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Congressional Record

PROCEEDINGS AND DEBATES OF THE 100th CONGRESS, FIRST SESSION

SENATE—*Thursday, June 11, 1987*

The Senate met at 12:30 p.m. and was called to order by the Honorable THOMAS A. DASCHLE, a Senator from the State of South Dakota.

PRAYER

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

Let us pray.

Hast thou not known? hast thou not heard, that the everlasting God, the Lord, the Creator of the ends of the Earth fainteth not, neither is weary? There is no searching of His understanding. He giveth power to the faint and to them that have no might He increaseth strength. Even the youths shall faint and be weary, and the young men shall utterly fall: But they that wait upon the Lord shall renew their strength; they shall mount up with wings as eagles; they shall run, and not be weary; and they shall walk, and not faint.—Isaiah 40: 28-31.

Merciful Father in heaven, we do not handle failure very well—and the more powerful, the less willing we are to acknowledge it. We tend not to tolerate failure in others, especially spouses and children. We refuse to admit failure in ourselves despite which the greatest exploits in human history have evolved out of failure. Thank You, Lord, for one of the finest freedoms bestowed upon us—freedom to fail. Help us realize we are not failures, no matter how often we fail, until we accept failure as final. Give us grace to accept failure in ourselves and allow for the failure of others as we grow and mature and achieve. Your will be done on Earth as it is in heaven. In Jesus name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. STENNIS].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 11, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable THOMAS A. DASCHLE, a Senator from the State of South Dakota, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

Mr. DASCHLE thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

THE JOURNAL

Mr. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

CAMPAIGN FINANCING REFORM

Mr. BYRD. Mr. President, today other Senators and I will be introducing an amendment to the campaign financing reform bill. Senator BOREN and others will be on the floor to debate that amendment. I would hope to go until 6 o'clock or thereabouts. I may be prepared to offer a cloture motion on that amendment before the day is over.

At the moment, I do not anticipate any other business today. There could be a conference report prepared and ready, or there may not be. There could be other business to be transacted by unanimous consent. But, for the most part, the attention this afternoon, once morning business is concluded, will be riveted on campaign financing reform.

I have been disturbed this morning to find in a Louisville paper that our colleague, Senator MCCONNELL, is being reported as having said that "Senate Republicans met late yesterday and, with one GOP Senator dissenting, agreed to bind themselves as a caucus to vote against the new version and any subsequent version that contains spending limits"—"spending limits"; let me repeat the words—"spending limits—and public financing."

Mr. President, I ask unanimous consent that the entire article to which I have referred be printed in the RECORD.

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

MCCONNELL, FORD SPLIT ON CAMPAIGN FINANCING

(By Robert T. Garrett)

WASHINGTON.—In a minidrama in which Kentucky's senators are playing lead roles, Senate Democrats agreed yesterday to scale back their proposal for public financing of congressional elections.

But few if any Republicans were reported willing to break ranks and help end a week-old Senate impasse on campaign-finance legislation.

Helping to craft the compromise that Senate leaders hope will keep Democrats in line and peel away wavering Republicans was Kentucky Democratic Sen. Wendell Ford.

With each passing day, Ford is finding the bill before the Senate more to his liking. It increasingly seems to be stirring his combative juices.

Also feeling feistier and more confident with each passing day, though, is Kentucky Republican Sen. Mitch McConnell.

In his most visible role since coming to the Senate in 1985, McConnell has been one of two GOP senators leading a filibuster against the bill. McConnell has helped devise the minority party's strategy and has worked to keep Republicans almost rock-solid in their opposition.

The bill, among other things, would create the first system of public financing of congressional campaigns. In exchange for agreeing to limit their campaign spending, future candidates for the Senate would receive some public funds.

The debate on the Senate bill, sponsored by Democrats Robert Byrd of West Virginia and David Boren of Oklahoma, has focused on whether to impose spending limits and create the mandated system of public financing that would make the limits possible.

After the Democrats failed on Tuesday to cut off the filibuster—they needed 60 votes to do so, and got only 52—they began rewriting the bill. Some of their skull sessions have been held in Ford's office. Ford is the chairman of the committee that approved the bill in April.

The new version they drafted yesterday left its spending limits for participating Senate candidates intact (just over $2 million in Kentucky and, in Indiana, nearly $2.7 million) and did not alter its limits on how much money such candidates could draw from political-action committees.

But it cut by half or more the cost of the public-financing scheme. Under the proposed new version, candidates could receive, at most, only 40 percent of their general-election finances from public funds—not 80 percent, as in the original bill.

They could receive federal matching money only for gifts of $250 or less from individuals.

A spokesman for Byrd, the Senate Democratic leader, said it had not been decided last night whether to allow the public subsidies to candidates to come, first, from $1 amounts taxpayers donated from their income-tax refunds; then from similar amounts taxpayers opted to have diverted from their tax payments.

McConnell said Senate Republicans met late yesterday and, with one GOP senator dissenting, agreed to bind themselves as a caucus to vote against the new version and any subsequent version that contains spending limits and public financing.

Mr. BYRD. Mr. President, there is too much money in politics. The people of this country know that and they want something done about it, and we know it. We know that the current system which results in a money chase that is taking more and more time, becoming more and more intense, taking us away from our duties and our families more and more and more, the money chase, is undermining this institution—when I speak of "this institution," I mean not only the Senate but also the House—and we have to do something about it.

Now we Democrats are offering to do something about it. We have had S. 2 and the committee substitute before the Senate for several days. We tried to invoke cloture. We got 52 votes. We need 60. We cannot possibly get 60 votes unless we have votes from the other side of the aisle. Therefore, we cannot ever reach a vote on S. 2 if we do not get cloture.

Now, in order to meet the objections, in order to show that we are ready on this side to try to develop a workable, effective compromise, we are offering an amendment today. The distinguished Republican leader and I have indicated publicly here on this floor that we want to work to develop legislation to deal with this serious problem. We are both committed by our own statements to try to do that. I believe that the Republican leader wants to do that, and I believe that there are other Members on the other side of the aisle who want to do that.

But if we are entertaining the notion that we can have reform without limitations on campaign expenditures and limitations on PAC contributions, we are kidding ourselves and we ought not to try to kid anybody else.

Now, it is becoming pretty clear that all of the opposition, talk about public financing is pretty much a smokescreen; that the real problem, apparently, on the other side of the aisle is that of putting limits on campaign spending. And we ought not to try to fool anybody. If we attempt to make believe that we can have true campaign financing reform without having limitations on campaign expenditures, we will be fooling nobody.

So, let us just move away the veil, spread aside the smoke and the fog that have arisen over this issue. It is not public financing that is the basic concern of those who are opposed to this legislation, it is obviously that of putting a limitation on campaign expenditures.

The legislation that will be introduced today will reduce—and it will be explained better, in more detail, later, but just for now—it will reduce public financing more than half of what would be the case in the committee substitute for S. 2, which will be pending as soon as morning business is concluded. So we are meeting halfway, more than halfway, that objection.

I regret to have read this news story that our Republican friends have met and have attempted to act in a secret caucus to bind their Members against voting for this amendment or any subsequent amendment that puts a limitation on campaign expenditures.

It is too bad, if that is what we have come to. I would appeal to those on the other side of the aisle who believe—and I know that there are those who do believe we need campaign financing reform—I would appeal to them to work with us. Let us work together and attempt to find a way, to not only develop, but also pass, effective, meaningful, genuine campaign financing reform legislation that will put a limit on campaign spending.

Mr. President, I yield the floor.

RESERVATION OF TIME FOR REPUBLICAN LEADER

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the distinguished Republican leader be reserved for his use later.

The ACTING PRESIDENT pro tempore. Without objection, the time will be reserved.

BICENTENNIAL MINUTE

JUNE 11, 1880: BIRTH OF JEANNETTE RANKIN

Mr. DOLE. Mr. President, on June 11, 1880, 107 years ago today, Jeannette Rankin was born near Missoula, MT. A longtime spokeswoman for peace and women's rights, Rankin could also claim several congressional "firsts." Rankin was not only the very first woman ever elected to the U.S. Congress, but she was also the first woman to run for a seat in the Senate.

Rankin was elected to the House in 1916, 4 years before the 19th amendment gave women the right to vote. Women in Montana, and other Western States, had gained that right through State action before women in the East. Rankin had long been involved in suffrage and reform movements, and she campaigned across Montana for the State's "at large" seat in the House on a platform of Federal suffrage; an 8 hour day for women; tax law reform; legislation to protect children; and prohibition.

Rankin was best known during her first term in Congress for her vote against World War I; but she worked hardest at getting the suffrage amendment passed. In 1918, Rankin decided to run for the Senate. After losing the Republican primary, she ran as a candidate of the National Party, a coalition of progressives, farmers, and prohibitionists. Her stand against the war led to her defeat, although she received 23 percent of the votes cast.

A quarter century later, Jeannette Rankin returned to Congress on the eve of the Second World War. Still an ardent pacifist, she was the only Member of Congress to cast a dissenting vote against America's entry into World War II. She was, in fact, the only Member of Congress to vote against both World Wars. After casting her vote, Rankin needed protection from the Capitol Police to get back to her office in the Cannon Building.

After this second term, Rankin retired from Congress to devote the rest of her life to working for peace. In 1968, at 88, she was back in Washington to lead several thousand women in a demonstration on the steps of the Capitol to protest the Vietnam war. Jeannette Rankin died in 1973 at the age of 94.

ADMINISTRATION PULLS BACK MAVERICK MISSILE SALE

Mr. DOLE. Mr. President, as I'm certain most everyone here knows, the administration is withdrawing its proposed sale of Maverick air-to-air surface missiles to Saudia Arabia.

Some might say that the administration merely read the handwriting on the wall—a resolution calling for the disapproval of the sale had well over 60 cosponsors.

But in fact, the administration has shown its willingness to both listen to Congress, and be responsive to it throughout this whole episode. And this is just another indication—as the consultations and reporting on the gulf situation and the reflagging issue showed—that on foreign policy mat-

ters the White House wants to keep the lines of communications with Congress open.

Last week, Secretary of State Shultz came to my office for a meeting with a number of Senators—from both sides of the aisle—who wanted to express their concern about the Maverick sale. He listened to all their arguments, and within a short time the State Department notified Congress that it was extending the period of review for the sale from 30 to 50 days. It did so with the hope that "this additional time would provide an opportunity for a fuller dialog on the merits of this proposed sale prior to any legislative action."

But it became readily apparent by yesterday that the overwhelming sentiment was against the sale, and the administration pulled back.

A number of Senators had questions about the role of the Saudis—their role in the *Stark* incident, their role in supporting the PLO, their role in being a constructive force in the Middle East peace process, and their future role in providing military assistance to the United States in protecting the gulf.

Some of these questions have been answered, some of the concerns allayed. But until we have complete and credible answers, it is going to be very difficult for the administration to convince Congress to allow sales of sophisticated military equipment to the Saudis. It's that simple.

The administration wants to cooperate with Congress on these arms sales—it made that clear at each and every step of this most recent process. And I have no doubts that it will continue to do so.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of morning business, not to extend beyond the hour of 1 p.m., with Senators permitted to speak therein for a period not to exceed 5 minutes.

The Senator from Tennessee.

TRANSPORTATION OF NUCLEAR WASTE

Mr. SASSER. Mr. President, on Monday, a tractor trailer rig carrying seven 8,000-pound casks of enriched low-level uranium overturned at a busy exit on Interstate 40 in a very highly populated area just outside Knoxville, TN.

I am happy to report this incident did not result in the release of radioactivity into the atmosphere, though emergency procedures were taken as a precaution.

There was, in this case, no health threat. There was no loss of life.

But that overturned rig must serve as a warning, and we in this body must heed that warning.

The transportation of highly radioactive materials is an inherently risky business. In fact, accidents of the type that occurred outside Knoxville appear, statistically speaking, to be unavoidable.

In this instance it would appear that 5 of the truck's 10 brakes were out of adjustment. We all know that such negligence has become commonplace. We know that tractor-trailer related accidents have been all-too-frequent in recent years.

Absolute enforcement of truck safety regulations is a virtual impossibility, but the added potential of a nuclear catastrophe, a catastrophe that could threaten entire communities, simply must force us to take extraordinary precautions in the shipment of radioactive materials.

There are things that we can do. The obvious first step is to limit the transport of such materials through densely populated areas.

Mr. President, it is a violation of simple common sense to pursue a nuclear waste disposal plan that we know is exposing more citizens to risk than is necessary.

Unfortunately, that is precisely what the Department of Energy is proposing right now. Instead of seeking a final underground repository in sparsely populated areas, as the Nuclear Waste Policy Act mandates, DOE is hell-bent on putting an above-ground monitored retrievable storage facility in Oak Ridge, TN.

In short, we are talking about a plan that could store all of the nuclear waste produced in this country, above ground, in one of the most highly populated areas of Tennessee, directly adjacent to the most visited national park east of the Mississippi River.

And the access route to Oak Ridge, Interstate 40, the artery on which the trailer overturned this Monday—that interstate is one of the most heavily traveled in the country.

In short, Mr. President, the DOE's proposal for a monitored retrievable storage site in Oak Ridge maximizes risk. It represents a totally unnecessary act of foolhardy brinksmanship. I would contend that the overturned rig on Interstate 40, the State officials trying to weigh the health threats, the local residents anxiously considering evacuation, that frightening scene is only a small beginning of what we can expect if we allow DOE to continue with its ill-advised plan.

The Department of Energy proposal means that some 854 additional shipments of highly dangerous nuclear waste will pass through the Knoxville/Oak Ridge area along I-40 and I-75.

Quite frankly, given the traffic on those interstates and given our experience with truck safey, we are literally begging for calamity.

Mr. President, we can do better than play Russian roulette with our nuclear wastes.

To my colleagues in States adjacent to Tennessee, make no mistake about it, the Department of Energy plan endangers your interstates and your citizens too, and it does so unnecessarily.

Disposing of nuclear wastes does pose risks which are unavoidable. There is no doubt about that. But we certainly don't need to increase the peril by seeking out the most highly populated areas through which to move these hazardous materials.

The technological age frequently leaves policymakers looking for the lesser of two evils. It is the very definition of poor policymaking to pursue, actively, the greater evil. Certainly we must avoid doing that in formulating this country's nuclear waste disposal policy.

Mr. President, I ask unanimous consent that an excellent editorial from the Knoxville Journal concerning this issue be included in the RECORD.

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

[From the Knoxville (TN) Journal, June 10, 1987]

ACCIDENT ONE MORE REASON TO BAR MRS

An accident like the one Monday in which a truck carrying nuclear fuel overturned on Watt Road is just one more reason why Oak Ridge shouldn't be the site of a nuclear waste storage facility.

The truck was carrying seven 8,000-pound casks of enriched low-level radioactive uranium from a Columbia, S.C. Westinghouse manufacturing facility to a Missouri power plant where it was to be used.

If the U.S. Department of Energy locates a Monitored Retrievable Storage (MRS) facility in Oak Ridge, nuclear waste shipments—of high level materials such as spent fuel rods from the nation's nuclear power plants—will grow on Knoxville area highways up to 1,600 percent, according to DOE projections.

That means that 854 shipments, nuclear waste shipments, would travel along the area's interstates each year.

While radioactive levels in Monday's accident didn't rise because the storage casks didn't break, one need only drive along I-40 or I-75 in and around Knoxville to worry about one of the commonly seen reckless drivers swerving in front of a nuclear waste truck, causing it to wreck and leak radioactive materials.

Or the brakes will fail on one of the trucks and this time, cause injury or death and the release of radioactivity.

Proponents of the MRS argue that the casks in which radioactive waste is stored will not break. They have been thrown against brick walls, crashed by trains and otherwise tested only to remain intact.

But others warn that the casks that hold both new and spent nuclear materials are not accident-proof.

Poor design or a careless worker leaving out a crucial bolt can weaken the casks and leave them open not only to destruction in

an accident, but also to external contamination.

Last year, the Nebraska governor forbade casks from coming through that state for fear of such external contamination.

A report prepared earlier this year by the Environmental Policy Group of the Tennessee Department of Health and Environment indicated there are concerns about the health and safety of Tennessee residents if the MRS were located here.

Several state senators expressed worry over the safety of transporting radioactive material through Tennessee during the recent legislative session.

The Radioactive Waste Campaign, which is opposed to the MRS, estimates that the trucks carrying the waste will have five wrecks per million miles traveled. If a site is located in Tennessee, the number of accidents is expected to be two to three per year, given the average 500-mile trip the trucks would have to travel.

The decision whether to build an MRS and whether to locate it on the site preferred by DOE is up to Congress.

A showdown could come soon, as a key Senate committee chairman has introduced legislation approving the site, in reponse to Gov. Ned McWherter's veto last month of the DOE plan.

Congress should consider two key aspects.

First, Oak Ridge is too populated and is too near even larger population centers to make it a reasonable site for the storage of nuclear waste, even on a temporary basis.

And second, Congress should consider the implications of the transportation question. The MRS is designed to store the waste above ground, then repackage it and ship it on to underground permanent sites in another state, probably in the West.

But this creates needless miles of travel, which in turn increase the chance of accidents.

Those two to three wrecks per year involving trucks carrying the radioactive materials could happen in any Congressman's district.

The materials, which are kept in casks whose safety no one can guarantee despite claims to the contrary, should not be shipped twice—once to the so-called temporary site in propulated Tennessee, then again later out West.

The miles these containers and their hazardous content travel should be limited to one trip—to a permanent site in the sparsely populated West.

Mr. SASSER. Mr. President, I wish to express my appreciation to the distinguished senior Senator from Wisconsin for yielding in advance to me.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

IS THE FED CHAIRMAN AN ECONOMIC POWERHOUSE? THINK AGAIN

Mr. PROXMIRE. Mr. President, just how much power has the Chairman of the Federal Reserve Board? Respondents to a poll conducted by U.S. News & World Report have in the past rated the FED Chairman as the second most powerful man in the country after only the President of the United States. How about this comparison? Does it make sense? The answer is No. Emphatically no.

This is an absurd comparison. In spite of all the so-called checks and balances of the Constitution, the President of the United States has enormous power. First, he is Commander in Chief of what's arguably the most powerful military force on Earth. He can if he wishes almost totally control our foreign policy. He and he alone can initiate a nuclear strike against a foreign country. Although the Constitution gives the President limited power to determine our laws, in fact, he has an immense legislative power, far more than any Member of the Congress and often more than the entire Congress combined.

It is the President who initiates most major legislation. It is the President who has the power to determine how vigorously legislation is executed and, indeed, whether legislation is executed at all. And, of course, the President alone can block almost all controversial legislation by simply exercising his veto.

But it is in the total domination of the executive branch that a President can exercise his most effective power. He appoints all top executive policymakers to office. He can fire them at will. The Senate almost never challenges Presidential nominees. Our form of government has rightly been called a Presidential government—not a congressional government but a Presidential government, and it is. The President's power is only limited by the President's ability, his energy, and his desire to lead.

Now compare all this with the Chairman of the Federal Reserve Board. The FED Chairman's power is limited primarily to control over the supply of credit to our economy. He has no voice in military policy. He has an international economic policy influence which he can achieve only through negotiations with the central bank leaders of other countries. And even then it is circumscribed within the narrow limits of international credit. He has a very modest bank regulatory power which he shares with two other Federal commercial bank regulators and 50 State bank regulators.

Furthermore, the FED Chairman's power is limited by the fact that he owes his office to the President who appoints him. Every last vestige of power the Chairman exerts comes to him from the Congress. The Constitution gives the Congress the money power. The Congress has delegated that power to its created Federal Reserve Board. It can abolish the Federal Reserve Board any time at will. The Congress can reclaim its own constitutional power over the Nation's credit supply at any time in whole or in part.

But the real limit on the power of the FED Chairman comes from the fact that he has just one vote in a seven member Board. The Chairman's term as Chairman lasts only 4 years. The terms of his colleagues on the Board last 14 years. The Chairman does control the highly skilled FED staff. He does allocate duties among the Board members. But he can only institute or sustain bank regulatory policy with the agreement of a majority of the other six members of the Board. Those other members can and do disagree with the Chairman.

Now, how about monetary or credit policy? This is the real cutting edge of the Federal Reserve Board's power. How full is the Chairman's power in this respect? Here the Chairman's power is especially diluted. He must share his power with 11 other members of the Open Market Committee. That means the six other Federal Reserve Board members plus five presidents of Federal Reserve Banks who serve on the Open Market Committee. So the "powerful" FED Chairman has one-twelfth of the power to make the most important decisions he can make: The decisions that determine this country's monetary policy.

Now, of course, it is true that—in fact because of the intelligence, judgment, and personal force of the most recent FED Chairman, they have wielded the very modest power of the office with very considerable success. For most of the past 36 years, three remarkable men—William McChesney Martin, Arthur Burns, and Paul Volcker—have exercised considerable power, because of their own quality, not because of the power of the office. In fact, the power of the FED Chairman is extra ordinarily circumscribed. It represents a small, in fact, a tiny fragment of authority compared to the immense power exercised by the President of the United States. It is fair to say that the FED Chair is not even in the same power league as the President. But then, who is?

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that the period for the transaction of morning business, under the provisions heretofore stated, be extended to the hour of 1:30 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Michigan [Mr. RIEGLE] is recognized.

Mr. RIEGLE. I thank the Chair.

THE UNITED STATES AS DEBTOR NATION

Mr. RIEGLE. Mr. President, I rise today to begin to discuss in a serious way our trade problem in this country. It has been announced by the majority

leader that when we complete action on the campaign finance reform legislation, the next action scheduled on the Senate floor will be the trade bill. We have produced within the Finance Committee a trade proposal which will be the matter that will be before the Senate at that time. I wanted today to begin the discussion that has to precede the consideration of that trade bill by indicating exactly where we are in our trade circumstance today.

Frankly, we are in terrible trouble. I brought with me three charts today to illustrate this in, I think, a powerful fashion.

The first chart depicts our trade deficit. The line at the top of the chart indicates the balance of trade. You can see from looking at the chart that in the early seventies, we were more or less holding our own in the trade account. In the late seventies, however, we came down to a deficit position and remained there, on a plateau, for several years, until 1982.

Then, suddenly, our trade situation got much worse and, as this chart shows, we began to hemorrhage in terms of our trade situation. The U.S. trade deficit last year was nearly $170 billion. It is incredible to imagine that we bought $170 billion more of foreign goods than we were able to sell overseas. Nothing in our contemporary history touches that kind of trade performance.

If you think of this chart on our trade balance each year as a credit statement, I would like to show what our balance sheet looks like, because this shows an even more troubling picture of our negative circumstance.

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

Mr. RIEGLE. Yes, Mr. President.

Mr. PROXMIRE. I commend the Senator on what he is doing. I think this is extremely important. I am sure that in Michigan, as well as in Wisconsin, this has a terrific impact on the jobs that are available.

Is it not true that when you have a $170 billion adverse balance of trade, that means you lose between 3.5 and 5 million jobs? In other words, the fact that we have around 8 million people unemployed in the country can be traced in very large part—in fact, most of it—to the fact that we have such a devastating adverse balance of trade.

Mr. RIEGLE. That is exactly right. I would say further than because some of the important goods are high-value-added goods, they represent high-paying jobs. They represent skilled jobs. They represent the jobs that we have used in the past in this country to build the middle class, so that many of the jobs that are disappearing are some of the best jobs in our society. We are losing the jobs but we are losing jobs that are very hard to replace.

In addition to the jobs, let me go to the issue of our underlying financial strength. This will also be of interest to the Senator from Wisconsin because of the emphasis he gives to these kinds of issues.

This chart shows also that as these trade deficits have multiplied; we have crossed the line and become a debtor nation. If you look at the chart that shows our underlying financial position, you will see that until roughly 1984, going all the way back to 1914, we were a creditor nation. We had a very stong international financial position. That carried us through the Great Depression, the world wars, and so forth.

But about 1984, as this chart shows, we crossed out of the creditor nation status shown in blue here, and we became a debtor nation for the first time since 1914. In a short period of time—the 2 years since—we have gone speeding into this debtor nation status to the point where we have passed everybody else on that list. We hear about Poland, Mexico, Brazil—we are now the No. 1 debtor nation. Interestingly and alarmingly, we are adding new international debt at the rate of $1 billion every 2½ days. That is the slope we are on now.

If you think in terms of the change in circumstance from this high point just about 4 years ago to this low point today, to imagine our fortunes have changed that dramatically, it is really a breathtaking change. The New York Federal Reserve Board has estimated that by 1990, which is only 3½ years away, we are going to owe the rest of the world roughly $1 trillion.

What has happened? I want to relate this now to the Venice summit. The President went to Venice and hoped to persuade our allies to help us in certain ways—the Persian Gulf, trade barriers, terrorism, et cetera. And basically, he got the cold shoulder. The reading is that our allies are not too willing to help us.

It turns out that much of the debt we now owe, we owe to our allies. They are our creditors. In the case of the Western European nations, we now owe them about $238 billion. In the case of Japan, we owe Japan about $73 billion. We are in debt to them. These nations, in effect, are our creditors. So when the President of our country goes to deal with these foreign powers, to whom we are so deeply in debt and going more deeply into debt each day, it is not surprising that we do not have so much leverage. It is not surprising that we are not able to exercise very much influence because we are in a weak position. We are in a weak position because we put ourselves in hock with this kind of massive debt.

When the trade bill comes to the floor, we are going to have an opportunity to do something about reversing these trend lines, restoring the balance of trade, and starting to work our way out of this debtor-nation status. But we do not have long to do it, because it is a very dangerous situation.

I think it is beginning to hurt us in every area of our national conduct.

I shall give another example. Recently, we had a major Treasury refinancing, as we have to do periodically, to roll over the debt. The Japanese for a time indicated that maybe they would not participate in that financing. This set off a shock in the financial markets and interest rates kicked up suddenly. Anybody who has an adjustable rate mortgage knows it has just been adjusted upward, because the prime rate has gone up. The nations to whom we are so deeply in debt are now beginning to pull the string on us and show us we are going to have to have higher interest rates in order to attract them, if they are going to have an interest in that money.

So now even though the economy is not all that robust in the United States today, we are finding that interest rates have gone up at a time when it would be better for economic growth and job creation if interest rates could stay down and perhaps go even lower.

We are caught in an extraordinary dilemma. When the trade bill comes to the floor, I will be offering an amendment that we are still refining—and we are working with members of the Finance Committee now—that will be an alternative to the Gephardt amendment. It will be an amendment that will deal with the unfair trade barriers in foreign countries that have helped create these terrible conditions.

I want to show one final chart. This is a depiction of our bilateral trade deficit with just the nation of Japan. It is incredible to see how, from 1976 through 1986, this annual trade deficit has expanded at such an alarming rate, this despite a 40-percent change in the value of the dollar versus the yen, which should have had an effect of improving the situation but in fact did not and has not as yet.

We have a very serious problem. We have trade barriers in Japan today that are valued at an annual estimated amount of $15 billion. We have American products and American services that we are ready to sell in Japan and that we are trying to sell in Japan. They are better products, they are cheaper, and they could be sold there but for the Japanese Government and the Japanese economic system which will not let those American products be sold. Some are agricultural products, some are manufacturing products. We know about other problems, but just the sheer barriers in Japan to keep out our products that could be sold there today amount to 15 billion dollars' worth of this total.

So the amendment that I am crafting to make the trade laws fair will address just those items where the cheating is going on that prevents our products—and the workers jobs those products represent—from being able to be sold on a fair basis in countries like Japan with these huge surpluses.

There are really three countries that are in the most offending category today with huge bilateral surpluses and very considerable barriers to products. They are Japan, Taiwan, and Korea. My amendment will deal with all countries that fall into that category, but those are the three chief offenders now.

So I indicate to my colleagues that this is the purpose and background of why we have to craft something reasonable, something that keeps the trading system open, that gives us a chance to work our way out of this terrible debtor nation condition so that we have the economic strength for the future, so that when our President does go to a summit meeting he does not have to go hat in hand. He does not have to go, in a sense, talking to people to whom we are deeply in debt to try to get them to do something where they are in a very powerful position and basically give us the brush-off, as they are increasingly doing.

This is the background for everyone as we approach this major trade debate. I will be circulating in due course a letter to colleagues asking for their support on this trade amendment that I will be offering which, as I say, will be an alternative, a replacement for the Gephardt amendment. It will only go against the unfair trade practices in foreign countries. There is a formula by which it will be done, and I think it is a reasonable, balanced amendment. We have no more time to lose. We are in desperately serious economic financial trouble internationally and it is time we acted to change that.

The PRESIDING OFFICER (Mr WIRTH). The time of the Senator from Michgan has expired.

Mr. RIEGLE. I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

GEPHARDT II

Mr. BAUCUS. Mr. President, yesterday I began a series of statements explaining why I feel that the Gephardt amendment would be a bad trade law. This morning we heard from the Senator from Michigan who explained that he is going to be offering to the trade bill a son of Gephardt, a variation of the Gephardt amendment. As I understand the Senator, I think the amendment, the modification, the rewrite of Gephardt is a slight improvement of a very bad amendment, but in my judgment it does not go nearly far enough, and I will explain why.

Yesterday, I focused on what life would be like under the Gephardt amendment. Today, I would like to explain why Gephardt and its variations, as we have heard thus far, are not a conceptually sound approach to trade policy.

UNFAIR TRADE PRACTICES—NOT THE ENTIRE PROBLEM

Mr. GEPHARDT and his supporters argue that certain countries trade unfairly in order to maintain excessive trade surpluses with the United States. They argue that the structure of these economies denies us market access, that only dramatic action will jolt them into opening their markets.

You know what? They are right, but only by about 10 percent. Those nations do trade unfairly and it is correct for us to attack them for their trade practices. But the problem with the Gephardt amendment is that it does not address the heart of the problem. The Gephardt amendment takes a bachelor's degree approach to today's trade problems, but America needs to take a Ph.D. approach.

Today we live in a world in which Japan's overriding concern has been to maintain its export base with little priority given to improving its people's standard of living. Meanwhile, the United States gives top priority to maintaining its standard of living artificially through an excessive budget deficit and short-term consumption. Japan refuses to stimulate its economy. The United States has made very few concrete efforts to improve its own competitive position. In other words, getting tough on the Japanese will not do much good unless we also get tough on ourselves.

These are broader problems that must be solved before our trading posture will improve. Eliminating unfair trade practices is part of the solution, but it is only a small part of the solution. There is much more. In fact, GEPHARDT himself concedes that these unfair trade practices account for no more than 15 percent of the overall trade deficit. If all of our major trading partners' trade barriers were eliminated, U.S. exports would increase by no more than $30 billion, which is something but is not much in the face of a $170 billion overall trade deficit.

In contrast, a recent study by the Federal Reserve Board indicated that 50 to 75 percent of the trade deficit was attributable to the inflated exchange rate of the U.S. dollar caused by the U.S. fiscal budget deficit. In other words, the U.S. budget deficit is the main engine driving the U.S. trade deficit. Further, the Wharton School of Economics recently estimated that 20 percent of the U.S. trade deficit was caused by declining U.S. competitiveness in world markets. Until the United States can produce products that are competitive with their Japanese counterparts, we will always have a trade problem, a severe trade problem.

So I do not oppose the Gephardt amendment because it does not address a legitimate problem. It does. Rather, I oppose the Gephardt amendment because it does not address the problem in a way that will do the most good for this country. We have a choice. We can make our trade policy by blaming all of our trade problems on our trading partners—we are the good guys, they are the bad guys and we shoot the heck out of the bad guys—or we can recognize the complexity of the situation. Many countries trade more unfairly than do we, but the United States causes some of its own problems, too, and we can structure a trade policy that faces those tough questions. The good guys versus the bad guys trade policy does feel better but the honest trade policy is more likely to get results and help our constituents. We owe it to them to make the right choice. The Gephardt amendment is not only inadequate trade policy, it is also harmful trade policy. Tomorrow I will take a good look at the impact that the Gephardt amendment and its variations would have on consumers and upon the economy generally.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Carolina.

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

JUDGE SENTELLE AND MASONRY

Mr. HELMS. I feel obliged to comment on a matter that has developed with regard to the nomination of the Honorable David Sentelle to the U.S. Court of Appeals for the District of Columbia Circuit.

Judge Sentelle is a prominent and highly respected North Carolinian. His nomination to the D.C. Circuit Court of Appeals has been before the Senate since February 2. The hearing on his nomination was conducted by the Senate Judiciary Committee on April 1 and was reported unanimously—unanimously—from the Judiciary Committee on April 29 along with the nomination of Ronald Lew of California to the Federal bench of the central district of California.

Mr. President, it had been reasonably assumed that both nominations would be quickly and routinely confirmed by the Senate—and, in fact, the nomination of Judge Lew was confirmed on May 7.

But not the nomination of Judge Sentelle. The distinguished Senator from Illinois [Mr. SIMON] placed a "hold" on the Sentelle nomination be-

cause Senator SIMON stated that he had some concern about Judge Sentelle's being a member of the Masonic Order. I certainly do not criticize Senator SIMON for seeking information about Masonry if he was not aware that Masonry is among the Nation's most historic and most highly respected organizations, and throughout the history of the United States there have been literally thousands of this Nation's top leaders, including President George Washington, who were and are Masons.

Indeed, Mr. President, both the majority leader of the Senate [Mr. BYRD] and the minority leader [Mr. DOLE] are 33-degree Masons. So is the distinguished assistant minority leader [Mr. SIMPSON].

I shall address that general point in more detail momentarily. Let me now return to the Sentelle nomination, which has been delayed for the better part of 6 weeks for no reason whatsoever.

Last week I talked with Senator SIMON and he readily agreed to lift his "hold" on the Sentelle nomination. Presumably my friend, the able Senator from Illinois, had received the assurances that he needed from the American Bar Association. In any event, Senator SIMON did, in fact, withdraw his "hold" on the Sentelle nomination.

Then, Mr. President, the distinguished Senator from Massachusetts [Mr. KENNEDY] put his "hold" on the Sentelle nomination—for, insofar as I know, no stated reason.

Now, let me make it clear that I support the courtesy extended to all Senators to place "holds" on any nomination about which they have a question. It is essential to the advise-and-consent process which makes it the right and duty under the Constitution to exercise their responsibility in approving or disapproving a nomination.

I myself in my 14½ years in the Senate have exercised that responsibility. I have placed many "holds" on nominations. I shall continue to do so when I think it important to do it. But I never have been frivolous about it, and if there is any question about that I shall be delighted to sit down with any Senator who may doubt it and explain specifically and in detail why, in each instance, I have placed the "hold." There have been those who may have disagreed with my reasoning in the instance of the holds that I have placed in past time. But I can assure them, and demonstrate to them, I believe, my good faith in exercising my constitutional responsibility as a Senator with respect to advise and consent.

I say that to emphasize that I have never criticized any Senator who was led to place such a "hold" on any nomination when it was placed in good faith. But when a "hold" is placed for a frivolous or political reason, if and when that should ever happen, it is regrettable and it is totally inconsistent with the advise-and-consent process of the Senate under the Constitution.

