.

Many people assert that abortion helps women. We need to examine the warnings and experience of other women who say it does not. For this reason, Mr. President, I request that the January 1985 article appearing in the New England Correspondent (volume II, No. 1) entitled, "How It Feels To Have An Abortion," be printed at this point in the RECORD.

The article follows:

[From the New England Correspondent, January 1985]

HOW IT FEELS TO HAVE AN ABORTION (Sandy Hahn)

If you had asked me a dozen years ago what my opinion was on abortion I probably would have told you something pat like, "Well, perhaps not for me, but anyone who wants one should be allowed to have one. It should be safe, convenient, cheap, easily obtainable, not just for the rich but for the poor also."

I hadn't given it much thought until I was confronted by a situation in my own life that was very hard to deal with. I had three children by a previous marriage and I was facing the very uncomfortable prospect of being a thirty-year-old unwed mother. I found I was pregnant after a session with a friend that had been very upsetting to me.

He had been acting very strangely and I didn't realize what the problem was. I found out later he had been experimenting with drugs. On this occasion, when I became pregnant, he was on drugs.

It was late in 1972. There had been a series of articles in local papers and women's magazines stating that a baby conceived by a parent who had been on certain drugs could have chromosomal breakdowns and defects such as retardation. I had read these articles and I was really frightened.

My oldest daughter was in special training because she was a cerebral palsy child with certain minimal handicaps, affecting leg motion, hand-eye coordination, and she was slightly retarded. I really had my hands full and now I had the prospect of giving birth to another child that would perhaps have graver problems than the child I already had.

I was very frightened. I went to a local hospital in Pittsburgh, West Penn Hospital, because I understood they had a genetic clinic that could give me some firm answers on what to expect. When I went to the genetic clinic I explained my situation to the counselor and the reason I was upset. She told me that they just did not know what drugs do to an unborn child, but she suggested that in my situation the best thing I could do was to have an abortion.

This was late 1972 remember, before the Supreme Court decision that a woman with her right to privacy could have an abortion on demand. I didn't think an abortion was all that easily obtainable, but the counselor assured me it was and moreover, it was really the modern thing to do, that any woman who didn't take control of her life just wasn't with it. That was the gist of the counseling session.

She told me I would have to see a doctor whose primary job was to approve women for abortion. I didn't find out until many months later that he was a psychiatrist.

The way I found out he was a psychiatrist was that he testified at an abortionist trial in Pittsburgh of a doctor in that same hospital. This man had participated in a hysterotomy abortion of a twenty-four week pregnancy. In this kind of abortion the baby is taken by a kind of miniature Caesarean section and left to die. But this baby did not cooperate. It breathed and cried and started fussing.

The nurse attempted to take the baby to the newborn nursery to try to save its life. The doctor was extremely upset and ordered a shot of morphine to put the child away.

On the stand he testified that he had contracted for a dead fetus and that is what he intended to deliver. This was part of his defense.

The nurse was not successful in her efforts to save the baby. The baby died and the doctor was on trial for manslaughter.

The doctor who had given me the approval to have an abortion testified at this man's trial. He testified that every time he approved a woman for abortion in that hospital he received a \$40 fee for his name on that piece of paper. That's how I knew I had seen a psychiatrist.

I did think at the time that his questions were rather odd. He asked how many children I had. I said three. He asked me how I got along with my father and I told him very well, except that my father was deceased. That was my psychiatric examination. He signed the paper and told me I could have my abortion.

I went back out to see the counselor. I had my three children with me. They were all quite small at the time and they were sitting on the floor rummaging in my purse which I had given them to keep them occupied. At one point the counselor gestured to the children and said, "You know, it would be more fair to them not to go through with this pregnancy."

I was really upset. I didn't really care to do this. There was something in me that just didn't want to do this. I told her I was

reconsidering and perhaps I wouldn't. Perhaps. I could have the baby and give it a try.

She threw her hands up in the air. "Baby! My dear, we're not talking about a baby, we're talking about a fetus! It's no bigger than the tip of my thumb. It's just a little blob of cells. This is not to be considered a baby."

I guess she was telling me what I wanted to hear. I really wanted to feel that there was a way for me to survive what I was going through. I think every woman who is pregnant and doesn't want to be basically wants to survive. She merely wants to come out of this situation as good as she was when she went into it and hopefully with nobody knowing about it.

Unplanned pregnancies are in the same ball of wax as promiscuity and of course neighbors have a way of talking, families have a way of hashing over things like that and everyone is a little bit concerned that this is going to come out.

After an abortion sometimes a woman is very upset, but she doesn't care to discuss her experience with anyone because she is afraid someone is going to say that she was not very discreet, that she was promiscuous. So you have a double whammy going against you. You can't discuss it with anyone because they would not understand. So I didn't discuss it with anyone.

"Well, all right, I think I will have the abortion," I said, "But I want to go home and talk with the baby's father."

The baby's father really did not want any children, period. He had asked me to marry him before that and I had refused. Now he said once again that he would marry me but he didn't want any kids. So I made preparations to go to the hospital the next day.

The next day was the Friday before Christmas, December 22. As I was leaving for the hospital he called me on the phone and said, "Before you have anything done, call me again and find out how I feel when you get there."

When I arrived at the hospital I called him on the phone. "What shall I do?"

"Do it," he said, just those two words and hung up.

I remember sitting there in the office and hearing the Christmas carols being played over the loudspeaker about the newborn baby and everybody joyous about this birth. It was very depressing.

Eventually they rounded up a doctor. The counselor apologized for the delay and explained that most of the doctors had taken a long holiday weekend and this was why there was no doctor available.

I was ushered into a little back processing room. A nurse was busily involved in her work and noticed me.

"You look so apprehensive," she said cheerily.

I said, "I really am. I don't know if I'm doing the right thing."

"Oh, you're making too much of this," she said. "We do this to twelve year old girls all the time and they don't carry on as much as you look like you're getting ready to."

I was prepared for the abortion and I had a million questions I would have liked to ask, but there was no one to ask. I asked the nurse a few questions but she seemed preoccupied with her work. I really wanted to talk to the doctor. But I never met the doctor until I was prepared and on the table.

When he came in he said, "Oh, it looks like you have a little problem here, but we'll fix you up and you can go out dancing tonight."

I was still very upset, unsure whether I had made the right decision, but I went through with the abortion.

The abortion I had was the commonest kind performed in the United States today which is the suction abortion. I guess the longest day I live I'll always remember the sight of the container filling up with what I knew was the remains of my baby.

I was told by the counselor that abortion is not painful. Well, it is. It was for me. There may be women who tell you it's no big deal, that they've gone through it several times and it wasn't painful for them. Perhaps not; for me it was.

I guess the mental pain I was going through was far worse than the physical pain. I just knew what I was doing was basically wrong. I knew it in my heart and yet I didn't have the strength or volition to get up and leave.

Abortion is quick. I was in and out in twelve minutes. They wanted me to sit there and rest a while, but I was so horribly upset I just couldn't wait to get out of there. I left very quickly.

I gathered my children back from my girl friend who was babysitting for me, went home, made a few last minute holiday preparations and then had to greet relatives and family that came in from different states for the holidays. I had to pretend that nothing had happened because none of my family had known that I had gone through this.

It was a tough Christmas. Somehow Christmas has never been the same to me since. Always Christmas had been something to look forward to many months in advance. Now when I see the first Christmas ornaments I have a feeling of dread like the dread I had the first Christmas after the abortion. It got worse and worse. I started getting very depressed. I started feeling sorry for myself.

Somehow I got through Christmas. I started feeling that I wasn't very much in control of my life. I would cry a lot. I would try to sleep. When I would get to sleep I would wake up with a start, thinking I had heard a baby cry.

Shortly after Christmas I got two phone calls from two very close friends. One told me very joyfully she was going to have a baby in the middle of July, and another friend told me she was going to have her baby in the middle of August. My baby would have been born right between them, around the first of August. It was tough to deal with that.

I thought, how can I still be friends with these women and associates with them and perhaps even visit them in the hospital when they give birth and looked at their babies when I know what happened to my baby?

I guess I always knew from the beginning that it was a baby. I thought in my heart it was a baby, but I wanted to push that out of my mind. I wanted to do what I thought was the best thing, the most expedient thing and the thing that would get me out of the situation I was in. But how do you deal with it?

After about four weeks of the self-pity, the distress, the nightmares, I went to a mental health clinic and discussed it with the counselor there who had helped me with my retarded daughter.

I told her how horrible I was feeling about the abortion, how depressed I was, how I thought I'd done the wrong thing. She quickly told me that there was no such thing as an abortion trauma. She had no

idea what I was talking about. If I was feeling depressed or upset, it had to be something in my life I wasn't dealing with, not the abortion. Abortion would not do this to you.

I think the reasoning behind that was that abortion was so new that no one really wanted to deal with the outcome of a woman's abortion, no one was ready to handle that part of it.

One month after my abortion the Supreme Court made abortion on demand legal. Once we got that, everybody was enthralled with the idea of abortion. Everybody was going to control their own body and I think they just didn't want to hear too many outcries against it.

Well, I wasn't really making an outcry; I was making a cry for help, but I wasn't finding any help.

By the time I went back to hospital for my physical checkup I was so terribly depressed I was considering suicide. I just didn't think I could handle my life any more. Whether it was the abortion or something else I didn't know, but I just couldn't handle my life.

When I went in to see the doctor I was crying. I told him what I was feeling, that I had just done the worst thing I could possibly do. His reply was, "We've taken care of your problem. I don't really understand what you're talking about." Without any relief from the horrible feelings I was experiencing, I went home and tried to pull my life together.

A month or so later I got word that a close friend of the family who had once lived in our home had just committed suicide. I quickly called my sister in Chicago.

"Is it true?" I asked. "Did Dolly really kill herself?"

"Yes, she did."

My sister started crying. Choking back the sobs, she explained. "A while ago Dolly called me and told me that she was pregnant."

(Dolly was a very successful business woman who had just bought a new home. She had been going with a man for many years. She was in her early forties. She had a seventeen-year-old daughter. She had her life pretty much the way she wanted it, until she turned up pregnant.)

"She was absolutely petrified," my sister continued. "She didn't know how this was going to affect her business, her love life, her daughter or anything else." Every friend she went to, every person she turned to asked her, "Why not an abortion?"

"Dolly concurred and was going to have the abortion but first she called me and discussed it with me," my sister said. "I was extremely upset and told her, 'Please, whatever you do, don't have the abortion. I'll help you in any way I can, but please . . . don't have the abortion.'"

"But," Dolly said, "I have no choice." She hung up and had the abortion.

A while after this she called me and told me she was depressed, having nightmares and couldn't get her life together and asked me what she should do. I was so distraught I said, "Dolly, I can't deal with this," and hung up on her.

"Well, the month her baby would have been born she locked her garage, locked herself in the car and started the engine and sat there until she died."

Her death certificate, I'm sure, doesn't include the word abortion, and I'm quite sure a lot of people would say that the abortion had nothing to do with it. But you'll never convince me of that. I knew Dolly had to be

a stable person. The only thing that was out of kilter in her whole life was the abortion.

Since her death I have read that this is fairly common. The girls, if they're going to kill themselves, very often do it the month their baby would have been born.

I found in my own experience I began keeping strange anniversaries. I would keep the anniversary of the day of my abortion, and the day my baby would have been born. Even years later I find myself keeping anniversaries like the first day of school. I sometimes catch myself doing the same thing even now.

Mother's Day is especially tough to handle. I have a fifteen year old daughter and an eight year old daughter. Two years ago they got their nickles and dimes together and bought me a dear little heart pin that said "Mother of the Year." They asked me why I don't wear this pin. You can imagine why I don't wear the pin. I really don't feel like Mother of the Year.

It wasn't that I didn't love my baby. I was just scared, plain scared. I didn't know where to go. I didn't have anyone to turn to. If one person had handed me a pamphlet on the way into that clinic, if one person had said, "Come on, sit down and have a cup of coffee and let's talk about this or think about it for a few days before you make the decision," I think my life would have been completely different. Of course, Monday morning quarterbacking is always better than Sunday afternoon. I think my life could have been different. But perhaps not. Perhaps this is the way my life was meant to go.

The turning point came when I became convinced that what was happening in our country was wrong. I got started in the Pro-Life movement and I made up my mind that the only way to survive this experience was to have a baby.

In my mind I assumed that I would have this same baby. Of course, we all know that is impossible. Every baby is a unique genetic pattern. Every baby has its own personal makeup; it can never be duplicated. But I wasn't thinking too straight. When I set out to have this baby I married the baby's father. On our first anniversary I found out I was indeed pregnant.

By this time we had so many hard times and so much fighting between the two of us that we decided it was better to split. The abortion was always coming up and he felt I was being nasty and nagging him and I felt he was being unreasonable and he had deserted me and there were a lot of hard feelings. So there I was once again in just about the same situation: three children, very little money, back on Medicaid and soon to be divorced, single.

When I went in for my first prenatal examination the doctor looked at my chart and saw my situation and immediately asked me if I was going to have a termination.

I was determined to have this baby no matter what. I told him, "No, I'm going to have this baby."

He treated me like a naughty little girl, but I was very much determined. I figured once I said no they would write it on my chart and that would be the end of it. But the way the clinic worked, every time you went in you got whatever doctor happened to be on duty. You never had a regular doctor. Every month a different doctor would read my chart about my financial and marital condition and assume that of course I wanted an abortion. The last time I was asked if I wanted an abortion I was seven

and a half months pregnant and it was very obvious.

I said, "But I'm seven and a half months pregnant! I can't have an abortion."

He shrugged his shoulders. "It can be arranged," he said.

The more obvious it became that I was pregnant, the more upset I became when the doctor suggested an abortion. Then came the news that in certain circumstances delivery room infanticide was occurring when a baby was less than perfect or a doctor felt the baby should just be left to die.

I began to wonder, what if this is their philosophy also? What if someone in the delivery room once again reads my chart and decides that they're going to let my baby die—for my own good? What if my baby doesn't breathe quickly enough? (One of my babies was slow to start breathing.) What happens then? Is anyone going to speak up for my baby?

The day I had my baby—I had to be induced because I was twenty-one days late—I was lying there in labor, attached to all those machines which monitor the baby's heartbeat and my heartbeat and other things, and I kept telling the nurse how anxious I was to have my baby. I was hoping if something went wrong and I were unconscious I would have an advocate in that room standing up for me and my baby. I prayed in my heart that it would be that way.

While I was lying there having the baby it occurred to me, what if God decides to lower the boom on me because of what I had done? Maybe my baby would be born dead or retarded or affected in some way and I would be made to pay for my terrible act of abortion.

But I guess God in His wisdom is a little smarter than all of us. My little girl came so quickly that I didn't have time for the anesthesia. She was as healthy as anyone could be and squalling and twice as beautiful as I had ever hoped she would be.

She was born on January 22, 1975, the third anniversary of the Supreme Court decision to legalize abortion on demand.

Very quickly thereafter, as soon as they would let me go, I left the hospital, baby in tow, and away I went. After a few weeks at home with the baby, trying to get adjusted to feeding schedules and whatever, I started mulling over everything I had gone through. At that point I started to realize that there must be other women who were feeling what I was feeling.

I can't speak for every other woman, but I have talked to a lot of them since I had my baby who have told me that their experience was very similar to mine: the portraying of abortion as something it isn't, the assurance that this is an easy way out, the feeling later on of having made a terrible mistake and having nowhere to turn and no one to talk to.

It was late in 1975 when I investigated the group I belong to today, "Women Exploited." The four women who founded the organization met at a Pro-Life convention in Chicago. They had gone to the convention to try to find out why they were feeling so bad after their abortions. They got together accidentally and started to compare notes: why they were there, what they were doing. They decided to form the group which they called Women Exploited.

At first I didn't like the name. It sounded so harsh. And yet, when I read what they had written about how women were exploited in abortion, I started feeling that maybe

they had a good idea and maybe Women Exploited was a good term. Abortion very often exploits women.

Let's face it. As much as women may try to be equal with men, if a pregnancy occurs, very often it's the woman's choice as to what she's going to do. Many times a man panics as much as a woman does, and will say to a woman, "I'll give you X number of dollars if you want to have an abortion." It's an easy way out for him, too. It's less scary than looking forward to eighteen years of child support payments. Many times he is just as frightened for her health. Sometimes he has all the right reasons for doing what he does but it comes out all wrong in the end.

Very seldom have I ever talked to a woman who has had a relationship with a man, had a pregnancy, had an abortion, that the relationship remains the same. Often the relationship goes straight down the chute at that point. There is a breakdown in communication, a lot of fighting and bickering over the abortion.

Often that's compounded by the fact that it's very hard to carry a subsequent pregnancy after an abortion. I was one of the lucky ones. I was not that badly damaged by the abortion. I began to hemorrhage when I was six weeks into the pregnancy with my little daughter. I thought I might lose her. I was very lucky. I did not lose her. Many girls never conceive again after an abortion.

Sometimes there is damage to the tubes. Sometimes there is infection. Sometimes there is a tearing of the muscle tissue at the cervix and this makes subsequent pregnancies uncertain. If there is a multiple abortion (one, two or three abortions), your chances are all the less of coming out with a successful pregnancy.

A lot of women have an abortion for frivolous reasons (at least, I think they are frivolous), such as sex selection. It has always been amazing to me that women's movements come out so strongly behind abortion-on-demand in the case of sex selection. Most babies are aborted because they are female when sex selection is the reason for abortion. In effect, what it's doing is allowing for discrimination against very little women!

The part that hit me the most with my abortion occurred when I started reading material on prenatal development. I learned that the baby's nervous system is intact and functioning very early, often before the woman suspects she is pregnant.

So what I did to my baby, my baby felt! My baby felt everything that happened to it. I think that is the most horrible aspect of the whole thing. Not only did I put myself through that but I put another human being through that. It has affected my life in strange ways.

I remember after my little girl was a year old, my four children and I were going to the playground. We were walking up the street and there was a little crack in the sidewalk. Down in the crack was a little pansy. It was growing right in the sidewalk.

My girls were laughing with delight. "Mommy, look! The pansy is growing and nobody's even stepping on it!" They were laughing and I was overcome by a deep melancholy. Tears came to my eyes as I realized that another person would never enjoy a pansy growing in a crack in the sidewalk—because of me. You are overcome by a beautiful sunset and you know that a person you destroyed will never see a sunset.

Maybe some will accept abortion as something they have to do. I've never fully ac-

cepted it. I've never fully forgotten it. Here I am all these years later and it's still just as fresh in my mind as it ever was.

I try not to dwell on it because there's nothing I can do about it. But there is something I can do about people's attitudes. I try my best to talk to women before they have an abortion done. After all, when you hear people touting free choice, what does that infer? It infers that you have more than one way to go. If you don't hear both sides of the case, where's the choice?

When they get to an abortion clinic I really do not feel they get the other side of the coin, that there are agencies to help, there are ways to have the child, to give it up for adoption or keep it yourself or whatever. At least the child has a chance and the woman has a chance.