And if any Senator can find fault with the character, ability, dedication, personal life, loyalty or the beliefs of David Sentelle and wishes to delay or oppose Judge Sentelle's nomination for any of those reasons, there will be no complaint from me.

But to delay the confirmation of Judge David Sentelle because he is a Mason, because he is and has been a Mason goes beyond the pale. I do hope that the leadership will proceed to bring up the Sentelle nomination unless a Senator can provide a complaint beyond the fact that the Senator may dislike the fact that Judge Sentelle is a Mason.

I should mention, Mr. President, that I have been a Mason for four decades. I am honored to be a Mason. While I am one step behind Senators BYRD and DOLE, who are 33d degree Masons—I am a 32d degree Mason—I am nonetheless a Mason and honored to be one. And during my 40 years in Masonry, I am yet to see or hear one bigoted statement or action by a Mason. It is a remarkable organization of dedicated men.

As for Judge Sentelle specifically, he was rated "well qualified" by the American Bar Association for both the district court on which he now sits and the circuit court to which he has been appointed. The ABA knew he was a Mason when it rated him well qualified.

He has exceptionally broad experience, having served as an attorney in private practice, an assistant U.S. attorney, a State court judge and a Federal judge. He also has experience as a Federal appellate court judge, having sat by designation with the Fourth Circuit Court of Appeals.

While in private practice, he gave extensively of his time in the pro bono representation of people who could not afford the legal assistance they needed. His academic record is exemplary and his reputation for intelligence, honesty, fairness, and dedication to equal justice for all has seldom if ever been matched by any nominee to the Federal bench.

Mr. President, Judge Sentelle belongs to two Masonic lodges in North Carolina. I think the distinguished majority leader will agree with me that Masons are reknown for their charitable devotion of time, energy, and finances for the benefit of needy people, most notably the Shriners' hospitals for crippled children. Masons are a centuries old fraternity of brothers and do not restrict membership on the basis of race, religion, or national origin, but do not have women members.

If membership in a Masonic lodge were a disqualification for public service, American history books would be bereft. Nine signers of the Declaration of Independence, 13 signers of the Constitution, 15 of our 40 presidents—including George Washington, both Roosevelts, Harry Truman, Lyndon Johnson, and Gerald Ford—5 of our 15 Chief Justices and at least 35 other Supreme Court Justices—including Earl Warren, Hugo Black, Potter Stewart, and William O. Douglas—at least 18 members of the Senate—Majority Leader ROBERT BYRD and Minority Leader ROBERT DOLE, SAM NUNN, JOHN GLENN, MARK HATFIELD, ARLEN SPECTER, STROM THURMOND, ERNEST HOLLINGS, JAMES MCCLURE, CHARLES GRASSLEY, J. BENNETT JOHNSTON, JOHN STENNIS, JAMES EXON, JESSE HELMS, QUENTIN BURDICK, LLOYD BENTSEN, ROBERT STAFFORD, and ALAN SIMPSON—and at least 58 Members of the House of Representatives, including Speaker of the House JIM WRIGHT, DON EDWARDS, CLAUDE PEPPER, DAN GLICKMAN, GUY VANDER JAGT, WILLIAM FORD, TRENT LOTT, HAMILTON FISH, and DELBERT LATTA, are Masons.

Furthermore, eight of the nine members of the Supreme Court that decided Brown versus Board of Education were Masons. Canon 2's restriction on judges' membership in groups that practice "invidious discrimination" was clearly not intended to put organizations such as the Masons off limits for judges. If canon 2 is held to prevent judges from belonging to all groups that discriminate on the basis of race, religion, or sex, no member of any organized religion can be confirmed as a judge because church membership is not open to people of other religions.

Mr. President, let me reiterate for the purpose of emphasis: I do not question any Senator's right to place a "hold" on any nomination. I reiterate that I have done it myself in the past, am doing it now, and will undoubtedly do it in the future. But I have never failed to state my reasons.

And I say again that if Senator KENNEDY or any other Senator can identify any defect in the character of Judge Sentelle, or any lack of ability, or any failure to conduct himself as a decent, honorable, and totally loyal American citizen, I will have no complaint about further delay of the Sentelle nomination.

But to delay David Sentelle's nomination because he is a Mason borders on being unconscionable. I am hopefully confident that this is not the basis for the further delay of the Sentelle nomination and I do hope that it can be presented promptly for consideration by the Senate.

EXTENDING MORNING BUSINESS FOR 45 MINUTES

Mr. BYRD. Mr. President, I ask unanimous consent that the period for morning business be extended for 45 minutes.

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

Mr. STEVENS. Mr. President, while the distinguished leader is here, I had intended to make a statement on the pending business before going to a conference at 2 o'clock. Is there going to be a limit on the time a Senator may speak during this extended period?

Mr. BYRD. Mr. President, in response to my friend, I ask unanimous consent that Senators may speak out of order during this period for morning business and that they may speak for not to exceed 15 minutes each and that the speech, if it relates to the unfinished business, may appear in the RECORD at a place which would be appropriately connected with that unfinished business at such time as the Senate returns to the unfinished business.

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

Mr. STEVENS. Mr. President, I thank my good friend for his usual courtesy and kindness.

(The remarks of Mr. STEVENS will appear in the RECORD when the Senate resumes consideration of the Senatorial Election Campaign Act.)

EXTENSION OF MORNING BUSINESS

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER (Mr. ROCKEFELLER). The majority leader.

Mr. BYRD. Mr. President, I ask unanimous consent that the period for morning business be extended under the same restrictions as heretofore ordered for an additional 30 minutes beyond the hour of 2:17 today.

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

Mr. BYRD. Was the earlier agreed to period to end at 2:17 p.m.?

The PRESIDING OFFICER. The Senate majority leader is correct.

Mr. BYRD. I thank the Chair. Then morning business would be extended to the point of 2:47 p.m.?

The PRESIDING OFFICER. The majority leader is again correct.

Mr. BYRD. I thank the Chair.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I ask unanimous consent that the remarks I give at this time, even though in morning business, appear when the unfinished business is taken up and be laid in the RECORD at that time.

The PRESIDING OFFICER. Those are, in fact, the terms and conditions under which we are in morning business.

(Mr. REID's remarks, as well as Mr. WIRTH's remarks, are printed later in the RECORD when the Senate resumes consideration of the Senate Election Campaign Act.)

CALMING TROUBLED WATERS: TIME FOR A DIALOG ON THE PERSIAN GULF

Mr. PELL. Mr. President, on June 4, I introduced legislation to keep the United States out of the Iran-Iraq war by barring the "reflagging" of Kuwaiti tankers with the American flag—wrapping the American flag as a lifesaver around these vessels. In my statement, I argued that the benefits of reflagging—and the provision of United States naval escorts to the Kuwaiti tankers—were minimal while the risks are substantial. I would like to explore these issues a bit further today.

The administration asserts, with great rhetorical flourish, that the reflagging of 11 Kuwaiti tankers and their escort by the United States Navy is essential to American interests in freedom of navigation in the Persian Gulf. In fact, some 600 ships travel through the Strait of Hormuz each month, or roughly one every hour. Each of these ships is vulnerable to attack from Chinese Silkworm missiles, soon, apparently, to be operational on the Iranian shores.

Further, at any given time there are some 100 ships in the gulf. These are vulnerable to aerial attack from either Iran or Iraq.

Since 1983, Iran and Iraq have been waging war against ships calling at each other's ports. Iran has repeatedly stated that if Iraq cuts off its shipping throughout the gulf, Iran will make sure no other country may make use of the gulf.

Protecting 11 Kuwaiti tankers will not make even a modest contribution to freedom of navigation in the gulf. Protecting all 600 ships transiting in and out of the gulf would require a commitment of resources on a scale not contemplated by the administration.

Freedom of navigation, then, is no argument for the reflagging. A second argument advanced is that if the United States does not provide naval escorts, then the Soviets will. A Soviet reflagging would, it is contended, give them a foothold in the gulf.

I have never been persuaded that we should do something merely because the Soviets are doing it, or might do it. This is especially true if the action is contrary to our own interests.

In this case, the Soviets have acted with far greater caution then we have. The Soviets have not increased their naval presence in the gulf and, in spite of a Soviet tanker being struck by an Iranian mine, have carefully avoided bellicose rhetoric.

According to First Deputy Foreign Minister Yuli M. Vorenstov, cited in an interview published in Sunday's New York Times, the Soviet Union has been engaged in discussions with Iran, Iraq, India, and other countries on the Persian Gulf situation. Further, the Soviets have proposed talks with the United States on how to protect shipping in the gulf.

We should accept the Soviet offer for discussions. In fact, a United States-Soviet dialog provides the best opportunity to limit the Soviet naval presence in the Persian Gulf.

Instability creates opportunities for the Soviet Union. If the reflagging, and naval escort plan, results in a United States-Iranian clash, then a Soviet involvement in the gulf could be more likely and substantially more dangerous. I thought our former colleague, Senator Howard Baker, had it right the first time when he endorsed such a dialog.

Finally, the lack of enthusiasm of our allies for our Persian Gulf policy—as evidenced by the weak language of the Venice communique—should serve as further cause for caution. Except for Britain and Canada our summit partners are far more dependent on Persian Gulf oil then we are. Yet, they seem to recognize the limited benefits to their own interest in the free flow of oil reflected in the reflagging plan.

As a result of the Reagan administration's covert policy of selling Iran weapons, United States credibility in the Persian Gulf region is at an all-time low. Our allies and the regional states view our plans with great skepticism, a skepticism shared by the American people.

A go-it-alone, high risk, highly rhetorical policy will not reestablish U.S. credibility. On the contrary, it risks further damage to U.S. prestige and influence.

Now is the time to talk softly—at the United Nations, to our allies, to the Soviet Union, and to the regional states—about protecting shipping in the Persian Gulf, and above all, about ending the Iran-Iraq war.

Mr. President, I yield the floor.

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

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

EXTENSION OF MORNING BUSINESS

Mr. BYRD Mr. President, I ask unanimous consent that the period for the extension of morning business be extended until 3:15 p.m.; that Senators may speak therein up to 15 minutes each, and, provided further, that any speeches that are on the subject of campaign financing reform appear in the RECORD at such place as occurs when S. 2, the unfinished business, is again laid before the Senate.

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

The PRESIDING OFFICER (Mr. ADAMS). The Senator from Nebraska.

SMALL BUSINESS

Mr. KARNES. Mr. President, I take the Senate floor today to apprise my colleagues of action taken by the Senate Small Business Committee this morning. Our action was to mark up a bill to address two critical problems in our economy today: the problems of small businesses in the world marketplace and the huge U.S. trade deficit. I am pleased to be a cosponsor of S. 1344, the Small Business International Trade and Competition Enhancement Act, which was acted on favorably by the Small Business Committee this morning on a bipartisan 17-to-0 vote. I feel this legislation can provide American small businesses with the opportunity and the resources to expand into and compete effectively in international markets.

The innovative and entrepreneurial nature of small businesses provides our Nation's economy with vitality. Through creativity and diversity, small businesses add strength and stability to the economic foundation upon which this country was built. These innovative and diverse businesses employ nearly half of the private sector work force and have created nearly two-thirds of the Nation's new jobs in the last decade.

This proposal will have a significant impact not only upon the national economy but also upon my State's economy. Nebraska's economy is very dependent on small businesses. The Nebraska Department of Economic Development estimates that 99.2 percent of the State's business are considered small businesses.

The Small Business Administration has informed me that there are approximately 60,000 businesses in Nebraska. The Nebraska Department of Economic Development estimates that roughly 450 Nebraska businesses currently export or have exported in the past 7 years. This means that only about three-quarters of 1 percent of Nebraska businesses are exporting in the world markets. My colleagues will discover that a similar situation exists in many of their States.

Much of our Nation's economic growth can be attributed to small businesses. This is why Congress must not overlook this important business sector as we strive to regain our leadership role in the world marketplace.

Any trade enhancement policy which Congress adopts must include export initiatives for America's small businesses. S. 1344 will initiate programs designed to provide small businesses with the ability to actively pursue new international markets for their goods and services.

This bill provides small business with greater access to necessary capital, credit, and trade data so that they may venture into the international marketplace. It provides for a greater integration of already established governmental programs which will serve as conduits in the search for new trading partnerships.

The legislation will improve small businesses' ability to compete in international markets by increasing the distribution of information about demand in foreign markets, market leads, export financing programs, and other available trade data. The framework for gathering and disseminating this information is already constructed and ready to be utilized. The bill will expand the mandate of the existing Small Business Administration International Trade Office. Furthermore, it will expand the functions of the Department of Commerce and the Small Business Administration by bringing them together in a cooperative relationship designed to develop and promote exports by small businesses. The measure will give small businesses access, through localized SBA networks, to the vast resources of the Department of Commerce and other relevant Federal agencies.

The legislation will provide for the development of trade promotion programs within States by creating Small Business Export Assistance Centers. These centers will be operated through already existing entities such as the Small Business Development Centers. The Small Business Export Assistance Centers will serve as information dispersement centers and will also serve as a delivery clearinghouse for small businesses that wish to participate in the international marketplace.

The Small Business Development Centers are excellent vehicles by which trade expansion programs can reach out to small business. Nebraska has one of the original pilot centers which is now known as the Nebraska Business Development Center. The NBDC holds around 120 workshops and seminars, and consults on about 1,200 cases per year through its 5 statewide locations. A review of last year's NBDC report provides ample proof of the center's effectiveness in assisting small businesses in Nebraska.

This type of network is in place not only in Nebraska but all over the country. The network is there and should be utilized to draw our innovative small businesses out into the international markets. As legislators, we should always be looking at where we have invested our resources in the past and build upon and expand those programs which are successful.

A great deal of effort has been put forth by the Federal Government to set up this SBDC center network. As we look outward for opportunities in the world market we must also look inward for American businesses which can take advantage of the opportunities that we discover. I think this bill will provide the avenue which will link our small businesses with the world marketplace. I hope that S. 1344 receives the overwhelming support which it deserves when it is put before the full Senate.

Mr. President, I look upon S. 1344 as a vehicle ensuring that the small business interests of America will be included in the comprehensive trade reform legislation which Congress intends to enact in the very near future.

EXTENSION OF TIME FOR MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business?

Mr. BYRD. Mr. President, I ask unanimous consent that morning business be extended, under the same restrictions as heretofore, until 3:30 p.m. today.

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 legislative clerk proceeded to call the roll.

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

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

ALTERNATIVE DISPUTE RESOLUTION

Mr. GRASSLEY. Mr. President, I rise today to speak on a question that goes to the heart of our American legal system. That is, how do we resolve disputes in this country?

For many years before his retirement, Chief Justice Warren Burger warned that if our legal system did not change to cope with our excessive urge to have the courts settle all disputes, our way of life would be jeopardized.

Justice Burger's fear may be the reality. We are, by any measure, the most litigious society in the world. Many other experts within the legal establishment have been joined by lay

critics who believe that we are suffering from too many laws, too many lawsuits, too many legal entanglements, and too many lawyers.

In fact, the United States has the largest number and rate of lawyers in the world—the number having more than doubled since 1960 to more than 600,000.

These men and women are hard at work. The proof is in the 16 million civil lawsuits pending in our State and Federal courts—1 lawsuit for every 15 Americans.

Of course, only a small percentage of these cases—roughly 5 to 10 percent—actually go all the way to judicial resolution. But all of these cases are costly. In fact, the only thing that's certain about a lawsuit is the expense.

Although the Government subsidizes many of the costs of running the courts, their full use requires expensive lawyers and the time of the disputants. This means that courts are generally inaccessible to all but the most wealthy parties.

Along with many others—lawyers and nonlawyers alike—I have reached the following conclusion:

Our society cannot and should not rely exclusively on the courts for the resolution of disputes. Other mechanisms may be superior in a variety of controversies. These alternatives may be less expensive, faster, less intimidating, more sensitive to the concerns of the parties, and more responsive to underlying problems.

In my view—as a citizen, a legislator, a member of the Judiciary Committee, and as one with a desire to improve the regard which our people hold the legal system—the answer to our legal dilemma is in alternative dispute resolution.

The methods of ADR are not new. Arbitration, mediation and negotiation and the like have been with us for years. State and Federal courts are trying a range of alternatives to adjudication.

ADR methods now resolve consumer complaints, small commercial disputes, insurance claims, employment grievances, even divorce cases.

The administrative conference of the United States, the American Bar Association and private sector groups have studied and implemented some of these techniques, on occasion.

On the Federal level, it is a fact that administrative agencies now decide far more cases than do the Federal courts—hundreds of thousands annually.

The subject matter of these cases covers every aspect of our lives—disability claims, civil rights, labor relations, health and safety, grants, loans and procurement, trade issues, and so on.

The irony is that while agencies' procedures were set up as an alternative to excessively formal court rules, many agencies' decisions now get hamstrung in procedural redtape. Agencies have become too much like mimics of the courts.

It is true that some Federal agencies have taken tentative steps toward use of alternative dispute resolution. But in my view, we in the Congress ought to do more to promote the increased and thoughtful use of ADR.

Shortly, I will be introducing legislation encouraging greater agency use of alternative dispute resolution. The same forces that make ADR methods attractive to private disputes can make them useful in Government cases decided by a Federal agency.

Of course, just as alternative dispute resolution offers great promise, it also raises many questions. For example, how do we decide which mechanism is most appropriate in a particular case? How should these alternatives be financed? How should the outcomes be enforced? Will the alternatives to court be viewed as second class justice? Is the desire to avoid costly legal fights outweighed when the vindication of civil rights are at issue?

I look forward to joining with my colleagues, and the administration and the private bar in finding the answers to these questions. If we succeed, we will immeasureably improve the public perception—and the reality—of our American justice system.

As former Chief Justice Burger said that is a very important goal for us to have and a very important concern that we ought to be dealing with.

Mr. President, I yield the floor.

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

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

THE CLEAN AIR ACT

Mr. WIRTH. Mr. President, I wish to speak briefly during this time of morning business on the introduction of legislation to reform and strengthen the Clean Air Act, legislation introduced yesterday by the Senator from Maine [Mr. MITCHELL], joined by the Senator from Rhode Island [Mr. CHAFEE], the Senator from Vermont [Mr. STAFFORD], the Senator from Florida [Mr. GRAHAM], and myself.

Mr. President, I commend the Senator from Maine for his leadership on this extraordinarily important issue. In my home state of Colorado, and across the country, too many cities are failing to meet the Clean Air Act's deadline for reducing pollution levels for carbon monoxide and ozone. There is no doubt that the pollution in these cities is a threat to our health, especially for the most vulnerable among us, our children and the elderly.

The increasing medical evidence, Mr. President, on the impact that air pollution is having on the mental capacities and the nervous systems of our children is absolutely astonishing, and as Senator MITCHELL pointed out yesterday if the American public had available to them in detail the kind of testimony that we have received from medical personnel, medical experts, growing effects of air pollution on health, mental well-being, nervous system of our children, they would not only back this bill but a much, much stronger one.

At the same time, many of these cities now not in compliance simply will not meet the Clean Air Act's deadlines. That is a fact of life. As a result, these cities face the imposition of penalties—from the cutoff of highway trust funds to various other construction bans.

The legislation that the Senator from Maine introduced yesterday is a fair solution to this problem. This legislation tells the States and cities that we are serious about reducing pollution in the Nation's urban areas. While we are going to extend the deadline, we are also going to demand that the States and cities develop and implement plans to bring air pollution under control.

I emphasize the word "implement" because the bill being introduced by the Senator from Maine and others of us in the Senate very wisely contains tough provisions that will prevent the States and cities from relaxing their efforts once they have a new plan in place. In other words, we are not giving them just a deadline to say, "We are going to extend the deadline; don't worry about it." They have to implement very, very tough steps outlined in this legislation. The legislation tells local governments that they must implement these plans so that the public and the Congress can see steady, significant improvement in air quality.

This legislation also recognizes that there are a number of steps that the Federal Government can, and must, take to reduce air pollution.

This legislation will strengthen the emission standards for cars, trucks, and buses. That will mean continued improvement in air quality across this country.

And we hope for a diminution in the particulates in the air that contribute to a lot of the haze that one sees in the cities, particularly the brown cloud that one sees down the front range in Colorado.

This legislation gets tough as well on auto testing and inspection. It requires automakers to ensure that all of their cars and trucks meet all the Federal

clean air standards. It requires careful inspection and testing in the field. And it gives the States and EPA the authority to order recalls if the cars and trucks do not measure up to the Federal standards.

This legislation also recognizes the very important contribution that oxygenated fuels—ethanol, methanol, and other alternative fuels—can make not only to cleaning up the air but also to enhancing the Nation's energy security. The bill being introduced by the Senator from Maine means that fleet owners will be converting their vehicles to these alternative fuels. That will, I am sure, lead to widespread acceptance of these fuels, and their wider use and availability. It may be that we could go farther on this point—and I will speak about that in a minute—but that is an issue we can continue to work on.

This is a good, fair bill, Mr. President. It differentiates between cities that are serious about cleaning up the air and the cities that are not. It establishes tough, but workable schedules and conditions to ensure that we will see air quality improve. And it gives EPA the direction, and the tools, that it needs to clean up emissions from mobile sources and emissions from gasoline and diesel fuel.

The air pollution problem in many of the Nation's cities is serious. According to the EPA, more than 80 metropolitan areas will fail to meet the clean air standard for carbon monoxide. This problem is especially acute in the 166 high altitude areas of the Rocky Mountain area. EPA puts the number of ozone nonattainment areas at 72, and adds that more than one-half will fail to meet the deadline at the end of this year. That means, Mr. President, that one out of three Americans is exposed to ozone levels that exceed the Federal standard—a standard that, in itself, provides very, very little or no margin of safety.

As I said, Mr. President, this is a serious problem. It affects the health of millions of Americans, particularly the old and the young. It results in incalculable environmental damage. And in many communities, like Denver, air pollution is simply bad economics. As we compete with other cities for new business investments and economic development, companies are going to have a second thought as they look at that brown cloud that emerges daily in the Rocky Mountain region. It is good business to clean up our air, as well.

This legislation by the Senator from Maine is a serious response to this problem, not only for Denver, Los Angeles, and Houston, but for Chicago and cities in the State of Maine. I commend the Senator for his work. We look forward to working with him, particularly on three additional areas that we want to consider very carefully for addition to the legislation.

The first of those is high-altitude testing. We know that vehicles perform less efficiently at high altitudes than they do at sea level. We know that emissions equipment is required in automobiles and yet there is no testing at this point of emissions equipment and how it performs at high altitude. So how can we be assured at high altitude and how can the public know and how can the public health interests be assured if, in fact, we do not know that equipment is behaving at high altitude the way it is designed to behave at sea level?

It should also be, Mr. President, that EPA conducts a significant high-altitude testing program. It does not today. Those laboratories were dismantled. Those testing facilities were closed down. I think we want to go back and require once again high-altitude testing.

A second area that we want to talk with the committee staff about for possible amendment relates to the requirement on oxygenated fuels. Within the legislation today, there is only the requirement that fleets that are centrally fueled be required to use oxygenated fuels. It may well be that we can develop a way in which we can require, say, 10 or 15 percent of all fuels sold in cities like Denver that have an attainment problem, that fuels sold there be oxygenated fuels, which would make a signficant contribution to the air pollution problem.

Many of the traditional oil interests suggest that would be damaging to them; that if we did that sort of thing that would cut down on their ability to sell their more traditional oil products. Other oil companies are saying, "Yes, we would like to get into that business. Please come up with this requirement that will encourage us and help to push the market."

I think we can work this out. I think that the evidence is increasingly strong that having a requirement for oxygenated fuel for all automobiles would be very helpful.

A third area that I hope we are able to discuss is the issue of daylight savings. If we are able to extend daylight savings, the chances are that that will have more people driving during daylight hours, and that in turn will have a positive effect on the ozone. I cannot speak, Mr. President, to the chemistry of how it works. But, if we are to extend, according to the scientific evidence made available to me, if we are able to extend daylight savings, that can also have a positive impact on a number of cities. If they extend the daylight savings and have more people driving in more daylight, in more sunshine, it will break up some of the chemcial compounds and have a positive impact on air pollution.

In closing, Mr. President, I again want to commend the Senator from the State of Maine and the Committee on Environment and Public Works that have moved quickly on this legislation. I hope we can move that rapidly through the committee and onto the floor, and that our colleagues in the House of Representatives will have similar wisdom and perspective and that we can have legislation passed before the end of the year. That deadline is important for all of the cities like those in Colorado and elsewhere that are now not going to be in attainment at the end of the year. This is a good carrot-stick piece of legislation. I urge my colleagues to consider it very carefully and I hope they will join with us in supporting this legislation.

200TH ANNIVERSARY OF CHARTER TO COLUMBIA COLLEGE AND AWARDING OF HONORARY DEGREE TO SENATOR MOYNIHAN

Mr. PELL. Mr. President, on April 25 Columbia University celebrated the bicentennial of the charter to Columbia College. The University also chose that auspicious occasion to award an honorary doctor of laws degree to Senator DANIEL PATRICK MOYNIHAN, the senior U.S. Senator from New York.

In his convocation address Senator MOYNIHAN gave a lively and provocative speech.

I commend Senator MOYNIHAN's Columbia University address to all of my colleagues. His are creative, original, and forthright remarks and they most certainly merit very serious thought and consideration. I can say without any hesitation whatsoever that the U.S. Senate is a far richer place because of his presence and his candor.

Mr. President, I ask unanimous consent that the citation awarding Senator MOYNIHAN the doctor of laws degree and the text of the Senator's convocation address be inserted in the RECORD.

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

(Following is the text of the citation by Columbia University President Michael I. Sovern in awarding an honorary Doctor of Laws degree to Senator Daniel Patrick Moynihan at a convocation at the University celebrating the bicentennial of the present charter of Columbia College.)

DANIEL PATRICK MOYNIHAN—FOR THE DEGREE OF DOCTOR OF LAWS

Legislator, diplomat, scholar, orator, you serve the people of New York, the nation and the world as a leading intellectual in the United States Senate. Beginning in modest circumstances not far from where we stand today, you interrupted your student days to serve in the Navy, your first tour of duty with the government. You then combined a distinguished academic career with service under four U.S. Presidents—in the Labor Department, on the White House staff, and as ambassador to India and the United Nations.

You have worked unceasingly to improve the way government and society serve those least able to help themselves: the young, the poor, and the disadvantaged. As a scholar, you frequently offered new and enduring insights that would ultimately help to shape informed discussion of public policy. As a diplomat, you spoke up for America and for our friends around the world. As a legislator, you have been the defender of Social Security, the passionate spokesman for welfare reform and the untiring champion of education. As Vice Chairman of the Senate Intelligence Committee, you have provided wise counsel and you have steadfastly insisted on Congressional oversight. The enormous majority you achieved in your re-election to the Senate demonstrates the confidence and affection your fellow New Yorkers hold for you.

Now, in recognition of your distinguished service, Columbia University is honored to confer upon you the degree of Doctor of Laws, honoris causa.

CONVOCATION SPEECH BY SENATOR DANIEL PATRICK MOYNIHAN

One measure of the morale of a civilization is the manner in which it observes the notable dates of its history. On this score Columbia College has acquitted itself well over the centuries. The festivities of 1837 emerge by every amount as admirable and aspiring: speeches, poems, and Latin odes. 1887, as befitted that gilded age, saw a stately procession to the old Metropolitan Opera House where a veritably Wagnerian three score honorary degrees were conferred. In 1937, busy with the affairs of the nation, the College seems to have noticed the sesquicentennial slip by, which given the state of those affairs, was not the worst thing, especially now that the bicentennial makes such handsome amends.

The trick is to combine a respect for the past without too much reverence; indeed intimidation. There is enough of the latter in Western civilization just now: thinking ourselves outthought and out performed by predecessors. Yet surely the greater danger is to suppose ourselves too well endowed, the benefactors of some perpetual, compounding trust. The art historian Robert Byron observed how in the latter half of the nineteenth century, the disease of complacency fastened on Englishmen. "Misfortune comes to the complacent," he wrote, "brought not by some moral law, but because complacence is the parent of incompetence."

Let me take this for my text as I speak about the condition of our universities, and especially our private universities.

Here we encounter an extraordinary legacy which is unmistakably beginning to be threatened by complacency.

A first fact. The United States is the only nation on earth in which there *are* truly private universities. Elsewhere the state, be it benevolent or coercive, reigns supreme. It is no accident that ours should be a plural arrangement: this is the deepest of our constitutional and societal impulses. The balance is indeed quite exceptionally just that. If you will accept the judgment of the American Association of Universities that its fifty-six members represent the ranking research faculties of North America, then note that twenty-eight half, are private, and the other twenty-eight are public.

This is not to say that private universities do not receive public support. Most received some early on. In 1784, just as the University of the State of New York was being established, with its Chancellor and Board of Regents, and Columbia College its only charge, John Jay set it down that:

". . . universities . . . ought no longer to be regarded in the light of mere private corporations. The government should extend to them their constant care; and the State treasuries afford them necessary supplies."

But this, mind, in the context of the 1784 legislation, the title of which reads:

"An Act for granting certain Privileges to the College heretofore called King's College, for altering the Name and Charter thereof, and erecting an University within this State."

In the main these privileges—across the nation—continue unimpaired, but not wholly. Indeed it is possible to see them as threatened, and seriously so, not least because so many of those who should know better choose not to be concerned, which is the most conspicuous feature of complacency.

I think here of the events of the Tax Reform Act of 1986, concerning the issuance of tax exempt bonds by private universities. The details will not much interest faculty, and will verge on the incomprehensible to students, but I am here to argue their transcendent importance. In an age of "capital intensive science" (and declining Federal support), such bonds make possible the libraries and laboratories and infrastructure of a research university. More, the status of the bonds defines the status of the institutions. Praise God and Alexander Hamilton that the President of this institution agrees.

In brief, in 1968 Congress enacted the first statutory limits on what are known as "industrial development bonds." These were defined as bonds used in the trade or business of any entity that was not an "exempt person." An "exempt person" was further defined as *either* a unit of government—shall we say the State of New York—or "an organization described in Section 501(c)(3)" of the Internal Revenue Code—shall we say Columbia University.

A nice equivalency, you will agree, and an indispensable one, you would think.

Or such was the case until the fall of 1984 when the present administration in Washington proposed a massive restructuring of the tax code which effectively stripped universities of the status of "exempt persons." The House of Representatives, where tax legislation must originate in the Congress, accepted this change. The House bill classified all tax-exempt bonds as either "governmental" or "nonessential function" bonds. Bonds for universities (and private hospitals and suchlike institutions) were placed in the "nonessential" category.

We drew up a bill in the Senate which specifically and deliberately preserved the exempt person category shared by governmental units and universities. We argued that it was profoundly mistaken public policy to relegate the private universities and colleges of the nation to the status of solid waste disposal plants. (And, of course, hospitals, and similar institutions.)

We lost. Oh, in conference with the House, we got fairly generous allowances in terms of the amount of tax exempt bonds private institutions *can* issue, but we lost the principle that these are unique institutions with privileges not unlike the immunities of government units in a Federal system. Money was not the issue with the administration. The issue was changing the status of the likes of Columbia.

Let me say I do not think this would have happened save for the silent acquiescence of the present Secretary of Education. This is not a person much noted for reticence in public discourse. Scarcely a week passes that we do not learn something noteworthy from this gentleman. Thus the Associated Press reported from Washington on March 26.

"An Education Department official who wrote a paper linking bilingual education to communism and terrorism expressed personal views that will not influence department policy . . . the Secretary of Education, said in a letter released Tuesday."

Indeed he has become something of a village explainer inside the Beltway. It appears it is not true, as reported by the Washington Post on February 20 that he told the 14th annual meeting of the Conservative Political Action Conference:

"I asked the presidents of universities to write a letter to their students saying "No drugs on campus, period." I got back a letter from Harvard saying they have 30 courses in moral reasoning."

The explanation here being that it wasn't a *letter* from Harvard but something he "heard" at Harvard.

As Gertrude Stein observed, of village explainers, fine if you're a village; if not, not.

But the point isn't the politics of the incumbent Secretary of Education. The point is that there *is*—now—a Secretary of Education in Washington.

The Department of Education was created, of course, in 1979. If it is now largely in the hands of assertively conservative Republicans, it was wholly the creation of lavishly liberal Democrats who assumed that bringing all the education activities of the Federal Government together in one place would increase support for education. The Senate vote was 72 to 21, with a mere 5 Democrats in opposition.

The debate that April was not long, but it had moments of some intensity. It fell to me to ask David Riesman, the most eminent commentator of higher education of the present age, if we might have its judgment in the matter. This came in a brief letter which belongs on tablets somewhere.

I read it to the Senate:

"Education, contrary to people who speak of it as an "establishment," is a weak power, subject to whims and fashions in the country at large, and these show up in the attitudes of individual members of Congress and their aides, assistants and others. Therefore education is best served by being part of a much more powerful coalition in which it is joined with the rest of H.E.W. with its labor union and medical and other affiliations. Furthermore, education is, because of its weakness, vulnerable to attack because something done in one of the three thousand accredited postsecondary institutions by somebody may offend somebody or get in the papers. It therefore needs to have many diverse sources of support, combined with a certain precious obscurity.

"Once it is separate, its target quality and actual weakness will be visible and this is a weakness not only vis-a-vis potential critics but potential lobbyists—captors—in the country. Education is best served by decentralization, not only in this huge and diverse country, but also within the federal government and its many agencies."

I went on to state that, that in creating a single agency, we risked nothing less than the politicization of education itself.

"and . . . it will come about in ways that the system of education itself will not be able to resist."

As for example in the tax code.

If the Secretary of Education was silent when the private institutions of higher education were being stripped of their previous status in the tax code, what of the representatives of higher education when the post of Secretary of Education was being created?

Silent, also. That is to say the American Association of Universities, under pressure from the White House, no less political for being Democratic as against Republican pressure, said nothing. Its executive committee knew better. The Department was a political reward for election support from elementary and secondary school teachers. There is nothing the matter with political rewards, but in Washington the educational activities of the national government are overwhelmingly directed to higher education. Inevitably it would be higher education that would be most affected, and which has been. (A February 20 statement of the Board of Regents of the University of the State of New York described the Administration's proposed cuts in education aid, principally affecting higher education, as "devastating.")

The mood of the moment will pass. The distemper of the 1980s, is in most ways a delayed response to the disorder of the 1960s, that "slum of a decade" to cite Dick Nofstatder. It is about spent. One can almost imagine a certain reasonableness descending on the capital, rippling outwards. Yet that is but another invitation to complacency and to the incompetence it breeds.

A generation ago Schumpeter warned us that the transformation of liberal society would come not through some Marxist convulsion but rather from the steady "conquest" of the private sector by the public sector. This is now commencing in higher education and will continue unless understood and overcome.

The men who gave Columbia College its name knew something of taking destiny into their own hands. Cannot their successors learn? Ought they not? *Must* they not.