Many women are irreparably scarred by abortion. Many women harbor the guilt quietly. A woman in our group talked to a lady who had had an abortion sixty years ago. She was still carrying around the guilt. She felt at the time that either they would all starve or she would have an abortion. She still hadn't dealt with it. She had never talked about it until she found someone who has had an abortion and could not point the finger at her and say, "What you did was horrible!"

The girl she was talking to had had an abortion also. So she couldn't very well be judgmental. This was why she talked to her about it.

I don't know if I have the answers to many of these problems. I don't know if they even have an answer. But what we have to realize is that abortion is not ending a problem; it's just a whole new set of problems. If we don't admit that there are at least some women—in my estimation, many women—who are having a reaction after an abortion, then we are very shortsighted, because it is indeed happening.

I think we have to consider the idea of mental illness after an abortion. We have to consider that some women go off the deep end. I have an acquaintance who ended up in shock therapy. She couldn't deal with her life. She became sterile, never did have another child.

When she had the abortion she was in college. She had another year to go until she got her degree and she just didn't want to hassle herself with a baby. So she and her husband decided this was the best thing to do. But through the abortion she became sterile and when it was time to have their planned baby, there was no baby to be had.

We have a lot of victims along with the baby. I don't know if everyone will agree with me that it's a baby, but I think we're only fooling ourselves when we think people can deal more easily with a 'fetus' than with an 'unborn child'. Fetus is merely the Latin term for young one in the womb.

We have all kinds of strange terms. When I was in the hospital both times they rarely used the word abortion. They used neat little terms like 'termination of the pregnancy', or the 'removal of the conceptus'. They rarely used the word abortion and they never used the word baby.

I don't know if I don't go away from the whole experience with more questions than answers. I don't know where all these answers are going to come from. But we surely have to acknowledge that there are questions that need answering.

That's our obligation, because if we're going to experience a million and a half abortions a year, we had better fully realize that we're going to see a number of women who can't really handle the experience.

There are a lot of women who will tell you that they went through an abortion, they felt nothing, they had no regrets, they would do it again in a minute and it was no big deal. But that was not my experience.

I think you should investigate what you feel deep down inside about abortion. And if you are against this going on, perhaps you could be the person who hands out a leaflet or offers a cup of coffee or a shoulder to cry on to somebody who really, really needs that. Maybe you can save some woman and some baby from going through what I and my baby went through.●

TRIBUTE TO CHIEF IRV TALLEY

● Mr. DeCONCINI. Mr. President, I rise today to recognize a great American and fellow Arizonan, Irv Talley. Chief Irv Talley, fire chief for the volunteer fire department in Safford, AZ, has been named Fire Chief of the Year by the National Volunteer Fire Council. Last night he was honored by the citizens of the community he has served so diligently over the past 38 years.

There is no greater reward than being singled out by your peers for a job well done. Chief Talley's selection as Fire Chief of the Year brings national attention to what the residents of Safford have known for many years; Chief Talley is committed to protection of the lives and property of his fellow citizens. Under his direction, the Safford Fire Department is the only volunteer department in the Nation to have achieved a class 4 insurance rating.

Voluntary service is the cornerstone of our heritage as a Nation. Our independence was achieved with a volunteer militia. Chief Talley follows in this great tradition. I truly regret that I was unable to be with the citizens of Safford to personally express my gratitude of Chief Talley for his service to his community.

I am proud to have him as one of my constituents.●

DR. DUANE R. LUND, A MAN OF MANY TALENTS

● Mr. DURENBERGER. Mr. President, two weekends ago, I had the honor and pleasure of participating in the dedication of a major new addition to the Staples Area Vocational School and, also, a retirement reception in honor of Dr. Duane R. Lund, superintendent of the Staples Public Schools since 1960.

I first met Duane Lund almost 20 years ago, when I was working in the Governor's office in Minnesota and Duane was busy promoting his—then—relatively new area vocational technical school and hustling every State and Federal grant program in sight.

Duane was among those most active in attracting an AVTI to Staples in 1960, an institution which has contributed much to the economic viability of

the community with 75 jobs and about 800 students.

In the early 1960's Duane's leadership in the Staples school system was evidenced in construction of a new North Elementary building. He was also deeply involved in the establishment of the Lincoln Model School with assistance from a variety of governmental agencies and grants.

In 1967, Duane's contacts from his days as executive secretary to U.S. Senator Edward Thye helped result in the location of a 3M Co. plant in Staples. During this same time, he received his doctorate from the University of Minnesota and helped strengthen the area's agricultural economy with the establishment of a Staples Demonstration-Research Irrigation Farm.

The early 1970's marked a host of special grants and new programming inspired by Duane in the Staples High School, including "New Roles in Education" which dealt with curriculum development and inservice training; a Community Concern for Youth Program, and Project Touch. In the elementary schools, Duane was instrumental in launching and obtaining outside funding for TransSCEPP, Project Smart, Tri-County Dental Health Program. Three other programs, inspired by Duane which served all the district's students, include the Staples Teacher Center, and the Right to Read and Rural Needs Assessment Programs.

Duane's influence as a State and national leader in education was felt through his membership on the National Vocational Advisory Council. He was appointed to two consecutive 3-year terms on the Council by President Nixon and served as the Council's Chairman in 1976.

During Duane's tenure, there have been five additions to the Staples Technical Institute. Educators numbering in the thousands have come from many States to observe programs in the Staples Lincoln Model School and unique vocational courses such as heavy equipment and, more recently, robotics and microcomputer repair.

Duane's ability to provide a cohesive leadership style was important in maintaining a sense of school "family" among students, faculty, and the school board. Staples' sports accomplishments are a legend in Minnesota and the school is also known for its arts and music programs and special education programming to meet individualized student needs.

Locally, Duane cochaired the Staples 75th anniversary celebration, served as president of the Staples Arts Council, and was a leader in the Staples United Fund and local Scouting program.

Duane's love for painting and sharing his gifts with others resulted in

Staples' first adult painting classes. In later years, his gift of communicating involved speeches on a variety of topics given through the United States and his authorship of 12 books.

My own respect for Duane—and for the larger Staples community—stems partly from the leadership which Duane and others have provided in making Staples the live and thriving community which it is today.

Not too many years ago, many people thought Staples was a dying town—destined to become just one more casualty of changing times in the railroad industry which had been the mainstay of the local economy for nearly a century.

Largely because of the influence of the Staples Area Vocational School—and the leadership of individuals like Duane Lund—Staples has met the challenge of change. Today, Staples stands as a model for communities throughout America which are struggling to adapt to changes on economic forces over which they have very little control.

A major reason for the success of the Staples AVTI comes from the kind of role which Duane Lund and others carved out for this outstanding educational institution.

From the very beginning the Staples AVTI has had a strong sense of mission not only to its students, but to the entire area which it serves. The school has had a strong commitment, for example, to training and retraining older workers for jobs with a future—when skills learned in the past may no longer be as marketable.

Particularly impressive has been the Staples AVTI's commitment to training workers of all ages in new skills for jobs which have not yet even reached their full potential in an ever changing world—programs like the new 22-month Robotics Program, for example, and the 11-month program to train workers in microcomputer and microprocessor repair.

But, even beyond the course offered to what might be regarded as a traditional clientele—the Staples AVTI has sensed the need to reach out to a large community and offer the kind of resources which will help determine whether the American institution known as the family farmer and his or her small town will survive into the next generation.

It's no secret that rural areas across America are not facing the best of times these days. As hard as it is to accept, farming will never again employ as many people as it has in times past.

No sensible politician is going to argue that we as a rural society should abandon agriculture. Farming must again be made an occupation and a way of life in which a family can earn a decent living.

But, just as Staples was forced to change due to declining employment in the railroad industry—farming communities that survive into the 21st century are going to have to diversify in ways which will guarantee that future graduates of schools like the Staples AVTI and others like it will find jobs in nearby communities and not have to all settle in the metropolitan areas of this country.

Duane Lund has done much over the past 25 years to make that kind of challenge achievable in Staples. Through his leadership, he has done much to ensure that Staples will continue to be a vital and attractive place to live and work and raise a family in the years and decades ahead.●

DOWN'S SYNDROME

● Mr. LUGAR. Mr. President, I would like to take a brief moment today to share with my colleagues a column published March 24 by my friend George Will in the Washington Post. George writes of something very personal for him, and something for which I also share a deep personal commitment. The issue of our concern is the lives of those Americans among us who have what is called Down's syndrome, a genetic defect that causes varying degrees of mental retardation and physical handicaps. George Will has a fine young son who has Down's syndrome. For the past several years, I have been the author of a resolution supported by a vast majority of Congress to designate a week in the year to focus on those who have Down's syndrome. Last year, I was happy to join George Will at the White House with President Reagan for the official signing of Down's Syndrome Week. A constituent of mine, Thomas O'Neill, of Fort Wayne, IN, who is president of the National Down's Syndrome Congress, was also in attendance.

I have visited a special school in Fort Wayne, where Tom O'Neill's young son is receiving the kind of personal education that can help him live in our society as a productive person. And that is the issue, I think George Will is addressing. For many years now, my wife Charlene and I have been involved in supporting the March of Dimes in Indiana to fight birth defects. Char has even started a special fund in her name to direct more attention to the fight against birth defects in our State. Yet while we continue our efforts to end birth defects, many children are born in our country with them. These children and adults as they grow older are full members of our Nation and deserving of all the rights and privileges of all Americans. In the past it was too easy to push those Americans with handicaps aside. That is not what this Nation is about now, but as George Will's article argues it is something we have to con-

stantly affirm. I ask to include the article in the RECORD.

[From the Washington Post, Apr. 24, 1985]

MY SON AND "LIFE'S LOTTERY"

(By George F. Will)

In 1972 Jonathan Will, with a nice sense of family tradition, was born on May 4, his father's birthday. So in a few days he will attain the status of teen-ager, with all the prerogatives pertaining thereto. A wit has written that adolescence was first considered a phase, then a profession and now is a nationality. Jon's acquisition of citizenship in that nation comes on the heels of a recent ruckus here about people like him.

He has Down's syndrome, a genetic defect involving varying degrees of mental retardation and, sometimes, serious physical defects. When he was born we were bombarded with advice and information, much of it mistaken. Even 13 years ago there was more certitude than certainty in the prognoses, most of which were too pessimistic.

It is said we are all born brave, trusting and greedy, and remain greedy. I am pleased that Jon has been like that—like the rest of us, because it was depressing to be told, repeatedly, that children with Down's syndrome "are such happy children." That implied sub-human simplicity, a mindless cheerfulness of the sort racists once ascribed to blacks. Jon, like the rest of us, is not always nice or happy. Indeed, he has the special unhappiness of having more complicated feelings than he has the capacity to express. He certainly has enough problems without being badgered by bureaucrats telling him to quit avoiding the central issues of his life.

Recently two officials of the U.S. Department of Education resigned after stirring a storm with interesting metaphysical and political thoughts. One official was a woman whom readers of this column met in 1983 when she was saying that a "key reason" for declining academic achievements is that the government has been catering to groups such as the handicapped "at the expense of those who have the highest potential to contribute positively to society." This struck me as a frivolous analysis of a complex phenomenon and a dangerous subordination of individual rights to calculations of social utility.

She wrote a response, just now circulating, in which she said (as the sympathetic Wall Street Journal phrased it) that, "We are on Earth not mainly to promote our secular equality but to use our varying Earthly circumstances to perfect ourselves morally."

Nice try, Journal. But what she really said was:

"They [the handicapped] falsely assume that the lottery of life has penalized them at random. This is not so. Nothing comes to an individual that he has not, at some point in his development, summoned. Each of us is responsible for his life situation." And, "There is no injustice in the universe. As unfair as it may seem, a person's external circumstances do fit his level of inner spiritual development. . . . Those of the handicapped constituency who seek to have others bear their burdens and eliminate their challenges are seeking to avoid the central issues of their lives."

Jon avoids making his bed, but is not to confront central issues of his life, such as why the Baltimore Orioles start slowly. His father is trying to fathom how Jon "summoned" chromosomal problems.

Sen. Lowell Weicker, chairman of the Appropriations committee that deals with education, got very exercised about what the woman wrote, but Weicker probably gets exercised about oatmeal, "Gilligan's Island" reruns and rainy Tuesdays. Everything gets Weicker wrought up, and this issue would have done so even if he did not have a son with Down's syndrome.

The woman resigned as did another education department official, who favors repeal of, among other things, PL 94-142. That law guarantees handicapped children a free, appropriate public education. To millions of handicapped persons and their parents, it is as important, substantively and symbolically, as the Voting Rights Act is to black Americans. The official who advocated repeal was betraying a president who supports it.

The two resignations detonated The Wall Street Journal's editorialists. They issued another denunciation of us sinners who live within the Washington Beltway. The Journal said the two officials were victims of "the usual crazed antibodies," meaning "the Beltway white cells" in a "feeding frenzy" to destroy Ronald Reagan and redblooded conservatism.

The strain of manning the ramparts of right-wing purity may be getting to the Journal. We inside the Beltway no doubt have shortcomings unknown in south Manhattan, which the Journal considers the perfect place to take America's pulse. But we know some things including these:

Reagan opposes weakening PL 94-142. He has enough problems without being saddled with supporters who define conservatism in terms of dismantling such protections and who associate conservatism with crackpot metaphysics about (hey, cheer up, Ethiopians) the perfect justice of the universe.

If the Journal can believe that America does or should want such conservatism, then the Journal can believe anything—for example, that budget cuts and economic growth are going to balance the budget. The Journal believes that too.●

JAMES L. MOODY, JR., CHAIRMAN, FMI BOARD

● Mr. MITCHELL. Mr. President, it gives me great pleasure to announce that the newly elected chairman of the Food Marketing Institute Board is James L. Moody, Jr., an old friend and one of the foremost businessmen in the State of Maine.

Jim's career in Maine began with the Hannaford Brothers supermarkets in 1959. Hannaford's is one of Maine's leading corporations. Under Jim Moody's guidance since 1974, the company has grown and today reflects a level of service and quality that Maine has come to rely upon.

The Food Marketing Institute has been in the forefront of improving and modernizing the food distribution system in this country. On issues ranging from the anti-tampering packages that now routinely protect consumers against contaminated products to the universal price code, which has helped speed service and kept food costs down, FMI has served the larger community as it has served its own constituency.

I am sure the experience of the new chairman will build on and strengthen that fine tradition at FMI. I am pleased to be able to extend my congratulations to Jim Moody and to FMI for an excellent choice.●

THE WISE USE OF CONSUMER CREDIT

● Mr. DANFORTH. Mr. President, in these times, when American consumers are spending more on goods and services than ever before, it is sometimes easy to forget the importance of using credit wisely. Since 1975, the Missouri Consumer Credit Association-Education Foundation has been actively involved in providing high school seniors throughout the State with a better understanding of consumer credit. As part of this education program, the foundation sponsors an annual essay contest.

This year, an essay by Mona M. Morgan, a student at Clopton High School in Clarksville, MO, has been awarded first place in the contest. Miss Morgan, her family and her friends can be proud of her efforts and to her I offer my most sincere congratulations.

Mr. President, the essay by Miss Morgan reflects a great deal of thought and effort. Her insights into the use of consumer credit are most certainly deserving of our attention. I ask that her essay be included in the RECORD.

The essay follows:

THE WISE USE OF CONSUMER CREDIT

A consumer is a user. Consumers use services as well as goods. Credit is trust allowing a consumer to pay later or gradually when he can. Consumer credit is a very important thing for every American. It is used in thousands of ways every day in the U.S.

Credit bureaus compile records as people establish their credit through loans, installment payments, credit cards and various other methods. These records are consulted whenever credit is needed and the creditor needs assurance of the person's trustworthiness and ability to pay. If someone is buying a new car, for example. If the dealer selling the car hasn't done any prior business with this person, the dealer as the creditor will need some assurance that allowing this person to buy on credit is a wise decision. The dealer can run a credit check and receive past credit information on this person. In many instances this is standard practice.

Good credit records are an essential in today's world. If your credit record is blemished it is very hard to receive credit to reestablish a good record. Most people today live beyond their means. It's a way of life. They buy their T.V., car, furniture, appliances and other items with credit in the form of credit cards, installment plans and bank loans. Then, when they have paid all the payments on time, the record of this is put on their permanent credit record.

When students are in high school there are generally classes where they can learn about the intricacies of credit and its uses. This way students can learn to deal sensibly with credit before they've established a poor credit rating that will be nearly impossible

to erase. Children are exposed to the uses of credit early in life. Sometimes they will get the misconception that credit is getting something without having to pay for it. This has to be disproven quickly before the concept sticks. Many people do actually grow up with this idea and get into serious trouble with collection agencies and, yes, with the law. This is just a lack of the proper education on credit.

Credit has been around for a long time. People aren't the only patrons to take advantage of it, though. Many government and countries get into trouble by using credit and spending beyond their means. Just look at our nation's deficit!

When you acquire credit cards you have a set limit on the amount that you can charge. It's a very good idea to make sure you spend a very small percentage of your income with credit. It's all too easy to think you'll be able to pay for anything, but it's a different story when collection time comes. Over-spending can give you an affluent look but it will catch up. Most people don't realize this is illegal. They can't realize it is the same as attempting to steal something and that they could lose nearly everything they own to pay for their mistake. This doesn't occur to them until the repossession people arrive. Perhaps it doesn't even occur to them at that time.

Keeping accurate records of transactions and finances is one way of staying out of credit trouble. Realizing that there are limits on credit, and that these limits are your actual income is important also. Some people will take out a small bank loan and quickly pay the sum back in order to establish the beginning of a good credit record. This is a good idea. It establishes that a person can pay their debts promptly and their credit can be honored.

If people are rational and educated about consumer credit they are less likely to get burned with it. Some cities offer classes to educate people on the wise uses of credit, checks and savings plans, and bank employees are a useful source of information on this matter. People don't have to be overspenders. They can be careful consumers and handle their credit wisely with a little thought.●

MISSING CHILDREN HELP CENTER

● Mrs. HAWKINS. Mr. President, I would like to honor the Missing Children Help Center who has been working with law enforcement agencies as a nationwide clearinghouse for information leading to the recovery of children at risk. The center educates the public through service clubs and civic organizations throughout the State of Florida while compiling and distributing pictures nationwide of all missing children. The center has developed a free publication which they distribute to all schools, law enforcement agencies, and hospitals nationwide. And, not only do they work with the individual parents but a major portion of their time is spent on programs aimed at educating the general public through providing speakers to groups and organizations.

Mr. President, I ask that the goals of the Missing Children Help Center and

an outline of their Parents Taking Action Program be printed in the RECORD.

The material follows:

MISSING CHILDREN HELP CENTER
GOAL

In November, 1983, the Missing Children Help Center actively began an awareness campaign to over 500 Service Clubs, Civic Organizations, Chambers of Commerce, Schools, Churches, etc. In this memo we stress the following:

We believe that all Missing Children are important and must be found. We also believe that the physical protection of all of our children must be insured mandatorily and uniformly nationwide.

There is no greater heartache than the loss of one's child. The families we work with have lost their children to rapists, murderers and people who profit from pornography and child prostitution. No one can cure this problem but us.

The Missing Children Help Center feels that the elimination of the word "Run-away" would certainly benefit those children who have been tricked, forced or lured . . . and are at risk; and those who leave because they are being physically, mentally or sexually abused at home. Every Missing Child must be our concern. All Missing Children are at risk and subject to violence and exploitation and must be given a voice in today's Society.

It is very important for us to recognize the needs of all our children—that they must be given physical protection—and that through the laws the protection of children must become the number one priority throughout America.

On May 16, 1983, Governor Bob Graham of Florida, signed into law the Missing Children's Act in the State of Florida, which mandates that all Law Enforcement Agencies in the state enter missing children into the FCIC, (Florida Crime Information Computer), however, we in the State of Florida lack Children's Bureaus and manpower that deals explicitly with the problem of missing and exploited children.

The Missing Children Help Center feels that it is extremely important at this time to educate the public that it is urgent for the sake of all children to provide a Crime Against Children's Bureau in every Law Enforcement Agency in our state as soon as possible. In this way the Law Enforcement Agency will be coordinating their resources through the FDLE, (Florida Department of Law Enforcement), to help all Florida Children mandatorily and uniformly.

Working with the Florida Department of Law Enforcement and other Law Enforcement Agencies has been our pleasure. We find that there is concern and dedication in all the agencies, and above all there is a desire on their part to establish such units. They fully realize the need—now it is up to the people to make certain that funds are appropriated and that adequate manpower is established.

Our work is just beginning. The "Parents Taking Action" Program must be started now and these children's units must also be established. Your group can make all the difference.

We have just scratched the surface of this problem involving our most precious possession—children!

PARENTS TAKING ACTION

VOLUNTARY FINGERPRINTING PROGRAM

The Missing Children Help Center strongly encourages parents to participate in the voluntary fingerprinting of their children. Parents should retain the fingerprints of their children to be used only in the case of an emergency.

BLOCK PARENT/CRIME WATCH PROGRAM

1. Hold a meeting to inform parents about neighborhood safeguards for children. Speakers from the Missing Children Help Center and local Law Enforcement Agencies should be asked to speak. They will alert your community of the problems that exist and how the Crime Watch Block Parent Program will help.

2. Select a Chairman and form a committee to decide the hours and the scope of your program. Invite input from everyone. (Many communities continue their programs throughout the summer months.)

3. Keep in touch with all Block Parents by phone or notices. Names and numbers should be provided for quick reference.

4. Provide signs for windows. Set up a publicity program among parents and children in your area about the Block Parent Program.

ABSENTEE REPORTING PROGRAM

1. Coordinate with school officials so that absentee lists may be obtained each and every school day.

2. Request school officials to send home (with each student) a letter requesting parental permission to be called if the child is not in school by a certain time. Make a central file with names and numbers for quick reference. This letter should also ask for volunteers to do the calling.

3. Set up volunteers to come in and call parents whose children are not in school. You will need back-up callers from time to time.

4. In most schools your group may need to supply a phone list to be used for this purpose. By placing this special line in the sick room, volunteers may serve in two jobs at once.

SCHOOL PSYCHOLOGIST/GUIDANCE COUNSELOR

1. Most elementary schools have Parent Support Organizations. The Missing Children Help Center encourages close cooperation with these organizations in recognizing that young children may find difficulty in expressing their needs. School psychologists are there as a friend, but they are there for a more specific purpose—help. They can spot children who may be abused or distressed. They are able to provide help for both the children and the family. If you know a child who needs help, alert the School Psychologist.

2. If your school does not provide a psychologist, work with your Parent/Teacher Organization to find ways of getting one.

3. If there is no Parent/Teacher Organization in your school study ways in which you can assist faculty members in their efforts.●

SECURITIES SAFETY AND
SOUNDNESS ACT OF 1985

● Mr. DOMENICI. Mr. President, everyday we hear more and more about corporate raiders, poison pills, greenmail, shark repellent, fallen angels, crown jewels, and the scorched earth. It makes great headlines. In fact, it is worthy of a good screenwriter. Were it

a soap opera, it could be called "The Roaring Eighties."

In "The Roaring Eighties" everyone gets rich quick. In "The Roaring Eighties" credit is there for the asking because the era's magic word—"leverage"—is always a good thing. In "The Roaring Eighties" there are no nervous Nellies at the SEC worrying about fraudulent or incomplete filings or insider tipping because, again, everyone is getting rich. In "The Roaring Eighties" 30- and 40-year-old money managers who think in time horizons of 2 hours to 2 weeks, control industrial America. In the Roaring Eighties "independent" lawyers and investment bankers call people like Icahn extortionists and racketeers in one brief, then call him a hero in the next writing after he's hired them. But nobody cares much because, again, everyone is having a terrific time and getting filthy rich.

Yet even with all the fun and games, this soap opera is dead serious stuff, and it may not have a happy ending. Because what's really going on here—what went on in the Phillips brouhaha—is that the forces and people that shape American and world business are undergoing a fundamental shift and steering us into an uncertain future. Thus, among the characters in "The Roaring Eighties" are an insistent bunch of players who complain with what some think is annoying persuasiveness that "The Roaring Eighties" will end like the "Roaring Twenties"—specifically 1929.

I ask that today's episode, "Opening Bid From the Seductive Texan," and "The Rescue Squad" be printed in the RECORD.

I should tell you that the idea for the script isn't mine. The article appeared in the May issue of the American Lawyer.

The article follows:

OPENING BID FROM THE SEDUCTIVE TEXAN

On December 4, 1984, an affiliate of Mesa Petroleum, a small, Amarillo, Texas-based oil company run by a folksy character named T. Boone Pickens, announces that it has acquired 5.8 percent of the shares of Phillips Petroleum, and that it will soon begin a tender offer to buy another 14.9 percent of the shares for \$60 each. The Phillips stock is selling today for \$44. Although Mesa is about one-thirty-seventh the size of Phillips, its takeover threat seems to be real. Why? Leverage!

Pickens sits at Mesa behind a barbed-wire net of anti-takeover protection devices, plus a fabulous golden parachute at the ready should the protection fail. In other words, in a rational world he'd be cast as a selfish, entrenched manager. Yet he has instead become the media's favorite liberator of oil companies plagued by entrenched managers; and his bid is generally played in the press as a \$60-per-share offer that will give Phillips shareholders the value that its management has withheld. This, we shall see, is a man who has managed to turn a Texas drawl, a gift for great quote, and

near-total press accessibility into near-total press credibility.

Pickens declares that once he buys the additional 14.9 percent he will try to gain control of Phillips, and that if he succeeds he will then propose a merger or some other combination, in which the remaining 79.3 percent of the shareholders will receive some unspecified combination of cash and securities having a value of "approximately equal" to \$60 per share as determined by "independent bankers selected by [Mesa]." He goes on to say that Mesa has "not formulated any specific proposal" and that "there is no assurance that any such transaction will be proposed."

If that reads like a \$60 offer for a \$37 stock, read it again. Pickens is promising no transaction at all beyond his tender offer for 14.9 percent of the shares, and he's saying that if there is a transaction it will be one full of debentures that his "independent" bankers will value at approximately \$60.

Nonetheless, based on Wall Street's belief in the Texan's magic touch the stock shoots up to \$48 by the end of the day, and to \$53.50 the next day.

Pickens also promises the press and the Street that he'll never take greenmail—a special buyout of his stock to get him to go away—because he's in this fight on behalf of all the shareholders.

THE RESCUE SQUAD

Phillips CEO William Douce, 65, is a gruff no-nonsense (and some say dictatorial) plodder who has worked his way up through the ranks. As Pickens is quick to point out, Douce presides over a company whose stock has been trading at an aggregate value of about \$5 billion. Yet its book value—the value of its assets including its oil reserves—is something over \$10 billion.

The stock has been trading low we will hear Pickens (and later Icahn) argue, because Phillips is a sleepy poorly run company that is deploying its assets badly.

The stock is down, we will hear Douce's team argue because oil exploration and other long-term ventures have their ups and downs and don't always show up in stock prices over the short term.

They're both probably right.

After hearing of Pickens' bid, Douce leaves the soon-to-be-celebrated Phillips headquarters town of Bartlesville, Oklahoma, and repairs to New York, where he assembles a fight team of bankers from Morgan Stanley and First Boston. Morgan Stanley is to get up to \$20 million if Pickens is fended off, but only \$2 million if he wins; First Boston is to get up to \$15 million if Pickens is defeated and only \$4 million if he isn't.

Counsel also need to be hired. But Douce finds he can't turn to Joseph Flom of Skadden, Arps, Slate, Meagher & Flom, whom he has long had on retainer, because Flom has also worked for Pickens. Citing the conflict, Flom bows out of the fight. (Investment bankers are obviously more in the swing of things in The Roaring Eighties than lawyers; Morgan Stanley gladly takes on the Phillips business and begins the attack on Pickens, who is a former client.)

Instead of Flom and Skadden, Arps, Douce hires Martin Lipton and his troops from Wachtell, Lipton, Rosen & Katz. This, we will see, is fortuitous to our plot development. In the past Lipton's and Flom's firms were seemingly interchangeable in takeover fights; neither seemed to care much which side it took. But now, with this fight, Lipton

crowns his firm as a raider defense specialty house, the unquestioned market leader in such exotic wares as the "poison pill." Flom, on the other hand, hates the pill and says he won't use it.

Lipton is like a quarterback calling audibles from scrimmage. State and federal suits are filed in Delaware, Oklahoma, and Louisiana. Complaints are filed with the Federal Trade Commission, the Securities and Exchange Commission, and the Department of Justice. None of it is likely to work, Lipton tells his numbed client, but it may buy some time. The claims include the charge that Pickens' "\$60 offer" is fraudulently illusory—which it may be, but which no one from the Phillips side ever tests by agreeing to Pickens' repeated requests to sit down and discuss the details of his "back-end" offer to the remaining 79 percent of the shareholders. "We told them we could take the whole company out at \$60" says Pickens. "But they were afraid to talk to us. They knew we could do it."

When a board meeting is held to reject the Pickens offer and adopt a slew of anti-takeover bylaws, the minutes read quite a bit like the paper record that Lipton's how-to-do-it articles and memos recommend to boards fighting a takeover.

In fact, as we watch the team of bankers and lawyers going to work, it seems that Phillips has already been taken over—by them. As one Phillips executive will later recall, "From the minute Boone struck, Marty Lipton with help from Joe Fogg [of Morgan Stanley], and Arthur Reichstetter [of First Boston], were running this company. They were leading Bill [Douce] around by the nose. Writing his press releases. Telling him what kinds of stock and notes to issue. Telling him what to say and to whom. Telling him what to divest."

Lipton's people also claim in one suit that in the past Pickens has tipped off his friends at the Amarillo Country Club about some of his raids so that they could buy the stock beforehand. This claim, like the others, isn't likely to win an injunction, though it should be noted that when the Wachtell, Lipton lawyers, who had brought the suit only on rumor, begin taking depositions from Pickens' friends, they find two men who admit buying stock or options before Pickens announced raids. But the two maintain that the purchases weren't based on tips from Pickens, and Pickens vehemently denies that he tipped off any friends. "In Amarillo, Texas, there are as many amateur arbitrageurs as anyplace in the world," Pickens says. "I can't tell you that some people didn't buy any of those stocks. But why would I tip them off?"

CONGRESSIONAL CALL TO CONSCIENCE

● Mr. DURENBERGER. Mr. President, I am pleased once again to join in the congressional call to conscience. As I have previously stated, I think that it's absolutely vital that we in the West not forget those who are being abused by the Soviet system. Today, I wish to present three humanitarian cases—one involves the cruel treatment of a Soviet refusenik while the other two are family reunification matters.

Yosif Berenshtein became a refusenik in 1980 when he applied to emigrate. His home in Kiev was searched

on numerous occasions due to his active religious involvement. His daughter, moreover, teaches Hebrew. During the most recent search of his home, 80 Hebrew books were seized by Soviet authorities. Soviet police warned Mr. Berenshtein several times that they would "get him."

On November 12 of last year, Mr. Berenshtein traveled from his home to visit an aunt in Novograd Volynsk on business. That same night, he was arrested at the train station in Novograd Volynsk. Three days later, Soviet officials informed Berenshtein's aunt that he was being held on charges under article 182 of the Ukrainian Criminal Code: "Resisting the police in the execution of their duty," a charge which carries a maximum sentence of 5 years. At the trial on December 10, his uncle testified that, at no time did Mr. Berenshtein show any resistance. Two busdrivers, who were present and witnessed the whole incident, sent a written statement denying that they saw anything or that they were even at the station during the arrest. Mr. Berenshtein was sentenced to 4 years imprisonment at Zhitomir.

Two days after the completion of the trial, Mr. Berenshtein was placed in a punishment cell in Zhitomir with two hardened criminals, who beat him up and cut him with broken glass. According to the director of the prison's medical department, his right eye will never see again as the result of an injury to the optic nerve and due to fractured facial bones. The fate of his left eye is not yet clear. Soviet authorities insist that his mutilation was caused by a "self-inflicted attack." I would therefore strongly urge Soviet authorities to transfer Mr. Berenshtein to an ophthalmic hospital for proper treatment and that he be released at the soonest opportunity.

Mr. President, I also wish to bring two family reunification cases to the Senate's attention. The first of these concerns Carolyn Justice of Mountain View, CA. Carolyn wrote me recently to ask for my help in getting her husband out of the Soviet Union. I think that her words describe her predicament quite effectively:

While participating in a language and culture study program in the USSR in 1981, I met and fell in love with a Soviet citizen. We were married, with the blessings of Soviet authorities and in full accordance with Soviet laws, on June 29, 1981 in Leningrad. Since that day, my husband, Andrei Planson, has received six refusals for an exit visa to join me in the United States. I lived with my husband, at great professional sacrifice and expense, for a year, returning to the U.S. in the spring of 1983 to give birth to our son Nicholas. Father and son have never seen each other.

The Soviet position is simply that "It is not in the interests of the USSR" that Andrei join his wife and son. This violates international agreements (the Helsinki Accords) as well as the Soviet Constitution and

law (the Fundamental Legislation on Marriage and the Family). It has brought great suffering to us, damaged Andrei's health severely, and causes me constant financial difficulties. There is no legal justification for detaining Andrei: he has never had access to state security matters, has not served in and is exempt from the military, has never committed a crime, and is not a dissident or a public figure of any description. He is purely a victim of the poor relations that have dominated US-USSR affairs in the past several years.

Carolyn has indicated to me that she has been assisted in her reunification efforts by a wide range of organizations and individuals, including the Department of State, the Helsinki Commission to Congress, and the United Nations Commission on Human Rights.

A similar case concerns Keith Braun of Troy, MI. Keith traveled to the Soviet Union in 1984 where he met Svetlana Ilyinichna of Moscow. They fell in love and were married in a Soviet ceremony on August 9 of last year. She applied for the right to emigrate on November 23 but was refused by Soviet authorities. She intends to reapply this week. As in the Planson case, Mrs. Braun has violated no Soviet law and has no access to Soviet state secrets. I would therefore urge Soviet authorities to act in a humanitarian manner in these cases and allow these families to be reunited.●

EDUCATION AND BUDGET

● Mr. MOYNIHAN. Mr. President, last Thursday, I was pleased to join my distinguished colleague, Senator CHILES, in offering an amendment to the budget resolution for fiscal year 1986 to restore vital funds for education programs. This amendment was to signal, as clearly as we knew how, that the Senate was not yet ready to ignore its longstanding commitment to help millions of low- and middle-income students gain quality educations. Unfortunately, the Senate rejected our amendment by the narrow margin of 47 to 50. This was a most regrettable outcome.

The massive Federal budget deficit does pose a clear and present danger to the economy. A budget so far out of balance is unstable, and will weaken future economic growth. Prudent, equitable efforts must be made to cut the deficit; but it must not be used as a tool to achieve, under a veil of a national crisis, what could not be won directly. This is what the administration sought to do by reducing Federal support for education programs. The real issue has not been ink, black or red, but ideology.

Since 1980, the Federal share of total expenditures on education declined from 10.8 percent to 8.3 percent. In its budget for fiscal year 1986, the administration proposed to cut support for the Department of Education

by 15 percent and elementary and secondary education programs by 9 percent. It sought to cut student financial aid by 25 percent and proposed restrictive and unrealistic eligibility requirements and aid caps on these programs, which would have placed heavy burdens on colleges and universities, and more importantly, on millions of students.

These proposals proved unacceptable even to the Senate Republican leadership, and so a compromise was agreed upon, which this body subsequently approved on April 30, by a single vote. This package claimed to ameliorate the harshest aspects of the administration's original budget request, but it still made deep cuts in education spending over the next 3 years. It still cut financial aid. It still reduced remedial education services for disadvantaged students. It still was unacceptable.

Our amendment would have restored \$3.4 billion in fiscal year 1983 and \$9.1 billion over the next 3 years for a number of essential education and employment training programs. We accepted a freeze in most programs, and for others restored funds only to the level necessary to provide current levels of service next year. But we rejected the administration's tacit assertion that those students most in need of Federal assistance should bear the brunt of the budget deficit.

The amendment would have funded the chapter 1 education program for the disadvantaged at a current services level. Since 1980, over 500,000 children have been dropped from the program because of reduction in funding. Today, chapter 1 remedial reading and math programs serve just over 40 percent of the children eligible to participate. Under the administration's proposal, as many as 200,000 additional children could have lost chapter 1 services.

The Republican compromise budget plan also incorporated the administration's proposal to eliminate impact aid "B" payments, which provide crucial assistance to school districts serving large numbers of children whose parents either live or work on nontaxable Federal property. Impact aid compensates these districts for their lost tax revenues.

At Fort Drum, NY, the U.S. Army is establishing a new 10th Mountain Division. When the expansion at Fort Drum is complete, school districts surrounding the base will be asked to absorb 10,000 new students. Almost all of these students will fall within the "B" category of impact aid. Under the compromise budget proposal, none of the school districts accommodating this influx of students would have received any Federal assistance. Our amendment ensured that all school districts affected by Federal activities would continue to receive fair compen-

sation for lost tax revenues, and would have frozen impact aid if "B" payments at their fiscal year 1985 level.

In addition, our amendment provided a current services level of funding for Head Start—a program of indubitable value. Head Start's success can be attributed to the program's recognition that a child's education is a product of his or her total environment. Head Start children score better on standardized tests; they achieve more in school and are less likely to fail a grade, drop out, or require special education classes. They are more likely to receive adequate medical care and grow to normal heights and weights, with fewer absences due to illness and better performances on physical tests. Yet, the Republican budget plan threatened to eliminate preschool education and medical services for 20,000 of the 442,000 children currently served under the program.