Let me suggest a good beginning. The candidates now running for their party's nomination for President should be asked to state in writing that if successful, whatever the politics of their administration their Secretary of Education will be expected to stay out of them. From Martin C. Barell back to John Jay, the Chancellor of the University of the State of New York has done as much here, where the Federal government began. Let Washington learn by our example.

Further, the candidates should be asked to promise, win *or* lose, to support the restoration of the tax exempt status of universities and comparable institutions. If enough do, we can almost surely get a bill through this Congress. The power to tax is the power to destroy and candidates should so state.

And so, Lion—ROAR!

18TH ANNUAL SPECIAL OLYMPICS MARYLAND SUMMER GAMES

Mr. SARBANES. Mr. President, tomorrow we will see the start of the 18th Annual Special Olympics Maryland Summer Games at the Towson State University Stadium. From the very beginning when the parade of over 1,500 athletes kicks off the games, until the closing ceremonies, there will be displays of skill, courage, sharing, and joy. For almost two decades athletes, coaches, huggers, and volunteers have joined together to participate in the Maryland Special Olympics and to make it a very special event. I am sure that the games this year will be as special and significant to the participants as they have been in the past, and I look forward to joining them in Towson this weekend.

The Special Olympics games have grown from Eunice Kennedy Shriver's day care camp in 1963 to games held today nationwide and worldwide. Under the sponsorship of the Joseph P. Kennedy, Jr. Foundation, Special Olympics games have sprung up on the local, State, and regional levels and are now held in over 20,000 communities in the United States. This year more than 1 million athletes will compete in all 50 States and in 65 foreign countries. Many of these athletes will then represent their State and country this August at the 1987 International Summer Special Olympics Games in Indiana.

One of the primary and most important goals of these games is to provide the special olympians with a healthy self-image. Many heartwarming stories have been experienced and retold from the Special Olympics that clearly show this goal is met by the games. Many of the stories are representative of what the games are all about—stories of skill, courage, sharing, and joy.

A recent article in the Evening Sun, June 10, 1987, follows on the "Triumphs of the Special Olympics."

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

[From the Baltimore Evening Sun, June 10, 1987]

TRIUMPHS OF THE SPECIAL OLYMPICS

Sam DeCrispino doesn't remember the little girl's name. But he remembers the moment. It was 1979 and he was teaching racquetball at the International Special Olympics when the little girl first walked on the court.

The little girl had her problems with this strange new game.

Each time Sam bounced the ball, she took a mighty swing at it and missed. The grim ritual—bounce, swing, miss; bounce, swing, miss—continued for the better part of an hour.

And then something wonderful happened.

It happened without warning, as these things often do. On what was it—her 50th swing? 60th?—the little girl hit the ball.

It shot off her racquet and arched toward the front wall, clean and sure as a double off the wall at Fenway Park.

The tiny gallery exploded in applause. The little girl shrieked. And on her face now was a smile you wanted to press between the pages of a book.

"She just lit up," DeCrispino recalls. "I'll never forget it. That moment gave me a bigger thrill than anything I've ever done in athletics."

These are the kinds of stories that spill out over and over again as the Maryland Special Olympics prepares to get under way this weekend at Towson State.

They are stories of both small triumphs and triumphs against overwhelming odds. They are stories of grit and determination and quiet courage—all against the backdrop of the largest program of athletic competition for the mentally disabled.

A young man stumbles across the finish line in his first race and lets out a yelp of pure delight. A little girl swims her first lap and scrambles from the pool and leaps into the arms of her mother. You listen to people like Sam DeCrispino, a teacher at Parkville High and a Special Olympics instructor for eight years now, and the stories of individual triumph never seem to end.

Perhaps the most famous story is the one they tell about Roberta Cameron.

Roberta Cameron was a Special Olympian who trained long and hard with a friend for her race.

She broke cleanly from the starting blocks and soon held a 20-yard lead on the rest of the field.

But with the finish line in sight, Roberta Cameron suddenly stopped. She ran back to where her friend had fallen, picked her up, and the two crossed the finish line together.

Roberta Cameron didn't win a medal that day. But her actions on that dusty track spoke so eloquently of the underlying theme of these Games, which is still love and caring.

"These Games are the truest essence of sports," says DeCrispino. "The athletes want to win. But it's not win at any cost."

This year nearly 1,600 Special Olympians from throughout Maryland will converge on Towson State.

They will be joined by an equal number of organizers, coaches and "huggers," volunteers who serve as special friends offering encouragement during the competition.

Each participant earns a ribbon; the more gifted and determined will go on to win gold, silver and bronze medals. But the goal, as always, will be to try, not to necessarily win. It will be to experience, not necessarily conquer.

Mainly, it will be to gain in self-confidence, improve in self-image.

"They're the best students in the world," says DeCrispino, the teacher, of the Special Olympians. "They'll do anything you tell them to do. If they can't they'll break their back trying."

One more quick story on the meaning of Special Olympics, culled from an incident that took place after the Games at Towson State three years ago.

Sam DeCrispino happened to be walking across campus when he fell behind the path of a young Special Olympian. She was walking with her hugger, no one except Sam was within 100 yards of the pair.

Suddenly the girl paused and screamed at the heavens: "I'm so proud of myself!"

It was a cry as pure and joyful as any the teacher had ever heard.

"I don't think she even had a medal," he says.

She didn't seem to miss one, either.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SENATORIAL ELECTION CAMPAIGN ACT

The PRESIDING OFFICER. The clerk will report the unfinished business before the Senate.

The legislative clerk read as follows:

A bill (S.2) to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes,

The Senate resumed consideration of the bill.

Mr. STEVENS. Mr. President, I have become increasingly concerned about the pending bill, S. 2, and its effect upon current campaign finance legislation. I must confess that my concern comes primarily from having been present on the floor one day early in 1985 when my former colleague, the Senator from Arizona, Barry Goldwater, addressed the Senate. I thought he gave a very succint statement on the problems of campaign financing and I listened to what he had to say with great interest. I think it would be wise for everyone to reflect back to the comments of the man that we all call the conscience of the Senate.

I think the Members of the Senate know I have been trying to find some way to bring the opposing sides together regarding the bill that has been presented by the distinguished majority leader, by Senator BOREN, and by others. It appears that is really not possible in terms of S. 2 for one basic reason, and that is the requirement for public financing which is such a major focus of the bill.

Senator Goldwater, when he spoke here on the floor on January 3, 1985, made some comments I think bear repeating. He said:

Mr. President, the most expensive election in U.S. history was completed 2 months ago. New funding records were set for Presidential and congressional candidates. Contributions by political action committees rose to a higher percentage of total congressional campaign receipts that ever before.

The problems of what this unprecedented rise in campaign spending means to the Nation and when it will end are lost in the rush to raise even more money to pay off old debts or begin campaign treasuries for the next election. Few people seem to care that present campaign law, as applied since the decision of the U.S. Supreme Court on January 30, 1976, in Buckley against Valeo, has opened the doors for virtually unchecked huge independent and personal political spending and that this spending threatens the very basis of the free election process. The Nation is now enduring what one legal commentator has called "the new Constitutional right to buy elections."

Again Mr. President, I am quoting Senator Barry Goldwater. I am skipping some of his comments in the interest of time, but he went on to say this:

Mr. President, I believe the answer to these dangers is simple. We must set a rational ceiling on total congressional and Presidential campaign spending by all sources, the candidates themselves, political parties, PAC's, and individuals.

Senator Goldwater at that time, had indicated his support for campaign finance reform legislation that would be introduced. He later gave his support to Senator BOREN. Subsequently Senator BOREN introduced, in December, comments that were prepared for Senator Goldwater, who was unable to be here because of the unfortunate illness of his wife.

In a written statement that was placed in the RECORD by Senator BOREN, Senator Goldwater commented upon the time that it takes to raise campaign money. Senator Goldwater said this:

What disturbs me is the fact that it is becoming more and more obvious—that money can get people elected. When I think back to my first campaign in 1952, where I spent $45,000, and then think of my last one just five years ago, where I put out $1.25 million, there is a vast difference there, not just in the sums of money, but in the campaign itself and what is going on.

We now have experts in the field campaigning in almost every big city in the country. They tell the candidate how to comb his hair, what color shirt to wear, what kind of tie to wear, and what is the best suit for them to wear. They take polls in every nook and cranny of the state or city or country to determine what issues should be discussed on this street corner and the next street corner and, frankly, I do not think that is any way to elect people in this country.

He went on to say this:

You know and I know that there is not a night in the week in every month during the year that a member of Congress cannot attend one or two fund raising dinners for a colleague. Every one of us is asked to be sponsors for I do not know how many candidates, all in the interest of raising money.

Now my idea of a candidate running for office is a person who will stand four square with the principles of the Constitution and our way of life, and of party, if he agrees with party positions, but he will stand for something other than the mishmash of everything that comes out of support from hundreds of different PACs and other sources of money in this country.

A man or woman should run with a deep demonstration of personal regard for the American form of government, for protecting that government from foreign sources and, I might add, from harmful domestic sources, too. I sum it all up and I think the whole matter has gone far enough.

I urge my colleagues to vote for the Boren amendment so that before too much time has gone by which we can call wasted or head down the wrong track we can bring this thing down to stop. The answer is not greater spending by political parties or anyone else. The answer is less campaign spending by all sources and PAC's are the place to start.

Mr. President, it is most unfortunate that Senator Goldwater is now being referred to, in an advertising campaign throughout the country, as supporting the legislation which is now before us.

I had my staff call Senator Goldwater yesterday. I was not able to talk to him. I understand he is traveling or has traveled, now, here to the Nation's Capitol.

I understand he has sent a telegram to the Senator from Oklahoma, and I quote that telegram which was read to my staff on the phone. It is from Senator Goldwater and it says:

Understand S. 2 now contains Federal financing. I cannot support the bill if that is the truth.

Now, Mr. President, I have gone to great length to bring to the Senate the statements that Barry Goldwater previously made concerning campaign financing. I think he is right. The place to start is with the Boren bill that Senator Goldwater cosponsored last year, a bill which many of us voted for in 1986. The centerpiece of the bill was the concept of changing the mix of financing to reduce the amount that can be contributed by PAC's, and to increase the amount which can be contributed by individuals.

I have made a similar suggestion, and added to that the concept of new controls on soft money expenditures through the simple act of requiring disclosure. The proposal I placed in the RECORD yesterday, that I intend to offer at the appropriate time, is the Boren-Goldwater bill of last year plus public disclosure of soft money expenditures in Federal elections.

I think that is the place to start. I think the wrong place to start is at the place where Senator Goldwater, the leading Republican exponent of campaign finance reform says he is unwilling to go; where he was unwilling to go before. He is still unwilling to go to public financing and that is the position of the Senator from Alaska.

I have tried my best to see if we could not get an agreement on legislation that would start the process of trying to control the amount of campaign money and the amount of campaign spending, but I think that, unfortunately, the desire of some is the public financing element of the bill that is before us now. Instead, we should try and achieve the ultimate end of the process that Senator BOREN and Senator Goldwater commenced so well last year.

Thank you, Mr. President.

Mr. PACKWOOD. Mr. President, I want to congratulate my good friend from Alaska [Mr. STEVENS] for the compromise bill he has put in. He has worked very hard on this. He has done as much as he can do to put forth a reasonable, consolidated Republican position, and it is about that position and about S. 2 that I would like to talk, if I might, for a few moments, because I think there is a misimpression being put out by Common Cause, and I will say it very frankly, as to what S. 2 is.

When you read all of the advertisements around the country that Common Cause is putting out, what you discover is that their advertisements and their direct mail pieces are, "Stop the special interests, break up the PAC's, reform." They do not tell the public that reform in their mind is public financing of campaigns.

I think it is well to call to the attention of the Senate the Senate Watergate Committee report of over a decade ago, which was spawned out of the 1972 elections. That report was very clear in saying that the committee adamantly opposed public financing of campaigns.

That report said that the 1972 election was an example beyond compare of the Government being involved in campaigns, in this case, theft, felonies, the use of the CIA, the use of the FBI. It was the Government using its powers to attempt to influence an election.

So the Senate Watergate Committee, in its recommendations, said there should not be public money, Federal money, involved in campaigns because the danger to this Republic was great.

Let us go a step further. After the Watergate Committee report we adopted the so-called Watergate reforms, $1,000 individual contribution limit; $5,000 PAC contribution limit. That was thought to be a step forward, a reform. Those were the Watergate reforms.

At that time you had about 400 political action committees. Prior to the campaign reforms in 1971, 1972, 1973, and 1974 any individual could give us as much as he or she wanted. Clement Stone gave over $2 million to Richard Nixon's campaign, legally, in 1972. Max Kovalesky gave over $600,000 to George McGovern. We said that is not right. Individuals should not have that kind of influence. Bring it down. Do not let them have that kind of influence.

Political action committees could give what they wanted, although there were not a lot of political action committees.

The alleged influence of political action committees now is not the result of a few committees giving a lot of money. It is that now, instead of 400 political action committees, we have over 4,000. So, naturally the quantity of money that they give is greater than when 400 gave.

That is all history and background. What are the two things that reformers say they want? One, get the special interests out of politics. And that is normally meant to be the PAC's. The criticism is: But PAC's can still give to political parties. Fine. We will amend our bill so PAC's cannot give to political parties.

The other criticism is: PAC's can still bundle the money. Bundling means that when the lobbyist for AT&T can no longer get Sally Smith and Jimmy Jones to put up $10 apiece to the AT&T PAC because the PAC is no longer permitted to contribute to a candidate, the lobbyist can still collect all the checks. Instead of Jimmy Jones making the check payable to the AT&T PAC, he makes it payable to Packwood for Senate and Sally Smith makes it payable to Packwood for Senate.

The lobbyist gathers up all these $10 checks and hands them over in a bundle, $5,000 worth of $10 checks in a bundle, to the candidate. So the argument is made the PAC's can by bundling, get around the prohibition on giving.

Senator McCONNELL and I say: Fine, prohibit bundling. PAC's cannot give to parties. PAC's cannot bundle. PAC's cannot give to candidates. They are out.

That takes care of one thing that the reformers want and they know jolly well that can be done without passing S. 2, period.

Now, what is the second thing the reformers want? The argument is that campaigns cost too much, Mr. President, cost too much.

The allegation is they are evil. The concentration of the money, even though it is legal, even though it might come in $10 or $20 donations from all of the employees of AT&T PAC's, the concentration of the money from all of these employees is bad. Because when you get a contribution of $3,000 or $4,000 or $5,000 from the AT&T PAC you are not thinking that he presented you all the little donations of $5 and $10 and $15 that Sally Smith and John Jones and all the others put up. What you are thinking is: there is the lobbyist for AT&T. He gave me $5,000. And, therefore, you are unduly beholden to him.

So, without getting into an argument as to whether or not you are beholden, or he has your ear and somebody else does not—reformers say he does, PAC's are evil, PAC's must be diminished, PAC's must be diluted, must be eliminated—let us assume we want to eliminate PAC's. PAC's can no longer give.

We can pass a law right now. PAC's can now only give $5,000. We can pass a law that says PAC's can only give $3,000, $2,000, $1,000, or zero.

The Senator from Kentucky and myself and a number of others are sponsors of a bill that says PAC's cannot give anything, period.

Now, bear in mind, we can get rid of the PAC's. They are gone. They cannot give. They cannot bundle, cannot participate. They are out.

Now the only way to get the costs down is public financing. And here is the hook.

In 1976, the Supreme Court looked at some of the campaign reform laws that we had passed in 1973 and 1974 containing expenditure limitations.

The Congress had said: Individuals, if they want to spend on their own campaign, can only spend a certain amount of money and campaigns can only spend a certain amount of money. In a nutshell, the Supreme Court struck down as unconstitutional expenditure limitations. You are wealthy, you have $1 million, you want to spend $1 million on your campaign. This is not a contribution.

The Court upheld contribution limits. If you want to spend $1 million on your campaign, the Court said you cannot limit those expenditures. That is your free speech. That limit violates your first amendment. The same held for campaigns expenditures. You cannot put a limit on campaign expenditures. That violates the first amendment.

You can put a limit on what people can contribute to campaigns. They upheld that part of the law. But you cannot put a limit on what the campaign can spend, you cannot put a limit on what the individual can spend on their own in behalf of the campaign. You can put a limit on what they can give, but not what they can spend on their own.

The only way around the Supreme Court decision, allegedly—I say allegedly because it is not the only way around it—say the reformers, is public financing. If the Federal Government gives you some of the taxpayers' money for your campaign, as a quid pro quo for accepting that money, we can pass a law that says, as a condition of accepting the money, you can only spend so much in the campaign. You do not have to accept the money, but if you do, we can put an expenditure limitation on.

Reformers would say that is the only way you can get the cost of campaigns down. The average cost of a Senate campaign last year was apparently about $3 million—some more, some less, but average about $3 million. Mr. President, I opine there is another way you can get it down. The present contribution limit now for individudals is $1,000. That is the most an individual can give to a campaign. Together, an individual and his or her spouse can give $2,000, or they can each give $1,000 to the primary and $1,000 to the general. But we normally use the term $1,000. So if you take PAC's out of it altogether—no more special interests, allowing only individual contributions—the next thing you can do if you want to get the expenditures down is cut the $1,000 individual contribution down to $100. Cut it down to $50 if you want.

You achieve two things. One, very few people outside of your State are likely to give you great quantities of small money. Maybe under current

law somebody in a special-interest group who lives in West Virginia or Georiga or a lobbyist in Washington, DC, will give you $5,000 because he or she wants your ear, or maybe a rich individual will give you $1,000 because he or she wants your ear. But not many people are going to give you $20 or $30 unless they live in your State. If they are going to give any money, they are going to give it to the congressional or Senate race in their State, not to somebody outside their State whom they know nothing about.

So you lower the individual contribution limit to, say, $100. Now, if an average Senate campaign costs $3 million and if your contribution limit were $100, you would have to have 30,000 contributors at $100 apiece to reach $3 million. The problem is if the contribution limit is $100, the average contribution in my experience is about $20. So now, if you want to raise $3 million, you would have to have 150,000 contributors with an average contribution of $20 apiece.

It is not likely you are going to achieve that. So the effect of bringing the contribution limit down will be to bring down the cost of campaigns because the candidates just will not be able to raise that much money.

So, we could achieve the reforms the reformers want. We could get rid of the special interest giving which is legal under current law. Change the law so PAC's cannot give, get them out. We can lower the individual contribution limit to further lower the cost of campaigns. Those are the twin goals that most of the reformers seek.

But do you know why these so-called reformers really want public financing, Mr. President? Really want it? If you wanted to try to raise $1 million or $2 million of $3 million per campaign at an average contribution of $20, it is a whale of a lot of work. You are going to have to have a tremendous volunteer organization. You are going to have to have a lot of people who believe in you. You are going to have to motivate those people and they are going to have to go out and rap on doors, stop at businesses, say, "Will you give $20 to the Packwood campaign," "Will you give $20 to the Packwood campaign," "Please give $20."

It is a lot of work, Mr. President, for us. So what do the reformers say? Well, they say it comes down to us working that hard or the taxpayer working that hard. They say let the taxpayer work that hard and give us the money. We will not have to work so hard, we will not have to spend so much time raising it.

Mr. President, I am willing to take that case to the public. We can achieve the reforms the reformers want. We can get the costs of campaigns down, we can eliminate the special interests, and we can finance these campaigns from small donations from thousands of people, millions of people throughout the country. It would be a good step for democracy if we had 2, 3, 4, 5 million people putting up $20 or $30 or $50 each. They would have an interest in the campaign. But it is a lot of work. Good work. It is worthwhile work. When you ask somebody to give you $20 and they give you the $20, they may want to ask you what you stand for on some issues. They will want to know if you are with them. Given the choice of our working hard versus the taxpayer working hard, I am going to opt on the side of our working hard.

We have $150 to $200 billion deficits. Depending on whom you talk with in the Senate, we are either not funding the Defense Department sufficiently or not funding Medicaid or Medicare or education or the environment sufficiently. They are all short of funds. At least their supporters think so. And we still have $150 or $200 billion deficits. We have plenty of worthwhile areas on which to spend money.

If we adopt S. 2 and include the House—it only includes the Senate now—then we are talking about spending someplace between $300 and $500 million per election of the taxpayers' money thereby freeing candidates from having to go out and work hard to get the money to run their races. It is $300 million we are not going to spend on education or defense or the environment or Medicaid or something else. And, Mr. President, it is not necessary; it is not necessary to spend the taxpayers' money on our campaigns.

It is one thing to tap the taxpayer for money for a critical national need, a need we have to meet, when we cannot get it anyplace else. Then we will have a debate about the need. If there is a need, we will have a debate about whom we should tax to pay for it. I hope we would be willing to tax to pay for it instead of borrowing it. Those are fair debates. They are policy debates about what the purpose of this country should be, what we should spend money on, how we should get the money. But there will be $300 million to $500 million less if we adopt the campaign reform bill that is now on the floor, $300 million to $500 million that could otherwise be raised voluntarily, that could not only be raised voluntarily but would serve this country well if it were raised voluntarily because we would involve 3 million, or 4 million, or 5 million people giving $10 or $20 or $30 in campaigns.

Those people would feel that they had a part in that campaign. They would do more than give money. If they would give $10 or $20, they would come down once a week and make phone calls, address envelopes, help put up lawn signs.

Mr. President, that is good for democracy. No one gets a great sense of participation if, on their income tax, they check a box that says, take some more money out of the Treasury and give it to a campaign. That is not participation.

So, for all of those reasons, I hope S. 2 will be defeated. I hope the Democrats and other reformers would be willing to join with the Senator from Kentucky and myself in eliminating all political action committee contributions, all political action committee contributions to individuals or parties, all bundling by PAC's. And I hope that they would join us in the other steps we have suggested.

But I am frank to say I do not think they will. Because they are pushed down to a choice of who is going to work hard. Given that, they would rather the taxpayer work than that we work.

I yield the floor, Mr. President.

The PRESIDING OFFICER. Who seeks time? The Senator from Kentucky.

Mr. McCONNELL. Mr. President, I commend my friend and colleague from Oregon [Mr. PACKWOOD] for an outstanding speech on this issue. He certainly has summed it up well. The larger question, of course, is just what kind of America do we want to have? Because, ultimately, how we determine the players in the political process has a major impact on what this country is like and how it is governed.

Make no mistake about it, Mr. President, under S. 2, when you put a cap on participation—and that is what a cap on spending is—and when you shift the burden of that spending to the taxpayers in an involuntary sense, you indeed put a restriction on participation. That is what this argument is all about: are we going to encourage participation or are we going to snuff it out?

It is also a question of what kind of contribution is bad. S. 2 presumes that a cash contribution is bad, but an in-kind contribution is OK. It seems to me, Mr. President, that that discriminates against the busy American who is out making a living every day, is involved in the Boy Scouts, in church, and a variety of other activities and may not have time to go door to door and get involved in the process in that way. He wants to have an impact but he wants to have an impact in the way that is consistent with the way he is living. And so he wants to contribute to Senator PACKWOOD or in the case of Senator DOMENICI, as he has pointed out, with over 20,000 contributors in New Mexico alone.

So the fundamental issue is, do we want to encourage people to participate in the process? For most Americans that participation is going to take the form of a contribution, a contribu-

tion of money. There is nothing inappropriate about it. There is nothing wrong with it. The amount of money that is being spent in American politics is not scandalous or obscene as some who support S. 2 have said. We spend really very little on politics compared to almost anything else that we spend money on in our society.

As the debate goes on, Mr. President, let us think about what kind of America do we want. Do we want an America in which people are encouraged to participate, in which candidates are encouraged to go out and get just as much support as they can? We should not tell candidates there is a cap on how much support they can get. There should not be any limit on that whatsoever. We ought to be able to go out and get as much support as possible from a broad array of people. And with the post-Watergate reform legislation there is a limit on what people can contribute. It is fully disclosable and so any candidate who raises a large amount of money obviously is going to get it from a whole lot of people unless he happens to be a millionaire. All of us in this body I think would like to solve the millionaire loophole problem, but it is a constitutional problem. If we can figure out a way to solve that, let us do that.

But in terms of participation beyond that loophole, we ought to be encouraging people to be a part of the process, to get involved, to make a contribution, and we ought to encourage our candidates to work hard, as Senator PACKWOOD has said. It is better the candidate work hard than the taxpayer in an involuntary fashion have to give up his tax dollars for this purpose.

So the discussion continues, Mr. President. It is a most important issue, an issue that I think the Senate wisely spends its time upon. We look forward to continuing the discussion. I yield the floor.

Mr. REID. Mr. President, there has been a lot of talk in these last few days about a compromise, which is I think, in keeping with the Senate's history, because as we all know legislation is the art of compromise. We do our best when acting in a bipartisan fashion.

We all recognize in this instance there is a problem with the way campaigns are financed and funded, and I think it is important that we as a body work together to solve this problem. I think it is important, Mr. President, to recognize, however, that compromise does not mean ignoring problems or surrendering principles. On certain issues we must resolve existing problems and not just paper them over. There is no better example of the need to do that than when we talk about financing campaigns in the United States today.

A short time ago, I heard my friend, the Senator from Oregon, talking about a problem that we all recognize, the problem of bundling. I would like to talk about a personal example of bundling and try to relate how it is not just something that we talk about but really exists.

My predecessor, Paul Laxalt, announced last August that he was not going to run for reelection. I decided a few days later that I would be a candidate for the U.S. Senate to replace Paul Laxalt. From August until March, I basically was the only candidate in the race. I organized, I worked hard, I spent a considerable amount of time raising money so that I could be competitive in the Senate race in Nevada. So, when I learned I was going to have an opponent, based on the experience I had, I knew that it was very, very difficult to raise money. It is hard and it takes a lot of time.

So, I felt that I would have an advantage over the person who was going to be running against me because I had had an advance of 6 or 7 months over him. I was starting ahead of him, and I recognized that even though he may have more access to money than I, it would still take a lot of time to raise money according to the rules and the law as I understood them.

Interestingly enough, Mr. President, something that had taken me 7 months to do he did in 1 day. How did he do it? Through bundling. The exact figures are with the Federal Election Commission, but I had raised by that time approximately $500,000. It was done by my opponent in essentially just 1 day, because the Republican National Committee, through conduiting, was able to take money and direct it to my opponent.

Now, the law is that in a Senate race in Nevada, the Senatorial Campaign Committee can give approximately $100,000. That was exceeded many, many times over in a very short period of time. So, although I had worked very hard for 7 months to keep ahead of the opposition, they caught up with me in 1 day and thereafter I was always behind.

Mr. President, we have to do something about bundling. The practice is an invitation to abuse the process. It is an invitation to avoid the rules and the law. I talked last week, Mr. President, about what bundling really is. I have given an example here today but basically where the perversion of the concept occurs is when solicitations are made to send in money, for example, to the Republican Senatorial Campaign Committee. Somebody writes out a check to the Republican Senatorial Campaign Committee. It comes in to the committee, and they redirect the money to a candidate.

The New York Times went out and interviewed people and said, "Did you really give money to candidate X?" They said, "I don't know who you are talking about. I gave money to the Senatorial Campaign Committee." It is illegal, it is unfair, and the person who does it does not play by the rules.

During the campaign, as I indicated, not only in my race but many senatorial races around the country, there was irrefutable evidence that massive amounts of money were improperly infused into various people's campaigns. Mine is only one example.

I raise this example, Mr. President, not to rehash the past but to present a problem that is going to exist in the future as it exists today unless we do something about it.

Let us remove the temptation by forbidding conduiting.

Another evil, another problem that exists is something called party passthroughs. Party passthroughs allow an organization to give money to a party, and they pass that money through to a candidate. The way it is often done is wrong and, in the minds of most, illegal.

Let me give another personal example. In my State of Nevada, a State of 72 million acres, wide-open spaces, one of the effective campaign methods are signs that say, "Vote for me."

I was very concerned when suddenly I woke up one morning and my opponent's signs were spread all over the State of Nevada—not 50 or 100 but, thousands and thousands of signs, all over the State.

I thought to myself, that is a lot of money to spend on signs. It took a little while before I realized that if you look at the fine print of these huge signs, you found that they were paid for by the State Republican Party.

This is a passthrough we are talking about. Thousands and thousands of dollars were spent on my opponent's campaign through this improper, wrong, unfair, and, in the minds of most, as I have said, illegal method.

Negative radio ads and mailings paid for by the State and county parties in the State of Nevada, were run against me. This far exceeded the $100,000 limit I talked about before which was permissible under the Republican Senatorial Campaign Committee or the Democratic Senatorial Campaign Committee. Signs all over the State, negative radio ads, newspaper ads, mailings, and I do not know what else, were paid for by the State party. We were only able to find out these matters because they printed a little disclosure on the signs, and of course there was a disclaimer in the mailings, on the radio ads, and in the newspapers.

We do not know how many people had their wages paid. We do not know how many workers were paid directly

or indirectly through the county and State parties.

I think we have to address this in the legislation that is now before the Senate.

There are real examples, not things which are figments of someone's imagination or speculation about what might happen in the future. These are wrongs which have occurred. It happened in every Senate race that was competitive in the century. It happened in the State of Nevada.

We had bundling, conduiting, and party passthroughs. It is wrong, and it should be stopped, and that is what this legislation is about: to try to make level the ball field upon which we all have to run.

Mr. President, while we look at compromise, I would like the opportunity to ask some questions about the McConnell-Packwood bill in the hope that sometime during this debate, there will be some answers to these questions.

Those on the other side of the aisle said that their proposal would outlaw PAC contributions to candidates. That may be true; but I suspect that the Federal Trade Commission, if the Federal Trade Commission had jurisdiction, would raise some questions about truth in advertising.

We all know what a PAC is. It collects money from like-minded people or people with the same special interest and delivers the money to a candidate.

First, would anything in their bill prohibit that practice? I know the answer, but let us hear the answer from the other side. Current law prevents these organized special interests from contributing more than $5,000 to a candidate for each election. Would anything in their bill prevent these special interests from making unlimited contributions? I'd like an answer.

They claim, on the other side of the aisle, to have put limits on PAC's. Would anything in their proposal limit PAC contributions to a national party, a congressional campaign committee, a State or local party, as we have talked about during the day, an independent expenditure campaign, which has been discussed numerous times in this body in the past week?

Senator after Senator has come to this floor in the past week or 10 days and decried the amount of money we spend and the distortion of the role that results from having to raise the money in large amounts. Would anything in their proposal guarantee that the amounts of money spent to influence elections would be reduced?

Another question: Would anything in their proposal reduce the amount of money which, if it could not go directly to a candidate, could just pop up elsewhere? I have given examples of that earlier today.

Next question: Am I not correct that the PAC money that they claim they want to ban or limit could, under their proposal, go in unlimited amounts to parties or to campaign committees or for so-called soft expenditures, corporate expenditures?

Let us talk about soft money or corporate money. They have said that they want to do something about soft money, so please help. As I read their proposal, the other party would open a huge, new loophole by allowing unlimited soft money contributions for the administrative costs of party committees. It does not take much to realize the abuse that would take place if this loophole were allowed.

Does that mean, Mr. President, that their proposal would allow corporations and labor unions to foot the entire bill for operating a national, State, or local party committee? I understand the law to be that these contributions have been illegal since 1908, almost 80 years. So, why would they want to change the law that citizens, not giant corporations or labor unions, ought to control a political party?

When I started my statement, Mr. President, I talked about compromise, because I have no doubt that in order for us to achieve in this instance—that is, achieve something that relates to campaign reform—there will have to be a compromise. The history of this Government, the history of this body, the U.S. Senate, is a history of compromise. As I indicated, legislation is the art of compromise.

We would not have a transcontinental railroad but for a classic compromise. We would not have our great National Park System but for a compromise that was reached in this body. We would not have our Interstate Highway System but for compromise. We would not have the Grand Coulee Dam but for compromise. We would not have the Bureau of Reclamation, which has done much in this country, but for compromise. We would not have the Federal Bureau of Investigation, but for compromise. We would not have the Peace Corps but for compromise. I think if there were ever an instance where compromise is needed, it is in the area of campaign reform.

Mr. President, I speak as someone who has been through a tough campaign, just a few months ago. I think we have to make a playing field that is level for everyone. We have to make this system of Government, which we love so much, a system of fairness.

When I talk about compromise, we need only look back at the time 200 years ago, in Philadelphia, when our Founding Fathers were meeting in the hot Philadelphia summer, to try to do something to save these thirteen Colonies. How did they do it? They did it through compromise. These men were able to get together and work out compromises on many different issues: the size of the Senate, the length of the term of the Members of the House of Representatives—that there would be three separate but equal branches of government. That was a compromise it took a long time to achieve. The Constitution itself, that document that we refer to on a daily basis in this body, was arrived at on the basis of compromise.

So there is nothing wrong with talking compromise. It is needed. It is needed on the most glaring deficiency we now have in our system, that is, campaign financing.

Edmund Burke said that "All government—indeed, every human benefit and enjoyment, every virtue and every prudent act—is founded on compromise."

Samuel Eliot Morison said: "Franklin may be considered one of the Founding Fathers of American democracy, since no democratic government can last long without conciliation and compromise."

It is absolutely necessary that we are talking about working something out. It needs to be done.

Mr. President, I would like to end this statement by saying to my friends on the other side of the aisle, let us reason together, and let us meet somewhere around the halfway mark. Let us compromise. It will be in the best interest of America and own duty will be fulfilled if we do what is right in this instance and reform the way campaigns are financed in this country.

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

The PRESIDING OFFICER. The Senator from Colorado.

Mr. WIRTH. Thank you, Mr. President.

I start my remarks this afternoon by commending the Senator from Nevada on the substantive points that he made on some of the current abuses in the way in which campaigns are run and financed.

The Senator from Nevada and I both came out of very difficult, very expensive, and very trying campaigns, some of which we are proud of and some of which we are not.

Also, I commend the Senator from Nevada on his final statement on the need for us to bring together all of the parties here who are concerned about getting reform in our campaign finance system and arrive at a compromise.

I could not agree with him more, and I hope that the various parties involved most specifically day to day in this are going to be able to come together.

I also commend the Senator from Oregon [Mr. PACKWOOD] on much of his earlier statement this afternoon. Senator PACKWOOD spoke very eloquently on two broad themes that have been of concern to many of us.

One of those was the fact that this institution in American politics is becoming beholden to a few interests. The Senator is correct in his analysis that that is one of the major thrusts of our concern about reforming campaigns. He is also correct in his analysis of another broad concern that campaigns cost too much.

I do not think there are very many people who have been through elections recently, either on the giving, working, or campaigning side, who would not agree that campaigns do cost too much.

Unfortunately, the Senator's analysis said that one of the key areas that was really at the root of this legislation was who was willing to work hard in campaigns and who was not willing to work hard. Unfortunately, after giving a very good analysis of the issues the discussion then tailed off into a kind of trivialization of the issue by saying who is willing to work hard and who is not willing to work hard. If those who are not willing to work hard want the public to finance campaigns, that truly is trivializing what is an important issue for us all.