The Republican budget package also would have unfairly restricted student financial aid programs. Last February, the newly confirmed Secretary of Education, William J. Bennett, observed that the proposed cuts would force students to make, "(a) stereo divestiture, automobile divestiture, 3 weeks at the beach divestiture." The Secretary made light of a serious situation. This budget would most seriously have affected students from moderate and low-income families, many with more than one child in college. These students don't take 3-week vacations at the beach; they work every summer to pay part of their tuition. These cuts would have forced them to make an education divestiture.

According to the Congressional Budget Office, the proposed changes in student financial aid included in the compromise budget plan would have eliminated over 400,000 loan and grant awards for undergraduate students. In New York, the State Higher Education Services Corp. reported that undergraduate and graduate students would have lost 160 million dollars' worth of loans. Colleges and universities, which have, in recent years, increased substantially institutional resources devoted to student assistance, cannot make up for these losses. Hundreds of thousands of students, many holding down jobs to help pay their education expenses, would have nowhere else to turn.

The authorizing committees can and should realize some administrative savings in the student financial aid programs. Our amendment accepted a \$150 million reduction in the GSL program in fiscal year 1986, which could have been achieved by streamlining the payment procedures and implementing other modest changes. However, we unequivocally rejected cuts in direct aid provided to eligible and deserving students.

Might I add how pleased I was to see Federal support restored for public and research libraries in the Senate after having been eliminated in the original Republican budget plan. Of all the Federal funds spent on education and cultural activities, surely none has as far reaching an impact as those spent on libraries. Congress has encouraged their growth since the enactment of the Library Services and Construction Act of 1956. The Senate in my view, showed much good sense in continuing that support. But other vital education programs have no less claim on our support.

Mr. President, for two decades, Federal support for education has rested on the principle that the Federal Government has a proper responsibility to help each citizen develop his or her unique talents. Our amendment last week sought to reaffirm that principle, yet we could not summon a majority of this body to join us. The budget adopted last week by a one-vote margin restore some funds for education the compromise package would have cut, but it falls woefully short of our needs over the next 3 years. We must continue to seek responsible ways to reduce the deficit, but we must not allow the budget debate to obscure our obligation to provide educational opportunities to all Americans. ●

SCHOOL INTEGRATION IN BUFFALO

● Mr. MOYNIHAN. Mr. President, the issue of court-ordered school desegregation arouses strong emotions from proponents and opponents alike. These emotions often prevent us from recognizing that, in some instances, school systems, and indeed, whole communities, benefit enormously from court-ordered desegregation.

One such community is Buffalo, NY, where the public schools, once beleaguered by problems of racial isolation and declining test scores, are now a source of civic pride. Writing in yesterday's edition of the New York Times, reporter Mike Winerip chronicles the successful integration of the Buffalo public schools, from the initial desegregation court-order 9 years ago to the current high levels of academic achievement.

Much of the credit for Buffalo's model desegregation program must go to two individuals: Federal District Court Judge, John T. Curtin, and Superintendent of Schools, Dr. Eugene Reville. It was Judge Curtin's commitment to upholding the constitutional rights of Buffalo's minority students that originally forced the school district to implement a desegregation plan. For his part, Dr. Reville provided the leadership necessary to make the plan work.

Another important factor was the Federal funding made available to the district to design and operate so-called magnet schools, each with a special curriculum, which became the focus of Buffalo's desegregation efforts. As noted by Mr. Winerip, Federal support for the Buffalo school district's magnet school program was drastically reduced in 1981. The loss of this support threatens to undermine the program's success.

In the last Congress, both the House and Senate overwhelmingly approved legislation to restore Federal support for magnet school programs used in voluntary and court-ordered desegregation plans. This legislation, the Magnet Schools Assistance Program, was incorporated as title VII of the Education for Economic Security Act (Public Law 98-377), and was signed by President Reagan on August 13. Subsequently, Congress appropriated the program's full authorization of \$75 million for the current fiscal year.

Unfortunately, President Reagan's fiscal year 1986 budget proposal sought to rescind this year's appropriation and recommended that no funds be allocated next year. Although Congress has refused to act on the President's rescission request, the Department of Education has delayed the implementation of the program. Nine months have passed since title VII's enactment, yet no final regulations have been issued. And applications for funding were sent out only last week, after a bipartisan group of 43 Senators wrote Secretary Bennett to express concern about the Department's administration of the program.

The Buffalo desegregation experience can be repeated elsewhere. But this will not happen unless the Federal Government assists local school districts to implement similar programs. I would like to share Mr. Winerip's article on the Buffalo public schools with my colleagues in the Senate, and urge them to join me in seeking to ensure the prompt expenditure of Magnet Schools Assistance funding for the coming school year.

Mr. President, I ask to have the full text of Mr. Winerip's article printed in the RECORD.

The article follows:

[From the New York Times, May 13, 1985]
SCHOOL INTEGRATION IN BUFFALO IS HALLED AS A MODEL FOR U.S.

(By Michael Winerip)

BUFFALO.—Four years after a Federal judge ordered forced busing, the Buffalo public schools have come to be considered a national model of integration.

Moreover, educators say, the schools here are the better for integration.

"The best thing that's happened to Buffalo is court-ordered desegregation," said the Superintendent of Schools, Eugene Reville. "We've restored confidence in Buffalo public schools."

Of the 531 school desegregation programs that James Barnes has been involved with

as director of the Hartford-based National Education Strategy Center, Buffalo, he said, "is right at the top, right at the very top."

Integration has worked, national educators said, because parents and teachers received a major role in designing the city's 22 magnet schools; because millions of dollars in extra Federal funds were available to make the magnet schools special, and because a Federal judge brandished a court order that kept things moving.

School officials sold integration in Buffalo, which is about 40 percent black, by promising a better school waiting for children at the end of the bus ride.

They spent tens of millions of dollars creating 43 full-day prekindergarten programs that hooked many parents on public schools early. And they set up magnet schools reflecting virtually every philosophy in education, from the progressive to the traditional.

The "velvet steamroller" is how it is described here, where school officials have crafted a system of magnet schools so appealing that of the 30,000 students who were bused four years ago, only 15 percent had to be ordered onto buses by the Federal judge. Nearly one of every three Buffalo schools is a magnet school.

The magnet-school idea was first tried in this country in the late 1960's to ease desegregation in Detroit. The goal was to create schools so special that students would be pulled—as if by magnets—from all parts of the city, even if it meant riding a bus.

Magnet schools have always worked best where there is the threat of court-ordered busing, said Gordon Foster, director of the Miami Desegregation Center, a nonprofit federally financed institute. "Buffalo's a prime example," he said.

Judge John T. Curtin of Federal District Court, who has presided over the integration case, said: "I'm distressed by people who make statements nationally that integration doesn't work. It does work. It's plain wrong to say it won't. It's worked in Buffalo."

Integration was a long time coming here. Twenty years ago the New York Commissioner of Education made the first of many unsuccessful attempts by the state to persuade the schools to desegregate.

Nine years ago, after black leaders filed a Federal suit, Judge Curtin stepped in and issued his first desegregation order; eventually there would be four. In the first phase, magnet schools were opened; in the last, the judge ordered busing to complete the integration.

And there are still some problems: Federal and local cuts in funds threaten magnet programs; teachers at nonmagnet schools complain that their programs are neglected, and a few of the city's 75 schools remain segregated.

IMPROVEMENTS IN SYSTEM SERVE AS MODEL FOR OTHERS

Today everyone, from the black leaders who filed the Federal suit to white parents who swore their children would never ride a bus, agrees the results are impressive.

Test scores are up. While in 1976 the average Buffalo third grader scored at the 45th percentile in mathematics on the state pupil evaluation test, the average score five years later was at the 89th percentile.

And this year Buffalo has the only educational system in New York with two schools on the State Education Commissioner's list of 20 top secondary schools. One of those Buffalo schools is the science magnet, or the Zoo School, which, no matter how it

sounds, is unique—a school at the Buffalo zoo with a curriculum built around zoo animals.

Several months ago two dozen Japanese educators flew to Buffalo to see how such magnet schools work, and they were followed last month by a dozen superintendents from southern school districts.

A few weeks ago, when a United States Justice Department lawyer involved in the prolonged school desegregation suit in Yonkers was looking for programs that might work there, he visited Buffalo.

Each year for the last five years, 300 to 400 white children have left private and parochial schools here to attend integrated public schools.

Those children have helped balance a slight growth in the city's black population. When Judge Curtin intervened nine years ago, the schools were 43 percent black; now they are 47 percent black. Integration has not caused the dramatic white flight experienced in other cities.

These days Buffalo school officials say their biggest worry is not protests about busing or racial conflict, but fighting the fund cuts that threaten magnet-school programs.

In 1981 Buffalo received \$7.4 million in Federal desegregation funds, the most for each student of any system in the country. But that dropped to \$950,000 the next year, with Reagan Administration budget cuts, and while the state has increased desegregation aid to Buffalo, it is still well below the 1981 level.

APPEAL OF MAGNET SCHOOLS STARTS WITH THEIR VARIETY

Variety has made the magnet schools work. Buffalo now has the largest public Montessori school in the country, and it has Traditional High, where there is mandatory nightly homework and a dress code (shirts with collars for boys, no earrings for boys, and no jogging suits for boys or girls).

Nor did Buffalo limit its magnet schools to the academic elite. Admission to the Zoo School is by lottery; 70 percent of the zoo students are considered poor and get federally subsidized lunches.

Officials took East High School, an all-black inner-city school once considered among Buffalo's most troubled and spent \$4 million turning it into the Buffalo Vocational-Technical Center, which today is an integrated school with a long waiting list.

When Denise O'Mara, a white high school junior from the Irish section of town, heard she would be riding a bus to Voc-Tech, she was delighted—it meant she had been accepted to the word-processing computer course she wanted so badly. She does not remember the time in the late 1970's when there were no whites in the school.

But the principal, Bill Bennett, remembers. "This will only continue if we can keep our equipment up to date," he said. "You can't update unless you have bread. Money is everything, everything is money."

Judge Curtin remembers, too, and is openly critical of the Reagan Administration's recent attempts to block Federal funding for magnet programs. Last year Congress appropriated \$225 million for magnet schools, but the money has not been allocated by the Federal Department of Education.

Last week Senators Daniel Patrick Moynihan, a Democrat from New York, and Orrin G. Hatch, a Republican from Utah, led a bipartisan protest that helped to get the application process for those funds going. But when the money will be available remains

unclear, according to a spokesman for Senator Moynihan.

"Of course it's discouraging," Judge Curtin said in an interview in his chambers. "It could be a terribly disastrous thing."

The schools have been a bright spot for a city—New York State's second largest—that has had more than its share of troubles. Since the closing of the Bethlehem and Republic steel plants in the late 1970's, unemployment has been high, and many of those who could afford to left the area.

The population is 325,000 today, half what it was in the 1950's. And of the five largest cities in New York State, Buffalo has the highest percentage of people below the poverty level—\$10,610 in yearly income for a family of four. Even with the extra desegregation aid, the spending for each pupil here is about 15 percent below the state average.

"In a community like ours, we've had a number of setbacks," Judge Curtin said. "The one thing I'm convinced, the school system is much better than 10 years ago or 20 years ago."

SMALL VICTORIES WON IN SCHOOLS AND AT HOME

It was the power of the magnet schools that converted Carol Holz from a leader of the South Buffalo Antibusers 10 years ago to an enthusiastic supporter of integration today.

For the longest time, Mrs. Holz said, she had prayed to St. Jude—the Roman Catholic patron saint of impossible causes—asking that her children never be bused out of their Irish working-class neighborhood. She and her husband, Dick, went to hundreds of meetings and promised trouble if their children were bused into black innercity and East Side neighborhoods.

And then one day several years ago, she said, one of her sons came home and told her about a new magnet school he wanted to attend. "It was devastating," Mrs. Holz said. "Here I was opposing busing, because I was trying to do what's best for my kids, and they were telling me something different."

In time, she said, she was willing to give the magnet schools a try, but she still had a problem: "My problem was, 'How will I tell Dick?'"

The day she broke the news to her husband, a steelworker, sitting right in the room with them, giving moral support, was the associate superintendent of schools, Joseph Murray.

"Dick said, 'We'll try it, but if one thing happens kids to read,' said the principal, William Fairlie, "but as a result of them being here in the new pre-K program, we saw they were ready."

Parents here can now go shopping for a school to suit their child's temperament. Nicole Skorka, a fifth grader, started at the Montessori school, where children are encouraged to develop at their own pace and to rove the halls freely and play on the floors.

This was the wrong place for Nicole, and she was miserable. She has since transferred to Campus East, another magnet school, where discipline and basics are the law. "Oh, this school is good," Nicole said. "All you do is sit in your seat and work."

Teachers, too, welcomed the magnet-school program. Suddenly they were being asked to create new courses to attract students.

Joe Carden had first tried to set up an advanced computer-accounting program 22 years ago, but not until the Buffalo Voc-Tech magnet school opened five years ago

did he get the go-ahead. "If it wasn't for integration," Mr. Carden said, "I wouldn't have supplies, I wouldn't have equipment, I wouldn't have the motivated students."

In the first year of his business course, he now teaches what used to take two years.

Like the students, teachers apply to schools that suit their philosophies. A mathematics teacher, Mark J. Walter, who likes a structured setting, switched from a regular city high school to Buffalo Traditional five years ago. "I'm on safer ground here," he said, "just like the kids—they know what's expected and so do I."

At Buffalo Traditional he advises the math team and engineering club. At his previous school he was not involved in after-school clubs.

None of this is to say there are no problems. Though Buffalo has a higher proportion of magnet schools than most places, many students and teachers still find that the magnet schools they want are filled. This year 10,000 students applied for 2,200 openings.

Teachers at nonmagnet schools complain that their schools suffer to make the magnet schools shine. "The magnet programs are the finest anywhere," said the president of the Buffalo teachers union, Philip Rumore,

Many students wind up at city schools like Kensington High because they were not accepted into a magnet program. The school, which is two-thirds minority, has had difficulty attracting whites. "Sometimes students come here feeling they're the rejects," said Mary Grace Demarse, a guidance director.

Also, since the Federal cuts, school leaders and the Mayor, James Griffin, have fought over appropriating extra money for integration. Two years ago Judge Curtin ordered the city to give the schools an extra \$7 million, and a request from school officials for \$30 million more is before him.

School officials and the judge find that keeping the system racially balanced takes constant tinkering. The judge's order says the schools must be between 30 and 65 percent minority, and every year school officials add what they call "mini-magnet" programs to adjust the racial balance.

"Pleased?" said Judge Curtin. "Yes, but the school system is like most things in life; it calls for attention all the time. People want instant results. For heaven's sakes, it takes a while."

Though he still has jurisdiction in the case, the judge has not been yelled at by parents in a long time. They used to go to his home, write him notes and phone him in the middle of the night.

In the South Buffalo section, where the judge grew up, they called him the "little fool" for some time—he is not very tall. "But you don't hear that much any more," Mrs. Holz said. "I'd say people respect him now."

Occasionally someone even thanks the judge. Once in a while school children invite him for a visit or send him a gift. The Futures Academy magnet school, a career-oriented program, gave him the key to the school. The children at Early Childhood Center 90 made a bright yellow piggy bank for him. Both schools, once all black, are now integrated.

The judge said he found these school visits "a very moving experience." ●

FINANCING SUPERFUND

● Mr. BENTSEN. Mr. President, the fear and misery posed by abandoned hazardous waste must be put to an end. There is widespread agreement in Congress and among the people of this Nation that we must respond to this issue aggressively and promptly.

We all know that the Superfund must be expanded to do the job. Congress must determine how to raise the needed revenues, and in doing this we must make our best effort to be fair.

When the Superfund was first enacted, Congress chose to utilize the current feedstock tax approach. It was, frankly, the easy way out because of administrative convenience.

The hope that most of the tax burden would be passed along the chain of production to the customer utilizing products made with these chemical feedstocks was a hope that failed. Estimates are that 12 companies pay 70 percent of the tax, and a substantial body of evidence exists that the feedstock tax has not been passed along.

It is time we face the reality that hazardous waste disposal is a societal problem, not just an industry problem. We all benefit from products like plastics and nylon, airplanes and autos, microchips and minicomputers, but each of these contributes to the waste problem.

I recently thumbed through the list of 291 potentially responsible parties at the Stringfellow hazardous waste site in California. Sure, I found petrochemical and oil companies like Atlantic Richfield on the list, but I also found Carrier, General Foods, Hughes Aircraft, Teledyne and others. I found plating companies and metal finishers and vacuum truck services.

In short, the disposers at Stringfellow were a wide cross section of the national economy—dramatically different from the narrow base of the current Superfund tax.

We must find an equitable tax base, but we are presented with difficult choices. We could turn to general revenues. This is the easiest, most frequently used revenue source when faced with societal problems. In the past, I have considered general revenues as a fair option. But faced with \$200 billion deficits, I cannot endorse such an approach today.

We could increase the feedstock taxes, but even the current tax is not being passed on to consumers. Moreover, the American petrochemical industry which pays most of the feedstock tax is on the ropes. Sales and profits are weak despite the economic recovery because the basic structure of the industry is being altered by subsidized OPEC petrochemical production.

A recent Congressional Research Service analysis gave this description of the industry:

In sharp contrast to its rapid growth during the 1960s and 1970s, the U.S. petrochemical industry—especially producers of primary petrochemicals—has been in decline during most of the period since 1979. Production, employment and operating rates were all notably lower in 1983 than in 1979. Profits appear to be down substantially as well. At the same time, the share of the U.S. market accounted for by imports has grown markedly.

To say that imports have grown markedly is an understatement. They have skyrocketed, cutting the petrochemical industry's net trade balance by nearly a quarter since 1980. Weak prices and profits are the predictable result. In product line after line, demand is up, but domestic prices and production are down.

In ammonia, for example, demand is projected to rise 2 percent this year. Yet production will fall 5 percent as imports surge to 20 percent of demand. Since 1982, imports have nearly doubled, causing 40 percent of all U.S. ammonia plants to shut down.

In urea, production this year is projected to fall more than 4 percent, with imports rising to 30 percent of the market. Since 1981, urea imports have increased 170 percent.

In methanol, domestic production will decline an estimated 8 percent this year, resulting in our entire industry operating at depression era 50 percent capacity. Despite this, imports have increased seven fold since 1981 to command 15 percent of the market.

Unemployment is rising across the entire industry. In the Golden Triangle area of Texas, which includes Beaumont and Port Arthur, one in six petrochemical industry jobs have been lost since 1981. Nationally, 43,000 jobs in petrochemicals have been lost since 1980.

The high dollar is hurting domestic manufacturing in general. But manufacturing employment is down only 1 percent since 1980—not 17 percent as in petrochemicals. The reason for this is simple: subsidized OPEC competition. OPEC nations are seeking to bypass the cartel's voluntary crude oil producing limits by moving from crude oil to petrochemicals.

Eight years ago, OPEC began to seriously limit each member's crude production to prop up prices. The only way OPEC nations could sell more oil was to sell oil products—like ammonia and ethanol. The results have been breathtaking.