I would hope that the debate would stay above that level and maintain itself into the level of the real issues involved.

Others involved issues which have been raised over and over again in the last week, what are we going to do about the purchase of elections by a few wealthy individuals? We have apparently a constitutional constraint on limiting expenditures of those who want to spend money on their own campaigns.

What we do have to do is get to a point where this institution and other political institutions do not become the purview just of the wealthy. If we allow us only to have people who have a lot of money to spend money on campaigns, we are going to limit the capacity of this country to maintain its truly democratic nature.

A second area that was not discussed in the debate earlier today was independent expenditures, a major, major abuse of outside groups coming in and running this extraordinary barrage of negative campaigning.

A third area that we have to figure out what we are going to do about touched on by the Senator from Nevada in his good remarks is the soft money issue which also has to be addressed so that you do not get a few corporations or unions, or whatever, being able to come in and spend a great deal of money unaccounted for or accounted for and fuel the political process that way.

But the room is there for compromise.

We hear the Senator from Oregon, very carefully and thoroughly and I thought well, talking about the abuse by special interest, talking about campaigns costing too much. That is correct. The Senator from Nevada was talking about soft money; the Senator from Kentucky was talking about the purchasing of elections by wealthy individuals.

I have expressed concerns on a number of occasions about independent expenditures. The concerns are all there. Let us bring people together and come up with a piece of legislation that we can all get behind and be proud of as we reform the political process.

Mr. SANFORD. Mr. President, I would like to make a few remarks about S. 2, the Campaign Reform Act.

I think the reason that we are concerned with election campaign contribution reform is simply because we have been spending too much money.

We have been spending so much money that it has reached the point of a national embarrassment. We have been spending so much money that it is almost obscene.

Surely, there is a far better way that we can spend our money—through charities or for almost any other worthwhile purpose—rather than spending millions and millions of dollars for campaigns.

It makes the political system so very costly; it keeps a great many people from running; and worse than all of that, it discredits our political system.

The people get the feeling that you have to have money to be in politics. They get the feeling that money talks. In fact, money does talk.

So, in this free society, how do we go about regulating ourselves to bring campaign spending back into some rational framework?

I know, in North Carolina in the 1984 Senate election, it is reported that some $25 million was spent. There is no way to justify that kind of spending. There is no way to see it as anything but a potential danger, as it tends to undermine the confidence that people have in their self-government. That is why we need and why we are talking about campaign contribution reform—because we think that things have gotten out of hand. That is why I am interested in finding a way to restore reason and confidence to our system of elections.

In our campaign reform efforts, we run up against the Constitution of the United States. Hardly, one could argue, did the Founding Fathers anticipate that free speech and money would be so intertwined that when we protect free speech we also protect the right to let money speak. Money speaks so much louder than individuals; therein lies our problem.

Because the interpretation is that spending money on a campaign is protected as the right of freedom of expression, there is not any way, as it now stands to force limitations of so-called independent expenditures. If, indeed, we could limit expenditures to x times the salary of the office, or x times the number of people voting or some other formula, that would be a neat way to do it. That would be an adequate way to do it. But we cannot do it that way because the Constitution prohibits it.

I do not quarrel with that interpretation. I think it is a bit strained, but it is, nonetheless the interpretation; it is the law. So the only way that we can limit campaign expenditures is to do it on a voluntary basis. And the only way we can do it on a voluntary basis, as I understand the law, is to provide public financing. In exchange for public financing, the candidate volunteers to limit expenditures.

Now, if I am right in my assumption, and maybe I am not, that we all think there should be some reasonable ceiling on campaign spending, then it follows that this is the way to go.

If indeed we are talking about something else, if that is not the purpose of this debate, then we are going to be at loggerheads here continually. For, one group of Senators feels that expenditures should be limited and, if another group feels that campaign expenditures should not be limited, that is a difference that cannot be reconciled by the approach we are taking in this bill. I had been under the impression, until I listened to the last few days of debate in this Chamber, that we all wanted to limit expenditures but we wanted to find the best way to do it, and that the best way to do it was probably not with public expenditures. I think now that maybe I misunderstood. I think maybe a great many Senators do not want any limitation on campaign expenditures.

That is all right—that is, it is all right for them to have that opinion. I do not happen to agree. I said in the beginning that I think runaway campaign spending affects the credibility of our entire system. I think it is almost immoral to spend $10 million, $15 million, or $20 million to seek a seat in the U.S. Senate. So we have come with an approach that says we will provide some public money if those accepting that money will agree to hold down total expenditures. That is the crux of it.

How do we provide that money? We provide it in several ways. First, we require that, in order to qualify for public financing, you have to work extremely hard to get a great many people in your own home State to give contributions of no more than $250. By the time you get that many contributions, you have done a good job of campaign fundraising. It is a tough job to raise money like that, so you do get a great many people participating at the entry point of the campaign.

Then you limit overall spending absolute ceiling, which is determined by

a factor multiplied by the voting age population. I think perhaps we have taken a figure that is yet too high; nevertheless, we have established a figure; 30 cents, for each voting age citizens of that State.

That is a fair determination. It might be better if it were lower. But it does give each side about the same amount of money, a limited amount of money at that.

It seems to me that the biggest criticism has been that somehow, we do not want to spend public money for this kind of endeavor; that if we spend public money, we will be diverting it from so many other important things. I agree; there are a great many priorities in the Nation that are not being met in our budget.

But I would argue and have argued that this is not really public expenditure. We call it that, and, on the face of it, it appears to be that, but it is not. This is no more public financing than a contribution to the United Fund or a contribution to the museum or a contribution to any tax-exempt organization. It is a contribution that an individual has decided to make.

I know there are economists and there are certainly plenty of people in the budget office who contend that all of the money belongs to the Government and whatever you give away is public expenditure. They actually list it that way. If there is a tax deduction for contributions to the Boy Scouts, it is listed here in the budget office and in the Treasury as a public expenditure because the Treasury did not get it; the citizens who earned it gave it away before the Government could tax it.

Tax deductibility is a concept of charitable giving that I believe has had a great deal to do with the soundness of American society. Under the pluralistic concept, people can support all kinds of organizations. It gets us away from Government doing everything. It is a very solid part of the American foundation, that, if you earn money, you can give a certain part of it away and you do not have to pay taxes on it. I do not find anything wrong with that principle. I think we ought to nourish it. The last tax bill altered it somewhat, but we still have the concept. It is not the Government's money that the donor is giving away. It is the donor's money that he or she earned and is giving away before it becomes taxable income. I find no fault with that, in spite of this theory that anytime you give away money, you are giving away the Government's money because you take a tax deduction; the Government would get part of it if you have not given it to a charity.

I do not go along with that philosophy because I have seen too many benefits from the pluralistic approach to charitable giving that we have always had in this country. I do not subscribe to this philosophy, I suppose, because I was president of a private university for 16 years, and I needed people to support that institution. I think that institution and institutions like it deserve support from taxpayers, and I never thought that we were taking money away from the Federal Treasury when we got a contribution for Duke University. I could say the same for the Boy Scouts, the Salvation Army, or any other charitable institution.

That brings us to this charge that is constantly made that we are giving away the taxpayers' money, that the taxpayers will be paying for senatorial campaigns if this bill is passed. That is not, in my opinion, an accurate statement of the facts. This is just another way of making a charitable contribution, a contribution to a tax-exempt organization, you might say.

The Senate campaign fund, the kitty into which the money goes, could very well be set up as a separate organization, into which you could contribute up to $4 or up to whatever Congress says. You could contribute to this fund and you could take a deduction for this contribution on your income tax form, and there you are; you have made another contribution to another organization that is a part of our pluralistic concept. It so happens that it is far simpler to let the Treasury act as the conduit for that kind of free-will contribution. So I contend that this is not a public expenditure, this is simply a way that an individual can voluntarily say, "I want to contribute to a fund that helps clean up politics, helps restore the credibility of our election process. I want to make that kind of contribution."

It is an individual decision. I can make it and say that it goes to the Democrats or I can make it and say that it goes to the Republicans, but I am making a decision to make one more contribution of the various contributions that an individual will make during a tax year.

So, there it is. It is a voluntary contribution. If the money comes in, it is divided up. If not enough comes in, then it is divided up pro rata. No more tax money is poured in here. It is the money that people have decided voluntarily that they want to go for this purpose that they consider worthwhile. So charitable contribution it may be; contribution to an independent agency, organization, and purpose it may be; but I do not think by any stretch of the imagination that is a tax expenditure. It is a voluntary contribution.

Now, we have several ways to go. We have various paths to get there. We have several ways of drawing up the allocation. I am not satisfied with all of them. I am not satisfied, really, with the overall limitations. I am not at all satisfied with the fact that, even with this bill, we cannot quite get hold of the independent expenditures and the thought that any individual can come in and say, "I am going to be campaigning against candidate A. I do not have anything to do with candidate B."

Well, I may be spending several million dollars to elect candidate B, but in our interpretation of the Constitution, there is nothing much we can do about it.

We attempt in this bill to do something about it. I wish we could deal directly with it. I wish we could outlaw it, but we cannot without a constitutional amendment. I wish we could limit it, but we cannot. I wish we could at least make it accountable, but we cannot. But in any event, whether we handle that fully or not, we get at it a little bit. And that goes for almost all of this bill. It is not going to be perfect. It is not going to be entirely satisfactory. But something needs to be done. Our current campaign spending is a national disgrace, in my opinion. This is about the best shot that we have to reform it. I certainly hope that we will not let this session go by without passing the kind of campaign contribution reform that will restore some of the credibility that we have been losing.

Mr. President, I yield.

Mr. McCONNELL. Will the Senator from North Carolina respond to a question?

Mr. SANFORD. Yes.

Mr. McCONNELL. I listened with interest to the observations by my friend from North Carolina about desirability of limiting campaign spending. As my friend knows, there are really two kinds of spending and two kinds of giving. There is the cash contribution which S. 2 seeks to limit, and then there is soft money.

Mr. SANFORD. There is what?

Mr. McCONNELL. Soft money. Those expenditures by corporations, labor unions, and others. I was wondering if my friend could tell me how S. 2 deals with the issue of soft money as opposed to cash money?

Mr. SANFORD. I do not believe that S. 2 deals with soft money, does it?

Mr. McCONNELL. My friend is correct, except for the disclosure in a limited sort of way.

Mr. SANFORD. I would have no problem with legislation dealing with soft money. I think soft money for certain purposes, educational purposes, properly limited, properly defined, can be worthwhile. But that, too, is something that has been subject to abuse. I do not fault S. 2 for not dealing with soft money, but I think we should.

Mr. McCONNELL. As my friend from North Carolina knows, there is no constitutional problem with doing something about not only disclosure of

soft money expenditures but also it could even be limited so a cash contribution could be treated just like a soft money contribution.

We have been talking in the Chamber for the last week about possible areas of compromise, and I am wondering if my friend would not agree that that is an area we possibly ought to address better than we have?

Mr. SANFORD. I will support S. 2 if the Senator will support S. 2, and I will support limiting soft money if the Senator wants to do that. I think we need S. 2. I think we do need some definition of soft money. Of course, soft money, if I understand the definition of the term as the Senator is using it, does not actually go into a specific campaign, although of course it goes for the benefit of that campaign.

Mr. McCONNELL. Much like the independent expenditure.

Mr. SANFORD. Except we can do something about soft money, and we cannot do something about independent expenditures. I have no problem with that.

Mr. McCONNELL. Precisely. The independent expenditure is constitutionally protected. The soft money expenditure is not constitutionally protected and has been a gaping loophole in the post-Watergate legislation that many have talked about. It seems to the Senator from Kentucky that it might be appropriate not only to have full disclosure of soft money, not just by political parties, as S. 2 would do, but by labor unions, corporations, and others, as well as even considering a limitation.

The other area I wanted to touch on just briefly with the Senator from North Carolina was his suggestion that the public money being allocated under S. 2 was somehow voluntary. It is true, of course, that the checkoff is voluntary. But is it not true that the money is diverted from another Government program? It is not an add-on to the tax bill of the taxpayer; it is a decision to divert, is it not, the $1 from another Government program into this pool?

Mr. SANFORD. I take it that if the taxpayer has checked it off for a specific purpose as authorized under the law, it could not be used for another purpose.

Mr. McCONNELL. It is the understanding of the Senator from Kentucky, under the checkoff he simply diverts, he does not add $1 to this tax bill. He simply says to the Government, divert that $1 away from another Government program over into the campaign fund. Is that not correct?

Mr. SANFORD. Well, you see, some several years ago a professor of economics at Harvard University, of all places, came up with this theory that all the money belonged to the Government, all the money anybody earned belonged to the Government, and any time you diverted any of that by giving it to Duke University, you were diverting money from the Treasury to give to a private institution. You can believe that I have never followed that philosophy. I think it is the same philosophy here. It assumes that that $1 runs through the Treasury, but if we had a pot here in front of the taxpayers' booth, we could put the $1 right in there and it would be the same as if it were just a tax credit.

So I get the difference, but I think the point is that this is a tax deductible item, just as our $50 tax credit, which we have now removed from the books, which permitted an individual to give $100 to campaigns and take a partial tax credit. It is the same thing in my opinion.

Mr. McCONNELL. In conclusion, I would say the way it works under the Chiles budget, which the Senate has passed, there is roughly $100 million set aside for this purpose, and where that money would come from presumably would be the decision by the taxpayer to divert $1 from his payment into the Government over to this fund and consequently it comes from another Government purpose that would otherwise have been funded.

Mr. SANFORD. I would not think so. It would seem to me that we set the $100 million off simply as a bookkeeping device not knowing how much was coming in, and if indeed less came in, this is not an appropriation so what in effect the Chiles budget has done is anticipated—and surely OMB has anticipated—the checkoff in projecting the revenues.

AMENDMENT NO. 305

(Purpose: To provide for matching payments.)

Mr. BYRD. Mr. President, on behalf of Mr. BOREN 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 West Virginia (Mr. BYRD), for himself and Mr. BOREN, proposes an amendment numbered 305.

Mr. BYRD. 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 reads as follows:

In lieu of the matter proposed to be inserted, insert the following:

That this Act may be cited as the "Senatorial Election Campaign Act of 1987".

SEC. 2. The Federal Election Campaign Act of 1971 is amended by adding at the end the following new title:

"TITLE V—SPENDING LIMITS AND PUBLIC MATCHING PAYMENTS FOR SENATE ELECTION CAMPAIGNS

"DEFINITIONS

"SEC. 501. For purposes of this title—

"(1) unless otherwise provided in this title the definitions set forth in section 301 of this Act apply to this title;

"(2) the term 'authorized committee' means, with respect to any candidate for election to the office of United States Senator, any political committee which is authorized in writing by such candidate to accept contributions or make expenditures on behalf of such candidate to further the election of such candidate;

"(3) the term 'candidate' means an individual who is seeking nomination for election, or election to the office of United States Senator and such individual shall be deemed to seek nomination for election, or election, if such individual meets the requirements of subparagraph (A) or (B) of section 301(2);

"(4) the term 'contribution' includes a payment described in section 301(8)(B)(x), made by a State or local committee of a political party, if—

"(A) the sum of the amount of such payment and the total amount of all previous such payments by such committee during the same election cycle exceeds the amount determined by multiplying one cent times the voting age population of the State in which the election is held; or

"(B) if any portion of such payment is used—

"(i) for the purpose of purchasing, leasing, or otherwise procuring, or procuring the use of, any telephone, computer, computer program, or mass mailing equipment; or

"(ii) for any purpose other than the purchase of materials described in section 301(8)(B)(x) which are to be used by individuals in the performance of services described in section 301(8)(B)(i) or are to be distributed by individuals providing such services;

"(5) the term 'election cycle' means—

"(A) in the case of a candidate or the authorized committee of a candidate, the term beginning on the day after the date of the last previous general election for such office or seat which such candidate seeks and ending on the date of the next election; or

"(B) for all other persons, such term shall begin on the first day following the date of the last general election and ending on the date of the next election;

"(6) the term 'eligible candidate' means a candidate who is eligible under section 502 to receive payments under this title;

"(7) the term 'expenditure' includes a payment described in section 301(9)(B)(viii), by a State or local committee of a political party if—

"(A) the sum of the amount of such payment and the total amount of all previous such payments by such committee during the same election cycle exceeds the amount determined by multiplying one cent times the voting age population of the State in which the election is held; or

"(B) if any portion of such payment is used—

"(i) for the purpose of purchasing, leasing, or otherwise procuring, or procuring the use of, any telephone, computer, computer program, or mass mailing equipment; or

"(ii) for any purpose other than the purchase of materials described in section 301(9)(B)(viii) which are to be used by individuals in the performance of services described in section 301(8)(B)(i) or are to be distributed by individuals providing such services;

"(8) the term 'general election' means any election which will directly result in the election of a person to the office of United

States Senator, but does not include an open primary election;

"(9) the term 'general election period' means the period beginning on the day after the date on which the candidate qualifies for the general election ballot under the law of the State involved and ending on the date of such election or the date on which the candidate withdraws from the campaign or otherwise ceases actively to seek election, whichever occurs first;

"(10) the term 'immediate family' means a candidate's spouse, and any child, stepchild, parent, grandparent, brother, half-brother, sister or half-sister, of the candidate and the spouse of any such person and any child, stepchild, parent, grandparent, brother, half-brother, sister or half-sister of the candidate's spouse and the spouse of any such person.

"(11) the term 'major party' means 'major party' as defined in section 9002(6) of the Internal Revenue Code of 1986, the Presidential Election Campaign Fund Act, provided that a candidate in a general election held by a State to elect a Senator subsequent to an open primary in which all the candidates for the office participated and which resulted in the candidate and at least one other candidate qualifying for the ballot in the general election, shall be treated as a candidate of a major party for purposes of this title;

"(12) the term 'primary election' means any election which may result in the selection of a candidate for the ballot of the general election;

"(13) the term 'primary election period' means the period beginning on the day following the date of the last Senate election for the same Senate office and ending on the date of the first primary election for such office following such last Senate election for such office or the date on which the candidate withdraws from the election or otherwise ceases actively to seek election, whichever occurs first;

"(14) the term 'runoff election' means the election held after a primary election, and prescribed by applicable State law as the means for deciding which candidate(s) should be certified as nominee(s) for the Federal office sought;

"(15) the term 'runoff election period' means the period beginning on the day following the date of the last primary election for such office and ending on the date of the runoff election for such office;

"(16) the term 'Senate Fund' means the Senate Election Campaign Fund maintained by the Secretary of the Treasury in the Presidential Campaign Fund established by section 9006(a) of the Internal Revenue Code of 1986; and

"(17) the term 'voting age population' means the resident population, 18 years of age or older, as certified pursuant to section 315(e).

"ELIGIBILITY TO RECEIVE PAYMENTS

"SEC. 502. (a) To be eligible to receive payments under this title a candidate shall, within 7 days after qualifying for the general election ballot under the law of the State involved or, if such candidate is a candidate in a State which has a primary election to qualify for such ballot after September 1, within 7 days after the date such candidate wins in such primary, as determined by the Commission—

"(1) certify to the Commission under penalty of perjury that during the period beginning on January 1 of the calendar year preceding the year of the general election involved, or in the case of a special election for the office of United States Senator, during the period beginning on the day on which the vacancy occurs in that office, and ending on the date of such certification, such candidate and the authorized committees of such candidate have received contributions in an amount at least equal to 10 cents multiplied by the voting age population of such State or at least equal to $150,000, whichever is greater, up to an amount that is not more than $650,000;

"(2) certify to the Commission under penalty of perjury that all contributions received for purposes of paragraph (1) have come from individuals and that no contribution from such individual, when added to all contributions to or for the benefit of such candidate by such individual, was taken into account to the extent such amount exceeds $250;

"(3) certify to the Commission under penalty of perjury that such candidate and the authorized committees of such candidate have not expended and will not expend, for the primary election, more than the amount equal to 67 percent of the general election spending limit applicable to such candidate pursuant to section 503(b) or more than $2,750,000, whichever amount is less, unless such amount is increased pursuant to section 503(g);

"(4) certify to the Commission under penalty of perjury that such candidate has not expended and will not expend for runoff elections, if any, more than 20 percent of the maximum amount of the limitation applicable to such candidate as determined under section 503(b), unless such amount is increased pursuant to section 503(g);

"(5) certify to the Commission under penalty of perjury that 75 per centum of the aggregate amount of contributions received for purposes of paragraph (1) have come from individuals residing in such candidate's State;

"(6) certify to the Commission under penalty of perjury that at least one other candidate has qualified for the same general election ballot under the law of the State involved;

"(7) agree in writing that such candidate and the candidate's authorized committees—

"(A) have not made and will not make expenditures which exceed the limitations established in section 503, except as otherwise provided in this title;

"(B) will not accept any contributions in violation of section 315;

"(C) will not accept any contribution for the general election involved in excess of the limitation on expenditures established in section 503(b);

"(D) will deposit all payments received under this section at a national or State bank in a separate checking account which shall contain only funds so received, and will make no expenditures of funds received under this section except by checks drawn on such account;

"(E) will furnish campaign records, evidence of contributions and other appropriate information to the Commission;

"(F) will cooperate in the case of any audit and examination by the Commission under section 507; and

"(G) will not use any broadcast station, as such term is used in section 315 of the Communications Act of 1934, for the television broadcasting of a political announcement or advertisement during which reference is made to an opponent of such candidate unless such reference is made by such candidate personally and such candidate is identified or identifiable during at least 50 percent of the time of such announcement or advertisement, if such opponent has agreed to the requirements of this title or has received funds pursuant to the provisions of this title; and

"(8) apply to the Commission for payments as provided for in section 504.

"(b) For the purposes of subsection (a)(1) and paragraph (2) of section 504(a), in determining the amount of contributions received by a candidate and the candidate's authorized committees—

"(1) no contribution other than a gift of money made by a written instrument which identifies the person making the contribution shall be taken into account;

"(2) no contribution made through an intermediary or conduit referred to in section 315(a)(8) shall be taken into account;

"(3) no contribution received from any person other than an individual shall be taken into account, and no contribution received from an individual shall be taken into account to the extent such contribution exceeds $250 when added to the total amount of all other contributions made by such individual to or for the benefit of such candidate beginning on the applicable date specified in paragraph (4) of this subsection; and

"(4) no contribution received prior to January 1 of the calendar year preceding the year in which the general election involved or received after the date on which the general election involved is held shall be taken into account, and in the case of a special election for the office of United States Senator no contribution received prior to the date on which the vacancy occurs in that office or received after the date on which the general election involved is held shall be taken into account.

"(c) The threshold amounts in subsection (a)(1) shall be increased at the beginning of each calendar year based on the increase in the price index as determined under section 315(c), except that for purposes of determining such increase, the term 'base period', as used in such section shall mean the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987.

"LIMITATIONS ON EXPENDITURES

"SEC. 503. (a) No candidate who receives a payment for use in a general election under this title shall make expenditures from the personal funds of such candidate, or the funds of any member of the immediate family of such candidate, aggregating in excess of $20,000, during the election cycle.

"(b) Except as otherwise provided in this Act, no candidate who receives matching payments for use in a general election under this title shall make expenditures for such general election which in the aggregate exceed $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that the amount of the limitation under this subsection, in the case of any candidate, shall not be less than $950,000, nor more than $5,500,000.

"(c) The limitations on expenditures in subsections (b), (d), and (e) shall be subject to the provisions of subsections (b) and (c) of section 504.

"(d) No candidate who is otherwise eligible to receive payments for a general elec-

tion under this title may receive any such payments if such candidate spends, for the primary election, more than the amount equal to 67 percent of the limitation on expenditures for the general election determined under subsection (b), or more than $2,750,000, whichever amount is less, except as provided in subsection (g).

"(e) No candidate who is otherwise eligible to receive payments for a general election under this title may receive any such payments if such candidate spends for a runoff election, if any, more than an amount which in the aggregate exceeds 20 percent of the maximum amount of the limitation applicable to such candidate as determined under subsection (b), except as provided in subsection (g).

"(f)(1) For purposes of this section, the amounts set forth in subsections (b), (d), and (e) of this section shall be increased at the beginning of each calendar year based on the increase in the price index as determined under section 315(c), except that for purposes of determining such increase the term 'base period', as used in section 315(c), means the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987.

"(2) Notwithstanding the provisions of subsection (b), in any State with no more than one transmitter for a commercial Very High Frequency (VHF) television station licensed to operate in that State, no candidate in such State who receives a payment for use in a general election under this title shall make expenditures for such general election which in the aggregate exceed the higher of—

"(A) $950,000; or

"(B) $400,000 plus 45 cents multiplied by the voting age population up to a population of 4 million, plus 40 cents multiplied by the voting age population over 4 million, up to an amount not exceeding $5,500,000.

"(3) The limitation set forth in subsection (b) shall not apply to expenditures by a candidate or a candidate's authorized committees from a compliance fund established to defray the costs of legal and accounting services provided solely to insure compliance with this Act; provided however that—

"(A) the Fund contains only contributions (including contributions received from individuals which, when added to all other contributions and matching payments, exceed the limitations on expenditures) received in accordance with the limitations, prohibitions, and reporting requirements of this Act;

"(B) the aggregate total of contributions to, and expenditures from, the Fund will not exceed 10 percent of the limitation on expenditures for the general election determined under subsection (b); and

"(C) no transfers may be made from the Fund to any other accounts of the candidate's authorized committees, except that the Fund may receive transfers from such other accounts at any time.

In the event that, subsequent to any general election, a candidate determines that the costs of necessary and continuing legal and accounting services require contributions to and expenditures from the Fund in excess of the limitations of this paragraph, the candidate may petition the Commission for a waiver of such limitations up to any additional amounts as the Commission may authorize in connection with such waiver. Any waiver, or denial of a waiver, by the Commission under this paragraph shall be subject to judicial review under section 508. Any funds left when the candidate terminates or dissolves the fund, shall be—

"(i) contributed to the United States Treasury to reduce the budget deficit, or

"(ii) transferred to a fund of a subsequent campaign of that candidate.

"(g) If, during the two-year election cycle preceding the candidate's election, independent expenditures by any person or persons aggregating an amount in excess of $10,000 are made in opposition to a candidate or for the opponent of such candidate, the limitations provided in subsection (d) and subsection (e), as they apply to such candidate, shall be increased in an amount equal to the amount of such expenditures.

"(h) If the provisions of section 506(c) apply and such candidate does not receive his full entitlement to matching payments, such candidate may accept aggregate contributions in an amount which, when added to the aggregate expenditures made by such candidate do not exceed the limitation on expenditures applicable to such candidate pursuant to section 503.

"ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS

"SEC. 504. (a) Except as otherwise provided in section 506(c)—

"(1) eligible candidates shall be entitled to matching payments under section 506 in an amount equal to the amount of each contribution received by such candidate and such candidate's authorized committees, provided that in determining the amount of each such contribution—

"(A) the provisions of section 502(b) shall apply; and

"(B) the contributions required by section 502(a)(1) shall not be eligible for matching payments under this title; and

the total amount of payments to which a candidate is entitled under this paragraph shall not exceed 50 percent of the amount equal to the difference between the amount of the limitation for such candidate determined under section 503(b) and the amount required to be raised by such candidate to establish eligibility under section 502(a)(1);

"(2)(A) an eligible candidate who is a candidate of a major party shall be entitled to a payment under section 506 in an amount equal to the amount of the limitation determined under section 503(b) with regard to such candidate, if any candidate in the same general election not eligible to receive funds under this title either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election;

"(B) an eligible candidate who is not a candidate of a major party shall be entitled to matching payments under section 506, equal to the amount of contributions received by such candidate and the candidate's authorized committees if any candidate in the same general election not eligible to receive payments under this title either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election, provided that in determining the amount of each such contribution—

"(i) the provisions of section 502(b) shall apply; and

"(ii) contributions matched under subparagraph (A) of this paragraph or required to be raised under section 502(a)(1) shall not be eligible to be matched under this paragraph; and

the total amount of payments to which a candidate is entitled under this subsection shall not exceed 50 percent of the amount of the limitation determined under section 503(b) applicable to such candidate;

"(3) all eligible candidates shall be entitled to—

"(A) the broadcast media rates provided under section 315(b) of the Communications Act of 1934; and

"(B) payments under section 506 equal to the aggregate total amount of independent expenditures made or obligated to be made, in the general election involved by any person in opposition to, or on behalf of an opponent of, such eligible candidate, as reported by such person or determined by the Commission under subsection (f) or (g) of section 304.

"(b) A candidate who receives payments under paragraph (2) or (3)(B) of subsection (a) may spend such funds to defray expenditures in the general election without regard to the provisions of section 503(b).

"(c) A candidate who receives payments under this section may receive contributions and make expenditures for the general election without regard to the provisions of subparagraphs (A) and (C) of section 502(a)(7) or subsections (a) or (b) of section 503 if and when any candidate in the same general election not eligible to receive payments under this section either raises aggregate contributions or makes aggregate expenditures for such election which exceed twice the amount of the expenditure limit applicable to such candidate under section 503(b) for such election.

"(d) Payments received by a candidate under this section shall be used to defray expenditures incurred with respect to the general election period for such candidate. Such payments shall not be used (1) to make any payments, directly or indirectly, to such candidate or to any member of the immediate family of such candidate, (2) to make any expenditure other than expenditures to further the general election of such candidate, (3) to make any expenditures which constitute a violation of any law of the United States or of the State in which the expenditure is made, or (4) to repay any loan to any person except to the extent the proceeds of such loan were used to further the general election of such candidate.

"(e)(1) Except as provided in paragraph (2), a candidate eligible to receive payments pursuant to this title shall be entitled to matching payments equal to the amount of contributions eligible to be matched which are received from individuals in amounts of $250 or less, to be paid in—

"(A) multiples of $20,000 under section 506, if, with respect to each such payment, the eligible candidate and the authorized committees of such candidate have received, in addition to the amount of contributions certified by the candidate to the Commission under section 502(a)(1), contributions aggregating $20,000 which have not been matched under this section and which qualify for matching funds; and

"(B) a final payment (designated as such by the candidate involved) of the balance of the matching funds to which such candidate is entitled under this section.

"(2) The total of the payments to which a candidate is entitled under paragraph (1) shall not exceed 50 per centum of the amount equal to the difference between the amount of the limitation for such candidate determined under section 503(b) and the amount required to be raised by such candidate to establish eligibility under section 502(a)(1).

"CERTIFICATION BY COMMISSION

"SEC. 505. (a) No later than 48 hours after an eligible candidate files a request with the Commission to receive payments under section 506 the Commission shall certify such eligibility to the Secretary of the Treasury for payment in full of the amount to which such candidate is entitled, unless the provisions of section 506(c) apply. The request referred to in the preceding sentence shall contain—

"(1) such information and be made in accordance with such procedures, as the Commission may provide by regulation; and

"(2) a verification signed by the candidate and the treasurer of the principal campaign committee of such candidate stating that the information furnished in support of the request, to the best of their knowledge, is correct and fully satisfies the requirements of this title.

"(b) Certifications by the Commission under subsection (a) and all determinations made by the Commission under this title, shall be final and conclusive, except to the extent that they are subject to examination and audit by the Commission under section 507 and judicial review under section 508.

"ESTABLISHMENT OF FUND; PAYMENTS TO ELIGIBLE CANDIDATES

"SEC. 506. (a) The Secretary shall maintain in the Presidential Election Campaign Fund (hereafter referred to as the 'Fund') established by section 9006(a) of the Internal Revenue Code of 1986, in addition to any other accounts maintained under such section, a separate account to be known as the 'Senate Fund'. The Secretary shall, from time to time, deposit into the Senate Fund, for use by candidates eligible to receive payments under this title, the amounts available after the Secretary determines that the amounts in the Fund necessary for payments under subtitle H of the Internal Revenue Code of 1986 are adequate for the next presidential election. The monies designated for such account shall remain available without fiscal year limitation.

"(b) Pursuant to the priorities provided in paragraph (3) of subsection (c), upon receipt of a certification from the Commission under section 505, the Secretary shall promptly pay to the candidate involved in the certification, out of the Senate Fund, the amount certified by the Commission.

"(c)(1) If at the time of a certification by the Commission under section 505 for payment to an eligible candidate, the Secretary determines that the monies in the Senate Fund are not, or may not be, sufficient to satisfy the full entitlement of all such eligible candidates, the Secretary shall withhold from such payment such amount as he determines to be necessary to assure that an eligible candidate will receive a pro rata share of such candidate's full entitlement. Amounts so withheld shall be paid when the Secretary determines that there are sufficient monies in the Senate Fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient monies in the Senate Fund to satisfy the full entitlement of an eligible candidate, the amounts so withheld shall be paid in such manner that each eligible candidate receives his or her pro rata share of his or her full entitlement. The Secretary shall notify the Commission and each eligible candidate by registered mail of the reduction in the amount to which that candidate is entitled under section 505.

"(2) If the provisions of this subsection result in a reduction in the amount to which an eligible candidate is entitled under section 505 and payments have been made under this section in excess of the amount to which such candidate is entitled, such candidate is liable for repayment to the Fund of the excess under procedures the Commission shall prescribe by regulation.

"(3) If the provisions of this subsection apply and the monies in the fund are not sufficient to satisfy the full entitlement of all candidates, in addition to the procedures provided in paragraph (2), the Secretary shall give priority to general election payments and pay such payments, or portions thereof, before other payments made pursuant to this title.

"(d) On February 28, 1993, and each February 28 of any odd-numbered calendar year thereafter, the Commission shall determine the total amount in the Fund attributable to amounts designated under section 6096 of the Internal Revenue Code of 1986 and evaluate if such amount exceeds the total estimated expenditures of the Fund for the election cycle ending with the next Federal election. If it is determined that an excess amount exists, the Secretary of the Treasury shall transfer such excess to the general funds of the Treasury of the United States.

"EXAMINATION AND AUDITS; REPAYMENTS

"SEC. 507. (a)(1) After each general election, the Commission shall conduct an examination and audit of the campaign account of 10 per centum of the eligible candidates of each major party and 10 per centum of all other eligible candidates, as designated by the Commission through the use of an appropriate statistical method of random selection to determine, among other things, whether such candidates have complied with the expenditure limits and other conditions of eligibility and requirements of this title.

"(2) After each special election, the Commission shall conduct an examination and audit of the campaign accounts of each eligible candidate in such election to determine whether such candidates have complied with the expenditure limits and other conditions of eligibility and requirements under this title.

"(3) The Commission may conduct an examination and audit of the campaign accounts of any eligible candidate in a general election if the Commission, by an affirmative vote of four members, determines that there exists reason to believe that such candidate has violated any provision of this title.

"(b) If the Commission determines that any portion of the payments made to a candidate under this title was in excess of the aggregate payments to which such candidate was entitled, the Commission shall so notify such candidate, and such candidate shall pay to the Secretary an amount equal to the excess.

"(c) If the Commission determines that any amount of any payment made to a candidate under this title was not used as provided for in this title, the Commission shall so notify such candidate and such candidate shall pay to the Secretary an amount equal to 200 per centum of the amount of such funds.

"(d) If the Commission determines that any candidate who has received payments under this title has made expenditures which in the aggregate exceed by 5 per centum or less the limitation set forth in section 503(b), the Commission shall so notify such candidate and such candidate shall pay to the Secretary an amount equal to the amount of the excess expenditure.

"(e) If the Commission determines that any candidate who has received payments under this title has made expenditures which in the aggregate exceed by more than 5 per centum the limitation set forth in section 503(b), the Commission shall so notify such candidate and such candidate shall pay the Secretary an amount equal to three times the amount of the excess expenditure up to an amount not in excess of the payments received pursuant to section 504.

"(f) Any amount received by an eligible candidate under this title may be retained for a period not exceeding sixty days after the date of the general election for the liquidation of all obligations to pay general election campaign expenses incurred during this general election period. At the end of such sixty-day period any unexpended funds received under this title shall be promptly repaid to the Secretary.

"(g) No notification shall be made by the Commission under this section with respect to an election more than three years after the date of such election.

"(h) All payments received under this section shall be deposited in the Senate Fund.

"CRIMINAL PENALTIES

"SEC. 507A. (a) No candidate shall knowingly or willfully accept payments under this title in excess of the aggregate payments to which such candidate is entitled or knowingly or willfully use such payments for any purpose not provided for in this title or knowingly or willfully make expenditures from his personal funds, or the personal funds of his immediate family, in excess of the limitation provided in this title.

"(b) Any person who violates the provisions of subsection (a) shall be fined not more than $25,000, or imprisoned not more than 5 years, or both. Any officer or member of any political committee who knowingly consents to any expenditure in violation of the provisions of subsection (a) shall be fined not more than $25,000, or imprisoned not more than 5 years, or both.

"(c)(1) It is unlawful for any person who receives any payment under this title, or to whom any portion of any such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion except as provided in section 504(d).

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(d)(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information (including any certification, verification, notice, or report), to the Commission under this title, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Commission or an examination and audit by the Commission under this title, or

"(B) to fail to furnish to the Commission any records, books, or information requested by it for purposes of this title.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(e)(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connec-

tion with any payments received by any candidate who receives payments under this title, or the authorized committees of such candidate.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any payments received by any candidate pursuant to the provisions of this title, or received by the authorized committees of such candidate, shall pay to the Secretary for deposit in the Fund, an amount equal to 125 percent of the kickback or payment received.

"JUDICIAL REVIEW

"SEC. 508. (a) Any agency action by the Commission made under the provisions of this title shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within thirty days after the agency action by the Commission for which review is sought. It shall be the duty of the Court of Appeals, ahead of all matters not filed under this title, to advance on the docket and expeditiously take action on all petitions filed pursuant to this title.

"(b) The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551(13) of title 5, United States Code, by the Commission.

"PARTICIPATION BY COMMISSION IN JUDICIAL PROCEEDINGS

"SEC. 509. (a) The Commission is authorized to appear in and defend against any action instituted under this section and under section 508 either by attorneys employed in its office or by counsel whom it may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and whose compensation it may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) The Commission is authorized through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined under section 507 to be payable to the Secretary.

"(c) The Commission is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for such injunctive relief as is appropriate in order to implement any provision of this title.

"(d) The Commission is authorized on behalf of the United States to appeal from, and to petition the Supreme Court for certiorari to review, judgments or decrees entered with respect to actions in which it appears, pursuant to the authority provided in this section.

"REPORTS TO CONGRESS; REGULATIONS

"SEC. 510. (a) The Commission shall, as soon as practicable after each election, submit a full report to the Senate setting forth—

"(1) the expenditures (shown in such detail as the Commission determines appropriate) made by each eligible candidate and the authorized committees of such candidate;

"(2) the amounts certified by the Commission under section 505 for payment to each eligible candidate;

"(3) the amount of repayments, if any, required under section 507, and the reasons for each payment required; and

"(4) the balance in the Presidential Election Campaign Fund, and the balance in the Senate Fund and any other account maintained in the Fund.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Commission is authorized to prescribe such rules and regulations in accordance with the provisions of subsection (c), to conduct such examinations and investigations, and to require the keeping and submission of such books, records, and information, as it deems necessary to carry out the functions and duties imposed on it by this title.

"(c) Thirty days before prescribing any rules or regulation under subsection (b), the Commission shall transmit to the Senate a statement setting forth the proposed rule or regulation and containing a detailed explanation and justification of such rule or regulation.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 511. There are authorized to be appropriated to the Commission for the purpose of carrying out functions under this title, such sums as may be necessary.".

SENATE FUND

SEC. 3. Section 6096(a) of the Internal Revenue Code of 1986 is amended—

(1) by striking out "$1" each place it appears in that subsection and inserting in lieu thereof "$2"; and

(2) by striking out "$2" each place it appears in that subsection and inserting in lieu thereof "$4".

BROADCAST RATES

SEC. 4. Section 315(b)(1) of the Communications Act of 1934 (47 U.S.C. 315(b)(1)) is amended by striking the semicolon and inserting in lieu thereof the following: ": *Provided,* That in the case of candidates for United States Senator in a general election, as such term is defined in section 501(8) of the Federal Election Campaign Act of 1971, this provision shall apply only if such candidate has been certified by the Federal Election Commission as eligible to receive payments under title V of such Act;".

REPORTING REQUIREMENTS

SEC. 5. (a) Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end thereof the following new subsections:

"(d)(1) Not later than the day after the date on which a candidate for the United States Senate qualifies for the ballot for a general election, as such term is defined in section 501(8), each such candidate in such election shall file with the Commission a declaration of whether or not such candidate intends to make expenditures in excess of the amount of the limitation on expenditures for such election, as determined under section 503(b).

"(2) Any declaration filed pursuant to paragraph (1) may be amended or changed at any time within 7 days after the filing of such declaration. Such amended declaration may not be amended or changed further.

"(e)(1) Any candidate for United States Senator who qualifies for the ballot for a general election, as such term is defined in section 501(8)—

"(A) who is not eligible to receive payments under section 502, and

"(B) who either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such Senate election,

shall file a report with the Commission within 24 hours after such contributions have been raised or such expenditures have been made or within 24 hours after the date of qualification for the general election ballot, whichever is later, setting forth the candidate's total contributions and total expenditures for such election. If such total is less than two times the limit, such candidate thereafter shall file a report with the Commission within 24 hours after either raising aggregate contributions or making aggregate expenditures for such election which exceed twice the amount of the limitation determined under section 503(b), setting forth the candidate's total contributions and total expenditures for such election.

"(2) The Commission, within 24 hours after such report has been filed, shall notify each candidate in the election involved who is eligible to receive payments pursuant to the provisions of this title under section 504, about each such report, and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(3) Notwithstanding the reporting requirement established in this subsection, the Commission may make its own determination that a candidate in a general election, as such term is defined in section 501(8), who is not eligible to receive payments under section 504, has raised aggregate contributions or made aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election or exceed double such amount. The Commission, within 24 hours after making such determination, shall notify each candidate in the general election involved who is eligible to receive payments under section 504 about each such determination, and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(f)(1) All independent expenditures, if any (including those described in subsection (b)(6)(B)(iii)), made by any person after the date of the last Federal election with regard to a general election, as such term is defined in section 501(8), and all obligations to make such expenditures incurred by any person during such period, if any, shall be reported by such person to the Commission as provided in paragraph (2), if such expenditure or obligation is described in such paragraph.

"(2) Independent expenditures by any person as referred to in paragraph (1) shall be reported within 24 hours after the aggregate amount of such expenditures incurred or obligated first exceeds $10,000. Thereafter, independent expenditures referred to in such paragraph made by the same person in the same election shall be reported, within 24 hours after, each time the aggregate amount of such expenditures incurred or obligated, not yet reported under this subparagraph, exceeds $5,000.

"(3) Each report under this subsection shall be filed with the Commission and Secretary of State for the State of the election involved and shall contain (A) the information required by subsection (b)(6)(B)(iii) of this section, and (B) a statement filed under penalty of perjury by the person making the independent expenditures, or by the person incurring the obligation to make

such expenditures, as the case may be, that identifies the candidate whom the independent expenditures are actually intended to help elect or defeat. If any such independent expenditures are made during the general election cycle, and if such candidate is eligible to receive payments pursuant to title V of this Act, the Commission shall, within 24 hours after such report is made, notify such candidate in the election involved about each such report, and shall certify such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(4)(A) Notwithstanding the reporting requirements established in this subsection, the Commission may make its own determination that a person has made independent expenditures, or has incurred an obligation to make such expenditures, as the case may be, with regard to a general election, as defined in section 501(8), that in the aggregate total more than the applicable amount specified in paragraph (2).

"(B) The Commission shall, within 24 hours after such determination is made, notify each candidate in the election involved who is eligible to receive payments under section 504 about each determination under subparagraph (A), and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment in full of the amount to which such candidate is entitled.

"(g)(1) When two or more persons make an expenditure or expenditures in coordination, consultation, or concert (as described in paragraph (2) or otherwise) for the purpose of promoting the election or defeat of a clearly identified candidate, each such person shall report to the Commission, under subsection (f), the amount of such expenditure or expenditures made by such person in coordination, consultation, or concert with such other person or persons when the total amount of all expenditures made by such persons in coordination, consultation, or concert with each other exceeds the applicable amount provided in such subsection.

"(2) An expenditure by one person shall constitute an expenditure in coordination, consultation, or concert with another person where—

"(A) there is any arrangement, coordination, or direction with respect to the expenditure between such persons making the expenditures, including any officer, director, employee or agent of such person;

"(B) in the same two-year election cycle, one of the persons making the expenditures (including any officer, director, employee or agent of such person) is or has been, with respect to such expenditures—

"(i) authorized by such other person to raise or expend funds on behalf of such other person; or

"(ii) receiving any form of compensation or reimbursement from such other person or an agent of such other person;

"(C) one of the persons making expenditures (including any officer, director, employee or agent of such person) has communicated with, advised, or counseled such other person in connection with such expenditure; or

"(D) one of the persons making expenditures and such other person making expenditures each retain the professional services of the same individual or person in connection with such expenditures.

"(h)(1) Every political committee, as defined in section 301(4), active in non-Federal elections and maintaining separate accounts for this purpose shall file with the Commission reports of funds received into and disbursements made from such accounts for activities which may influence an election to any Federal office. For purposes of this section, activities which may influence an election to any Federal office include, but are not limited to—

"(A) voter registration and get-out-the-vote drives directed to the general public in connection with any election in which Federal candidates appear on the ballot;

"(B) general public political advertising which includes references, however incidental, to clearly identified Federal as well as non-Federal candidates for public office; or which does not clearly identify Federal candidates but urges support for or opposition to all the candidates of a political party or other candidates in a classification or context which includes Federal candidates; and

"(C) any other activities which require an allocation of costs between a political committee's Federal and non-Federal accounts reflecting the impact on Federal elections in accordance with regulations prescribed or Advisory Opinions rendered by the Commission.

"(2) Reports required to be filed by this subsection shall be filed for the same time-periods required for political committees under section 304(a), and shall include:

"(A) a separate statement, for each of the activities in connection with which a report is required under paragraph (1), of the aggregate total of disbursements from the non-Federal accounts; and

"(B) supporting schedules, providing an identification of each donor together with the amount and date of each donation with regard to those receipts of the non-Federal account which comprise disbursements reported under subparagraph (A), provided, however, that such schedules are required only for donations from any one source aggregating in excess of $200 in any calendar year.

"(3) Reports required to be filed by this subsection need not include donations made to or on behalf of non-Federal candidates or political organizations in accordance with the financing and reporting requirements of State laws, or other disbursements from the non-Federal accounts in support of exclusively non-Federal election activities, provided that such donations or disbursements are governed solely by such State laws and not subject to paragraph (1) of this subsection.

"(i) The certification required by this section shall be made by the Commission on the basis of reports filed with such Commission in accordance with the provisions of this Act, or on the basis of such Commission's own investigation or determination, notwithstanding the provisions of section 505(a).".

(b) Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)) is amended by—

(1) inserting "except for purposes of reporting and disclosing, pursuant to section 304, such amounts in excess of $200," at the beginning of subparagraphs (v), (viii), (x), and (xii); and

(2) inserting at the end thereof the following:

"(C) The exclusions provided in subparagraphs (v), (viii), (x), and (xii) of paragraph (B) shall not be exclusions from the definition of contributions for purposes of reporting contributions as required by section 304, and all such contributions shall be reported.".

(c) Section 301(4) of the Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following:

"For purposes of this section, the receipt of contributions or making of expenditures shall be determined by the Commission on the basis of facts and circumstances, in whatever combination, demonstrating a purpose of influencing any election for Federal office, including, but not limited to, the representations made by any person soliciting funds about their intended uses; the identification by name of individuals who are candidates for Federal office, as defined in paragraph (2) of this section, or of any political party, in general public political advertising; and the proximity to any primary, run-off, or general election of general public political advertising designed or reasonably calculated to influence voter choice in that election.".

(d) Section 301(9)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)) is amended by—

(1) inserting "except for purposes of reporting and disclosing, pursuant to section 304, such amounts in excess of $200," at the beginning of subparagraphs (iv), (vi), (viii), and (ix); and

(2) inserting at the end thereof the following:

"(C) The exclusions provided in subparagraphs (iv), (vi), (viii), and (ix) of paragraph (B) shall not be exclusions from the definition of expenditures for purposes of reporting expenditures as required by this Act, and all such expenditures shall be reported.".

(e) Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by adding at the end thereof the following:

"(20) The term 'election cycle' means—

"(A) in the case of a candidate or the authorized committees of a candidate, the term beginning on the day after the date of the last previous general election for such office or seat which such candidate seeks and ending on the date of the next election; or

"(B) for all other persons, the term beginning on the first day following the date of the last general election and ending on the date of the next election.".

(f) Section 304(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(2)) is amended by striking out "for the reporting period and calendar year," and inserting in lieu thereof "for the reporting period and calendar year in the case of committees other than authorized committees of a candidate, and for the reporting period and election cycle in the case of authorized committees of candidates,".

(g)(1) Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended by striking out "for the reporting period and calendar year," and inserting in lieu thereof "for the reporting period and calendar year in the case of committees other than authorized committees of a candidate, and for the reporting period and election cycle in the case of authorized committees of candidates,".

(2) Section 304(b)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(3)) is amended—

(A) in subparagraph (A), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,";

(B) in subparagraph (F), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,"; and

(C) in subparagraph (G), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,".

(3) Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,".

(4) Section 304(b)(6)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(6)(A)) is amended by striking out "calendar year" and inserting in lieu thereof "election cycle".

(h) Section 301(13) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(13)) is amended by striking out "mailing address" and inserting in lieu thereof "permanent residence address".

(i) Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by adding before the semicolon at the end thereof the following: ", except that if a person to whom an expenditure is made is merely providing personal or consulting services and is in turn making expenditures to other persons who provide goods or services to the candidate or his authorized committees, the name and address of such other person, together with the date, amount and purpose of such expenditure shall also be disclosed".

LIMITS ON CONTRIBUTIONS BY MULTICANDIDATE POLITICAL COMMITTEES AND SEPARATE SEGREGATED FUNDS

SEC. 6. (a) Section 315(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(2)) is amended by—

(1) striking out "or" at the end of subparagraph (B);

(2) striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon; and

(3) adding at the end the following new subparagraphs:

"(D) to any candidate for the office of Member of, or Delegate or Resident Commissioner to, the House of Representatives and the authorized political committees of such candidate with respect to—

"(i) a general or special election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress (including any primary election, convention, or caucus relating to such general or special election) which exceed $100,000 ($125,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election), when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election); or

"(ii) a runoff election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress which exceed $25,000 when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such runoff election;

"(E) to any candidate for the office of Senator and the authorized political committees of such candidate with respect to—

"(i) a general or special election for such office (including any primary election, convention, or caucus relating to such general or special election) which, when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election) exceeds an amount equal to 30 percent of the amount provided in section 315(i); or

"(ii) a runoff election for the office of United States Senator which exceeds, when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such runoff election, an amount equal to 30 percent of the limitation on expenditures provided in section 315(j), for runoff elections; or

"(F) to any State committee of a political party, including any subordinate committee of a State committee, which, when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such State committee exceeds an amount equal to—

"(i) 2 cents multiplied by the voting age population of the State of such State committee, or

"(ii) $25,000,

whichever is greater. The limitation of this subparagraph shall apply separately with respect to each two-year Federal election cycle, covering a period from the day following the date of the last Federal general election held in that State through the date of the next regularly scheduled Federal general election.".

(b)(1) Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end thereof the following:

"(i) For purposes of subsection (a)(2)(E)(i), such limitation shall be an amount equal to 67 percent of the aggregate of $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that such amount shall not be less than $950,000, nor more than $5,500,000.

"(j) For purposes of subsection (a)(2)(E)(ii), such limitation shall be an amount equal to 20 percent of the aggregate of $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that such amount shall not be less than $950,000, nor more than $5,500,000.".

(2) Section 315(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(c)) is amended by—

(A) striking out "subsection (b) and subsection (d)" in paragraph (1) and inserting in lieu thereof "subsections (b), (d), (i), and (j)"; and

(B) inserting "for subsections (b) and (d) and the term 'base period' means the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987, for subsections (i) and (j)" before the period at the end of paragraph (2)(B).

(c) Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended—

(1) in paragraph (1), by striking out "(2) and (3)" and inserting in lieu thereof "(2), (3), (4), and (5)";

(2) by adding at the end thereof the following:

"(4) No congressional campaign committee may accept, during any two-year election cycle, contributions from multicandidate political committees and separate segregated funds which, in the aggregate, exceed 30 percent of the total expenditures which may be made during such election cycle by that committee on behalf of candidates for Senator, Representative, Delegate, or Resident Commissioner pursuant to the provisions of paragraph (3).

"(5) No national committee of a political party may accept contributions from multicandidate political committees and separate segregated funds, during any two-year election cycle, which, in the aggregate, equal an amount in excess of an amount equal to 2 cents multiplied by the voting age population of the United States.

"(6) The limitations contained in paragraphs (2) and (3) shall apply to any expenditure through general public political advertising, whenever made, which clearly identifies by name an individual who is, or is seeking nomination to be, a candidate in the general election for Federal office of President, Senator or Representative; provided that this paragraph shall not apply to direct mail communications designed primarily for fundraising purposes which make only incidental reference to any one or more Federal candidates.".

INTERMEDIARY OR CONDUIT

SEC. 7. (a) Section 315(a)(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(8)) is amended to read as follows:

"(8) For purposes of this subsection—

"(A) contributions made by a person, either directly or indirectly, to or on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate;

"(B) contributions made by a person either directly or indirectly, to or on behalf of a particular candidate, through an intermediary or conduit, including all contributions delivered or arranged to be delivered by such intermediary or conduit, shall also be treated as contributions from the intermediary or conduit, if—

"(i) the contributions made through the intermediary or conduit are in the form of a check or other negotiable instrument made

payable to the conduit or intermediary rather than the intended recipient; or

"(ii) the conduit or intermediary is a political committee, other than an authorized committee of a candidate, within the meaning of section 301(4), or an officer, employee or other agent of such a political committee, or an officer, employee or other agent of a connected organization, within the meaning of section 301(7), acting in its behalf; and

"(C) the limitations imposed by this paragraph shall not apply to—

"(i) bona fide joint fundraising efforts conducted solely for the purpose of sponsorship of a fundraising reception, dinner, or other event in accordance with rules and regulations prescribed by the Commission by (I) two or more candidates, (II) two or more national, State, or local committees of a political party within the meaning of section 301(4) acting on their own behalf, or (III) a special committee formed by (a) two or more candidates or (b) one or more candidates and one or more national, State, or local committees of a political party acting on their own behalf;

"(ii) fundraising efforts for the benefit of a candidate which are conducted by another candidate within the meaning of section 301(2).

In all cases where contributions are made by a person either directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit, the intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient.".

INDEPENDENT EXPENDITURES

SEC. 8. (a) Section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 (17)) is amended by adding at the end thereof the following: "An expenditure shall constitute an expenditure in coordination, consultation, or concert with a candidate and shall not constitute an 'independent expenditure' where—

"(A) there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate's agent and the person (including any officer, director, employee or agent of such person) making the expenditure;

"(B) in the same election cycle, the person making the expenditure (including any officer, director, employee or agent of such person) is or has been—

"(i) authorized to raise or expend funds on behalf of the candidate or the candidate's authorized committees,

"(ii) serving as an officer of the candidate's authorized committees, or

"(iii) receiving any form of compensation or reimbursement from the candidate, the candidate's authorized committees, or the candidate's agent;

"(C) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated with, advised, or counseled the candidate or the candidate's agents at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office;

"(D) the person making the expenditure retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any services relating to the candidate's decision to seek Federal office;

"(E) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated or consulted at any time during the same election cycle about the candidate's plans, projects, or needs relating to the candidate's pursuit of election to Federal office, with: (i) any officer, director, employee or agent of a party committee that has made or intends to make expenditures or contributions, pursuant to subsections (a), (d), or (h) of section 315 in connection with the candidate's campaign; or (ii) any person whose professional services have been retained by a political party committee that has made or intends to make expenditures or contributions pursuant to subsections (a), (d), or (h) of section 315 in connection with the candidate's campaign; or

"(F) the expenditure is based on information provided to the person making the expenditure directly or indirectly by the candidate or the candidate's agents about the candidate's plans, projects, or needs, provided that the candidate or the candidate's agent is aware that the other person has made or is planning to make expenditures expressly advocating the candidate's election.".

INDEPENDENT EXPENDITURE BROADCAST DISCLOSURE

SEC. 9. Section 318(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d(a)(3)) is amended by deleting the period at the end thereof and inserting in lieu thereof the following: ", except that whenever any person makes an independent expenditure through (A) a broadcast communication on any television station, the broadcast communication shall include a statement clearly readable to the viewer that appears continuously during the entire length of such communication setting forth the name of such person and in the case of a political committee, the name of any connected or affiliated organization, or (B) a newspaper, magazine, outdoor advertising facility, direct mailing or other type of general public political advertising, the communication shall include, in addition to the other information required by this subsection, the following sentence: 'The cost of presenting this communication is not subject to any campaign contribution limits.', and a statement setting forth the name of the person who paid for the communication and, in the case of a political committee, the name of any connected or affiliated organization and the name of the president or treasurer of such organization.".

PERSONAL LOANS

SEC. 10. Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)), as amended by section 7 of this Act, is further amended by adding at the end thereof the following paragraph:

"(9) For purposes of the limitations imposed by this section, no contributions may be received by a candidate or the candidate's authorized committees for the purpose of repaying any loan by the candidate to the candidate or to the candidate's authorized committees.".

REFERRAL TO THE DEPARTMENT OF JUSTICE

SEC. 11. Section 309(a)(5)(C) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(5)(C)) is amended by striking out "may refer" and inserting in lieu thereof "shall refer".

EXTENSION OF CREDIT

SEC. 12. Section 301(8)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(A)) is amended by—

(1) striking out "or" at the end of clause (i);

(2) striking out the period at the end of clause (ii) and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following:

"(iii) with respect to a candidate for the office of United States Senator and his authorized political committees, any extension of credit for goods or services relating to advertising on broadcasting stations, in newspapers or magazines, by direct mail (including direct mail fund solicitations) or other similar types of general public political advertising, if such extension of credit is—

"(I) in an amount of more than $1,000; and

"(II) for a period of more than 60 days after the date on which such goods or services are furnished, which date in the case of advertising by direct mail (including a direct mail solicitation) shall be the date of the mailing.".

SEVERABILITY

SEC. 13. If any provision of this Act or any amendment made by this Act, or the application of any such provision to any person or circumstance is held invalid, the validity of any other such provision and the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

SEC. 14. (a) Except as provided in subsection (b), this Act and the amendments made by this Act shall become effective for any election in 1990 or thereafter.

(b) The amendments made by section 3, section 7, section 8, and section 9 shall become effective on the date of enactment of this Act.

Mr. BYRD. Mr. President, I will not keep the floor long, just a minute or so. I believe that Senators should be prepared for a rollcall vote or rollcall votes this afternoon. There will be a point of order made by the distinguished Senator from Texas [Mr. GRAMM] and that may result in one or more rollcall votes.

CLOTURE MOTION

Mr. BYRD. Mr. President, I send to the desk a cloture motion.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the committee substitute for S. 2, to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes.

Senators Spark Matsunaga, David Boren, Daniel P. Moynihan, Wendell Ford, Alan Cranston, Kent Conrad, Carl Levin, Wyche

Fowler, Jr., Terry Sanford, Tom Harkin, Paul Sarbanes, Jim Sasser, Patrick J. Leahy, Barbara A. Mikulski, John Kerry, and Donald Riegle.

SENATORIAL ELECTION CAMPAIGN ACT

Mr. BYRD. Mr. President, I wonder if we could agree, before the distinguished Senator from Texas makes his point of order—and I intend to yield the floor so that he can make it—could we agree to have, with the distinguished Republican leader on the floor, could we agree to have a time for debate with respect to this amendment, say, if we could agree to have debate for 1 hour and then let the Senator be recognized to make his point of order so we could have some debate?

I have to be off the floor at 4 o'clock. I have to go over and talk with the Speaker about another matter. I would like to be free at least to do that until 4:30.

If we could make it 1 hour of debate on this amendment, with the time to be equally divided between the distinguished Republican leader and Mr. BOREN, or their designees, after which hour Mr. GRAMM would be recognized to make his point of order.

Mr. DOLE. There would be no disposition of the amendment? You are just talking about debate on the amendment?

Mr. BYRD. No, no disposition of the amendment. Just debate on it.

Mr. DOLE. That would accommodate your schedule?

Mr. BYRD. Yes. I really wanted to go over to talk to the Speaker at 4 o'clock about the budget. That is what I want to do. But I do not want to be absent and I do not want to keep him waiting.

Mr. GRAMM. Will the distinguished majority leader yield?

Mr. BYRD. Yes.

Mr. GRAMM. If it would make no difference to the distinguished majority leader and others, it would help me, in terms of my schedule, if I could simply raise the point of order and have the distinguished majority leader move to waive the point of order and then set a time certain when we would vote on that, so I would not have to wait around another hour to raise it. If no one objected to that, I would be happy to do it that way. But I would accept the majority leader's suggestion if mine is not acceptable.

Mr. BYRD. I will be glad to meet the distinguished Senator halfway. Would it be agreeable to have the Senator make his point of order at this time and have, say, 1 hour and 15 minutes and let me be recognized at that time to either put in a quorum call or make a motion to waive?

Mr. GRAMM. Would the distinguished leader yield further?

Mr. BYRD. Yes.

Mr. GRAMM. I do not require any debate on my side on the point of order. I was simply proposing that I be recognized to make a point of order, that the distinguished majority leader move to waive the Budget Act, and that we would just delay the vote until the distinguished majority leader was ready to vote on it. I do not anticipate any debate. I can make my point in 2 minutes and require no further time.

Mr. BYRD. I was seeking to have some debate on the amendment so that it would be explained fully and, at the same time, protect myself while going over to the House and, at the same time, accommodating the distinguished Senator.

Mr. President, if the distinguished Senator from Texas would allow me to follow the course of the first proposal that I made, I would like to make that request, if I might. I will make it and then, if the Senator wishes to reserve the right to object, he may.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate proceed with debate, to be equally divided on both sides, controlled by Mr. DOLE, or his designees, and Mr. BOREN, or his designees, to extend until the hour of 4:45 p.m. today, at which time the distinguished Senator from Texas would be recognized to make his point of order; provided further, that, in the meantime, during the debate, no motions or actions be in order, other than the call of the quorum, to be charged appropriately. So this protects the Senator.

Mr. GRAMM. Mr. President, if the distinguished majority leader will yield, may I be certain that in this unanimous-consent request, debate on this amendment will occur until 4:45; that at that point I would be recognized to make a point of order, but debate would not have ended on this amendment? This amendment would then be, under the Rules of the Senate, infinitely debatable?

Mr. BYRD. Yes, yes. I am only dividing and controlling debate on this amendment until the hour of 4:45 p.m., at which time the distinguished Senator will be recognized to make his point of order and, pending the outcome of that, or depending upon the outcome of the point of order, of course, that does not mean that the debate on the amendment is ended. It does not mean that at all.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

Mr. BYRD. Yes. The limitation on control of debate is simply to obtain during the time between this moment and the hour of 4:45 p.m. today. I thank the distinguished Senator from Texas. I thank the distinguished Republican leader. I yield the floor.

Mr. BOREN. Mr. President, I am pleased and proud to join in the amendment which has just been offered by the distinguished majority leader on my behalf and on behalf of himself.

We have been discussing the need, the pressing need, for campaign reform in this country over the past several days.

During the course of that discussion, we have emphasized, again and again, in order for us to have campaign reform, in order for us to have action this year, we must fashion a bipartisan proposal.

As we have pointed out again and again, what is happening to the election process in this country is not a Democratic problem. It is not a Republican problem. It is an American problem. It is a threat to the integrity of the election process itself.

When we see what is happening, when we see that in just the past 10 years the average cost of running a successful campaign for the U.S. Senate in this country in an average-sized State has gone from $600,000 to $3 million in this latest election cycle, it is clear that something is badly wrong.

When Members of the Senate have to spend an increasing amount of their time raising money and more money and more money in order to run for reelection, instead of devoting their time to solving the problems of this country, there is obviously something badly wrong.

When the perception begins to exist in this country, the cynical perception, that we are putting the highest offices in this land on the auction block for sale to the highest bidder—with election outcomes being determined by those who can raise the most money, not those who can present the best set of qualifications or the best proposals for solving the Nation's problems—something is badly wrong.

I would suggest, Mr. President, this kind of emphasis upon the raising of money and campaigns is one of the reasons why more and more members of the electorate are becoming disheartened, not even bothering to go to the polls and vote in a process where they think that money has undue influence.

The status quo is clearly not allowing opportunity to new people to enter the process; 80 percent of all the money from the special interest groups in the last election cycle went to incumbents, making it more and more difficult for new people, with new ideas, to enter the system. Almost half of the Members elected to Congress in the last election received a majority of their campaign contributions from special interest groups—many of them with absolutely no contact with their home States and home

districts—instead of from the people back home at the grassroots.

That is why those of us who have joined together in sponsoring S. 2 have said that the need for action is urgent. We cannot afford to wait for another election cycle to take action. We are talking about the heart and soul of the democratic process; we are talking about the integrity of the election process itself, in this bicentennial year of our Constitution.

We, who are sworn to uphold the Constitution and uphold the integrity of the constitutional process, certainly have a high responsibility and a duty to see to it that the basic building block on which this whole system rests, the election process itself, be protected.

So, we have had debate on this subject over the last several days. In the course of that debate there have been those on the other side of the aisle who have said that their principal concern was the public financing aspect of the legislation which had been presented; they have indicated, too, that that is a major sticking point; that while they understand that under the Supreme Court decisions if we are going to have any kind of limit on spending under the Buckley versus Valeo case, we can only have voluntary spending limits and that there must be some incentive to induce candidates to accept voluntary spending limits.

While they have certainly indicated an understanding of the fact that we have been utilizing partial—and I emphasize the word "partial"—public financing as a means to get candidates to accept voluntary spending limits, they have come to the floor and many of them have stated they simply think too much public money is involved; that there is too much public financing in the proposal under S. 2.

Mr. President, we are most anxious to meet those on the other side of the aisle halfway. In presenting this amendment today, the majority leader and I and other Members on this side of the aisle, others who join together in sponsoring S. 2, are sending a loud and clear message: We are ready to work for a reasonable compromise to meet those on the other side of the aisle halfway; to meet their objections so that we can go forward in a bipartisan fashion, now, to achieve true campaign reform for this country and to secure and protect our constitutional system.

Therefore, we have made two essential changes in this particular substitute. It differs from the original S. 2 proposal, and that reported by the Rules Committee, in two important respects.

First of all, concern has been raised about the effective date of the legislation. There have been those who have said we simply cannot put this in place now for the 1988 election because fundraising is already proceeding and it would be too disruptive. To meet that objection in this particular amendment which we have offered today, we change the effective provisions to apply only beginning with the 1990 elections.

Second, and, as I said, since those who have been opposing S. 2 have emphasized their desire to try to reduce the amount of public financing in the system, we have more than cut in half, under this proposal, the amount of partial public financing that would be required. That constitutes the most important element of the compromise which we are offering to the other side. We have more than cut in half the amount of public financing that would have been involved under our original proposal.

To summarize it, Mr. President: Under the original proposal, while primary election contests would be totally financed through private contributions under S. 2, in the general election a candidate, once nominated and having accepted the voluntary spending limits, would have to raise a threshold amount in private contributions, private contributions of $250 or less, 75 percent from the home State of that candidate, in order to qualify for Federal funds out of the voluntary income tax checkoff system.

Once that threshold was met, and the threshold was approximately 20 percent of the total spending limit in the general election, then the funds from the checkoff system, the public funds, would be used to make up the balance.

In other words, that 80 percent under the original proposal, once the threshold was met, 20 percent was raised from private contributions principally in the home State of the candidate, than the balance of the funds up to the spending limit would come from the public fund created through the checkoff system; in other words, approximately 80 percent.

Under this new proposal, once the 20-percent threshold is met, the balance of the funds would be allocated on a matching basis. Under this proposal, we would require the candidate to raise an additional dollar of private contributions, small amounts, before that candidate could get $1 of matching funds from the public voluntary income tax checkoff fund.

So, you would have to raise the dollar for a dollar. That would mean that of that final 80 percent, approximately half of it would come, then, from individual, private contributions to be matched by the public payment out of the checkoff fund.

We would be reducing the amount of public funds to a maximum possible percentage of 40 percent in the general election. Only contributions by individuals, small contributions by individuals, would be matched by the public fund. It would still be lawful to expand PAC moneys up to an aggregate PAC limit, the very same limit that was set in S. 2. Those funds would not be matched from the public checkoff fund. If a candidate decided after raising the 20-percent threshold to spend another 20 percent within the limits of the law of PAC funds, only 60 percent would be left.

That would be matched dollar for dollar. In that example, public funds would only be 30 percent. So the bottom line is this: We are ready to reach a reasonable compromise. We are not going to let some preannounced position on a specific provision of the bill stand in the way of reaching a reasonable compromise and we are trying to move to meet the others halfway. We have moved a giant step in reducing the amount of public funds to less than 50 percent, less than half of that we have in the first proposal.

At the same time, this compromise preserves the two essentials of reform. First, if we are to have true campaign reform, we must find a way to limit campaign spending, we must find a way to stop the ever-growing amount of money that is being spent on campaigns in the escalation of those costs. This particular substitute amendment does that. It still has a mechanism to bring about voluntary spending limits and still has enough incentives built into the bill for the matching system set up in the general election, $1 of private contributions to be raised by $1 of the checkoff fund only for those candidates who accept voluntary spending limits.