The giant Saudi Arabia consortium Sabc is building 16 major new petrochemical plants in the Arabian Gulf and Red Sea. In 1984 and 1985, Sabc will have added over 5 percent to world ethylene capacity, even though excess capacity of 25 percent already exists.

Under normal conditions, this new output would have nowhere to go. But these new plants are government controlled. In Saudi Arabia, Libya, Nige-

ria, and Indonesia, the governments are ready, willing, and able to undercut existing producers and gain footholds in foreign markets by supplying dirt cheap oil and gas feedstocks to their own plants.

Texaco has found that OPEC is providing crude to government-owned refiners at \$2.50 per barrel or more below world prices. We hear talk of the terribly effective Japanese targeting practices against U.S. semiconductors, TV's, and autos. OPEC wrote the book on government targeting—and they've taken aim at the U.S. market. No matter how efficient their management or new their plant, U.S. firms paying \$2.50 per mcf or more for petrochemical natural gas feedstocks cannot compete with brand new OPEC plants paying only 50 cents per mcf.

The U.S. petrochemical industry and the jobs it produces are too important to this Nation to consider the possibility of an increased feedstock tax. The Congressional Research Service has evaluated the impact of such an increase, and I ask that the CRS report, "Proposed Superfund Tax Increases and the U.S. Petrochemical Industry: An Economic Analysis," be printed in the RECORD at the conclusion of these remarks.

As this report shows, an increased feedstock tax would result in the following:

Higher petrochemical costs and reduced sales.

Reduced profits and possibly even losses for U.S. petrochemical producers.

Further decline in domestic output and employment.

As the U.S. industry shrinks in size, imports will rise and foreign producers will be able to exploit the weak U.S. industry, and raise prices.

Production costs for the six major primary petrochemicals studied would increase 3 to 5 percent.

These products represent about 60 percent of all industry shipments in 1984, and had a 1.24 percent pre-tax profit on sales.

The CRS study also examined who would pay the higher tax. The CRS study is unequivocal in stating that the entire tax would be borne by primary producers and intermediate petrochemical producers, with chemical product consumers paying none of the increase:

The domestic intermediate petrochemical industry will bear the burden of the proposed tax increases to the extent that primary producers shift the tax forward. They would not be able to shift the higher costs forward to their buyers, who have the option of buying imported intermediate products.

Since this report was published, most of the largest chemical producers have reported their first quarter earnings, and it appears they average 26 percent below last year. Among the

firms with the highest sales totals, earnings declined across the board. This includes a decrease of 17 percent in net income at Dow Chemical, 34 percent at Union Carbide, and 50 percent at Monsanto.

There are similar reports from diversified manufacturers with large chemical sales components. Du Pont, which has the highest volume of chemical sales of any U.S. company, dropped 41 percent in net earnings from the first quarter of 1984.

Mr. President, an unfair burden on one segment of our society—one already suffering from foreign-subsidized competition—is not the answer to financing the needed expansion in Superfund.

A Superfund tax should have a rational relationship to the problem and to chemical product customers. It should be fair. It should not encourage companies to move their operations abroad, or hurt the ability of U.S. companies to compete abroad nor cause domestic unemployment to rise. Above all, it should be workable.

I am drawn to the conclusion that a broad-based tax is the only workable answer. Several of my colleagues on the Finance Committee have proposed various ways to expand the tax base in an effort to reflect reality. Senator WALLOP and I have proposed what is essentially a tax on sales of manufactured goods and raw materials from the point of production.

Our Superfund excise tax would be passed through to customers, and this is fair. The simple fact is, chemicals find their way into almost all manufacturing processes and our proposal acknowledges that reality.

Another goal is to avoid aggravating the disadvantages now facing domestic petrochemicals in competition with foreign government plants. A higher feedstock tax doesn't do this. Indeed, it will do OPEC's dirty work. A third goal is to avoid placing U.S. firms which use petrochemicals to produce other products at a competitive disadvantage. Under the present tax, foreign firms evade this tax by exporting synthetic fabric, for example, to the United States rather than the taxed chemicals themselves. The fabric enters this country at a price that does not reflect the tax paid by competing U.S. intermediate producers when they buy the chemicals.

The proposal that Senator WALLOP and I have put together would solve the problem by applying the broad-based Superfund tax to imports of all manufactured and produced products. Foreign firms would no longer have a price advantage over U.S. competitors. We would also exempt our exports from the tax, so they can compete abroad.

One of the most serious problems with a tax of this type is to prevent cascading of tax liability when a prod-

uct moves through a chain of production. We have inserted what we feel is a simple credit mechanism to solve this problem. Essentially, manufacturers will pay tax on their sales, and receive a credit for the tax paid on their material inputs. They will not have to keep invoices or other records to show the tax paid. It will be enough to show the purchases of the inputs, which is already a requirement for income tax purposes.

Another aspect of simplification in our proposal is that there are relatively few exceptions to what constitutes manufacturing. We did build in some exceptions—including farmers, who typically have only scant inventory records—but in general we do not think it will be necessary to grant numerous exemptions.

The rate will be very low, perhaps less than 10 cents per \$100 of sales, so that we can necessarily avoid making some of the fine distinctions that we perhaps would make if the tax were designed to raise large amounts of general revenues.

I think this proposal is fair, simple, and advantageous to U.S. companies competing in world markets. On balance, our choices are harsh and limited. A major role for general revenues is impractical. Increases in the feedstock tax are inequitable and unwise. Waste taxes could only play a minor role.

The only real choice is development of a broad-based revenue source.

At this point, a number of members of the Finance Committee are working to meld the best features from the broad-based tax bills that have been introduced. I anticipate that I will be fully supportive of the result, and I look forward to marking up the proposal in the committee very soon.

The report follows:

[Report No. 85-81 E]

PROPOSED SUPERFUND TAX INCREASES AND THE U.S. PETROCHEMICAL INDUSTRY: AN ECONOMIC ANALYSIS

ABSTRACT

This report analyzes the expected economic impact of hypothesized large increases in Superfund taxes on the U.S. petrochemical industry. In general, it finds that the hypothesized tax increases would raise average production costs of six major primary petrochemicals by 3 to 5 percent, and that the resulting decline in industry profitability in the long-run would lead to a reduction in output and employment and to an increase in prices.

I. Introduction and summary

A. Background

On December 11, 1980, the Federal Government enacted the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA)¹ to authorize

¹ Public Law 96-510.

the expenditure of money for cleaning existing hazardous waste sites and to avert the threat of releasing new hazardous waste substances. This program, also known as Superfund, is largely financed by a system of excise taxes on 42 chemicals and on petroleum. In addition, a small proportion of the Superfund's revenues is appropriated from general tax revenues, and still smaller shares are obtained from other revenue sources.

Unless the Act is extended, the tax-collecting authority will expire at the end of fiscal year 1985. Various committees in the House and Senate are considering bills to extend and modify it. At this writing, two bills in the 99th Congress call for a large increase in the size of the Superfund, to be financed mainly by much higher taxes on the chemicals and petroleum covered by the present law. S. 51 (Stafford) would expand the Superfund program from \$1.6 billion (over the five-year period) to \$7.5 billion (over the five-year period). H.R. 2022 (Sikorski) would expand to \$11.7 billion over a similar period. The latter is similar in dollar magnitude to H.R. 5640 passed by the House, but not the Senate, in the 98th Congress.²

B. Purpose and scope of report

The purpose of this report is to analyze the economic impact of large increases in Superfund taxes on the U.S. petrochemical industry. Section I.A. reviews the present structure of Superfund taxation and I.B. describes in greater detail than above, the proposed expansion of such taxation under H.R. 5640 as approved by the House in the 98th Congress. H.R. 5640 was selected because it provides for large tax increases and because a comparable bill had not been introduced in the 99th Congress until the analysis was nearly complete.

Section II describes the role of petrochemicals in the economy and recent industry trends. Section III addresses some of the economic issues, such as where the burden of the proposed tax increases is likely to fall, the potential effects on the industry's profitability and size, and the potential effects on the ability of the U.S. petrochemical industry to compete against foreign producers. The analysis focuses mainly on producers of six major primary petrochemicals. To the extent that other proposals are similar to H.R. 5640, the analysis probably will apply to those proposals as well.

The report concerns itself only with the tax provisions of the existing Superfund program reauthorization as passed by the House in the 98th Congress. There is no discussion of the expenditure side of the Superfund program, of the goals or objectives of the program, or of environmental policy in general.

C. Summary of findings

A previous CRS study on the effects of present Superfund taxation on petrochemicals found that the tax rates are too low to

² It should be noted that a variety of funding options are being considered in the present debate: The Reagan Administration proposed a 5-year reauthorization which would raise \$5.3 billion in part from a new waste-end tax; S. 51, introduced by Senator Stafford, is a \$7.5 billion reauthorization which proposes a new waste-end tax, increased petroleum and feedstock taxes, and a surtax on corporate income; some industry proposals call for a value-added tax on manufacturing; Senator Bradley's S. 596 which provides for a continuation of present taxes would continue present taxes and impose taxes on hazardous wastes and on net receipts of corporations.

explain the recent poor industry performance relative to the long-term trend before the 1980s.³ Tax increases of the size proposed in H.R. 5640 (98th Congress), however, would probably have a noticeable effect on the industry.

In general, we find that the proposed tax rates would raise the production costs of six major primary petrochemicals by 3 to 5 percent, and that the resulting decline in industry profitability in the long run would lead to a reduction in output and employment and to an increase in prices of primary petrochemicals.

It is difficult to estimate the magnitude of these impacts and the distribution of the effects upon different parts of the industry; and it is uncertain as to what would be the path of adjustment to the ultimate long-term outcome. The general long term results would depend mainly upon assumptions concerning the price elasticities of supply and demand for the primary chemicals. The short and medium term results would depend upon assumptions concerning industry structure, and the responses to the tax by the various buyers and sellers in the petrochemical market.

In the short run, domestic primary petrochemical producers and foreign suppliers probably would raise prices at least to some extent to cover the increase in costs represented by the proposed tax boosts. (a) Profit margins of domestic producers may not be large enough to absorb the proposed tax increase. (b) Imported products would also be faced with potential large decreases in profits. (c) The domestic intermediate petrochemical industry (users of the primary products) is composed of more firms and, therefore, may be more competitive than the primary petrochemical industry. Demand for and production of primary petrochemicals would decrease.

It is alternatively possible in the short run, but not likely, that (a) domestic producers individually will not raise prices in fear that other domestic producers and foreign suppliers will not follow suit, and (b), if foreign producers have wider profit margins than their domestic counterparts, the former would absorb much or all of the tax increase and raise prices very little or not at all. Depending upon domestic producers' profit margins, this could result in large operating losses in the short run.

In either short-run scenario, the long-run effect would be that the drop in profits (or incurrence or losses) would reduce (or eliminate) the rate of return to capital, and resources would leave the U.S. primary petrochemical industry. Domestic industry output and employment would decrease. And, aside from the direct effects of the tax increase, a smaller U.S. industry and greater demand for foreign products would tend to result in higher prices and more imports.

The domestic intermediate petrochemical industry will bear the burden of the proposed tax increases to the extent that primary producers shift the tax forward. They would not be able to shift the higher costs forward to their buyers, who have the option of buying imported intermediate products (which would be subject to Superfund taxes under H.R. 5640).

Because H.R. 5640 would increase Superfund taxes on crude oil, the U.S. petroleum

refining industry, too, would experience increases in production costs. Moreover, the several integrated oil companies (with petroleum refining divisions) that also produce taxable primary petrochemicals would be subject to higher Superfund taxation on the costs of both their inputs (crude oil) and on some of their outputs of primary petrochemicals. Given the present low profitability of the refinery industry in the United States, and the competitive nature of the world oil market, this may produce additional hardships. Some of these problems may spill over to oil producers.

In general, the findings of our analysis imply that part of the cost of cleaning up the environment consists of the economic costs of reduced industry profits, output, and employment. These costs should be part of the debate over environmental policy.

II. Present law and proposed changes

A. The 1980 act

The present Superfund program is funded largely by a system of excise taxes on 42 chemical substances and crude oil. In fiscal year 1983, the revenues generated by these taxes—\$230 million—accounted for about 70 percent of total receipts of the Superfund program. In addition, Superfund monies came from general revenues (about 12 percent in Fiscal Year 1982), interest income (about 18 percent in FY 1982), and a tax on hazardous wastes received by a qualified disposal facility (about two percent in 1982). Authority to collect the taxes expires on September 30, 1985.

1. The Chemical Taxes:

The 1980 Act imposes a system of excise taxes on designated chemical substances, produced or used domestically, that are considered to be hazardous or (even if the taxable chemical is not inherently hazardous) that may be used in any production process that results in hazardous waste products. These taxes—often referred to as the feedstock taxes—are imposed on the use or on the sale of the designated chemicals. Thus, a substance need not be sold to be taxed. Where a taxable substance is used as an input into the production of another taxable substance, the amount of tax on the input substance is credited against the tax on the output substance. Imports are also subject to the tax, and there is, under present law, no rebate of the tax on exports.

Twelve primary petrochemicals and 30 inorganic chemicals constitute the designated chemical substances.⁴ The rate of taxation is relatively low, ranging from 22 cents per ton for potassium hydroxide (an inorganic chemical) to \$4.87 per ton on ten of the petrochemicals.

Under certain conditions, the designated substances may be exempt from the Superfund tax. The five following categories of chemicals are exempted because of their particular origin and/or purpose. (Some of the exemptions were added by the Deficit Reduction Act of 1984.)⁵

Chemical substances derived from coal;

Certain chemicals used as fuels or used in the manufacture of motor fuel, diesel fuel, aviation fuel, or jet fuel (this applies to all of the petrochemicals except ammonia);

Chemicals used to produce fertilizer (includes ammonia, methane used to produce ammonia, nitric acid and sulfuric acid);

Sulfuric acid that is a byproduct of air pollution control equipment;

Certain substances that may be produced as temporary byproducts of a metal refining process and may be incidental to that process, as long as they are not removed (this applies to lead oxide, zinc sulfate, zinc chloride, cupric oxide, cuprous oxide, and cupric sulfate).

2. The Petroleum Tax:

The second Superfund excise tax is a relatively minor tax of 0.79 cents (\$.0079) on each barrel of crude oil received by a domestic refiner and on each barrel of petroleum products imported into the United States. In the case of domestic crude oil, the tax is imposed on the operation of the refinery that is receiving the oil. In the case of imported petroleum products, the tax is imposed on the person bringing the product(s) into the country. In situations where the crude oil is used or exported before the tax is imposed, the tax is levied on the user or exporter of the oil.

Taxable crude oil includes crude oil condensates and natural gasoline, nearly all of which is extracted from natural gas. Taxable imported petroleum products are defined as any hydrocarbon product derived from crude oil or natural gasoline that is imported in liquid form into the United States (this includes crude oil, oil condensate, natural and refined gasoline, and other products refined from crude oil).

There are several categories of hydrocarbon liquids that are explicitly exempted from the petroleum tax or, through omission in the statute, not subject to the tax:

Crude oil used to extract oil or natural gas, such as an injectant in a tertiary recovery process, on the premises where the crude oil was produced;

Natural gas liquids other than natural gasoline;

Synthetically produced oil such as oil from shale rock, tar sands, biomass, and coal;

Refined petroleum products that were produced in U.S. refineries.

3. Tax at Waste Disposal Facilities:

CERCLA also imposes a tax (effective October 1, 1983) of \$2.13 per ton on hazardous wastes delivered to a permitted waste disposal facility. The revenues from this tax finance the Post-Closure Liability Trust Fund. The Fund assumes the liability of hazardous waste disposal facilities when they have been closed (in accordance with regulations) and have been monitored for up to five years to show there is no substantial likelihood of release of hazardous substances.

B. The House-passed bill (H.R. 5640, 98th Congress)

H.R. 5640 was a comprehensive Superfund reauthorization and reform bill. It would have increased tax rates and widened the scope of Superfund excise taxes, strengthened Federal enforcement and encouragement of pollution control activities in a variety of ways, and enhanced Federal ability to respond to hazardous waste occurrences and to assist victims of such occurrences.

1. The Chemical Tax:

The House-passed bill would have changed the taxes on chemicals in several ways. First, the number of substances subject to a Superfund tax would have been expanded from 42 to 56, with most of the additions coming from the inclusion of some coal-derived chemicals and of several elemental metals and metal compounds not previously taxable. One inorganic chemi-

³ U.S. Library of Congress, Congressional Research Service, U.S. Primary Petrochemicals: The Superfund Taxes and Other Factors Shaping Recent Trends in Supply and Demand, Report No. 84-704E, by Bernard A. Gelb and Gary L. Guenther, Washington, 1984.

⁴ The indicated 12 petrochemicals includes ammonia, virtually all of which is produced from natural gas. The 1980 Act follows usual practice and lists ammonia among the inorganics, because it contains no carbon.

⁵ P.L. 98-369.

cal-lead oxide—would have been deleted from the list of chemicals that are presently subject to tax.

Second, the bill would have increased the chemical taxes several fold: in some cases, all at once in 1985, in other cases, by varying increments to be phased in over a five-year period. The tax rates would increase further if a waste-end tax is not enacted. For example, the highest present tax rate is \$4.87 per ton (which applies to 10 of the 12 petrochemicals.) Under H.R. 5640, the highest rate would have increased to \$30 per ton with a waste-end tax and to \$35 per ton without a waste-end tax.

Third, the amounts of tax imposed would have been subject to an inflation adjustment in each year. The tax payable on each chemical in a given calendar year would have been adjusted by any percent increase in the producer price index for basic organic chemical or basic inorganic chemicals (as appropriate) between 1984 and the average for the 12 months ending on September 30 of the previous calendar year. No provision was made for adjusting the tax for price decreases.

Fourth, the bill would make several other changes regarding exemptions from the chemical taxes. Perhaps most important, exports of otherwise taxable substances would be exempt, and the blanket exemption of coal-derived chemicals would be removed.

In nearly all cases, the changes would have become effective January 1, 1985; the bill did not specify a termination date for the chemical taxes.

2. The Petroleum Tax:

H.R. 5640 would have increased the tax on petroleum from 0.79 cents per barrel to 7.86 cents per barrel, effective January 1, 1985. If a waste-end tax were not enacted before July 1, 1986, the tax on petroleum would have been increased to 9.65 cents per barrel on January 1, 1987. This tax (at either level) would remain in effect through September 30, 1990. No change would have been made in the categories of petroleum subject to the tax.

3. Proposed Waste-End Tax:

In effect, H.R. 5640 envisioned but did not mandate a waste-end tax. The bill would require the Secretary of the Treasury, in consultation with the Environmental Protection Agency and the International Trade Commission, to study various proposals for such a tax and their probable trade and other economic effects in order to develop a proposal for an excise tax on the disposal of hazardous substances. That proposal was to be designed to discourage, with maximum administrative feasibility, the disposal of hazardous wastes in environmentally unsound ways.

A report on the study and a legislative proposal for a Federal waste-end tax would have been submitted to Congress no later than April 1, 1985.

H.R. 5640 also would have repealed the present tax on disposal of hazardous waste through licensed facilities and the Post-Closure Liability Trust Fund, into which the waste-disposal taxes were deposited.

IV. Background on petrochemicals and the effects of present superfund taxes

As their name implies, petrochemicals are derived from petroleum and natural gas, in the form of petroleum liquids, natural gas liquids, and gases. Four chemicals that are identical in structure to four primary petrochemicals (benzene, naphthalene, toluene, and xylene) are also derived from coal tar and tar crudes, but in relatively small quantities. They constitute the materials from

which plastics, synthetic fibers, synthetic rubber, most fertilizers and pesticides, numerous drugs, and many other products are made.

Primary petrochemicals are the initial direct chemical derivatives of those hydrocarbons. They are further processed into intermediate petrochemicals; these, in turn, are processed into petrochemical products, which are sold to a wide range of industries for further processing and incorporation into products for industrial, commercial, or household use. Industry, agriculture, and commerce use petroleum-derived items such as surfactants, pesticides, and detergents. Ultimately, petrochemicals are used, directly and indirectly, in the production of a large number of durable and nondurable consumer goods ranging from food, beverage containers, and cosmetics, to automobiles, home appliances, and furniture.

In 1984, U.S. production of primary petrochemicals totalled about 120 billion pounds; and, "true" petrochemicals accounted for 99 percent of U.S. output of primary petrochemicals plus their coal-derived counterparts.

During the two decades before 1979, production of petrochemicals by U.S. producers rose rapidly, as the ultimate products derived from petrochemicals replaced natural materials such as cotton, wood, rubber, metals, soap, manure, and natural solvents. The economic competitiveness of petrochemicals was enhanced by rapid technological advances in production processes and by stable prices of feedstocks and fuel. Production by the Industrial Organic Chemicals Industry—the industry that produces all primary and most intermediate petrochemicals—increased at an average annual rate of 10 percent between 1954 and 1967, and 7 percent between 1967 and 1979.

In sharp contrast to its rapid growth during the 1960s and 1970s, the U.S. petrochemical industry—especially producers of primary petrochemicals—has been in decline during most of the period since 1979. Production, employment, and operating rates were all notably lower in 1983 than in 1979. Profits appear to be down substantially as well. At the same time, the share of the U.S. market accounted for by imports has grown markedly.

Several major factors underlie this decline, according to a recent CRS analysis.⁵ While the imposition of Superfund excise taxes on chemicals and petroleum about the time when the industry began to have difficulties did not help the industry, the tax levels are low enough so that their effects probably were very small compared with the other negative factors. Moreover, the Economic Recovery Tax Act of 1981 (P.L. 97-34) substantially reduced the burden of corporate income taxes on U.S. corporations, including the petrochemical industry.

A recent study by the Environmental Protection Agency makes similar findings concerning the trade effect of present Superfund taxes: "Global recession, decontrol of U.S. crude oil prices, changes in exchange rates, and increase in foreign chemical production capacity overwhelm any potential effects of the excise taxes imposed by CERCLA on the U.S. balance of trade."⁶

⁵ See U.S. Library of Congress, Congressional Research Service, U.S. Primary Petrochemicals: The Superfund Taxes and Other Factors Shaping Recent Trends In Supply and Demand. Report No. 84-704E by Bernard A. Gelb and Gary L. Guenther, August 30, 1984, Washington, 1984.

⁶ U.S. Environmental Protection Agency, Impact of the CERCLA Tax on the Nation's Balance of

The study concluded that the effect of the law's excise tax on the trade deficit was probably not significant because both imported and domestically produced feedstock are taxed.

IV. Economic Analysis

A. Focus of the Analysis

This analysis focuses on six of the twelve primary petrochemicals that are subject to Superfund taxes, and on the producers of those substances. The six petrochemicals—benzene, butadiene, ethylene, propylene, toluene, and xylene—accounted for about 60 percent of U.S. production of primary petrochemicals in 1984. Between June 1981 and September 1982, 89 percent of Superfund tax receipts from primary petrochemicals and about 60 percent of all Superfund tax receipts were accounted for by the six chemicals.

Existing law imposes exactly the same absolute tax on each of the six substances: \$4.87 per ton.⁷ We have assumed that the tax for each of the chemicals rises from the present level to those specified by H.R. 5640 for 1987 and 1990, under a scenario of no waste-end tax (table 1). H.R. 5640 contained two sets of tax schedules that would raise the taxes, in step fashion, over five years, to as high as \$26.11 per ton. (One set assumed eventual imposition of a waste-end tax; the other did not.) The rates of change and amounts were completely different for each of the six substances. With only one exception (among the six), taxes per ton would be higher in every year in the scenario with no waste-end tax. It should be noted that, also with one exception, the tax amounts for 1990 under the no waste-end tax case are one-third higher than those for 1987.

Economic analysis of the impact of the hypothesized Superfund tax increase requires knowledge of the prices of the commodities. We have estimated average current prices for each of the six substances, largely on the basis of price data made available to CRS by Chemical Marketing Associates, Inc. (Houston, Texas). These, also, are shown in table 1.

B. Questions of market structure and behavior

The economic effects of increases in Superfund taxes on the U.S. petrochemical industry would depend upon the structure of the primary petrochemical industry, the role of foreign suppliers (also sellers), and the structure of the intermediate chemical industry (the buyers). Additionally, the economic effects would depend on the type of competitive behavior of the sellers and buyers, and on the relative reaction of each to tax increases. Analysis is complicated, particularly in the short run, by uncertainty as to what analytical framework (in terms of market structure and seller and buyer behavior) would be appropriate.

The structure of the U.S. primary petrochemical industry seems to be characterized by relatively few producers of a homogeneous product. Producers tend to be large chemical companies or major integrated oil companies. In the cases of benzene and ethylene, for example, the largest ten producers account for 63 percent and 77 percent, respectively, of total U.S. production capacity for the two substances. The top four producers account for 30 percent and 42 per-

Trade, CERCLA Sec. 301(A)(1)(F), December 1984, Washington, 1984.

⁷ Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (P.L. 96-510)

cent of the respective capacity totals. (See table 2.)

An industry with such a structure often is characterized by interdependence among firms, where each firm's pricing and other decisions tend to depend upon how the firm anticipates its competitors will react. Accordingly, the economic effects of expanded Superfund taxation would depend upon how the various producers would react to the higher taxes and what they believe would be the reaction of their competitors including foreign competitors.

If there is such interdependence, prices tend to be more stable than they would be otherwise under pressure of cost increases.⁸ Sellers fear that a price increase on their part will not be adopted by competitors, which would result in the price-booster losing market share. Thus, competitors view market share as an important goal in itself, and are willing to reduce profit margins to maintain or increase their share. Other things being equal, this kind of competitive behavior makes it unlikely that the companies will attempt to raise their prices (in order to shift some or all of a tax increase to the buyers. This "model" is appropriate if production costs do not vary widely among the various sellers.

It is not clear from movements in the prices of the six petrochemicals over the last five years that there has recently been or is now interdependence among sellers in the U.S. primary petrochemical market. Prices of the six substances have fluctuated considerably since early 1979. For example, the price of benzene increased about 25 percent between the third quarter of 1980 and the second quarter of 1981; and the price of ethylene fell 30 percent between June 1984 and March 1985. These observations are based on (a) monthly and quarterly average transaction prices of U.S. producers for 1980 through early 1985, made available to CRS by Chemical Marketing Associates, Inc. (Houston, Texas), and (b) monthly producer price indexes completed by the U.S. Bureau of Labor Statistics.⁹

These fluctuations may not necessarily rule out a condition of interdependence, however. First, it is common for the prices of homogeneous, commodity-type products such as primary petrochemicals to vary widely over phases of the business cycle; and the chemical industry experienced two recessions and recoveries during this period. Second, prices of crude oil and natural gas—the raw materials of these products—increased very steeply and, in the case of oil, then declined significantly.

Third, because some of these products are co-products or by-products in the process of producing others, swings in demand for the primarily intended product and in its production can result in shortfalls or excess supplies of co-products for which there are no similar swings in demand. Other things being equal, the shortfalls, or surpluses, will tend to raise, or reduce, prices of the co-products. Fourth, there may be an interdependence among domestic producers only, with foreign suppliers tending to set prices below what domestic producers would charge.

The circumstances described in the fourth item may well describe the situation now, al-

though not uniformly for all six products. There is an indication that import prices are lower than domestic producers' prices for 4 of the 6 primary petrochemical substances.¹⁰ Where foreign suppliers are charging prices lower than what domestic producers would charge, the latter—assuming they still pursue the same corporate goals—must keep prices as low as possible to avoid losing still more market share. There is nothing inherent in this situation, however, that predicts the reaction of foreign suppliers when a large tax increase is imposed.

Returning to the industry structure described initially, one can very reasonably also infer a mode of behavior different from that developed above. Other things being equal, a relatively small number of producers under cost pressure may well be able to raise prices. For example, producers of benzene were able to boost prices about 30 percent between 1979 and 1980 to cover (at least partly) the increase in the cost of crude oil even though production (and presumably demand) dropped about 25 percent. Over the same period, prices of propylene rose even faster (55 percent) in the face of a smaller drop in output (4 percent).

Domestic producers' ability to raise prices would be eased by the nature of demand for their products. Buyers, intermediate petrochemical producers, far outnumber the sellers, and thus constitute a more competitive industry than the primary petrochemical industry. In addition, substitution possibilities for primary petrochemicals are technologically limited in some cases, at least in the short run; demand for these substances is therefore likely to be price inelastic.

Finally, because imported primary petrochemicals would also be subject to tax increases under H.R. 5640, foreign producers selling in the U.S. market would have an incentive to increase prices, and would do so roughly to the extent that U.S. producers raise their prices.¹¹ Those foreign producers who, because of lower production costs or pressure of low capacity utilization undersell U.S. producers, presumably would not increase prices so far as to close the gap. It is possible that foreign producers would absorb the hypothesized increase in tax rates; this action would imply a decision to expand market share instead of maximizing profits (or minimizing losses) in at least the short run, if not longer.

In general, any reaction of U.S. primary producers to hypothesized Superfund tax increases would take into account the absence of Superfund taxes abroad, and the option of domestic as well as foreign purchasers of primary and of derived products to buy, at almost any point in the chain of production, such products made abroad from non-taxed feedstocks. Assuming that U.S. exports of the six primary substances would not be subject to the tax increase, the tax increase would not disadvantage U.S. products in export markets.¹²

In summary, there are at least a few responses to the hypothetical Superfund tax increases in the short run that one can reasonably expect; and there appears to be no preponderance of evidence that one is more likely than another. In addition, it is important to note that foreign suppliers, although free from Superfund taxation on production sold abroad (but not in the U.S.), and in some cases beneficiaries of lower raw material costs, are nevertheless subject to basically the same economic forces and constraints as domestic producers.

Because it is uncertain as to how U.S. producers and foreign suppliers would react in the short run, we present and analyze below two alternative behavioral "Scenarios" that more or less bracket the range of most likely behavioral combinations. They should not be regarded as the two most likely outcomes.

C. Impact on primary petrochemical producers

1. Scenario 1—Tax Absorbed by Producers in Short Run:

In this scenario of the industry and market, domestic producers are assumed to be "interdependent", as described in the previous section. Foreign suppliers are tending to charge lower prices than domestic producers, further deterring domestic producers from attempting to raise prices in order to pass forward all or part of the tax increase. It is assumed that foreign suppliers also do not attempt to increase prices.

To estimate the impact of the hypothesized increases in Superfund taxes on industry production, profits, and other operational aspects, we have followed a standard economic model that incorporates the relationship among costs, production levels, and profits. As seen in table 3, the hypothesized tax increases would, in the short run, raise estimated variable production costs (excludes depreciation, amortization, and overhead) of the six substances in 1987 by as little as 2.1 percent and as much as 6.6 percent. The corresponding increases for 1990 would be 3.4 percent and 7.0 percent.¹³ (These percent increases in costs would be higher if prices decline. H.R. 5640 provides for adjusting the tax amounts in case of price increases, but not for price decreases.)

With prices unchanged under this Scenario, the quantities demanded for the six products would not change (other things being equal), but industry profits would decline by the full amount of the increase. Assuming production at the 1984 level is the amount used or sold domestically, annual industry profits on the six products would decrease by about \$490 million, or 4.4 percent of sales, if the hypothesized 1987 tax level is fully absorbed. The corresponding decrease for the 1990 tax level would be about \$630 million, or 5.6 percent of sales. In 1981 through 1983, before-tax profits on the six products averaged about 1.24 percent of sales for 26 companies that are large producers of those products according to a survey by Price Waterhouse.¹⁴ Since that

¹³ As discussed earlier, a per-unit excise tax is considered as an increase in the cost of production. The cost concept measured here is average variable cost. Analytically, the correct procedure is to determine the percentage of change in marginal costs. Data on marginal costs for each substance is not, to our knowledge, publicly available.

¹⁴ Price Waterhouse, A Comparison of Sales to Earnings Ratios for Chemical Companies for Their Overall Sales and Sales of Products Subject to CERCLA Taxes (March 15, 1985). The survey was commissioned by the Chemical Manufacturers Association.

¹⁰ Average prices of imports were derived by dividing the total value by total quantity of imports for each of the products. Average domestic prices were calculated from the data provided by Chemical Marketing Associates, Inc.

¹¹ This does not imply that U.S. producers would be the first to increase prices.

¹² Under H.R. 5640 as passed by the House, exports are exempted and rebates would be given for Superfund taxes paid on products eventually exported.

⁸ An excise tax on a producer is essentially equivalent to an increase in production costs.

⁹ Chemical Marketing Associates provided contract prices for all six chemicals, except toluene, where spot prices were provided. The Bureau of Labor Statistics does not compile a price index for xylene.

period, volume produced and sold has increased¹⁵ and raw material costs have fallen,¹⁶ but product prices have fallen as well.

Profit margins probably have widened somewhat since 1981-1983. But it is clear that the hypothesized Superfund tax increases could still generate industry losses.

Such substantial declines in profits are not likely to affect production levels in the short-run. But in the long-run, assuming production costs cannot be reduced elsewhere, capital resources would leave the domestic industry, since the rate of return after taxes would be lower than in other industries. The result would be reduced industry output and employment.

These long run effects would spill over onto other sectors; the decline in demand for oil and natural gas would affect oil and gas production. As the primary petrochemical industry contracts, prices to secondary users would increase as demand fell. Hence, even if producers absorbed the tax in the short run, in the long run, prices would still rise until equilibrium was restored.

Effects on Imports and Exports.—With everyone's prices unchanged, the share of the domestic market for the six primary petrochemicals accounted for by imported products would be maintained in the short run.

In the long run, shrinkage in the U.S. industry as a result of low profitability would lead to lower domestic output and a smaller share of the U.S. market. Foreign suppliers presumably would be absorbing the tax increase on only part of their production, and would not experience as sharp a drop in overall profitability as U.S. producers. Assuming no change in the total quantity sold in the market, the quantity of imports would increase.

Assuming exports of the six substances would be exempt from the hypothesized tax increases (as under H.R. 5640), U.S.-produced primary petrochemicals would not be at a competitive disadvantage in foreign markets. Sharply-reduced profitability on domestic sales, however, may well affect the ability of U.S. producers to compete worldwide. Also exports would decline to the extent that U.S. producers would relocate to foreign countries and focus on foreign markets.

2. Scenario 2—Tax Passed on by Producers:

Partly because of the severity of the potential impact on domestic primary producers under scenario 1, there are reasons to believe that domestic primary petrochemical producers will strive very hard, and probably would be able to shift forward part of the tax increase. (a) Profit levels of domestic producers may not be large enough to absorb the proposed tax increase. (b) Imported products would also be subject to the tax increases, and foreign suppliers would be faced with potential large decreases in profits. (c) The domestic intermediate petrochemical industry (users of the primary products) is composed of more firms and, therefore, probably is more competitive than the primary petrochemical industry. (d) As recently as the second oil price shock, domestic primary petrochemical producers were able to pass forward at least part of the large increase in costs through sharply increased prices.

Here, the price elasticity of demand as well as supply is a crucial element. Since

there is little evidence as to what those elasticities are, we have used two assumptions for each: -0.3 and -2.0 for demand; and $+1.0$ and $+8.5$ for supply.

The results derived from the extreme alternative world where all the tax is passed forward—will differ from that in which all the tax is absorbed by at most 50 percent, according to established economic theory.¹⁷

While intended to be illustrative, these figures are based on both empirical and theoretical evidence. Regarding demand price elasticity, one recent study postulates a price elasticity of demand for four primary petrochemicals of from -0.14 to -0.53 .¹⁸

Regarding, supply price elasticity, the same study referred to above includes a supply price elasticity for propylene of $+8.5$.¹⁹ Because we were unable to find other supply price elasticities, it is difficult to know how well $+8.5$ approximates the actual elasticity. Estimated supply price elasticities for other industries, however, are generally much lower. Because of the greater uncertainty, we have set a wider range for supply price elasticity than for demand price elasticity.

Table 4 shows the effects under scenario 2. If the supply price elasticity is $+1.0$ and the demand price elasticity is -2.0 , prices of the six primary petrochemicals would rise, on average, 1.1 percent under 1987 proposed tax levels; the total quantity demanded would decrease by 2.1 percent. If the supply price elasticity is $+8.5$ and the demand price elasticity -0.3 , prices would rise 3.1 percent on average. The alternative elasticity assumptions would give results that lie between the above figures. These results reflect the fact that when supply is less elastic and demand more elastic, it is more difficult to shift the tax forward and producers bear relatively more of the tax.

Under the 1990 tax levels, prices would increase by larger percentages compared with 1987 and output would decrease more because the proposed tax rates in 1990 would be higher than in 1987.

Thus, under scenario 2, prices would rise and the quantity demanded would fall, leading to reduced domestic production and employment. The extent of these effects would depend upon the behavioral postulates concerning the price elasticities of supply and demand.

Effect on Imports and Exports.—Under scenario 2, foreign producers would probably increase their prices in the United States commensurate with the increase by domestic producers. This would preserve the market share. The level of imports would decline as prices increase but the relative proportion of domestic output and foreign imports should be maintained.

U.S. producers would not be at a competitive disadvantage in foreign markets except to the extent that the domestic tax would adversely affect the profitability of the industry in the United States.

¹⁷ More precisely the changes in price and in quantity under pure monopolistic conditions will be half those under competitive market conditions. See, for example, Richard A. Musgrave and Peggy B. Musgrave, *Public Finance in Theory and Practice*. New York: McGraw-Hill Book Company, 1973, p. 436-438.

¹⁸ Management Analysis Center, Inc. *Superfund Financing: An Analysis of CERCLA Taxes and Alternative Revenue Approaches*. Los Angeles, CA, March 6, 1984. The report does not explain how the elasticities were arrived at.

¹⁹ *Superfund Financing: An Analysis of CERCLA Taxes and Alternative Revenue Approaches*.