It still has the incentives to be effective in terms of limited spending. Second, it still contains the very same provisions as in the original bill in terms of limiting the aggregate amount of PAC funds or special-interest funds that can be accepted by a candidate. Without those two essentials, there can be no reform.

We are anxious to do our part to meet the other side halfway. We hope they will now respond by moving from their original positions to move toward us so we can begin to form a consensus in the interest of this Nation on a bipartisan basis to deal with a critical American problem.

I commend the majority leader for his willingness to set aside any kind of partisan feelings to reach out to the other side to try to forge this sort of compromise for the benefit of this country. We must not allow party politics to stand in the way of doing something to clean up the election process itself, to stop the scandal of the increasing amount of money that has to be raised and spent in order for people to render a public service. We must do something about it.

I commend the majority leader for his willingness to take the first step to reach out to the other side with a reasonable proposal. My hope is that those on the other side of the aisle will accept this offer, will meet us halfway in this proposal, will vote for cloture so that we can move ahead and write this provision into law and do something very positive for the future of this country and our political system.

Mr. BYRD. Mr. President, will the distinguished Senator yield me some time?

Mr. BOREN. I shall be happy to yield to the majority leader as much time as he requires.

Mr. BYRD. Will he yield me 7 minutes?

Mr. BOREN. I yield the majority leader 7 minutes.

Mr. BYRD. Mr. President, I thank the distinguished Senator.

Mr. BYRD. Mr. President, my statement will be very short and simple.

We are here because our campaign financing system is a disgrace, and is eroding trust and confidence in our democratic system of government. The perception is widespread that the Congress is for sale. We are foolish, indeed, if we do not invest all our creativity and energy in taking effective actions to change this perception.

We who serve here know that we spend countless hours chasing campaign funds all around the country, to the detriment of our duties and our constituents. Both incumbents and challengers alike spend great amounts of time during campaigns seeking contributions instead of debating issues and learning of constituents' concerns.

We watch as the amounts spent for Senate primary and general elections soar off the charts—rising by inconceivable proportions from one election to the next. This trend exacerbates the other two problems I have just noted, and gives the public the sense that the best candidate is not the one best equipped to contribute to solutions of this Nation's complex and gripping problems, but the one who is the most successful fundraiser.

We have to change that.

My colleagues on both sides of the aisle know that this will be changed only if we impose spending limits on campaigns. These must be reasonable. They must permit realistic challenges to incumbents. But there must be limits.

My colleagues on both sides of the aisle also know, as the distinguished Senator from Oklahoma [Mr. BOREN] has stated, that the Supreme Court decision in Buckley versus Valeo created a situation in which the only constitutional way to obtain spending limits is for those limits to be voluntary. And the only way for those voluntary limits to be functional is to link them to some form of public financing.

The question then, Mr. President, is whether those who so far have opposed the bill reported by the Rules Committee agree that we need spending limits, or whether they believe we ought to permit campaign spending to continue to soar in unrestricted fashion.

The amendment I have proposed on behalf of Mr. BOREN and myself, Mr. President, is designed to provide those Senators an opportunity to show how they feel on that question. The principal criticism directed toward this bill by most of its critics is that it costs too much or will cost taxpayers too much because of its public financing. The amendment I have sent to the desk cuts the cost of the bill by more than half, as Mr. BOREN has just stated.

Those of us who have so strongly supported campaign financing reform are willing to make this much movement because we believe obtaining real campaign finance reform—notably including effective spending limits—is the very core of reform.

We also are willing to make this much movement because we sincerely want the legislation that emerges from the Senate on this subject to be bipartisan. This legislation is not now and never has been an attempt to hurt the Republican Party, as some have charged.

Mr. President, this amendment speaks for itself. It shows that we who support campaign finance reform are willing to meet those who have expressed criticisms of the bill before us more than halfway. I am very hopeful that those Senators will choose to move toward us as we have been willing to move toward them. Because, if they do, the 100th Congress can take a truly historical step in enacting effective campaign finance reform legislation that will help mightily to restore confidence in the integrity of our democratic system of Government.

The people of this Nation are watching what we do here. Too many in this city underestimate the intelligence and perceptivity of the people out there who are watching. The people will know who supports real reform and who does not support real, genuine, effective, meaningful campaign finance reform. They will know who is putting up a smoke screen and who is serious. Nothing less than the public's perception of the integrity of this body—and, indeed, of our Democratic Government—is what is at stake. It will be a true tragedy if we let party politics get in the way of what we need to be doing on this subject—if we cannot work together to achieve what the people want us to achieve: real reform.

I hope those who have opposed this campaign finance reform bill will support this amendment.

Mr. President, I ask unanimous consent that an editorial from today's Washington Post entitled "Drowning in Money" be printed in the RECORD at this point.

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

DROWNING IN MONEY

Knowing they'd lose if it came to a vote, Republicans have done as threatened and blocked the Senate from proceeding with campaign finance reform. They say the sticking point is the public financing the bill would provide for Senate campaigns—that the democratic bill is a grabby effort by a lazy majority to perpetuate itself in office at public expense; that the present system is not the cozy trade of clout for cash the critics portray; that public finance will create a Senate not more responsive to the public will but less so.

This is a false issue. A comparable public financing scheme has been in effect at the presidential level for three elections now. The view almost everywhere is that it has helped in mucking out the stables. Ronald Reagan has taken public money three times, more than $90 million in all; he seems to have survived it. Bob Dole has indicated he will take it in his presidential campaign. Why at one level is it a cleansing influence, at the other to be deplored? Which side of this no doubt moral issue is the minority leader on?

The current congressional financing system is at the very edge of rot. Sensible members of both parties understand that. The cost of office leaps ahead in every election cycle, more than doubling in 10 years: $3 million for the average Senate seat, more if the seat is contested; $300,000 for a seat in the House. The democratic process drowns in amounts like these; the members have been driven to the PACs, which are only too happy to oblige. The answer is spending limits, but the Supreme Court has said that spending limits are only constitutional if they are part of a quid pro quo. That is why public spending is in this bill. You don't have to take the money, but if you do, you have to abide by the terms on which it is given. If not public spending, what do the Republicans propose? They would bid the price of office to the moon.

Some Republicans have suggested, instead of caps on spending, shifts in the sources and mix of funds. The idea is to let the PACs give less, individuals and parties more. A good beginning—the individual limit of $1,000 per election has not been changed since 1974 and is much eroded by inflation—but not enough; these alternatives skate on the surface of the problem. A few others in both parties say the answer is not legislation but a constitutional amendment that would permit spending limits without the window-dressing of public finance. But constitutional amendments take forever, and we wince at the idea of making Swiss cheese of the First Amendment.

The issue is not public-versus-private financing, as the Republicans would have it. The real-world issue is whether and how to limit the role of megadollars in our politics. Yesterday's vote showed that the Democratic bill can pass. The Republicans don't like it, but neither can they want the present system hung around their necks. If not the Democratic bill, then an alternative that will also limit spending and take the Senate

off the present race course: that is what the Republicans must help provide.

Mr. President, I yield back any time that I may have remaining to the distinguished Senator from Oklahoma.

Mr. McCONNELL. Will the Senator from Oklahoma yield for a question?

Mr. BOREN. Will this be on the time of the Senator from Kentucky?

Mr. McCONNELL. Frankly, it makes no difference to the Senator from Kentucky. He will be happy to use his time.

Mr. BOREN. I will be happy to yield on his time.

Mr. McCONNELL. I just wanted to ask the Senator from Oklahoma, as he well knows in the original version of S. 2 as reported out by the committee, if one chose as a matter of principle, let us say, to not opt for public funding and to fund his campaign privately, there was under the committee reported version of S. 2 a provision for what we call, for lack of a better term, a second entitlement from the Treasury.

For example, in the State of Oklahoma, should the Senator's opponent in 1990 choose to go private rather than opt for public funding, once he exceeded the general election spending level of $1,113,700 the Senator in this hypothetical would get a second check from the Government for an equal amount of $1,113,700. And so my question to my friend is, is that second entitlement payment still triggered by the approachment of the level of spending of the candidate who chooses to fund his campaign privately?

Mr. BOREN. Mr. President, the Senator is correct. In other words, as far as raising the money initially, we are not asking the Treasury to raise all of the money after the candidate has met the threshold. Let us take a State where the limit is $1 million to take an example. You raise the $1 million privately, 75 percent within your own State, contributions of $250 or less. After that, if the candidate involved continues to raise individual contributions as opposed to spending PAC money, those individual contributions will be matched dollar for dollar. The actual mechanism is if the candidate raised $20,000 in his State from small contributions, then $20,000 will come out of the fund. So when you get through with that first $1 million under our example, 60 percent of it will have been raised through private contributions and a maximum of 40 percent would come from the public checkoff fund.

Now, let us suppose then that the opponent, who has not accepted the voluntary spending limit, breaks through the barrier and the opponent goes on and spends $2 million. At that point, the additional funds would come to the person accepting the spending limit from the voluntary public checkoff fund. This is their enforcement mechanism to try to ensure fairness so people will not attempt to buy elections. If I want to be a good citizen, if I want to fight the election out on the issues and on the qualifications for office, instead of on the basis of who can raise the most money to buy the election, then I should not be penalized for trying to be a responsible candidate. If the other side wants to buy the election, then, yes, funds would come in from the public checkoff system, from people who voluntarily checked their income tax returns. Funds would come out of that public fund to equalize the race so that the candidate who wanted to be responsible, who wanted to run on his merits, who wanted to run on the issues, instead of running on the basis of buying the election by raising an enormous amount of money and spending an enormous amount of money, that fund would be used, yes, to preserve the integrity of the election process. That is exactly right.

Mr. McCONNELL. I thank my friend from Oklahoma. As he knows, one of our shared concerns—we do have a few shared concerns in this Chamber—is the so-called millionaire's loophole. It exists under current law. It would exist under S. 2. It would exist under the amended version of S. 2. It would exist under McConnell-Packwood. It exists because it is a constitutional problem. One of the things I fear about even the most recent version of S. 2 is that it makes it even more difficult for the candidate who is not wealthy to compete with the millionaire candidate. Certainly the second entitlement from the Treasury would be a deterrent to one who is only a little bit wealthy, but to someone who has vast wealth—and we have some of our colleagues sitting in this body today who have vast wealth and who have spent that vast wealth in behalf of their ambitions to come to the Senate—this would simply provide a limit for the candidate who chose to fund his campaign partially privately and partially publicly but would not be much of a deterrent to the really wealthy candidate who is prepared to dip into his pocket to go the whole way. And so, unfortunately, none of the versions we have discussed will deal with that problem. If there were a way to construct a constitutional amendment, as we probably should construct it, to deal with that problem, the Senator from Kentucky would certainly be more than happy to join in support of such a constitutional amendment.

With all due respect to the majority leader and the Senator from Oklahoma, the amended version of S. 2 is largely a cosmetic alteration of the taxpayer financing feature existing in the earlier version. The expense laid on the taxpayers' backs will be changed from about $117 million per election to about $76 million per election, a 35-percent reduction in the amount of taxpayers' money going into campaigns.

I do not think that is a significant alteration of the problem. Most of the Senators certainly on this side of the aisle—and I think a great many of the Senators on that side of the aisle, at least quietly—do not favor the use of taxpayers' funds for the funding of political races.

Beyond that, as many of us have said frequently in the debate over the last few months, is it appropriate to limit participation? When you put a cap on spending, when you put a cap on participation, when you put a cap on the ability of one to go out and get as much support as his skill and ability will enlist, it seems to me that is not reform.

It appears to me, with all due respect to my friend from Oklahoma, that we still are in fundamental disagreement about what adds up to reform. To the Senator from Kentucky, reform means disclosure of soft money, reform means possibly the limitation of soft money. It means greater disclosure of independent expenditures. It means doing something about the special interests. The Senator from Oregon and myself proposed a bill that would eliminate PAC contributions to candidates. We would be happy to carry that over to parties as well. If the issue is special-interest influence, if the issue is undue influence, if the issue is that somehow we have fallen into the clutches of special interests in this town, we can eliminate those contributions and we can do it in this debate, but unfortunately S. 2 does not do that.

In conclusion, Mr. President, I appreciate the effort of the Senator from Oklahoma, the spirit of compromise, but it seems to me that the amended version of S. 2 retains the most objectional features of the earlier version and that is public funding and spending limits. And so I must respectfully suggest that this is not a compromise that has gone far enough. I yield the floor.

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from Oklahoma.

Mr. BOREN. How much time remains on this side?

The PRESIDING OFFICER. Thirteen and a half minutes.

Mr. BOREN. Thirteen and a half minutes?

The PRESIDING OFFICER. Thirteen and a half minutes remain for the side of the proponents.

Mr. BOREN. I yield myself 8 minutes.

The PRESIDING OFFICER. The Senator is recognized for 8 minutes.

Mr. BOREN. Mr. President, there are a number of issues that have been

raised by the distinguised Senator from Kentucky and I express my disappointment that the Senator from Kentucky does not feel that this particular compromise can be accepted. As we have said, we have gone more than half way. If the true objection was the objection to some partial public financing, we have reduced by more than half the amount of public financing that would be involved in the general election. We have left the primary system totally under private financing.

I would hope that if this cannot be accepted, there would be proposals on the other side which would take a giant step toward meeting us—we have attempted to take a large step toward meeting the objections on that side—so we will not let this opportunity for true reform slip through our fingers once again. Every year that we wait the problem simply becomes more and more serious.

Several matters have been raised and I want to address them. The first is the millionaire's loophole. There seems to have been the implication that Senate bill 2 and the substitute offered today do not deal with the so-called millionaire's loophole, the ability of a candidate who is very wealthy in his or her own right to spend a lot of money in order to get elected, whereas the opponent does not have the funds and this advantage. This bill does deal with a very meaningful way with the so-called millionaire's loophole. First of all, we provide that any candidate who participates in the system, who accepts the voluntary spending limits, who gets the lower advertising rate, who is eligible for the matching fund out of the checkoff system, will first of all agree not to spend more than $20,000 of his own money.

This is in great contrast to the proposal of the Senator from Kentucky and the Senator from Oregon. They allow an individual to spend $250,000 of his own money before any particular provision triggers or any particular protection triggers.

So I submit that if we are concerned about doing something about preventing those with enormous amounts of personal wealth from using their own money to buy an office, our proposal is much more effective than theirs.

Second, we should look at what happens if the candidate exceeds the amount of money that is allowed.

First of all, under our provision, if a millionaire exceeds the voluntary spending limit, then the opponent who does not have the access to that personal wealth will be eligible for funds out of the checkoff system, an impartial checkoff system, to combat that amount of money.

The solution offered, on the other hand, in the McConnell-Packwood proposal is to allow the candidate who is up against the millionaire candidate to raise the individual contributor limit on funds they can accept from $1,000 up to $10,000. In other words, they compound the problem.

The only way of dealing with it, if the millionaire spends over $250,000 of his own money, which they allow, is to raise the contributions so that people can give $10,000 to a candidate instead of only $1,000.

In my opinion, that creates what I would call a double loophole, so far as big money influence is concerned. We are just compounding the problem of allowing other millionaries, who can now give only $1,000 to a candidate, to now give that candidate $10,000. How does that enhance the ability of the average citizen at the grassroots, who cannot afford to make such contributions, to participate on a fair and equal basis in the election process? I say it does not. I think the terms of S. 2 are much more effective in dealing with this problem.

Let me indicate that I think we are getting at the basis of what is really the reason for the dispute on the other side of the aisle. It is not really public financing. We have talked here about reducing the amount of public financing. It is really, spending limits. The objection to public financing, I think, has been thrown up as a smoke screen. The real reason some on the other side are not for this proposal is that it achieves spending limits.

I was interested to read an article this morning in the Louisville Courier Journal quoting our distinguished colleague, for whom I have great respect. We have worked together on a number of issues. He said that the Senate Republicans met late yesterday and agreed to bind themselves as a caucus to vote against any new version that would impose spending limits—spending limits.

I must say that I was very discouraged by that, because, as long as the problem was simply a mechanism of getting spending under control, concern about the amount of public financing involved, I felt certain that we could move to reach an agreement, that we could move to have a consensus. There cannot be any real reform without some kind of spending limits. We must limit the influence of special interests and the amount that is being spent on campaigns.

This Senator is not overjoyed with the idea of putting any public funds into the election process, but it becomes necessary, and I think it is important for the American people to understand.

In the past, we had laws that limited the amount of money you could spend getting elected to Congress or to State offices across this country, and we kept it on a fair basis, so that any candidate could not buy the election by being able to have more money himself or herself or raise more money. We had to keep a level playing field to elect people on their qualifications rather than on the basis of how successful they were in raising huge amounts of money, often from those who had an interest in legislation pending in Congress.

Then the Supreme Court came along, in the case of Buckley versus Valeo, and said it is now unconstitutional, in the opinion of the Court, to impose spending limits. So we had to come up with some new mechanism to find a way to constrain total spending.

The example before us, which has been upheld by the courts, was the example of the Presidential system, which has worked very well and kept the cost of running for President from escalating at all.

It stayed more or less the same since this system was put in place. That is, you can have voluntary spending limits. Why would a candidate accept spending limits, especially if they are concerned about an opponent not abiding by spending limits?

Well, we put in a system under which there is a matching fund. Only candidates who accept the voluntary spending rule limit will qualify to obtain matching public funds. We have to come up with a bundle of carrots, with incentives, to induce a candidate to accept a voluntary spending limit. That is the only way, under the Court decision. It is a Court decision I do not happen to like, but it is the Court decision. It is now the law of the land; and, like it or not, we have to deal with it, and we have to come up with a system that will enable us to impose spending limits through a voluntary system. However, with a voluntary system, you have to have some inducement, a mechanism, to get a candidate to accept that limit; and to make sure he accepts it is to have inducement, even overriding his fear that his opponent will outspend him.

So, that is what this debate is really about. Is it good for America to allow candidates to spend on campaigns absolutely without limit? That is what is so discouraging to me.

I do not believe that a majority of people in this country, in either political party, think it is good for America, for the cost of campaigns to continue to escalate at such an alarming rate. If you took a poll of the American people, I do not believe that you would have more than a tiny fraction of the American people say that it is a good thing that the cost of running for the U.S. Senate has gone up from $600,000 to $3 million in just 10 years. I do not think you could get many people in the United States of America to say that they think it is a good thing that if just the present rate of increase continues, 12 years from now it will cost an average of $15 million in a small

State to run for a seat in the U.S. Senate.

I think they would agree with the feelings of the high school students I mentioned on the first day of this debate.

I asked them: "Are you interested in serving your country, perhaps running for office, running for the U.S. Senate someday?" A number of hands went up. They were 12 years away from running for the Senate.

When I asked them how many, I told them to think about how they would raise the $15 million, which, at the current rate of increase, it would take for them to run for the U.S. Senate. I wish my colleagues could have seen the looks on their faces. We cannot afford to dash their idealism and their hopes to serve.

What can anyone be afraid of, to get an equal chance to raise money with equal limits? Yes, they have to be high enough to help you bring your case to the American people, to tell the people what you believe and what you hope to do if elected. But how much is enough? Should we allow a system to exist that would allow a person to raise $50 million, $100 million? Some think it is great that it has gone from $600,000 to $3 million. I suppose they think it would be better to rise to $15 million. Is it enough to allow us to raise $100 million to run for the U.S. Senate, so that we could spend nearly all our time raising money and none of our time solving the problems of the country?

Let us compete on qualifications and ideas, on a fair and equal basis, before the American people. Let us tell the people what we want to do if elected to office. Let us tell them our proposals for solving the national problems. Let us not make the major element of competition for public office the raising of the most money, rather than those people who would be most dedicated to serving their country and most able, because of their ideas, to make a clear contribution to the future of this country. Yes, we want competition in politics, on ideas and ideals, and not on money, money, and more money, to auction off the high offices of this land to the highest bidder.

The PRESIDING OFFICER. Who yields time?

Mr. McCONNELL. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has just under 24 minutes.

Mr. McCONNELL. Mr. President, in part I believe I agree with my friend from Oklahoma. The issue is spending, but spending put another way is participation. The question is, is it good for America to limit participation in campaigns?

The American people are busy. Most of the American people have jobs. They are involved in the Girl Scouts, the Boy Scouts, a variety of other endeavors.

What is the easiest and most effective way for the American people to participate is to make a contribution to their favorite candidate.

So what my friend from Oklahoma is really saying is let us limit participation in the political system. Let us say to candidate X in Oklahoma, "No matter how much support you've got out there, this is all you can get, this is all you can get."

The Supreme Court decision has been cited by many with disdain. What the Supreme Court said about limiting spending was that it was a violation of the first amendment, and the Supreme Court was right on point. I repeat what the Supreme Court said, that a limit on spending on behalf of a candidate was a violation of the first amendment.

We revere the first amendment in this country. The Supreme Court interpreted this right appropriately, and it is not good for America to put a limit on participation.

We all agree that the so-called millionaire loophole is a problem and none of the bills before this body will solve that problem. But to the extent that we are talking about the raising of funds from others, the accumulation of that support is not bad. It is good. It is a constitutionally protected right under the Supreme Court decision.

I make no bones about defending the right of political candidates to go out and get a lot of support from a lot of people which is required under our system, as much as they can get.

When the Senator from Oklahoma talks to his schoolchildren about running for the U.S. Senate, his answer to the schoolchildren ought to be it will be difficult to run for the U.S. Senate; you have to get a lot of people to support you, and nobody is going to send you a check from the Federal Government to run your race; you are going to have to have a lot of support to pull it off. It is not easy to be elected to the U.S. Senate. That is what the Senator from Oklahoma should say to his schoolchildren. They can get support like anyone else can.

Mr. President, I did not intend to make another speech at this point, but since I am controlling the time on our side I would like to yield 6 minutes to the Senator from Arizona.

Mr. McCAIN. Thank you very much, Mr. President.

I thank my colleague from Kentucky in his earnest labor on this very crucial issue to the American people.

Mr. President, when this debate started, I was very confused about something and that was what my colleague from Oklahoma, Senator BOREN, stated in the initial debate that Senator Barry Goldwater, my distinguished predecessor, was in support of this bill. I was very confused about that. And I must say in all candor that I was confused because I know Barry Goldwater, and I know that Barry Goldwater would never support public financing—raiding the public till to the tune of a quarter of a billion dollars every couple of years in order to finance political campaigns.

I just finished talking to Senator Barry Goldwater on the telephone. Senator Goldwater said he was misinformed as to what the content of S. 2 was. Senator Goldwater said he could never, and his colleague, Senator BOREN, I believe, should have known that, support a bill that required taxpayers to foot the bill for political campaigns.

I hope that my distinguished, and I mean distinguished and revered, friend, Senator BOREN, will retract his statements from the record which indicate that Senator Barry Goldwater was in support of S. 2 because Senator Barry Goldwater is not and will not be in support of that legislation.

I understand that my colleague from Alaska, Senator STEVENS, has already received a telegram to that effect.

Let me mention, Mr. President, now that we are talking about special interests, last Sunday a special interest group decided to get into Arizona politics. One is from Washington, DC. They took a full page ad out in the largest newspaper in my State, stating that "Senator MCCAIN is about to vote on whether to end a national scandal. The Senate's integrity is at stake. What will Senator MCCAIN do? Paid for by Common Cause, Washington, DC."

There are a couple of things interesting about this advertisement or however one wants to describe this. First of all, it says, "Senator Barry Goldwater supports S. 2." False.

Then it is very interesting that it focuses on political action committees. In fact, the opening statement in this ad is: "Too much money is given to candidates by special-interest PAC's."

What they do not go on to say is that political action committee participation is allowed by S. 2. On the first day of debate my colleague from Oregon, Senator PACKWOOD, and I said to the distinguished author of this bill that we would accept an amendment to the bill which will do away with all political action committee participation, whether it be to an individual candidate or to a party.

We thus find ourselves in a strange situation indeed, particularly in view of all of these wonderful editorials from all over the country that have been put on my desk that are entitled "PAC," "PAC racket," "PAC reform," "Big money PAC's do not help the little people." If that is the focus of the American people's dissatisfaction with the political process, Mr. Presi-

dent, let us do away with political action committees. If we want an honest bill out of this U.S. Senate then, Mr. President, let's deal with an amendment I've suggested a couple of days ago which does away with all political action committee participation, both to individuals or to parties.

I think that is the way, Mr. President, to address the concern of the American people, who believe either rightly or wrongly that political action committees corrupt the political process and exert undue influence on the legislative process.

Let me add again, Mr. President, if I could, there is no mention in this or any other of the stack of editorials that I have seen that even mention that it is the American people who S. 2 is asking to foot the bill for this legislation, the American taxpayer.

Everyone knows full well that, if a bill of this nature passes the Senate, then we will have public financing for the House of Representatives as well. That is a political reality around this body, and that will increase the expenditures in the estimation that I have seen of somewhere around a quarter of a billion dollars every 2 years. I think that is an outrage.

I agree with my colleague, Senator Goldwater, my distinguished predecessor that this is not the approach to take.

My distinguished colleague, Senator BOREN, just said public financing is a smoke screen. I say to my colleague and distinguished colleague from Oklahoma that is not the view of Senator Goldwater. The difference between his support and nonsupport of this bill is public financing.

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

Mr. McCAIN. I will yield when I have time.

I very much appreciate the response of my distinguished friend from Oklahoma. Public financing is not a smoke screen. In my opinion and in the opinion, I think, of many Americans, it is indeed the crux or one of the most crucial parts of this issue.

The Senator from Oklahoma says that a fraction of the American people believe that campaigns cost about enough. I would suggest that a fraction of the American people believe that we should again raid the Treasury to pay for campaigns.

Let us look at another approach—limiting the size of individual contributions.

We had very compelling testimony from our distinguished colleague from Florida, who has been sent back on several occasions by the majority of the people in his State. He accepts no PAC money. He limits his contributions to $100 per individual.

Why do we not look at that way rather than asking for the easy way which is just asking the taxpayer to bear a burden.

The question is: Do I have to spend, or did I in the last campaign, have to spend too much time raising money for my campaign? The answer is "yes." I also had to spend too much time knocking on doors in 115 degree heat in Tucson, AZ. I had to spend too much time attending as many as seven barbecues in 1 day. I had to spend too much time, an inordinate length of time, as a political campaign does, raising money from people, particularly on the basis of $5, $10, $15, and $20. The average contribution in my campaign in the last election was $20—which is a way of involving people in the political process.

Mr. President, if we want true reform let us do this. Let us address the evil, as the American people view it and as all of these editorials that have been placed on my desk view it, and that is the political action committee.

Let us not limit it. Let us do away with it. That is what I feel is indeed the evil as perceived by the public.

Second of all, let us look at the limits on the individual contributions rather than asking the taxpayers to foot the bill for our political campaigns and taking the burden off of us to get people to participate in our campaigns in which contributing to one's campaign is an integral part.

I yield to my distinguished colleague from Oklahoma.

Mr. BOREN. Mr. President, I just want to say to my good friend from Arizona that, as he knows, I would never in any way try to misconstrue what his former colleague, for whom I have a great respect and long friendship, Senator Goldwater, would say on this matter.

I want to enter into the RECORD a letter that I wrote to Senator Goldwater on February 23, 1987, which was accompanied by copies of the bill and details of provisions of the bill.

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

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

U.S. SENATE,
Washington, DC, February 23, 1987.

Hon. BARRY GOLDWATER,
Scottsdale, AZ.

DEAR BARRY: As we discussed late last year before you left the Senate, the fight to clean up the Congressional election process could greatly benefit from your continued interest and commitment.

I wanted to send to you some material on a bill I introduced the first day back in the 100th Congress. I hope that you can take a close look at the details of S. 2—the "Senatorial Election Campaign Act of 1987". It is an expanded version of the bill we pushed together last year.

Like you, I have felt the real solution to problems in campaign finance is to have overall spending limits. However, the only practical way to do so, without appearing to go against the Buckley vs. Valeo Supreme Court decision, is to tie the limits to a system of voluntary, partial public financing. An attempt to amend the Constitution could take years.

Unlike some bills in the past, S. 2 has a provision to require several, small, in-state contributions as an eligibility requirement to receive the public money. As well, it specifies that if a non-participating opponent twice exceeds that state's spending limit, the limit is taken off for the participating candidate. This helps insure that there is a budgetary ceiling on what the program ultimately costs.

I am sure you share with me the strong feeling that with the tone of and money pumped into the 1986 elections, moving to this system is a small price to pay to preserve and secure the integrity of the election process and to restore public faith in the Congress.

I hope that after looking over the summary of the bill and the other enclosed materials, that you can give your support to the legislation.

I greatly valued our partnership on this issue in the 99th Congress. Knowing your sincere concern for this institution, I look forward to having your help again.

Sincerely,

DAVID L. BOREN,
U.S. Senator.

Mr. BOREN. Mr. President, in the letter, I say:

However, the only practical way to do so, without appearing to be against the Buckley vs. Valeo Supreme Court decision, is to tie the limits to a system of voluntary, partial public financing.

I go on to say that to have eligibility to receive public money, I would require the——

The PRESIDING OFFICER. The time of the Senator from Arizona has expired.

Who yields time?

Mr. BOREN. Mr. President, I think I am running short on time, but I would yield myself 1 minute to complete my answer.

So I did explain to Senator Goldwater how the system works. Senator Goldwater wrote back to me a letter of March 7, 1987, which I ask unanimous consent to have printed in the RECORD.

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

SCOTTSDALE, AZ,
March 7, 1987.

Hon. DAVID BOREN,
U.S. Senate,
Washington, DC.

DEAR DAVE: I have had a good opportunity to read your proposed legislation, and frankly Dave, I like it a little better than what we put in last year.

The important thing is to eliminate the growing, dreadful use of money, money to get elected. It is a costly procedure, and I think any kind of a law that would prohibit, or limit, expenditures on certain items, such as television and other advertising, would be a boon to everyone running for politics.

As I sit on the outside now, and look back at my time of campaigning, I almost get sick at the amount of money I had to spend to achieve what I did.

My best wishes are with you for your success in this. I think you are doing a great thing for our country.

With all good wishes.

BARRY GOLDWATER.

Mr. BOREN. Mr. President, in that letter, he says:

I have had a good opportunity to read your proposed legislation, and frankly Dave, I like it a little better than what we put in last year.

Then I want to read this sentence—and I hope my friend from Arizona will listen, in particular, to this particular sentence from Senator Goldwater's letter:

The important thing is to eliminate the growing, dreadful use of money, money to get elected. It is a costly procedure, and I think any kind of a law that would prohibit, or limit, expenditures on certain items, such as television and other advertising, would be a boon to everyone running for politics.

As I sit on the outside now, and look back at my time of campaigning, I almost get sick at the amount of money I had to spend to achieve what I did.

I do not know if the Senator from Arizona has been convinced since he wrote me the letter to have a concern about the public financing portion. We have reduced the amount of public funds with the new proposal we made today.

And I know the Senator from Arizona clearly feels very, very strongly that we are spending too much money to run for office and we badly need some kind of system to limit that spending.

Mr. McCONNELL. Mr. President, I yield a minute of my time to the Senator from Arizona.

Mr. McCAIN. I thank the Senator from Kentucky.

Mr. President, I understand that there has been some confusion on this issue, but I also say that I am sure that the Senator from Oklahoma is very aware of the long record that Senator Goldwater had against public financing of almost anything, much less political campaign. In his letter to the distinguished Senator from Oklahoma, Senator Goldwater is in favor of limiting campaign spending. He is, indeed, as we all are, alarmed about the amount of money that is spent on political campaigns. But I think it is very clear that he, consistently throughout his career, has opposed, as in last year's bill which he cosponsored with the distinguished Senator from Oklahoma, he has consistently opposed public financing.

So I think we come back to the basics that we all share—that there is a need to reform. The question is: Do we need public financing to do it, and do we need to eliminate or limit political action committees?

Mr. BOREN. Will the Senator yield for one very brief question?

Mr. McCAIN. Yes.

Mr. BOREN. Would he agree that, given what I just read from Senator Goldwater's letter——

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. McCONNELL. I yield 1 minute of my time to the Senator from Oklahoma.

Mr. BOREN. I thank the Senator from Kentucky for his understanding and generosity in this matter.

I would just ask, having just read those comments from Senator Goldwater, knowing his concern about total spending, does the Senator think Senator Goldwater would agree to a provision to say that any burden, which includes spending limits—let us set aside the issue of public financing—should be opposed? I would think, from what everything Senator Goldwater said, he would like to see spending limits if we could get them.

Mr. McCAIN. I agree. But Senator Goldwater would not, obviously, because of what he told me, favor that proposal in conjunction with public financing, and he cannot support the bill because of the public financing aspect.

Mr. BOREN. He would not be philosophically opposed to spending limits if they could be acquired otherwise?

Mr. McCAIN. That is my understanding.

Mr. McCONNELL. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Kentucky has about 11 minutes remaining.

Mr. McCONNELL. I understand the Senator from Maine has a statement. I would like to yield the Senator from Maine 4 minutes. The Senator from Oklahoma is out of time, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCONNELL. I yield 4 minutes to the Senator from Maine off of my time.

Mr. MITCHELL. Mr. President, that is very gracious of the Senator from Kentucky. I appreciate it.

I am pleased to support this substitute amendment to S. 2.

For the last several days, there has been considerable debate on the Senate floor about the merits of the proposal reported out of the Senate Rules Committee. In my judgment S. 2 is a good bill that will restore confidence in our election system by removing the taint of undue influence.

S. 2 is a carefully constructed proposal that represents many months of hard work to produce a balanced bill. It is reasonable in cost and bipartisan in effect.

Nevertheless, there remains considerable opposition to the bill. Listening to the speeches on the Senate floor, I get the impression that there is a consensus that change is in order—that our present system of campaign finance is not serving the national interest—but opponents have some problems with the approach in S. 2.

If that is the case, we should attempt to reach a compromise. This issue is too important, and we have come too far, to simply give up. We should make the extra effort to settle our differences.

The substitute amendment offered today is an attempt to reach common ground. It is an attempt to respond to the arguments that have been presented on the Senate floor over the last several days—to answer those arguments and move toward passage of a bill that is vitally needed.

The principal difference between this amendment and the committee bill is that the amendment changes the S. 2 grant mechanism for public funds into a matching mechanism whereby small individual contributions of $250 or less would be matched. To qualify for the matching funds, a candidate would first have to show that he or she has broad public support by raising enough private, small, individual, contributions to meet a threshold. In most States that threshold would be around 20 percent of the expenditure limit.

That means that, at the most, the public portion of the funding would be 40 percent of the expenditure limit for the general election.

That would be the maximum amount. In practice, the public spending portion would undoubtedly be far lower because many contributions—all PAC contributions, individual contributions in excess of $250, and party contributions—would not be matched.

This change in S. 2 responds to the two principle arguments of the opponents of the bill. First, it ensures a continuing—indeed it places a premium on—an active and important role for small contributors in the election process. Time after time over the last few days we have heard the complaint that S. 2 would take the electorate out of the process because there would be no need to raise funds from one's constituents.