D. Impact on intermediate petrochemical producers

As the previous discussions suggest, the effect of the proposed tax increases on producers of intermediate (secondary) petrochemicals depends upon the response of the primary petrochemical industry to the tax increases.

If the primary petrochemical industry does not shift the taxes because interdependence among firms would not permit it or because of competition from foreign producers there would be little short-term impact on the intermediate petrochemical industry. Firms in the industry would continue to demand the same quantities of primary substances because the prices charged

In the long-run, however, a smaller U.S. primary petrochemical industry and greater demand for foreign products would tend to result in higher prices charged to intermediate producers, as well as greater imports of primary substances. This will affect the level of output and profitability of the secondary industry since they would be unable to pass on these higher costs to tertiary producers, or producers of final products (because imports of secondary substances are not and would not be subject to Superfund taxation).

If domestic primary petrochemical produces, along with foreign suppliers are able to increase prices (and reduce output), at least part of the short-run burden of the hypothesized tax increases would fall on intermediate producers. The extent of the short-run incidence depends on how much primary producers are able to raise prices, and on the elasticities of supply and demand for intermediate products. Because U.S. buyers of intermediate products can purchase materials made abroad from non-taxed feedstocks, it is likely that domestic intermediate producers will not be able to increase prices sufficiently to cover the increase in their costs.

In the long-run, if intermediate producers would not be able to increase prices sufficiently to cover the increase in costs, lower profitability would cause resources to leave the industry—and domestic production and employment would decrease.

E. Effect on the U.S. oil industry

Because H.R. 5640 would increase Superfund taxes on crude oil, the U.S. petroleum refining industry, too, would experience increases in production costs. Moreover, the several integrated oil companies will be subject to higher Superfund taxation on the costs of both their inputs (crude oil) and some of their outputs (primary petrochemicals). H.R. 5640 would raise the tax on crude oil from 0.79¢ (\$0.0079) per barrel to 9.65¢ (\$0.0965) per barrel, assuming no waste-end tax. This would increase oil tax liabilities from about \$40 million per year to about \$480 million per year.

As suggested by the data in table 1, most of the largest U.S. primary petrochemical producers are vertically integrated oil companies (with petroleum refining divisions or subsidiaries). Although these constitute a minority of the total number of producers, they apparently account for most the Superfund tax liability. Ten of the 12 companies that are believed to pay 70 percent of Superfund taxes are major integrated oil companies,²¹ and taxes on petrochemicals

²¹ Includes Conoco, a subsidiary of DuPont.

¹⁵ Relatively small changes in production affect profitability by much larger relative amounts.

¹⁶ Acquisition costs of crude oil currently average about 15 percent the average level for 1981-1983.

and petroleum combined account for 80-85 percent of total Superfund tax liability.

Therefore, the question of who would pay the expanded levels of Superfund taxation is also a question of the extent to which the major oil companies would pay the tax. The fact that they are vertically integrated from it complicates the analysis beyond the scope of this report. But it should be noted the hypothesized increase in the petroleum tax equals only 0.3 percent of U.S. refiners average crude oil acquisition cost in early 1985.

It is possible that the major oil companies would attempt to shift both the increase in the crude oil tax and in the taxes on primary substances backward onto factors of production. More specifically, they could lower the price they pay for crude oil. In this case, part of the burden of the hypothesized tax increases would be on independent oil products who sell to land owners (royalty owners) other than the companies themselves. To the extent that the companies shift the tax increase forward to downstream chemical producers or users other than themselves, those producers or users could end up paying part of the increase in the crude oil tax.

TABLE 1.—ESTIMATED PRICES AND HYPOTHESIZED SUPERFUND TAX RATES FOR 6 PRIMARY PETROCHEMICALS

Petrochemical	Estimated price ¹	Tax		
		[In dollars per ton]		
		Existing	1987	1990
Benzene	\$320	\$4.87	\$13.20	\$17.60
Butadiene ²	590	4.87	19.58	26.11
Ethylene	310	4.87	13.78	18.37
Propylene ³	315	4.87	11.74	15.65
Toluene	290	4.87	10.38	13.84
Xylene	275	4.78	21.30	22.35

¹ Average price as of early 1985.
² 1,3-Butadiene.
³ Chemical grade.
 Sources: CRS estimates, based on data provided by Chemical Marketing Associates, Inc.; Public Law 96-510; H.R. 5640, as passed by the House of Representatives, 98th Cong.

TABLE 2.—ANNUAL PRODUCTION CAPACITY AMONG TOP 10 PRODUCERS OF ETHYLENE AND BENZENE

Producer	Thousand metric tons	Percent of total
Ethylene:		
Shell	2,336	13.7
Dow	1,818	10.7
Union Carbide	1,764	10.3

TABLE 2.—ANNUAL PRODUCTION CAPACITY AMONG TOP 10 PRODUCERS OF ETHYLENE AND BENZENE—Continued

Producer	Thousand metric tons	Percent of total
Arco	1,271	7.5
Exxon	1,180	6.9
Gulf	1,162	6.8
Du Pont	1,057	6.2
Amoco	975	5.7
Phillips	972	5.7
Texaco	620	3.6
Subtotal	13,155	77.1
Total, United States	17,073	100.0

Producer	Thousand metric tons	Percent of total
Benzene:		
Gulf	205	8.9
Shell	174	7.5
Exxon	168	7.3
Phillips ¹	142	6.1
Sun	133	5.8
Dow	130	5.6
Sohio	115	5.0
Arco	111	4.8
Du Pont	100	4.3
Amoco	95	4.1
Ashland	75	3.2
Subtotal	1,448	63.0
Total, United States	2,312	100.0

¹ Includes plants in Puerto Rico.
 Sources: Chemical Week, Aug. 29, 1984, pp. 46-47; Oil & Gas Journal, Sept. 3, 1984, pp. 55-56.

TABLE 3.—ESTIMATED AVERAGE PRODUCTION COSTS AND HYPOTHESIZED SUPERFUND TAXES FOR 6 PRIMARY PETROCHEMICALS

Product	Estimated average per-unit variable cost	Tax per ton			Tax as a percent of average variable cost				
		Existing	Proposed		Existing	Proposed		Change	
			1987	1990		1987	1990	1987	1990
Benzene	\$288	\$4.87	\$13.20	\$17.60	1.7	4.6	6.1	2.9	4.4
1,3-Butadiene	531	4.87	19.58	26.11	.9	3.7	4.9	2.8	4.0
Ethylene	279	4.87	13.78	18.37	1.7	4.9	6.6	3.2	4.8
Propylene (chem.)	284	4.87	11.74	15.65	1.7	4.2	5.5	2.4	3.8
Toluene	261	4.87	10.38	13.84	1.9	4.0	5.3	2.1	3.4
Xylene	248	4.87	21.30	22.35	2.0	8.6	9.0	6.6	7.0

Note.—Average variable cost is estimated at 0.9 percent of price.
 Sources: Table 2; Public Law 96-510; Congressional Record, Aug. 10, 1984; CRS estimates.

TABLE 4.—ESTIMATED CHANGES IN PRODUCTION AND PRICES UNDER SCENARIO 2

	Tax level (percent)							
	1987		1988		1989		1990	
Percent increase in costs	3.2	3.2	3.2	3.2	4.6	4.6	4.6	4.6
Assumed supply price elasticity	+1.0	+1.0	+8.5	+8.5	+1.0	+1.0	+8.5	+8.5
Assumed demand price elasticity	-3	-2.0	-3	-2.0	-3	+2.0	-3	-2.0
Percent change in quantity	-7	-2.1	-9	-5.2	-1.2	-3.1	-1.3	-7.5
Percent change in prices	+2.5	+1.1	+3.1	+2.6	+4.0	+1.5	+4.4	+3.7

Note.—Data are weighted averages for the six primary petrochemicals focused on in this report.
 Source: Text; tables 1 and 3; U.S. International Trade Commission.

TRI-INDUSTRIES, INC.

● Mr. QUAYLE. Mr. President, President Reagan proclaimed last week National Small Business Week, to honor our country's 14.3 million small business owners. In keeping with this theme, I am especially proud today to recognize Tri-Industries, Inc. of Terre Haute, IN, as the regional small business prime contractor of the year for region V, which includes the Midwestern States of Indiana, Illinois, Michigan, Minnesota, Ohio, and Wisconsin.

Tri-Industries was selected by the Small Business Administration [SBA] for its outstanding record as a Federal procurement prime contractor in the area of gas turbine parts, manufacturing, and supply.

In nominating Tri-Industries for the award, Fort Benjamin Harrison in Indianapolis described this company as "a leader in the field of high technology manufacturing." As its "honeycomb" process has been accepted by other companies producing for the aerospace industry as the industry standard, Tri-Industries has grown from a single manufacturing concern employing 6 people in 1955, with first sales of \$40,000 to a three divisional corporation employing over 100 people with several million dollars in sales. Tri-Industries is leading the way in the aerospace industry.

Tri-Industries is but one particularly notable small business that has proven itself highly capable of meeting the needs of our Nation. Small business is the backbone of our Nation, accounting for 60 percent of all private-sector employment and 90 percent of all newly created jobs. Small business is also a leader in implementing the main principles of the Job Training Partnership Act, which I authorized in

1982 to replace the ineffective Comprehensive Employment Training Act [CETA], to provide our youth and unskilled workers with the training and experience necessary to secure permanent, more fulfilling careers.

Small business also accounts for nearly half of all major U.S. innovations including the air conditioner, gasoline engine, and the electric light; and approximately half of the private sector's total production of goods and services.

Each of us is doing everything we can to advance the interests of small business. As chairman of the Senate Armed Services Subcommittee on Defense Acquisition Policy, I am fully aware of the urgent need for a more efficient acquisition system. In response, I have sponsored the Defense Procurement Improvement Act of 1985, S. 742, which is included in the 1986 defense authorization bill approved by the Armed Services Committee on April 4, 1985.

Provided in my bill are moneys to establish nationwide procurement outreach centers to assist businesses, especially smaller companies, in becoming defense contractors. These centers are designed to introduce new and

qualified businesses to the defense market, increase competition for defense contractors and subcontracts, broaden the industrial base of suppliers, and promote State and local economic development which in turn means new employment opportunities.

The livelihood of nearly 100 million Americans rely directly or indirectly on our Nation's small businesses, and we as consumers reap the benefits of the products and services they provide. It is essential that we recognize and protect the needs and interests of our small businesses, like Tri-Industries, Inc., so they can continue to contribute to the future well-being of our great country.●

OAKLAND CITY COLLEGE CELEBRATES ITS CENTENNIAL

● Mr. QUAYLE. Mr. President, I am pleased today to congratulate Oakland City College, a fine institution of higher education in Oakland City, IN, on their centennial celebration. Oakland City College was founded in 1885, and has, for a hundred years, provided thousands of students from Indiana and elsewhere in the Nation an education of excellence and of value.

Oakland City College, a Baptist-affiliated institution, has offered a 4-year liberal arts education from its inception, and has also expanded its educational offerings to keep pace with the demands of the day. Oakland City College has been responsive to the needs of the State, the needs of the community, and the needs of the students who attend.

The president and the trustees have recognized the value of a traditional, private, liberal arts education, and they have excelled at offering such an education. Along with the liberal arts, the college has offered degrees in business and in teaching, areas which are in great demand today.

Additionally, 10 years ago, Oakland City College established a vocational-technical school associated with the college to offer 1- and 2-year degrees in fields such as auto and diesel mechanics, welding, and heating, and air conditioning servicing. The college started these programs in response to the needs of southwest Indiana, where vocational-type training was limited. Oakland City College was one of the first church-related, liberal arts colleges in the United States to offer such vocational and technical training.

In the class of 1985, in addition to the 80 seniors who are graduating with a 4-year degree, almost 60 students from the vocational-technical school will be graduating.

Such a combination of liberal arts degrees and vocational degrees does not mean a lessening of purpose or loss of mission. Instead, it means that Oakland City College cares about the community it shares and wants to help

maintain the economic and intellectual health of that community. Oakland City College is a dynamic college, one that looks forward to and one that is responsive to the future.

The past 100 years at Oakland City College have been good years, and the graduates have been well-prepared to take their place in society. The next 100 years at Oakland City College will, I am certain, be as exciting and rewarding for all involved. Oakland City College is not afraid to meet the future, and I wish them well in all they do.

My congratulations to Oakland City College as they celebrate their 100th birthday.●

● Mr. WEICKER. Mr. President, during the long days of deliberation on the budget, the process at times seemed reduced to a mathematical problem to be solved. In trying to deal with a complex issue, our focus often narrows to the point where we lose sight of the whole picture. Today I want to share with my colleagues an eloquent reminder of what our job here is all about. David Berke, a young man from Connecticut, wrote some poems expressing his concern for the future. He described very accurately the kind of decisions we are making here in Congress—decisions on the quality of life for our children and their children. David was killed in an automobile accident not long ago. We are fortunate to have his thoughts with us as we go about our job.

The poems follow:

POEMS OF DAVID BERKE

It is said this country was made great,
long ago by farsighted men,
who invested in their hope in the future,
for the benefit of their children's children.

Do you go with the short term investment,
that will make you very happy right now?
Or do you invest in and plan for the future,
which might not show up some how?

Your short term may even go sour,
it might not get into the black,
yet you might spark a new innovation,
which will turn the others all back.

To start the long term investment,
a very high price you will pay.
To give up the short run will cost you,
something you might even regret someday.

The question that will face us tomorrow,
is do we see the profits right now—
or forget the pleasure and sorrow
and think of the future somehow.

Now if these men had all lived today,
would they see the way that I see?
Is love just a short term benefit
or a long term investment for me?

I can't trust those around me
I don't like my race
We're crummy, we're cruel, we're dirty
and just plain two-faced.

I keep hearing of peace—
How the world should be run
Why can't we all be happy as one?

Yet we're building more planes
and building more guns,
hoping someday it won't have to come.

Missiles and bombers,
tanks and planes
Sometimes I think we're all just insane.

Someday we'll do it
the Die will be cast,
No one around to tell of our past.

It may be too late
someday you'll see
We'll all be just shadows
Including you, your neighbor and me.

It's finally happened
It's finally done,
There will be Peace on Earth
for all time to come.●

MATHOPESTAD

● Mr. KENNEDY. Mr. President, a recent article in the New York Times by Alan Cowell describes the continuing efforts of the South African Government to move the citizens of the town of Mathopestad from their land. They have owned this land since 1910. I visited Mathopestad in January and I met with the people of that town. It is called a black spot by the South African authorities because it is totally surrounded by white-owned farmland. As part of its program to separate the races, the South African Government has sought to eliminate these black spots by forcibly removing blacks from their traditional home and moving them to resettlement camps. This process is brutal, frequently violent, always wrenching.

In 1980 the people of Mathopestad learned that the South African Government planned to move them to Onderstepoort, to land which they consider infinitely inferior to Mathopestad. The Mathopestad landowners have steadfastly resisted the Government's efforts to remove them, but they fear that the Government will nevertheless force them to leave.

I raised the issue of Mathopestad with the Minister of Cooperation, Development and Education, Gerrit Viljoen, during my visit with him in January. Shortly after I left, Viljoen announced a suspension of forced removals to allow the Government to review its policy on this matter. Shortly thereafter Dr. Viljoen reported that the Government would not remove people without their consent, but, he added, the Government would continue to resettle black communities if "their leaders agreed," or if "health considerations" warranted such removals. This statement caused concern because the Government had long tried to install puppet "leaders" in place of these communities' real leaders.

Most recently, in reply to a question in Parliament on April 9, Mr. Viljoen said that the Government planned to go ahead with its plan to resettle the 1,500 residents of Mathopestad "in consultation with the residents." During the past 2 years the Government has never discussed the subject

with legitimate leaders of the community, but it has instead met secretly with a small group of residents, most of whom are tenants rather than landowners. A recent report on the state-owned television [SABC] stated that 100 of the 330 families living at Mathopestad have agreed to move. Now the fear is that, if a sufficient number of tenant families agree to move in the hope of obtaining their own land, the Government will use their consent to justify a wholesale removal of the community.

The legitimate leaders of Mathopestad—along with an overwhelming majority of the citizens—oppose any move, and 750 people have signed a petition opposing removal. But they have good reason to fear that the Government will forcibly remove them, as it did in nearby Magopa last year, if they refuse to leave voluntarily.

Mr. President, I request that the entire text of the May 7 New York Times article be inserted at this point in the RECORD, as well as the certain additional background material on Mathopestad: An April 22 Open Letter from Sub-Chief John Mathope to Secretary of State Shultz, an October 5, 1984 Newsletter published by the white South African civil rights organization Black Sash about Mathopestad, and a Black Sash Update on Forced Removals dated April 23, 1985.

The material follows:

[From the New York Times, May 7, 1985]

BLACK LANDOWNERS RESIST APARTHEID'S HARD SELL

(By Alan Cowell)

MATHOPESTAD, SOUTH AFRICA, May 1.—The wind. It is the wind, rustling the blue gum trees and building across wide plains, that seems to distinguish this place, where people have lived for decades, from another place 60 miles away, where the Government wants them to move.

Here, said John Mathope, subchief of the Bakubung tribe, there is wind all year, and the freshness of the highlands.

There, in Onderstepoort, a resettlement area marked out for 1,000 families, the sky was leaden today, holding warmth to land contested by thorns. The land is dotted with outhouses, arrayed in the empty bush, that symbolize the authorities' desire to build new locations for black people from elsewhere. Always, it seems, the outhouses are built first, baleful harbingers of enforced removal.

Mathopestad, 90 miles northwest of Johannesburg, is one of South Africa's best-known "black spots," a place where black families surrounded by white farmland hold freehold title that was granted before legislation made it impossible for most blacks to own land.

LETTER IS SENT TO SHULTZ

In January, Senator Edward M. Kennedy, Democrat of Massachusetts, came here during his tour of South Africa. Last week, Mr. Mathope wrote to Secretary of State George P. Shultz, asking him to intercede with the white authorities to prevent removal. But such courtship of prominent foreigners has not eroded the gnawing sense that the authorities wish to shift this com-

munity to Onderstepoort. And neither has the defiance diminished.

"We do not consent to move," said Mr. Mathope, a man in blue overalls and a stained trilby hat, who seems truculent with outsiders. "We do not trust the Government's intention."

In the last two decades, church groups say 3.5 million people have been resettled in pursuit of the policies of racial compartmentalization called apartheid. But, in January, Gerrit Viljoen, the white Cabinet minister responsible for the destinies of millions of blacks, announced a moratorium on forced removals while the policy was reviewed.

The announcement was greeted with skepticism by threatened communities, a skepticism that seemed reinforced when, on April 9, Mr. Viljoen was asked in Parliament whether the Government planned to resettle the 1,500 residents of Mathopestad.

The reply was, "Yes, in consultation with the residents." And there, the uncertainties and anomalies were illuminated.