That complaint was lacking in merit because S. 2 would still have required that more than half of the total expenditure limit—in both primary and general election—be raised in private contributions. Nevertheless, this substitute being offered today responds to the argument. It would limit the public financing portion to a maximum of less than 25 percent of the total expenditure limits. In most cases the limit would be less than 20 percent. This would occur because, in both S. 2 and the substitute, all primary spending would be raised from private funds, as under current law.

The second complaint that has been made against S. 2 is that we cannot afford the cost of public financing. In

my judgment, that argument is without merit. According to the Congressional Budget Office, S. 2 would cost $38 million a year to fund Senate election campaigns. That is $38 million to restore some dignity to our election process.

In an attempt to address that argument, the substitute amendment reduces by at least one-half the amount of public funds. Actually, the cost of the substitute would be less than one-half the cost of S. 2 because candidates will be relying to a greater extent on contributions from individuals and political committees that are not matchable.

Thus, the cost of this substitute would be less than $19 million a year. Is there a Member of this body who really believes that this country cannot afford $19 million a year to clean up our system of campaign finance, I want to hear it. This Nation spends $19 million every 33 minutes to fund the Defense Department. Surely it can spend the same amount in 1 year to restore confidence in our system of Government.

That is really what is at stake here.

Our system of campaign finance goes to the heart of our governmental system.

If the American people do not have faith that their Government fairly represents them, functions in the best overall interests of the Nation, and respects the guarantees of liberty and justice on which our system rests, the authority of Government is undermined.

There is no more certain way for Government to lose the public confidence—and with it the substance of its authority—than for Government to appear to be beholden to narrow, special and favored interests, separate from the common good.

Nowhere in Government do we risk eroding public faith and undermining public confidence more than through the manner in which we finance our election campaigns.

The 1986 congressional election campaign was the most expensive in history. Almost $400 million was spent on the 469 elections for congressional office, up 20 percent in just 2 years.

For Senate campaigns, spending increased almost 30 percent between 1984 and 1986. It more than doubled over the last 6 years.

And what did that money buy? Many races degenerated into nonstop fundraising efforts to finance television commercials rebutting rival commercials. Where in such a spectacle is there time for candidates to meet ordinary voters, to set out ideas and proposals, to debate opposing views?

Something must be done to reform the manner of raising funds and to control the costs of running for elective office.

The substitute being offered today provides the solution. The essential element of this legislation is the overall spending limits that would be placed on campaigns for election to the Senate. Unfortunately, the Supreme Court decided in the case of Buckley versus Valeo that the Constitution does not permit Congress to impose mandatory spending limits on campaigns for Federal office. Such limits can be imposed only on a voluntary basis. That has left Congress with only one alternative—to provide public financing as an inducement for candidates to agree to overall spending limits.

Public financing of congressional campaigns enjoys widespread and bipartisan public support, and it has for years. Senate Democrats, including myself, have worked for years to put in place a system of public financing that would limit spending for Senate campaigns. We did this while we were the minority party in the Senate and we have continued now that we are the majority party.

Why? Because public financing is in the national interest.

There has been what we call around here extended debate on this bill. That is, an attempt to keep talking to prevent enactment of campaign finance reform even though a majority support its enactment. Why? Not because the Members of this body are not in agreement that the current system is out of control and badly in need of change. Rather, because each of us perceives this issue through the prism of our personal interest or what we believe to be the interest of the political party of which we are members. Because the stakes are so great, there is a fear of change.

But this issue demands more. We must put aside our self interest and act for the common good. We have an opportunity in this 100th Congress to restore public confidence in the election process. We must not again let that opportunity pass.

Mr. President, in the few minutes that the Senator from Kentucky has graciously yielded to me, I simply want to say that this substitute amendment is a sincere effort to address the objections to S. 2 that have been raised on the floor in the debate of recent days. As we have just heard expressed by the Senator from Arizona, the principal concern is what he describes as the raid on the Treasury, the asking of the American taxpayers to contribute to the cost of elections.

In an attempt to address that argument squarely, the substitute amendment reduces by more than half the amount of public funds that would be involved. Actually, the cost of the substitute would be less than one-half the cost of S. 2 because candidates will be relying, to a greater extent, on contributions from individuals and political committees that are not matchable. Thus, the cost of this substitute would be less than $19 million a year.

Is there a Member of this Senate who really believes that the United States cannot afford $19 million a year to clean up our system of campaign financing? This Nation spends $19 million every 33 minutes to fund the Defense Department. In the 4 hours since the Senate began debating this issue this afternoon, the Defense Department has spent about $150 million. We all support a strong defense and we recognize the need for it. It is simply an effort to put this into perspective.

This is an effort, a genuine effort, in good faith to meet the objections raised concerning the amount of money being spent. The reality is that the central problem in our political system today is the rapidly rising, already excessive cost of political campaigns and the enormous demands that places on candidates to meet that funding requirement, the disproportionate time involved, the corrosive influence of the entire process, which demeans all participants. It demeans the candidates, it demeans those who are badgered and harassed for contributions.

This substitute also meets the other concern raised by the opponents—a good faith concern—that they do not want to shut the average citizens out of the process. So, by saying that you are going to reduce the amount of public financing to make it a matching system for private contributions throughout the campaign process, the substitute meets the two objections raised by the opponents; that is, the amount of money spent and the participation by average citizens.

The substitute's adoption means that average citizens could participate throughout the process, that the amount of public financing would be extremely small and would serve principally as an inducement to participation in voluntary agreements to limit spending. That is the heart of this reform.

Campaign finance reform without spending limits is not campaign finance reform. That should be clear. Above all else, that should be clear, because the central problem is and remains the dramatic, rapidly rising, already excessive costs of American political campaigns, and all the other ills which have been addressed here flow directly from that central reality.

So I hope, Mr. President, that our colleagues will consider this as a good faith effort and try to work for a common objective, and I again express my sincere gratitude to the Senator from Kentucky for granting that time to me.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. McCONNELL. There is, indeed, a serious disagreement on whether the limitation on participation is reform. It is the view of the Senator from Kentucky that limitation on participation is not reform but a step backward. The receiving of contributions from a lot of individuals is a good thing, an indication of support.

But, even under the proposal of the Senator from Oklahoma and the Senator from West Virginia, there will not, in the judgment of the Senator from Kentucky, be a reduction in campaign spending.

So, let us analyze S. 2, as amended.

First of all, Mr. President—and these are conservative estimates—assuming that, in every election cycle, the incumbent does not have an opponent and that there are two opponents competing in the primary opposite the incumbent, a rather conservative estimate, the spending limits in the primaries across America every cycle will be $101,151,000. Then, in the general election, Mr. President, assume a Republican candidate, a Democratic candidate, and, yes, an independent candidate. Again, this is a conservative estimate because I think under S. 2 there will be more than one independent candidate because independent candidates are entitled to get their hands into the Treasury as well. Under S. 2 an independent candidate who can raise the threshold amount, postprimary, will get on a dollar-for-dollar basis up to one-half of the entitlement that the Republican or Democratic candidate would get.

But assuming, Mr. President, just one independent candidate—and in Kentucky we often have more than one—just one independent candidate for general election, that is a general election spending limit of $102,509,000; a goodly portion of that coming from the Treasury. But that is the overall limit in the general election.

There is also under S. 2 a provision for the responding to an independent's expenditures. So that if one is attacked by an independent's expenditure, he can dip into the Treasury to respond to that independent's expenditure.

Assuming that we had the same number of dollars spent in an independent's expenditures in the next cycle as we had in 1986, that would be another $4.4 million

Mr. President, I stand corrected on one figure that I used earlier. The $102 million figure would just be for the Republican and Democratic candidates in the general election. Independent candidates, assuming just one in each of 33 races, would be another $51 million, so we are talking $101 million in the primary, $102 million for the principal candidates in the general election, $51 million for one independent candidate in the general election, $4 million in independent expenditure response funds, and $10 million in compliance.

Now, what does that all add up to, Mr. President, in terms of overall spending under S. 2? Overall spending, under S. 2, both public and private funds, would come out to right at $270 million compared to $211 million spent in the 1986 Senate election cycle.

What you have, Mr. President, is a 28-percent increase in spending under S. 2.

As part of that $270 million in overall allowable spending, $76 million would come from the Treasury.

S. 2's amended version lowers from our version of $117 million cost down to $76 million cost from the Treasury. But the overall spending limit, if that is the issue, would actually, in all likelihood, go up 28 percent.

Clearly, S. 2, in its original version, its committee version or its amended version, does not even get a good handle on what it is designed to get a handle on, and that is the limitation of spending.

Clearly, it seems to me, the conclusion to be drawn is that that is not a business we ought to get into in the first place; that is, a limitation on participation.

A candidate's ability to gather support should not be limited and, for most reasons, the form of support that is easiest to give is a small contribution.

So, yes, indeed, the issue is spending limits. It is public financing, also, but it is spending limits. It is participation limits.

Is that reform, Mr. President? I think not. And that is a central difference of opinion, as the Senator from Oklahoma has correctly stated, between the version that he advocates and the version that we advocate, on this side of the aisle.

Mr. President, I yield the floor.

How much time do I have remaining please?

The PRESIDING OFFICER. The Senator has one-half minute remaining.

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

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

Mr. BYRD. Mr. President, I am going to protect the distinguished Senator from Texas. Here he is. I was just going to say I was going to protect him, but I was going to express the hope that he would not have me protect him too long.

Mr. GRAMM. I appreciate the protection of the distinguished majority leader.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the hour of 4:45 having arrived, the Senator from Texas is recognized for the purpose of raising a point of order.

Mr. GRAMM. Mr. President, the bill that is currently before us provides for a new entitlement. The entitlement is an entitlement of candidates who are nominees of either of the two major parties or the nominees of any smaller party to Federal funds if they are able to reach a qualifying threshold of fundraising. This creates new budget authority and new entitlement authority in years for which a budget resolution has not been adopted.

The purpose of this budget point of order is to prevent Congress from creating new entitlements—in this case, entitlement for itself—in years before a budget is adopted and therefore affect the deficit in that year.

On the basis of the fact that the bill currently before us creates $76 million in new budget authority and new entitlement authority in fiscal year 1988, and on the basis that there has been no budget resolution adopted for that year, Mr. President, I make a point of order against the bill as reported on the grounds that it violates section 303(a) of the Budget Act by creating new entitlement authority for a fiscal year for which a budget resolution has not been adopted.

Mr. BYRD. Mr. President, I move, pursuant to section 904, to waive section 303 of the Budget Act for consideration of the bill S. 2 and any relevant amendments thereto. 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.

CLOTURE MOTION

Mr. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the Committee substitute for

S. 2, to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes.

Senators Robert C. Byrd, Donald W. Riegle, Tom Daschle, Bill Proxmire, Max Baucus, David Boren, Timothy H. Wirth, Daniel K. Inouye, Claiborne Pell, Spark Matsunaga, Harry Reid, Lawton Chiles, Brock Adams, John J. Rockefeller IV, Terry Sanford, Alan Cranston, and Wyche Fowler.

MOTION TO WAIVE

Mr. BYRD. Mr. President, what is the question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act.

Mr. GRAMM. Mr. President, is this motion debatable?

The PRESIDING OFFICER. The motion is debatable.

Mr. GRAMM. Mr. President, I shall be brief. I want Members to understand exactly what we are voting on here.

We are voting on whether or not to waive the Budget Act, and waive a point of order that exists under the Budget Act, in order to create a new entitlement, an entitlement for people to run for the U.S. Senate, an entitlement for those Members of this body who seek reelection under this law and, in the process of creating that entitlement in an outyear, adding to the deficit in a year for which a budget has not been adopted.

The House did not write a budget that in any way accommodated this new spending. So the issue here could not be clearer: if you want to waive the Budget Act, create a new entitlement, and increase the deficit, if you want to vote in favor of taxpayer funding of elections, then you want to waive the Budget Act. However, if you think that we should not waive the Budget Act so that Members of the Senate can run for reelection at the taxpayers' expense, then you want to vote against this budget waiver. I urge my colleagues to vote no.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the motion. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. EXON. Mr. President, on this vote I have a pair with the Senator from Rhode Island [Mr. PELL]. Were he present and voting, he would be voting "aye." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Tennessee [Mr. GORE], the Senator from Vermont [Mr. LEAHY], and the Senator from Rhode Island [Mr. PELL] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE] would vote "yea."

Mr. DOLE. I announce that the Senator from Oregon [Mr. HATFIELD], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Oregon [Mr. PACKWOOD], the Senator from New Hampshire [Mr. RUDMAN], the Senator from Wyoming [Mr. SIMPSON], the Senator from Vermont [Mr. STAFFORD], and the Senator from South Carolina [Mr. THURMOND] are necessarily absent.

On this vote, the Senator from Vermont [Mr. STAFFORD] is paired with the Senator from Pennsylvania [Mr. HEINZ].

If present and voting, the Senator from Vermont would vote "yea" and the Senator from Pennsylvania would vote "nay."

I further announce that, if present and voting, the Senator from South Carolina [Mr. THURMOND] and the Senator from Wyoming [Mr. SIMPSON] would each vote "nay."

The PRESIDING OFFICER (Mr. DOLE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 42—as follows:

[Rollcall Vote No. 149 Leg.]

YEAS—46

Adams	Dixon	Mikulski
Baucus	Dodd	Mitchell
Bentsen	Ford	Moynihan
Bingaman	Fowler	Nunn
Boren	Glenn	Pryor
Bradley	Graham	Reid
Breaux	Harkin	Riegle
Bumpers	Inouye	Rockefeller
Burdick	Johnston	Sanford
Byrd	Kennedy	Sarbanes
Chafee	Kerry	Sasser
Chiles	Lautenberg	Simon
Conrad	Levin	Stennis
Cranston	Matsunaga	Wirth
Daschle	Melcher	
DeConcini	Metzenbaum	

NAYS—42

Armstrong	Hatch	Nickles
Bond	Hecht	Pressler
Boschwitz	Heflin	Proxmire
Cochran	Helms	Quayle
Cohen	Hollings	Roth
D'Amato	Humphrey	Shelby
Danforth	Karnes	Specter
Dole	Kassebaum	Stevens
Domenici	Kasten	Symms
Durenberger	Lugar	Trible
Evans	McCain	Wallop
Garn	McClure	Warner
Gramm	McConnell	Weicker
Grassley	Murkowski	Wilson

PRESENT AND GIVING A LIVE PAIR AS PREVIOUSLY RECORDED—1

Exon, against.

NOT VOTING—11

Biden	Leahy	Simpson
Gore	Packwood	Stafford
Hatfield	Pell	Thurmond
Heinz	Rudman	

So the motion to waive was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The point of order, therefore, falls.

Mr. BYRD. Mr. President, may I have the attention of the Senate?

The PRESIDING OFFICER. All conversation will cease or be conducted in respected cloakrooms. The Senate will be in order.

The majority leader.

SCHEDULE

Mr. BYRD. Mr. President, if I may state the schedule so Senators will be aware, I have introduced two cloture motions. The Senate cannot go out from Thursday over to Tuesday without the approval of the other body. However, I would like to go out from today over until Monday.

I would like on Monday to just meet pro forma. This would qualify both cloture motions for votes on Tuesday. I would like by unanimous consent to agree that the second cloture vote would occur on Wednesday. I can achieve that by coming in, but I would rather us not come in and have the pro forma over to Monday, no business, just in and out for the purpose of meeting the requirements of rule XXII on the first cloture vote, also with the consent that Senators may submit amendments on Monday, by 1 o'clock. Those amendments would be received just as though the Senate were in session so that they would have their rights preserved under rule XXII in respect to amendment in the event cloture has been invoked on Tuesday.

We would come in pro forma on Monday, but my consent would provide that Senators may submit their first-degree amendments under rule XXII on Monday if they file them in a timely fashion by 1 o'clock, as they would have to under the rule anyhow. So all Senators' rights would be preserved.

The Senate will go over until Monday pro forma, no business, no speeches, just in and out, and the pro forma meeting on Monday would qualify the cloture motion to be voted on Tuesday, and I would want consent of the Senate then to have the second cloture vote automatically occur in Wednesday rather than on Tuesday following the first vote if the first vote did not succeed.

I can do all of this by coming in tomorrow and by coming in Monday without consent.

So it is a bargain I would think.

Mr. HARKIN. Mr. President, what time on Tuesday would the cloture vote occur?

Mr. BYRD. The question is what time on Tuesday would the cloture vote occur. It would be certainly following the conferences so it would be 2 o'clock or later, but we could agree as of now that it would be not earlier than 2 o'clock, so as to accommodate both conferences.

Mr. HARKIN. I thank the Senator.

Mr. DOLE. Mr. President, has the majority leader made the request?

Mr. BYRD. No; I have not.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I will propound the request.

Mr. President, I ask unanimous consent that when the Senate completes

its business today it stand in adjournment until the hour of 12 noon on Monday; provided further, that on Monday beginning at 12 noon there be a pro forma session only, no business, no debate, the Senate comes in and immediately goes out; provided further, that at the close of business on Monday, the Senate then adjourn over until Tuesday at the hour of 10 a.m.; provided further, that the time between 10 o'clock and 12 noon be equally divided between the two leaders or their designees, that at the hour of noon on Tuesday, the Senate stand in recess until the hour of 2 p.m. on Tuesday, and that the vote on cloture occur at the hour of 5 o'clock, on Tuesday, that at the conclusion of business on Tuesday the Senate adjourn over until Wednesday until an hour to be agreed upon later but that a second cloture motion mature on Wednesday next.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. DOLE. Mr. President, reserving the right to object.

Mr. MURKOWSKI. Mr. President, will the majority leader yield for a question on clarification?

The PRESIDING OFFICER. The minority leader, the Senator from Kansas.

Mr. DOLE. Mr. President, I want to reserve the right to object, and I will yield to the Senator from Alaska for the purpose of asking the question, but I would just say as I understand or as I know the majority leader can accomplish this in two or three other ways coming in pro forma tomorrow and pro forma on Monday and file his second cloture motion on Monday, which will ripen on Wednesday in any event, so I will have no objection, but I first want to make certain that no one on this side may have a problem.

Mr. MURKOWSKI. I thank the minority leader.

I am wondering if the majority leader could indicate on Wednesday when he might anticipate the cloture vote?

Mr. BYRD. I naturally want to win that vote if I can.

I do not think I should put myself in a box today as to when the Wednesday vote will occur when I do not have to.

We can decide that on Tuesday and I could come in on Tuesday at whatever hour will be most convenient for the carrying of the cloture vote, if that is possible.

Mr. MURKOWSKI. I would simply convey, if there is a possibility that it could be made in the afternoon on Wednesday and the 5 o'clock vote on Tuesday could be 3 o'clock, from the standpoint of the junior Senator from Alaska, it would be greatly appreciated. I just leave that message with the Senator.

Mr. BYRD. I thank the distinguished Senator.

I did not mean to give the Senator a flippant answer in what I said. It is just that I would rather not, at this point, attempt to set the hour for the vote on Wednesday.

Mr. DOLE. Reserving the right to object, just one additional question. Would it be the intention of the majority leader, if cloture is not invoked on Tuesday and you are adjourning over then until Wednesday, would it be the intention of the majority leader to stay on S. 2 on Wednesday or to move to some other legislation?

Mr. BYRD. I cannot say at this point. It might be an advantage overall to the Senate to take up a conference report or some such. There is the conference report on the homeless relief legislation which we hope will be coming forth, and it is possible we could have a conference report on the budget.

Mr. DOLE. I am thinking in terms of the trade bill or DOD. Is there any intention to move to any other legislation other than the conference reports?

Mr. BYRD. No, it is not my intention to go to the trade bill or the Department of Defense authorization bill on Tuesday or Wednesday.

The PRESIDING OFFICER. Is there further objection?

Mr. BYRD. Will the Chair withhold for just a minute?

Mr. President, it has been called to my attention that I did not include in the overall unanimous-consent package the provisions that would protect Senators' rights to submit their amendments on Monday as the interim day prior to the vote on Tuesday on cloture, nor did I include a provision that would protect Senators' rights to file their amendments on Tuesday.

The PRESIDING OFFICER. The Senator will suspend for just a second. The Senate will be in order so that we can hear the unanimous-consent request being propounded by the majority leader. Senators please pay attention to the majority leader.

The majority leader.

Mr. BYRD. Mr. President, I did not include in my overall consent request a provision that would protect Senators' rights to offer first-degree amendments on Monday anent the cloture vote on Tuesday and, again, protect their rights on Tuesday anent the cloture vote that will occur on Wednesday. So I make that request so that Senators will be fully protected and may offer their amendments in the first degree on Monday by 1 o'clock, looking to the cloture vote on Tuesday, and on Tuesday by 1 o'clock, looking to the cloture vote on Wednesday.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request as modified by the majority leader? If not, the unanimous-consent request is agreed to.

Mr. BYRD. Mr. President, I thank all Senators and I thank the distinguished Republican leader.

I have no desire to stay in further, unless some Senators would like to make some statements in morning business or statements in regard to the pending measure.

What is the wish of the Senate?

Mr. D'AMATO. I ask unanimous consent that I be permitted to proceed as if in morning business for not to exceed 5 minutes.

MORNING BUSINESS

Mr. BYRD. Mr. President, if the Senator will withhold, I ask unanimous consent that the Senate now proceed to morning business for not to exceed 1 hour, and that Senators may speak therein for not to exceed 5 minutes each.

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

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. BYRD. Mr. President, will the Senator yield to me?

Mr. D'AMATO. Certainly.

Mr. BYRD. Mr. President, there are a good many Seators on the floor. It is conceivable that there could be rollcall votes, may I advise my colleagues and both cloakrooms, there could be, could be rollcall votes on Tuesday between the hours of 10 and 12 and between the hours of 2 and 5 when the cloture vote is to occur. So I would not want Senators to labor under the misunderstanding that there would be no rollcall votes on Tuesday prior to the hour of 5 o'clock.

I thank the Senator for his courtesy.

HAMADEI EXTRADITION

Mr. D'AMATO. Mr. President, I am deeply disappointed at the report that, despite the personal entreaties of President Reagan, the West German Government is apparently inclined not to extradite Mohammed Hamadei to the United States. This report appears to confirm what has long been suspected: That the matter has not been in the German judicial system, as the Ambassador of Germany has suggested to this Senator, but rather has been awaiting a political decision at the highest levels of the German Government. It was this suspicion that prompted me and 64 of my colleagues to cosponsor a resolution expressing our deep concern and outrage, and for Senator DOLE and myself to reiterate our concern to the President before his departure for Venice.

The victims of the hijacking of TWA flight No. 847 were predominantly

American. More important, Robert Stethem, the victim of brutal cold-blooded murder in the course of that incident was an American citizen and a United States serviceman. The German connection to these events is incidental—one might say almost accidental. The crime was not committed on German soil. On the basis of these facts, other circumstances, and international law, the United States is the most appropriate venue for trial of those thought to be responsible.

Some may be satisfied merely if the West German Government does not deal with the terrorists and decides to prosecute Hamadei on charges of hijacking and conspiracy to murder. I believe, however, that this would be setting a precedent that will pay bloody dividends in the future.

Therefore, I strongly urge, and I believe my colleagues will join me, that the administration continue the most strenuous efforts by all means at its disposal to secure the extradition of Hamadei for trial in the United States.

In any case, the West German Government cannot but be aware of the deep feelings this matter stirs in the U.S. Congress and among the American people. It must certainly realize that any deals made with any terrorist individuals or organizations, or any failure to bring Hamadei to justice, may well have an adverse impact on the good relations between our countries. The precedent created by any such failure would be disastrous to the cause of the rule of law and would be deplored by civilized people everywhere.

Mr. President, I cannot help but believe that we have not been nearly as vigorous as we should in seeking Hamadei's extradition to the United States for trial here for the crime of murder. I must say to you, I am deeply disappointed that the State Department has not raised this to the level that I believe it commands.

It is my very, very serious intention to keep pressing this matter because I believe that the German Government has not been dealing fairly with us in connection with this matter.

I refer to the inquiries that we made previously, and to the fact that the West German Ambassador indicated to me, personally, and by way of letter, that this matter was being handled in a judicial forum. That is not the case. We sought for this to be handled judicially, to have a judicial decision in the German process and this is nothing more than a political decision, not the rule of law being undertaken.

I think that the results will shake that strong bond, that strong relationship, that we have.

Again, I reiterate, in the fullness of time, I think it is a blow to the rule of law and it will encourage these kinds of terrorists' activities in the future.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wisconsin.

THE CASE FOR CAMPAIGN FINANCE REFORM

Mr. PROXMIRE. Mr. President, I support the effort of Senators BYRD and BOREN to reform our campaign finance laws.

This bill has a number of virtues. It places limits on campaign spending, a feature the American people will surely cheer. It provides a voluntary system of public campaign financing, using the tax check off approach, which makes the limits on campaign spending constitutional. It reduces the influence of special interests by cutting back the power of political action committees. And best of all, this bill will pass the Senate if allowed to come to vote.

The debate to this point demonstrates that these virtues are not universally admired. Campaign finance reform goes to the very essence of a democracy—who wins elections. It raises fundamental questions about relations between our two major parties, between these parties and other fringe parties, between incumbents and challengers, and between powerful interest groups. And if these questions were not complicated enough, underneath them are first amendment issues about who will be able to communicate their political ideas.

These are thorny issues and the Senate should debate them fully before passing a bill. But much of the debate so far has been about an issue which is tangential at best—the cost of public financing.

Opponents of public financing have made its cost a major issue in this debate. They have argued that this cost—$200 to $300 million a year, at most—is a gigantic rip off of the taxpayers. They have characterized this cost as food stamps for politicians. They contend that this spending bill will increase the deficit.

Mr. President, nothing could be further from the truth. The average taxpayer will never make a better investment, will never take a more positive step to reduce the deficit, than to dedicate $1 of his taxes toward public financing of Senate campaigns.

Why do I say this? Take a look at how the present system works and the answer is simple.

Who contributes to campaigns? Some of the money comes from friends and supporters who know and truly believe in the candidate. Some comes from those who like the stand a candidate takes on an issue. But if we take a clear-eyed look at the system, most of the money comes from those who have an economic interest at stake.

This money is not really a contribution. It is an investment. One director of a major political action committee was quoted as saying that when he made a contribution he bought legislation. Most who make these contributions are more circumspect. But their discretion does not change the fact that these contributions are made with a quid pro quo in mind. That quid pro quo is this: I will make a contribution and in return you will be expected to support legislation I favor.

When an election approaches, these interests put together a list of votes they consider important and see how incumbents voted on those issues. If the incumbent voted right, they can count on a contribution. Or if they happen to chair a powerful committee or subcommittee, they can count on some money merely as a gesture of good will.

If these contributions are investments, how do they bear fruit? Look for a tax loophole retained or expanded. Look for some language or a little special provision in an appropriation bill. Look for some regulatory relief in an authorization bill. You do not have to look that hard to find these provisions as legislation moves through the Senate.

Mr. President, I do not want to overstate my case. Much of the money we appropriate is truly necessary. Many of the special provisions in the tax law are there for a good reason. Many of the Members of Congress would vote the way they do without regard to campaign contributions. Special interests are inevitable in a democracy. This bill will not mean that the deficit will be eliminated or that special interests will suddenly disappear.

But remember the cost of public financing—$200 to $300 million a year. This Senator asserts that we could reduce the deficit by at least 10 times that amount—$2 to $3 billion a year—if Members were not beholden to special interests for campaign contributions. And consumers would probably save 10 times that amount—$20 to $30 billion a year—if our economy could rid itself of the expensive special provisions built into the law by those same interests.

These provisions cannot be justified by any reasonable criterion of sound public policy. The General Accounting Office studies them and recommends that they be done away with. The Congressional Budget Office says they are inefficient. Professors of public administration analyze them, and wonder how they survive.

They endure because they are not that costly—$75 million here, $140 million there—and because the benefiting interests are well-organized. These days well-organized means that they

have a political action committee. And that committee is always active in contributing money to those who serve on the committees which have jurisdiction over that benefit.

Public financing would break this link. This Senator believes that it would be much easier to eliminate these provisions if they were not protected by a thicket of campaign contributions. Their elimination would more than offset the cost of public financing of congressional campaigns.

Mr. President, public financing can be reasonably opposed on philosphical grounds. Perhaps the tax system should never be used to finance a political campaign, although this bill makes such support voluntary. If we can find a way to reduce campaign spending without making even voluntary use of the tax system, this Senator will certainly be willing to take a look at that approach.

But do not argue that public financing will increase the deficit. It will do exactly the opposite.

Mr. President, I suggest the absence of a quorum and yield the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PERMISSION FOR COMMITTEES TO FILE REPORTS

Mr. BYRD. Mr. President, I ask unanimous consent that committees may report legislation or executive business on Friday and Monday between the hours of 10 a.m. and 3 p.m. each day.

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

DIVISION OF TIME ON TUESDAY AFTERNOON

Mr. BYRD. Mr. President, I ask unanimous consent that the time on Tuesday between the hours of 2 p.m. and 5 p.m. be equally divided and controlled by the distinguished Republican leader and the majority leader.

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

EXECUTIVE CALENDAR

Mr. BYRD. Mr. President, I hope and expect, beginning next week, to be in a position to see some movement on nominations on the Executive Calendar, especially nominations that have been on the Executive Calendar for a month or more.

Today, I inquire of the distinguished Republican leader if Calendar Orders numbered 197 and 198, under the Judiciary, are cleared on his side.

Mr. DOLE. They are, Mr. President.

EXECUTIVE SESSION

Mr. BYRD. I ask unanimous consent that the Senate go into executive session to consider the two nominations referred to; and that they be considered and confirmed en bloc; that the President be notified of their confirmation; and that the motion to reconsider be laid on the table and the Senate return to legislative session.

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

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Haldane Robert Mayer, of Virginia, to be U.S. circuit judge for the Federal circuit.

Layn R. Phillips, of Oklahoma, to be U.S. district judge for the Western District of Oklahoma.

IN SUPPORT OF THE NOMINATION OF JUDGE HALDANE ROBERT MAYER

Mr. WARNER. Mr. President, it is my great pleasure to rise today on behalf of a distinguished Virginian, Judge Haldane Robert Mayer, whom the Senate has today confirmed as a judge for the Federal Circuit Court of Appeals in Washington.

Judge Mayer began his academic career at the West Point Academy, where he graduated in 1963 with a bachelor of science degree.

Judge Mayer graduated first in his class from the Marshall-Wythe School of Law at the College of William and Mary in Williamsburg, VA where he was editor-in-chief of the Law Review.

Judge Mayer is also a graduate of the Judge Advocate General's School at the University of Virginia.

In addition to a brilliant academic record, Judge Mayer has distinguished himself in the military, serving in Vietnam as a Ranger Battalion adviser in combat operations, and as an electronics engineer in the Army's research and development program.

Judge Mayer attended law school during an unpaid leave of absence, and returned to active duty in the Judge Advocate General's Corps after graduation.

He was honorably discharged from the Army in 1975, and retired in 1985 with the rank of lieutenant colonel.

From 1975 to 1977, Judge Mayer practiced law with the firm of McGuire, Woods & Battle in Charlottesville, VA.

In 1977, he was chosen by Chief Justice of the United States, Warren E. Burger to be his special assistant.

Judge Mayer served as senior counsel to the Chief Justice for approximately 3½ years before joining the law firm of Baker & McKenzie in Washington, DC in 1980.

After 18 months as Deputy Special Counsel of the Merit Systems Protection Board, Judge Mayer was appointed to the U.S. claims court bench in 1982, for a term of 15 years.

Since that time, he has been a respected and revered member of the bench, and will most certainly continue his service in the judiciary as a judge for the Federal Circuit Court of Appeals in the same outstanding fashion.

Mr. President, it is my extreme pleasure to join my colleagues in supporting the confirmation of Judge Mayer. I am confident that the country will be well served by his presence on the Federal bench.

LEGISLATIVE SESSION

The Senate returned to legislative session.

STAR PRINT—S. 1159

Mr. BYRD. Mr. President, I ask unanimous consent that there be a star print of S. 1159, a bill to establish the National Aviation Authority, the text of which I send to the desk.

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

AUTHORIZATION FOR PRODUCTION OF DOCUMENTS BY SENATE COMMITTEE

Mr. BYRD. Mr. President, I send to the desk a Senate resolution on behalf of myself and Mr. DOLE, and I ask for its immediate consideration.

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

The legislative clerk read as follows:

A Senate resolution (S. Res. 231) to authorize the production of documents by the Senate Permanent Subcommittee on Investigations.

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

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

Mr. BYRD. Mr. President, the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs began an inquiry last summer into the operations of door-to-door magazine and cleaning products sales organizations. This past April 6, 1987, it held a public hearing at which one of the witnesses was the attorney general of the State of New York, Robert Abrams.

The New York attorney general's office has since written to the subcommittee indicating that it is conducting its own investigation of the door-to-door sales business in New York and requesting that the subcommittee provide it with copies of certain documents which the subcommittee has obtained. The Senate's purpose in doing so would be to facilitate the New

York investigation and avoid unnecessary duplication of effort.

This resolution would authorize the chairman and ranking minority member of the subcommittee, the Senator from Georgia [Mr. NUNN] and the Senator from Delaware [Mr. ROTH], acting jointly, to honor that request from the New York attorney general and any other law enforcement authority. Mr. President, I move adoption of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 231) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 231

Whereas, the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs has been conducting an inquiry into the operations of door-to-door magazine and cleaning products sales organizations;

Whereas, the Office of the Attorney General for the State of New York has for its own investigatory purposes requested access to records obtained by the Subcommittee;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that documents, papers, and records under the control or in the possession of the Senate are needed in an investigation by an appropriate authority, the Senate will take such action as will promote the ends of justice consistent with the privileges and rights of the Senate: Now, therefore, be it

Resolved, That the Chairman and Ranking Minority Member of the Permanent Subcommittee on Investigations, acting jointly, are authorized to provide upon request to law enforcement authorities records of the Subcommittee's investigation of door-to-door sales operations.

Mr. BYRD. I move to consider the vote by which the resolution was agreed to.

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

The motion to lay on the table was agreed to.

THE NATIONAL PROFESSIONAL LIABILITY REFORM ACT OF 1987

Mr. HECHT. Mr. President, I rise today to join in cosponsoring the National Professional Liability Reform Act of 1987. This bill, which is similar to legislation that I cosponsored in the 99th Congress, would provide Federal incentive payments to States that adopt tort and other reforms which have proven effective in controlling the medical liability insurance problem.

Almost 1 full year ago I conducted a series of hearings in my home State of Nevada to document the harmful effects of the liability insurance crisis. During these hearings, I heard from physicians and hospital administrators, both of whom presented graphic examples of the liability insurance problem as it affects the medical community. Moreover, Mr. President, while there is less attention paid to the situation today, the problems of the medical liability insurance crisis still persist. These problems need to be addressed; as the quality and availability of health care in our country continue to be threatened.