"WE WILL NOT BE MOVED"

Mathopestad is not marked on roadmaps, and it is reached by dirt road, across the way from the village of Boons, where giant silos bear testimony to the agricultural richness of these lands. The residents are building a new high school here, hard by a sign that proclaims, "We will not be moved from Mathopestad."

The houses, many of them, are solid and built by stone, and the people say they are used to contentment. "This is the happiest place on earth," Mr. Mathope said.

In the authorities perspective, it is different. "Black spots" collide head-on with notions of separation. When people are moved, officials like to say, that they are moved for their own good, to more hygienic, more fertile places. Mr. Viljoen, for instance, said on April 9 that a move to Onderstepoort was "in the interest of all parties concerned."

That is disputed. "Here, we have a river that flows all year," Mr. Mathope said. "There, the river is dry, and the water comes from a dam. We have boreholes here. If we move there, we are moving straight to our graveyard."

The concern among civil rights groups over a move on Onderstepoort has grown with coverage of the community's affairs on the state-owned radio and television. The South African Broadcasting Corporation, for instance, used television coverage last Saturday to portray Onderstepoort as a lush garden, focusing on an irrigation project there, and it called Mathopestad unhygienic. It noted, too, that Onderstepoort was close to Sun City, a luxury complex of hotels and casinos and sports facilities whose lushness offers a stark, sad contrast to the thorn and scrub of the resettlement site.

FAMILIAR TACTIC SEEN

The television report said more than 100 of the 330 families living at Mathopestad has agreed to move. For civil rights groups like Black Sash, which monitors removals, that statement smacked of familiar tactics.

Repeatedly, according to a Black Sash report dated April 23, the authorities have sought to make their own definition of a community's leadership and seek the agreement of puppet figures for removals.

Thus, the report says, the authorities have negotiated only with "the small group that the Government has met with clandestinely and which consists mostly of tenants."

"The leaders of Mathopestad and the majority of the landowners are clearly against the move," the report says.

The fear is that, if sufficient numbers of tenant families, lured by a hope of land that is unlikely to be redeemed, agree to the move—as many tenants seem to have done—their assent will be deemed by the authorities to be justification for a wholesale removal of the community.

Similar tactics were used last year, when the nearby community of Magopa was forcibly removed, despite the fact that the people living there had rejected the leader with whom the authorities negotiated the move.

LANDOWNERS DON'T WANT TO GO

Some Mathopestad residents say they expect to start moving within the next two weeks, but landowners—and members of the tribe who live in cities but regard Mathopestad as home—say they do not wish to go with them.

A further concern is that Onderstepoort lies close to the invisible frontier between South Africa and the nominally independent homeland of Bophuthatswana. If the relocation site is "incorporated" into Bophuthatswana, the people of Mathopestad will lose all claim to South African citizenship, and their tribal identity will be swamped in a community much larger than their existing settlement.

So far, according to Black Sash figures, 750 people have signed a petition opposing removal, which the authorities insist will not take place, in their language, before the Government "has discussed the settlement with them."

"We own our land," Mr. Mathope said in a statement on April 10. "We were born here and our parents were born here. We will not move."

[Open Letter, April 22, 1985]

BAKUBUNG TRIBE, MATHOPESTED.

Mr. G. SHULTZ,
Secretary of State,
United States of America.

DEAR MR. SHULTZ: I was very much surprised to hear that you said that there will be no more forced removals in South Africa. I think that you are mistaken because the Minister in our government, Mr. Viljoen, is still saying that we are going to be removed. It seems to us that they say one thing to you but they say altogether different things to us.

We have always said we are not prepared to move. Our forefathers bought this land in 1910 for their children and grandchildren until the last generation of man on earth. It is our land and we farm it well. It is our only home. We explained all these things to Senator Kennedy when he came to visit us in January.

But the government is still doing everything it can to persuade us to give up our land and go far away. They even say that many of our people are willing to go. But these people who say that they will go are not the landowners. They are our tenants, or people who have sought shelter here. They are welcome amongst us, but are also quite free to go if they want to. We the landowners will never go. We want to keep our land and are not interested in any other place they offer us.

On the 20th of April we held a tribal meeting to test the people's feelings about the removal. The Chief, the headmen of all the clans, the landowners, and all the people present signed a petition to say they

do not want to move. Even if the government still says the tenants are willing to go, everyone should know that we, the tribe who own this land, are determined to remain here.

What will the government do if we still refuse? We are very much afraid that the police will come in the night with guns and force us out. That is what happened last year in Magopa when the people refused to go from their place. Dr. Viljoen says the Magopa people agreed to go and this makes us even more afraid because we know about the police with guns.

I am writing to explain these things to you because we think a big man like you can try to speak to our government and stop them from taking away our land and forcing us to go. That is why we are asking you, Mr. Shultz, to help us. I would also like to put this letter in your newspapers so that all your people can also know what is happening in our village.

Yours faithfully,

JOHN MATHOPE,
Sub-Chief of Bakubung Tribe,
Acting for Chief Solomon Mathope

HISTORIC PRESERVATION WEEK

● Mr. ABDNOR. Mr. President, thousands of communities, both large and small are celebrating National Preservation Week in countless ways during the week of May 12-18.

I am pleased that the National Trust for Historic Preservation has designated this year's celebration as "The Action's Back on Main Street." No theme could better summarize the broad public support which historic preservation efforts have gained over the past decade.

One need only look around this lovely city to see the progress that has been made in renovating and restoring our architectural past. These efforts are paying big dividends in bringing people back into our cities and prompting greater public awareness of the benefits of historic preservation.

Preservation efforts go beyond our large towns and cities. While "Main Street" preservation efforts are most visible in our large urban areas, I want you to know that they are underway in our small communities as well. Indeed, historic preservation probably plays a more important role on the main streets of rural America.

I need only travel around my own State of South Dakota to see the renewal of interest in protecting the heritage of my State. "Main Street" America has always been synonymous with small-town America.

Nearly 1,500 South Dakotans take an active role in promoting and protecting our historic sites, museums, parks, and historical attractions. A majority of these individuals are active in rural South Dakota. They make a difference in their communities and South Dakota benefits from their spirited dedication to our historical past.

It is fitting that we also salute the untiring efforts of the National Trust

for Historic Preservation. No organization, in my opinion, has had the impact on preservation efforts as the Trust. Time after time, under often trying circumstances, the Trust has waged a constant battle to protect our historical past for the benefit of our future. I salute their continued efforts to heighten America's awareness in historical preservation and for improving "Main Streets" all across America. ●

ELIMINATE LAMEDUCK SESSIONS AND PRESIDENCIES

● Mr. MATHIAS. Mr. President, on March 28, 1985, I joined my distinguished colleague, Senator PELL, to reintroduce a proposed constitutional amendment—Senate Joint Resolution 99—that would shorten the time between the election and the inauguration of the President and the Vice President and the convening of the Congress.

Under our amendment, the President and the Vice President would be inaugurated on November 20. Senators and Representatives would begin their terms of office on November 15.

I would like to call to your attention some of the major reasons for this constitutional amendment.

There is nothing sacred about the constitutional provisions fixing the terms of office, and we ought not hesitate to change them when change is warranted. Half a century ago, our predecessors recognized that technological changes made it not only possible but necessary to reduce the length of congressional lameduck sessions and to accelerate the transfer of Presidential power. They approved the 20th amendment, which moved the transfer of office from March 4 to January 20 for the executive branch and provided for the new Congress to convene on January 3 instead of on the first Monday in December.

The approaching bicentennial of our Constitution is certainly a good time to rid the fundamental charter of useless anachronisms. No doubt the lameduck sessions as well as the lameduck Presidency are curious antiquities. Also, we must realize that these transitional periods may be dangerous for our country, since they create policy vacuums and administrative interregnums.

Thanks to advancing technology, the will of the American electorate is known throughout the world within a few hours after the polls are closed, sometimes before they close. The people's decision should be implemented as soon as possible. Under the present system, politicians who have been denied a vote of confidence by their constituents are allowed to continue in the legislative process while newly elected legislators are excluded for several months. This anomaly has

become more and more difficult to justify.

The adoption of our amendment also might have other political benefits. Shortening the lameduck periods would shrink the size and terms of transition staffs, which tend to be larger and serve longer than necessary and which cost a lot of taxpayers' money. It would allow the new Congress to make a faster start on its formidable agenda. With the reduced transition period, the choices of the Presidential candidates for the composition of the Cabinet and the major White House posts undoubtedly would be known sooner.

We ought not wait until we face a major crisis that proves we should have eliminated lameduck sessions and Presidencies earlier. On the contrary, we should act now to get in step with the times. Senate Joint Resolution 99 would limit as much as possible the delay between the elections and the transition of the leaders of the executive and legislative branches. The lameduck Congress and the lameduck President should go the way of the State legislators' election of the U.S. Senate.

Shortly after last January's inauguration, Michael Barone of the Washington Post wrote an interesting editorial entitled "Our Mixed-Up Political Calendar." Mr. Barone also advocates reducing the transition period between election and assumption of office—though not as drastically as Senate Joint Resolution 99 would do it—and suggests other changes in the scheduling of Presidential elections that are worth careful consideration as we think about bringing our Constitution up-to-date.

Mr. President, I ask that Mr. Barone's article appear in the RECORD at the conclusion of my remarks.

Mr. President, I commend the senior Senator from Rhode Island for his persistence in promoting the sensible ideas reflected in Senate Joint Resolution 99. I hope that it will attract support from many of our colleagues.

The article follows:

OUR MIXED-UP POLITICAL CALENDAR (By Michael Barone)

The cancellation of the inaugural parade is evidence of a bigger problem: our whole political calendar is wacky. Everything is scheduled for the wrong seasons.

Item: The inauguration. Could there be a worse date for an outdoor ceremony and parade than Jan. 20? Maybe Feb. 3. Even the pre-1936 inaugural date, March 4, was too cold, to the point that it cost us one president. But March 4 was too long after Election Day, people decided after watching President Hoover and President-elect Roosevelt fail to cooperate for four long months in 1932 and 1933. You don't need more than two months for transition.

Item: Transition. What's the hardest time of year to get people on the phone? The time when they're trying to wrap up year-end business? The time when secretaries

and staff put in maybe two days a week? During the season from Thanksgiving to Christmas, which is when most of the real work has to be done by transition teams.

Item: The general election. In most of the country, the first Tuesday after the first Monday is often bitterly cold, which is all the more frustrating because the weather is usually pleasant only a couple of weeks before. Moreover, it gets dark awfully early on Election Day: the days are shorter since the nation has just gone off Daylight Saving Time.

Why do we have elections at such an unpropitious time? The answer is that elections were scheduled in most states in the 19th century to come after the harvest was over. Maine, a state with a short growing season, voted in September (hence the saying, "As Maine goes, so goes the nation"); elections in other states were scheduled for various times in October or November. So a nation in which 3 percent of the people live on farms is stuck with a dreadful election date to accommodate the harvest.

Item: The national conventions. They're held in the summer out of hoary tradition, because once upon a time it was easier to travel and interrupt your ordinary business for the week or two required during the summer. Nowadays that only means that conventions are conducted during dreadfully hot weather (it was 106° in Dallas last summer) and at a time when the potential audience is vastly reduced because people are on vacation, engaged in outdoor sports or just not in the mood.

Item: The primary campaign. A key part of the campaign—determining who is, in Fred Harris' words, winnowed in and winnowed out, takes place in frigid New Hampshire and Iowa almost a year before the winning candidates are inaugurated. This and the following primaries stretch the campaign to ridiculous lengths. Voters don't always focus on the same issues then that they consider in November, and increasingly they seem to be picking candidates who articulate their gripes, from Gary Hart to Jerry Brown to George Wallace, rather than those they're willing to vote for in November, when it really counts.

So, as the disappointed band members and float decorators have reason to know, the political calendar is out of whack. Here are a couple of modest proposals for getting it back in.

First, leave the early contests where they are. Iowa and New Hampshire will schedule early caucuses and primaries if their secretaries of state have to go to jail to do so. And even if they don't count toward the nomination, journalists will cover them as if they do. A prudent reformer knows what he can't change.

Second, schedule the national conventions for June. Late primaries can be rescheduled if necessary. June is a pleasant month when people are still at home in front of their televisions. Third, schedule the general election for late September. This will give voters a few weeks after Labor Day to focus on the candidates and the issues, and those who are at all interested will do so in the summer as well. Everyone always says the real campaign doesn't start until the World Series anyway, so this won't reduce the time that voters concentrate on the issues.

Fourth, schedule the inauguration for the first Tuesday after the first Monday in November. Congress could come into session then too: why have it convene 17 days before the inauguration, as it does now? The

chances of decent weather are far greater in November than on Jan. 20, and there's at least as much daylight; anyway, it's fine if it gets dark early, since all you're having in the evening are inaugural balls.

The one drawback of this scheme is that a constitutional amendment putting it into effect would shorten the term of the incumbent president, presumably Ronald Reagan, and the terms of the members of the 100th Congress. But Franklin Roosevelt's first term was similar shortened by amendment, with no great loss for him or history. Reagan, who obviously admires Roosevelt and voted for him four times, undoubtedly remembers the precedent and, since he'll be nearing 78 on Jan. 20, 1989, may be more willing than some presidents to make the sacrifice. How about it?

MARIJA CERNECKYTE SIMS

● Mr. LEVIN. Mr. President, the Lithuanian community of this Nation recently lost a beloved friend.

Marija Cerneckyte Sims, a native of Lithuania, was a woman of enormous courage who quietly helped dozens of Lithuanians resettle in the United States after World War II.

Mrs. Sims died on April 9, 1985, in Grosse Pointe Farms, MI.

Marija Cerneckyte was born in Lithuania and remained in her native country until she graduated from the Kaunas College of Education. She moved to the United States in 1928. She settled in Detroit and married Dr. Jonas Sims.

In 1943, Marija Cerneckyte Sims became the first president of the Detroit Lithuanian Organizations Center. She and Dr. Sims helped more than 40 families move to the United States between 1946 and 1956. Working through the Red Cross and various international charitable organizations, the Sims would provide the families' passage to the United States and then provide lodging in their own home.

Mrs. Sims remained a vital, active member of the community for the remainder of her life. In addition to her community work, she published three books of poetry, and many of her poems were set to music by various composers.

I am pleased to take this occasion to remark Marija Cerneckyte Sims for the many contributions she made to so enrich the lives of others.●

ORDER TO HOLD HOUSE CONCURRENT RESOLUTION 95 AT THE DESK

Mr. LUGAR. Mr. President, I ask unanimous consent that once the Senate receives from the House, House Concurrent Resolution 95, commemorating the 20th anniversary of Head Start, it be held at the desk pending further disposition.

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

ORDER TO HOLD H.R. 873 AT THE DESK

Mr. LUGAR. Mr. President, I ask unanimous consent that once the Senate receives from the House H.R. 873, dealing with Federal employees health benefit programs, it be held at the desk pending further consideration.

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

ORDER FOR SEQUENTIAL REFERRAL OF S. 259

Mr. LUGAR. Mr. President, I ask unanimous consent that once the Committee on Commerce, Science and Transportation reports S. 259, the Professional Sports Community Protection Act of 1985, it be referred to the Committee on the Judiciary for the purpose of considering the antitrust issues in S. 259 only, for a period of not to exceed 45 calendar days; and that if at such time the Committee on the Judiciary has not reported S. 259, it be immediately discharged from further consideration thereof and the bill be placed on the calendar.

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

NATIONAL OSTEOPOROSIS AWARENESS WEEK

Mr. LUGAR. Mr. President, I ask that the chair lay before the Senate a message from the House on Senate Joint Resolution 61, to designate the week of May 1, 1985 through May 7, 1985, as "National Osteoporosis Awareness Week."

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 61) entitled "Joint resolution to designate the week of May 1, 1985, through May 7, 1985, as 'National Osteoporosis Awareness Week'", do pass with the following Amendments:

Page 2, line 3, strike out [May 1, 1985, through May 7, 1985,] and insert: *May 20, 1985, through May 26, 1985,*

Amend the title so as to read: "Joint resolution to designate the week of May 20, 1985, through May 26, 1985, as 'National Osteoporosis Awareness Week'."

Mr. LUGAR. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

EXTENSION OF DEADLINE FOR REPORTING AUTHORIZATION LEGISLATION

Mr. LUGAR. I ask unanimous consent that the deadline for the reporting of authorization legislation contained in section 402(a) of the Con-

gressional Budget Act be extended to June 14.

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

ORDERS FOR WEDNESDAY, MAY 15, 1985

ORDER FOR RECESS UNTIL 8:30 A.M.

Mr. LUGAR. Mr. President, I ask unanimous consent that once the Senate completes its business today it stand in recess until 8:30 a.m. on Wednesday, May 15, 1985.

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

ORDER FOR RECOGNITION OF SENATOR PROXMIRE

Mr. LUGAR. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order there be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. LUGAR. Mr. President, following the Proxmire special order, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 9 a.m., with statements limited therein to 5 minutes.

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

SENATE SCHEDULE

Mr. LUGAR. Mr. President, following routine morning business it will be the intention of the majority leader to turn to the conference report to accompany H.R. 1869, repeal of auto recordkeeping. An hour or so of debate is

expected, and a rollcall vote could occur.

Following conclusion of the conference report, the Senate will resume consideration of S. 960, the foreign assistance authorization bill. Rollcall votes can be expected throughout the day and into the evening. It is the intention of the majority leader to finish S. 960 by the close of business tomorrow.

RECESS UNTIL 8:30 A.M. TOMORROW

Mr. LUGAR. Mr. President, I move in accordance with the previous order that the Senate stand in recess until 8:30 a.m., Wednesday, May 15, 1985.

Thereupon, at 8:03 p.m., the Senate recessed until tomorrow, Wednesday, May 15, 1985, at 8:30 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate May 13, 1985, under authority of the order of the Senate of January 3, 1985:

THE JUDICIARY

John Montague Steadman, of the District of Columbia, to be an associate judge of the District of Columbia Court of Appeals for the term of 15 years, vice John W. Kern III, retired.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. John L. Piotrowski, xxx-xx-xxxx, FR U.S. Air Force.

The following-named officer under the provisions of title 10, United States Code,

section 601, to be reassigned to a position of importance and responsibility:

To be general

Gen. Larry D. Welch, xxx-xx-xxxx, FR, U.S. Air Force.

The following-named officer for appointment to the grade of general on the retired list pursuant to the provisions of Title 10, United States Code, section 1370:

Gen. Bennie L. Davis, xxx-xx-xxxx, FR, U.S. Air Force.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Roscoe Robinson, Jr., xxx-xx-xxxx, age 58, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. Jack N. Merritt, xxx-xx-xxxx, U.S. Army.

Executive nominations received by the Senate May 14, 1985:

DEPARTMENT OF STATE

J. William Middendorf II, of Virginia, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Edward Joseph Perkins, of Oregon, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Liberia.

U.S. SYNTHETIC FUELS CORPORATION

Russell F. Miller, of Maryland, to be Deputy Inspector General of the U.S. Synthetic Fuels Corporation for a term of 7 years, vice Robert W. Gambino, resigned.