Mr. President, one policy goal of the Reagan administration and the Congress over the past few years has been to stifle the increase in health care costs. Relevant to this topic, a particularly troublesome fact with which I became acquainted during my aforementioned Nevada field hearings, is that a significant portion of today's health care costs may be attributed to the practice, by physicians, of defensive medicine. It is unfortunate, but true, that all doctors must engage, to some extent, in the practice of defensive medicine as a result of our present malpractice injury compensation system. And, of course, the increased costs associated with this practice are in turn passed on to the health care consumer. Further, Mr. President, while it is up to the country's State legislatures to enact the reforms necessary to address the present medical liability insurance situation, the Federal Government, as an affected health care consumer through the various federally financed health care programs, has an important stake in seeing these necessary reforms initiated.

Mr. President, the experience in States which have implemented reforms similar to those set forth in this act indicates that it is, indeed, possible to reduce unnecessary expenditures related to health care liability claims, while at the same time providing more rapid and efficient compensation for individuals injured by malpractice. For this reason, and particularly because the Federal Government has a distinct financial interest, I would urge my colleagues to join in cosponsoring this timely initiative. With this legislation's enactment, incentives will be provided to States in order that they may undertake reforms to address the problem of today's medical malpractice insurance situation.

WITHDRAWAL OF PROPOSED MAVERICK MISSILE SALE

Mr. HELMS. Mr. President, this morning the administration decided to withdraw its formal proposal to sell 1,600 Maverick "D" missiles to Saudi Arabia. This was in my judgment a wise decision on the part of the White House, as there clearly was widespread bipartisan support for the resolutions of disapproval in both Houses of Congress.

I was glad to hear that the decision had been made to withdraw this sale. As I made clear in yesterday's hearing in the Foreign Relations Committee, I believe this sale to be inadvisable at this time, and I stress, at this time.

Mr. President, the question of selling arms to Middle Eastern nations still technically at war with Israel is traditionally one of the more difficult items to come before Congress.

On one hand, it is in the American interest to maintain a good relationship with moderate Arab countries, and to assure that they are not threatened militarily by more radical neighbors. It is also many times in Israel's interest for us to maintain this relationship.

On the other hand, it is in the American interest to have a secure Israel. To the extent we provide weapons which represent a threat to Israel, we often have to turn around and provide Israel with military assistance necessary to deter any such threat.

Saudi Arabia is an important ally for our country. Its oil reserves, our strong trading ties and the fact that the Saudis are the keeper of the two holiest shrines of Islam makes Saudi Arabia important.

It is absolutely vital to the interests of the United States that we maintain a cordial relationship with the Saudis, and it is just as vital to us that the Saudis be able to provide for their legitimate defensive needs. Indeed, it is also in the interest of Israel to have a stable Saudi Arabia allied with the West.

So it is in the interest of neither the United States nor Israel for Congress to reject every Saudi arms deal to come down the pike. Each should be examined on its own merits.

In examining this particular proposed sale, I am very concerned about continued Saudi support for the PLO and Syria. Our State Department's refusal to stand up to the Saudi's funding of these major sources of terrorism seems to me inconsistent with the antiterrorism pronouncements coming out of the Venice summit.

I am also concerned about the continual refusal by the Saudis to honor our requests for basing rights despite the fact that our taxpayers spend $40 billion a year keeping the Persian Gulf open to oil tankers—many of them carrying oil from Saudi Arabia.

Mr. President, we should all be concerned about our basic policy in the Middle East. The main threat to the moderate Arab states and Israel is the Soviet Union, and its radical clients. Yet our State Department is trying to bring the Soviets further into Middle Eastern affairs through its persistent efforts to convene an international conference.

As opposed to the State Department's efforts on the international conference, our policy in the Middle East needs to be based firmly upon what is—and what is not—in the American interest. In light of the concerns listed above, especially the continuing Saudi support for the PLO, I do not believe the sale of Maverick "D" missiles to Saudi Arabia is in the American interest.

The evidence of Saudi support for the PLO is clear and convincing. At the Baghdad Conference of 1978, the oil producing Arab countries made a commitment to bankroll the PLO. Specifically, Saudi Arabia pledged $85.5 million a year; Algeria, $21 million; Iraq, $44.6 million; UAE, $34.3 million; Qatar, $19 million; Kuwait, $47.1 million, and Libya; $47.1 million.

But of all these countries, Saudi Arabia appears to stand alone in consistently fulfilling its commitment to fund the PLO. According to an official of the Fatah Central Committee interviewed in December of last year, Saudi Arabia is "the only country that has not defaulted on its obligations since it undertook them."

According to the report from the 17th session of the Palestinian National Conference, held in November 1984, "Saudi Arabia . . . met all its commitments for 1983 and 1984. The other countries which had promised to help did not pay anything in 1983 and 1984."

What does the PLO do with this Saudi contribution? At yesterday's hearing, Assistant Secretary Murphy reiterated his belief that the Saudis intended these payments to go for nonmilitary and humanitarian uses. However, there is strong evidence that Saudi support has gone for military purposes.

According to this same PNC report, payments received from "the Saudi Arabian kingdom" during their 1983/84 fiscal year "were not put into the account of the national fund's income, as the chairman of the executive committee of the PLO put them directly into the account of the financial administration of the army."

A PLO document found in Lebanon recording the minutes of a July 1981 meeting of the PLO military council reported that "Saudi Arabia promised to fulfil all our request for the supply of arms and ammunition." A May 1982 article by London correspondent Colin Legum reported that Saudi Arabia had agreed to grant the PLO "$250 million to pay for new weapons from Soviet-bloc countries."

The PLO is perhaps the most vicious terrorist organization there in the world. It should come as no surprise that its leaders have a history of aiding and abetting the Sandinistas.

Cooperation between the PLO and the Sandinistas began as early as 1969 when arrangements were made for joint PLO-Cuban training in Lebanon for 50 to 70 Sandinistas. The PLO assisted Sandinista efforts to seize power in Nicaragua by helping to arrange for the delivery of arms from North Korea and Vietnam. In 1979, the PLO was caught ferrying 47 tons of Soviet arms to the Sandinistas.

In 1980, the PLO provided the Sandinistas with a $212-million loan, and shortly after sent 25 military technicians to instruct the Sandinistas in the use of Eastern-block weapons. In January 1981, a group of PLO pilots were sent to Nicaragua to assist the Sandinistas in flying helicopters and aircraft. By May 1981, the PLO was deeply involved in military and guerrilla training activities in Nicaragua, and by mid-1982 PLO officers were providing the Sandinista with extensive training in the tactics of guerrilla war.

It should come as no surprise that the Sandinistas returned the favor by participating in PLO terrorist activities. PLO-trained Sandinistas participated in the PLO's efforts to overthrow King Hussein in 1970. Sandinista Patrick Arguello Ryan was killed in the PLO's hijack of an El Al jet en route from Tel Aviv to London.

While these activities did take place some time ago, Sandinistas sympathy for the PLO and their activities remain. The Sandinistas now rever Arguello as a hero, and a large dam under construction has been named in his honor.

This close relationship between the PLO and the Sandinistas should be of great concern to all Americans. I don't know to what extent the consistent and reliable Saudi financing of the PLO made this support for the Sandinistas possible. I don't know if anyone could make that determination.

Mr. President, friendship is a two-way street, and our State Department is obliged to make it clear to the Saudis just how strongly we feel about the PLO with its terrorist attacks against Americans abroad, and the PLO's support for the Communist Sandinistas in our own back yard. Until this occurs, it is going to be difficult for many of us in the Congress to support arms sales such as the Maverick missile.

KAMEHAMEHA DAY

Mr. MATSUNAGA. Mr. President, today, the people of the State of Hawaii are celebrating Kamehameha Day, honoring King Kamehameha I, the monarch who united the Hawaiian Islands into a single nation after a bitter 10-year civil war in the late 18th century.

In Hawaii, this State holiday is marked by parades and luaus or feasts, while in the Nation's Capitol, Kamehameha Day will be observed this Sunday, June 14, when the congressionally chartered Hawaii State Society will hold its annual ceremony in front of the statue of King Kamehameha I in Statuary Hall. At that time, the great King's golden statue will be draped with fragrant, fresh flower leis flown in from Hawaii for the occasion, and authentic Hawaiian chants will be sung while hula dances will be performed by costumed musicians and dancers.

Kamehameha was a truly remarkable leader who, as a lawmaker, tempered justice with mercy, and dignified labor by working side by side with his people. As a conservationist he placed high priority in protecting and developing his country's human and natural resources. He was also preeminent for his self-denial and his regard for the welfare of his people, which he put before his personal claims. He loved peace more than war and the good of his country more than his many victories in war.

A man of deep convictions, Kamehameha is credited with preserving and strengthening the ancient Hawaiian way of life, while having a great appreciation of the advantages to be gained from friendly relations with foreigners. His was a great era of integration for crossing racial lines. He took into his court men of other cultures, and those of recognized wisdom he chose for his cabinet.

In his regard for the rights of others, and in his concern for social justice, he had a great deal in common with those who united the Thirteen Colonies and fought to establish a new, democratic nation: the United States of America. It is entirely appropriate, therefore, that his statue stands in Statuary Hall along with George Washington, Thomas Jefferson, and other Founding Fathers of this great Nation.

The people of Hawaii happily share Kamehameha's achievements with our fellow Americans and with all people of the world. In his memory we say: Ke Alii, Hauole La Hanau. To the King, Happy Birthday.

I urge my colleagues and their families to join the Hawaii congressional delegation and the Hawaii State Society for Sunday's celebration, which begins at 12:30 p.m. in Statuary Hall of the Capitol.

MESSAGES FROM THE HOUSE

At 12:41 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. 1900. An act to amend the Child Abuse Prevention and Treatment Act, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and the Family Violence Prevention and Services

Act to extend through fiscal year 1991 the authorities established in such acts; and

H.R. 2112. An act to authorize appropriations for fiscal year 1988 for intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 626. An act to prohibit the imposition of an entrance fee at the Statue of Liberty National Monument, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. STENNIS).

At 2:31 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 bill and joint resolutions, in which it requests the concurrence of the Senate:

H.R. 812. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 to establish a National Quality Award, with the objective of encouraging American business and other organizations to practice effective quality control in the provision of their goods and services;

H.J. Res. 17. Joint resolution to designate the third week in June 1987 as "National Dairy Goat Awareness Week"; and

H.J. Res. 181. Joint resolution commemorating the bicentennial of the Northwest Ordinance of 1787.

MEASURES REFERRED

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

H.R. 812. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 to establish a National Quality Award, with the objective of encouraging American business and other organizations to practice effective quality control in the provision of their goods and services; to the Committee on Commerce, Science, and Transportation.

H.R. 1900. An act to amend the Child Abuse Prevention and Treatment Act, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and the Family Violence Prevention and Services Act to extend through fiscal year 1991 the authorities established in such acts; to the Committee on Labor and Human Resources.

H.R. 2112. An act to authorize appropriations for fiscal year 1988 for intelligence and intelligence related activities of the U.S. Government, for the intelligence community staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes; to the Select Committee on Intelligence.

H.J. Res. 17. Joint resolution to designate the third week in June 1987 as "National Dairy Goat Awareness Week"; to the Committee on the Judiciary.

H.J. Res. 181. Joint resolution commemorating the bicentennial of the Northwest Ordinance of 1787; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 11, 1987, he had presented to the President of the United States the following enrolled bill:

S. 626. An act to prohibit the imposition of an entrance fee at the Statue of Liberty National Monument, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment:

S. 52: A bill to direct the cooperation of certain Federal entities in the implementation of the Continental Scientific Drilling Program (Rept. No. 100-67).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, without amendment:

S. 84: A bill to amend the Land and Water Conservation Fund Act of 1965 (Rept. No. 100-68).

H.R. 191: A bill to authorize the establishment of a Peace Garden on a site to be selected by the Secretary of the Interior (Rept. No. 100-69).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. NUNN, from the Committee on Armed Services:

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 3033:

To be chief of staff

Gen. Carl E. Vuono, [redacted], U.S. Army.

Mr. NUNN. Mr. President, from the Committee on Armed Services, I report favorably the attached listing of nominations.

Those identified with a single asterisk (*) are to be placed on the Executive Calender. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again.

*Lt. Gen. Thomas F. Healy, U.S. Army, to be placed on the retired list in the grade of lieutenant general (Ref. 357).

*In the Army Reserve there are 30 promotions to the grade colonel and below (list begins with Kenneth N. Hall) (Ref. 358).

*In the Army National Guard there are 59 promotions to the grade colonel and below (list begins with Issac A. Alvardo, Jr.) (Ref. 359).

*Lt. Gen. Charles J. Cunningham, Jr., U.S. Force, to be placed on the retired list in the grade of lieutenant general (Ref. 377).

*Lt. Gen. Leo Marquez, U.S. Air Force, to be placed on the retired list in the grade of lieutenant general (Ref. 378).

*Maj. Gen. Michael J. Dugan, U.S. Air Force, to be lieutenant general (Ref. 379).

*Maj. Gen. Charles C. McDonald, U.S. Air Force, to be lieutenant general (Ref. 380).

*Lt. Gen. Merrill A. McPeak, U.S. Air Force, to be reassigned in the grade of lieutenant general (Ref. 381).

*Vice Adm. Powell F. Carter, Jr., U.S. Navy, to be Admiral (Ref. 382).

*Vice Adm. Cecil J. Kempf, U.S. Navy, to be placed on the retired list in the grade of vice admiral (Ref. 383).

*Rear Adm. John H. Fetterman, Jr., U.S. Navy, to be vice admiral (Ref. 384).

*Rear Adm. James A. Zimble, U.S. Navy, to be vice admiral and to be Chief of the Bureau of Medicine and Surgery and Surgeon General (Ref. 385).

*Joseph P. Smyth, U.S. Navy, to be rear admiral (lower half) (Ref. 386).

**Edward R. Hoffman, U.S. Army, to be major (Ref. 387).

**In the Marine Corps there are 74 appointments to the grade of colonel (list begins with John C. Astle) (Ref. 388).

*Rear Adm. John T. Parker, Jr., U.S. Navy, to be vice admiral (Ref. 395).

**Beckly L. Gering, U.S. Air Force, to be lieutenant colonel (Ref. 396).

**In the Air Force there are 12 promotions to the grade of lieutenant colonel and below (list begins with Roger D. Billica) (Ref. 397).

**In the Army there are 14 promotions to the grade of colonel (list begins with Charles V. Adams) (Ref. 398).

**In the Army there are 40 promotions to the grade of lieutenant colonel (list begins with John A. Bauer) (Ref. 399).

**In the Army there are 42 promotions to the grade of major (list begins with Jeffrey Addicott) (Ref. 400).

**In the Air Force there are 76 promotions to the grade of colonel (list begins with Robert J. Achterberg) (Ref. 401).

**In the Air Force there are 198 promotions to the grade of lieutenant colonel (list begins with John R. Abel) (Ref. 402).

**In the Air Force there are 505 promotions to the grade of major (list begins with John L. Alonge) (Ref. 403).

**In the Marine Corps there are 182 appointments to the grade of second lieutenant (list begins with Paul C. Aanonsen) (Ref. 404).

**In the Navy there are 499 promotions to the grade of commander (list begins with Gregory Hugh Adkisson) (Ref. 405).

**In the Navy there are 721 promotions to the grade of commander (list begins with Richard Lewis Aarnes) (Ref. 406).

Total: 2,466.

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

(The nominations ordered to lie on the Secretary's desk are printed in the RECORD of May 19, May 29, and June 2, 1987, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. KASTEN:

S. 1353. A bill to amend the Internal Revenue Code of 1986 to exempt certain livestock breeding from the rules requiring capitalization of preproductive expenses and to

preclude farmers with gross receipts in excess of $5 million from using a cash method accounting; to the Committee on Finance.

By Mr. CHILES:

S. 1354. A bill to establish the National Center for Biotechnology Information within the Department of Health and Human Services as a component of the National Library of Medicine; to the Committee on Labor and Human Resources.

By Mr. GRAMM (for himself and Mr. NICKLES):

S. 1355. A bill to ensure energy security for the Nation by expanding the domestic petroleum reserve base; to the Committee on Finance.

By Mr. BURDICK:

S. 1356. A bill entitled the "Riverdale, North Dakota, School Rehabilitation Act"; to the Committee on Environment and Public Works.

By Mr. WILSON:

S. 1357. A bill to amend section 3210 of title 39, United States Code, to prohibit congressional newsletters; to the Committee on Rules and Administration.

By Mr. DECONCINI:

S. 1358. A bill to amend title 11, U.S. Code, the Bankruptcy Code, to clarify the transfer provisions; to the Committee on the Judiciary.

By Mr. MCCAIN:

S. 1359. A bill to recognize the organization known as the Red River Valley Fighter Pilot Association; to the Committee on the Judiciary.

By Mr. BURDICK (for himself, Mr. INOUYE, Mr. EVANS, Mr. DASCHLE, and Mr. MCCAIN):

S. 1360. A bill to amend the Indian Financing Act of 1974, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. DECONCINI (for himself, Mr. D'AMATO, and Mr. WILSON):

S. 1361. A bill to amend the Controlled Substances Act to suppress the diversion and trafficking of precursor chemicals and essential chemicals utilized in the illicit manufacture of controlled substances; to the Committee on the Judiciary.

By Mr. PRYOR (for himself, Mr. BUMPERS, Mrs. KASSEBAUM, Mr. RIEGLE, Mr. HOLLINGS, Mr. GLENN, Mr. HEINZ, Mr. BRADLEY, Mr. MITCHELL, Mr. BOREN, Mr. NUNN, Mr. SPECTER, Mr. GORE, Mr. LAUTENBERG, Mr. DOLE, Mr. COCHRAN, Mr. DIXON, Mr. SHELBY, Ms. MIKULSKI, Mr. WARNER, Mr. CHILES, and Mr. MATSUNAGA):

S.J. Res. 158. A joint resolution designating September 30, 1987, as "National Nursing Home Residents' Rights 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. BYRD (for himself and Mr. DOLE):

S. Res. 231. A resolution to authorize the production of documents by the Senate Permanent Subcommittee on Investigations; considered and agreed to.

By Mr. RIEGLE (for himself and Mr. D'AMATO):

S. Res. 232. A resolution concerning the denial of freedom of religion and other human rights in Soviet-occupied Lithuania; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KASTEN (for himself and Mr. QUAYLE):

S. 1353. A bill to amend the Internal Revenue Code of 1986 to exempt certain livestock breeding from the rules requiring capitalization of preproductive expenses and to preclude farmers with gross receipts in excess of $5,000,000 from using a cash method of accounting; to the Committee on Finance.

LIVESTOCK PRODUCERS TAX RECORDKEEPING RELIEF ACT

Mr. KASTEN. Mr. President, today my distinguished colleague from Indiana, Senator QUAYLE, and I are introducing the Livestock Producers Tax Recordkeeping Relief Act of 1987. This legislation would repeal the requirement that farmers capitalize the expense of raising their livestock.

The Tax Reform Act of 1986 contains a provision which originated in the House that established new rules for taxing income from livestock—for example, the sale of milk, cattle or beef, or horses. Instead of allowing farmers to deduct the expenses of raising livestock as they are incurred, the Tax Reform Act requires that farmers include these costs in the basis of the asset. This is called capitalization. These costs can only be recovered through depreciation.

The Tax Reform Act did allow farmers the option of continuing to expense their preproductive costs—that is, to deduct them in the tax year they are incurred—but requires farmers doing this to depreciate all assets related to the livestock business using straightline depreciation. Straightline depreciation is much less favorable than the method by which farm assets are otherwise depreciated. In some cases, this can cut tax benefits from first-year depreciation in half.

Farmers are thus left with a choice between a tax accounting procedure that will artificially inflate their taxable income and one that would impose a staggering recordkeeping burden on them.

To give my colleagues an idea of just how much recordkeeping we are talking about here, imagine a typical Wisconsin dairy farmer required to capitalize preproductive expenditures on his cows.

When the typical dairy farmer sees one of his cows coming into heat, he will have her inseminated artificially. The cows gestation period will be about 9 months, with an 80- to 90-percent success rate being considered adequate. During that time, expenses to feed and house the cow will be incurred. The calf, once born, may require special food, housing, vaccinations and other medical treatment, et cetera before coming into the milking string 2 years or more after conception.

The farmer, in order to be in compliance with the capitalization requirement, will have to keep records of all of the above expenses. Evidently, though, he will need to separate out after the fact the cost of such things as:

Inseminations that do not result in conception;

Stillborn calves—and caring for the cows that give birth to such calves; and

Calves which die, or are born with or develop some deformity that prevents them from entering the milking string.

Most obviously, the farmer would need to separate out expenses for conceiving and raising male calves, which of course do not enter the milking string at any time. Beef producers and horse breeders would face a similar amount of recordkeeping in sorting out expenses incurred in the preproductive phase of an income producing asset from those that result in no income or a different kind of income.

For the dairy farmer, it would be a little like naming a cow at the time of insemination, and keeping track of all the expenses incurred in raising that cow. The record wouldn't be any good if the cow named, say, Gertrude, Elsie, or Hortense turned out to be a bull calf, obviously the names would need to be changed as well, or if she/he didn't quite make it to conception. I can well imagine some of the larger dairy farmers in my State running out of names eventually, and maybe needing to put up an extra building to put the records in, too.

In short, the impact of the capitalization requirement will be to drown farmers in a tidal wave of paper—and the Government gets little more out of it than the farmers do. The Joint Committee on Taxation estimates that repealing the provision outright would cost the Government a mere $900 million over the next 4 years. It is a price well worth paying to spare our dairy farmers, beef producers, and horse breeders an inconvenience bordering on hardship.

Mr. President, my colleagues will remember that amendments to the Tax Reform Act last year were routinely rejected if they lost revenue. And rightly so—at a time of large deficits, it would be irresponsible to reduce revenue in one area without increasing them in another.

The legislation I am introducing compensates for the repeal of the capitalization rules by barring farms with sales of more than $5 million from using cash accounting for tax purposes. The Joint Committee on Taxation advises that this change will net the Government about $1.5 billion over the next 4 years, making the bill a net revenue gainer. This provision was first proposed in the President's Treasury I tax reform bill.

When the income tax was begun in the early years of this century, it was decided to allow farmers to deduct their business expenses in the tax year they were incurred—cash accounting. It was felt at the time that farmers were too unsophisticated to conveniently use the accrual method of accounting that most other businesses had to use.

A good case could be made that requiring family farmers to use accrual accounting would impose a significant burden on them. Clearly, however, this is not true for the very largest farms. Whether family run or not, any business with sales of over $5 million must clearly be run by very able, sophisticated businesspeople.

It is ludicrous to continue to allow the 400 largest farms in the country, with annual sales ranging from $8 million to $1.5 billion, to use cash accounting on the pretext that accrual accounting would be too complicated for them to understand. All cash accounting allows these large farming-related businesses to do is to present to the Government a distorted picture of their financial situation—and to pay less than their fair share of taxes.

Mr. President, it is time we ended this situation. I was frankly disappointed that we did not end it when we considered the Tax Reform Act last year. In fact, the subject of cash accounting was never voted on in either the House or Senate during consideration of the Tax Reform Act.

In short, Mr. President, the Kasten-Quayle legislation is oriented toward the family farmer. It eliminates a potentially enormous recordkeeping burden on small to midsized family farmers while requiring large, sophisticated agribusinesses to use regular business accounting procedures for tax purposes. It is a much-needed improvement to the Tax Code, and I invite my colleagues to join me in supporting it.

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

S. 1353

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

SECTION 1. CERTAIN LIVESTOCK BREEDING EXEMPT FROM RULES REQUIRING CAPITALIZATION OF PREPRODUCTIVE EXPENSES.

Subsection (c) of section 263A of the Internal Revenue Code of 1986 (relating to general exceptions to capitalization and inclusion in inventory costs of certain expenses) is amended by adding at the end thereof the following new paragraph:

"(6) LIVESTOCK BREEDING.—This section shall not apply to livestock bred by the taxpayer (other than by embryo transplant).".

SEC. 2. DENIAL OF USE OF CASH ACCOUNTING FOR ALL FARMERS WITH GROSS RECEIPTS IN EXCESS OF $5,000,000.

(a) IN GENERAL.—Section 447 of the Internal Revenue Code of 1986 (relating to method of accounting for corporations engaged in farming) is amended—

(1) by striking out subsections (c) and (e),

(2) by redesignating subsections (f), (g), (h), and (d) as subsections (d), (e), (f), and (g), respectively, and

(3) by inserting after subsection (b) the following new subsection:

"(c) EXCEPTION FOR CORPORATIONS HAVING GROSS RECEIPTS OF $5,000,000 OR LESS.—For purposes of subsection (a), a corporation shall be treated as not being a corporation if, for each prior taxable year beginning after December 31, 1985, such corporation (and any predecessor corporation) did not have gross receipts exceeding $5,000,000. For purposes of the preceding sentence, all corporations which are members of a controlled group of corporations (within the meaning of section 1563(a)) shall be treated as 1 corporation.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (f)(1) of section 447 of the Internal Revenue Code of 1986, as redesignated by subsection (a)(2), is amended by striking out "subsection (d)(1)" and "subsection (d)" each place it appears and inserting in lieu thereof "subsection (g)(1)" and "subsection (g)", respectively.

(2) Subsection (g) of section 447 of such Code, as redesignated by subsection (a)(2), is amended by striking out "subsection (c)(2)" and inserting in lieu thereof "subsection (f)(1)".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1986.

Mr. QUAYLE. Mr. President, I am today joining my colleague from Wisconsin, Senator KASTEN, in introducing the Livestock Producers' Tax Recordkeeping Relief Act of 1987.

Although an overriding objective of the Tax Reform Act [TRA] of 1986 was to simplify the Tax Code, the inside-the-beltway crowd in Washington has complicated the life of farmers once again.

Congress and the lawyers at the Internal Revenue Service should have learned back in 1985 that farmers have better ways to spend their time than to maintain overly detailed, intrusive records. It was that year that the Government mandated farmers to keep "contemporaneous" auto logs on all usage of farm trucks. There was such an outcry—justifiably so—from farmers across the Nation, that Congress was forced to repeal this unreasonable provision.

But rather than learning its lesson, the bureaucracy has now drafted regulations to implement the Tax Reform Act that impose more unreasonable demands on livestock farmers. It's one thing to beef up the revised tax law with new rules, but in this case, the Treasury Department's ludicrous regulations have only stirred up a most justified stampede of protest by livestock producers.

The Tax Reform Act of 1986 provides that taxpayers must capitalize the pre-productive period of an asset if that period exceeds 2 years. The productive assets of livestock producers are, of course, their breeding animals, and according to the Treasury Department's interpretation, their pre-productive period begins at conception and ends when the animals first give birth. This obviously entails two gestation periods, and the requirement to monitor them both places an extreme burden of uncertainty on livestock producers, particularly cattle and horse producers.

Where prior law allowed for expensing of the costs associated with livestock production, current law requiries distinguishing between the costs of the breeding stock and the rest of the herd. But separating out costs is impractical in a cattle operation. A livestock producer who previously could expense for his entire herd such costs as feed, veterinary services, insurance, electricity, building maintenance, and fuel, is now required to capitalize the portion of such costs attributable to the replacement breeding stock. At a minimum, this new requirement will force livestock farmers to be highly subjective as they maintain their tax records. But this regulation is more than inconvienent. It is also highly impractical.

Under the new regulation, costs must be attributed and recorded for an animal before it is born, which is to say before the farmer knows its sex. If the calf turns out to be a bull or the foal is instead a colt, all the time the farmer dutifully has spent keeping records is wasted.

Furthermore, farmers typically do not choose their replacement breeding stock until the animals reach breeding age, when their health and suitability for breeding can be fully evaluated. But in the meantime, records must be kept on all females in the herd, with estimates of the portion of the costs attributable to the replacement animals, until the farmer selects which heifers or fillies will actually be replacement stock. Here again, the time the producer has spent keeping records on the animals that are culled is wasted—and the detailed accounting of costs attributed to the replacement animals will be highly subjective at best.

Under the new law, farmers may elect to expense the costs associated with the pre-productive period of replacement stock, but to do so, they are then required to use straight-line depreciation on all farm assets in use during the election period—not just those assets used in livestock production. This provision wrongly takes no account of—and will be detrimental to—diversified farm operations.

The bill that Senator KASTEN and I are introducing would rectify the many deficiencies of the Treasury's ruling on the new tax law as it applies to livestock production by repealing and replacing it with the previous system.

In order to pay for restoring the old law to the books, our bill would limit

cash accounting for tax purposes for farmers with net sales over $5 million. This restriction was a provison of the original Treasury I tax reform proposal. Cash accounting for large operations does not always reflect true economic income, yet accrual accounting can be unnecessarily burdensome for small operations. The limit on cash accounting nets $1.5 billion over 4 years, while restoring the expensing provision for livestock production will lose $600 million in revenues. Our total package, therefore, will yield a net deficit reduction of $900 million over 4 years.

To ensure that we do nothing more than restore some common sense to the tax laws with which farmers must comply, we specifically do not restore the expensing provision for embryo transplants. These transplants can result in significant tax avoidance, where capitalization would reflect a truer tax liability.

Mr. President, our bill will return simplicity and credibility to the tax treatment of livestock production, and it will also restore tax equity between the small to medium-size farm operations and the huge agricultural operations that keep two sets of books—one for tax purposes and one for financial records.

By Mr. CHILES:

S. 1354. A bill to establish the National Center for Biotechnology Information within the Department of Health and Human Services as a component of the National Library of Medicine; to the Committee on Labor and Human Resources.

NATIONAL BIOTECHNOLOGY INFORMATION ACT

● Mr. CHILES. Mr. President, new understanding of the human gene is leading to a new era in medicine. The exciting field of biotechnology, based on our new knowledge of genetics, has already led to medical miracles.

Diabetics now have pure human insulin produced by bacteria. These bacteria are "programmed" to produce insulin through genetic engineering. In the past, diabetic patients often suffered severe and sometimes fatal reactions to insulin extracted from animals.

Alpha interferon, produced in the same way, has provided new hope to those with rare forms of leukemia. And interleukin 2, a new genetically engineered drug, shows promise in fighting a whole range of cancers.

As exciting as these developments are, they are only the beginning. We have only begun to understand and map the human gene, which controls how our bodies grow, how we age, and whether or not we are likely to get certain diseases. This information is carried in thousands of chemical sequences. The sequences made up the language of genetics.

Up until now, various bits and pieces of the genetic code have been unlocked and then recorded in different data bases around the world. There is no one source, and no easy way to get access to all of this important genetic information.

That's why I am introducing legislation to establish a National Center for Biotechnology Information. This bill, the National Biotechnology Information Act of 1987, is a companion measure to legislation introduced earlier in the House by Congressman PEPPER. The center, within the National Library of Medicine, will bring together all existing information on the human gene and will include all new information as we unlock the genetic code.

Having such a center will avoid costly duplication and make sure we get more return for our research dollars. One of the quickest ways to advance research is to bring all information on the human gene together in one easily accessible data base.

Access to information, made possible by computers, has greatly speeded advances in all scientific fields. In years past research results were published and slowly made available to other researchers. Now access is almost immediate, and scientists literally around the world can communicate and build on each others' discoveries.

Understanding the human gene is one of the most exciting projects ever undertaken by medical science. We have already seen how research can lead to new vaccines to prevent disease and better drugs to fight them. Soon we will have more early warnings for inherited diseases. Continued research may lead to an understanding and control of dreaded conditions such as Alzheimer's and Huntington's disease.

The future is unlimited, and it is my hope that this new data system will lead to discoveries we can't even imagine today.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

S. 1354

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 "National Biotechnology Information Act of 1987".

SEC. 2. FINDINGS.

The Congress finds that—

(1) biotechnology advances understanding of fundamental human growth and disease processes;

(2) knowledge in the field of biotechnology is accumulating faster than it can be reasonably assimilated by present methods;

(3) it is essential that advances in information science and technology be made so that this vast new knowledge can be organized, stored, and manipulated;

(4) there are numerous independent computer data bases which hold portions of the burgeoning biotechnological discoveries and such data bases lack common technology, central coordination, and adequate support;

(5) the National Library of Medicine is uniquely suited, by virtue of its preeminence in the field of biomedical communications, service, and information science research, to facilitate the rapid advance of biotechnology; and

(6) a biotechnology information initiative could take advantage of the unique facilities of the National Library of Medicine to develop new communications tools and serve both as a repository and as a center for the distribution of molecular biology information to American research scientists and health practitioners.

SEC. 3. ESTABLISHMENT OF NATIONAL CENTER FOR BIOTECHNOLOGY INFORMATION.

Part D of title IV of the Public Health Service Act is amended by adding at the end the following new subpart:

"Subpart 3—National Center for Biotechnology Information

"PURPOSE, ESTABLISHMENT, FUNCTIONS, AND FUNDING OF THE NATIONAL CENTER FOR BIOTECHNOLOGY INFORMATION

"SEC. 478. (a) In order to focus and expand the collection, storage, retrieval, and dissemination of the results of biotechnology research by information systems, and to support and enhance the development of new information technologies to aid in the understanding of the molecular processes that control health and disease, there is established the National Center for Biotechnology Information (hereinafter in this section referred to as the "Center") in the National Library of Medicine.

"(b) The Secretary, through the Center and subject to section 465(d), shall—

"(1) design, develop, implement, and manage automated systems for the collection, storage, retrieval, analylsis, and dissemination of knowledge concerning human molecular biology, biochemistry, and genetics;

"(2) perform research into advanced methods of computer-based information processing capable of representing and analyzing the vast number of biologically important molecules and compounds;

"(3) enable persons engaged in biotechnology research and medical care to use systems developed under paragraph (1) and methods described in paragraph (2); and

"(4) coordinate, as much as is practicable, efforts to gather biotechnology information on an international basis.

"(c) For the purpose of performing the duties specified in subsection (b), there are authorized to be appropriated not to exceed $10,000,000 for each of fiscal years 1988, 1989, 1990, 1991, and 1992. Funds appropriated under this subsection shall remain available until expended.".●

By Mr. DECONCINI:

S. 1358. A bill to amend title 11, United States Code, the Bankruptcy Code, to clarify the transfer provisions; to the Committee on the Judiciary.

BANKRUPTCY CODE AMENDMENT

Mr. DECONCINI. Mr. President, I am introducing legislation designed to correct an intolerable uncertainity cast upon sections 547 and 548 of the Bankruptcy Code by the fifth circuit's

decision in Durrett versus Washington National Insurance Company.

The Durrett decision marked the first time in the more than four centuries since the law of fraudulent conveyances was first codified that a noncollusive, regularly conducted foreclosure sale was held to be a fraudulent transfer within the meaning of the constructive fraud provisions of the Bankruptcy Code without regard to the intent of the parties. Durrett holds that a noncollusive foreclosure sale can indeed be set aside as fraudulent if the buyer fails to give what the court deems to be "fair consideration." In reaching its decision, the court applied what is now section 548(a)(2) of the Bankruptcy Code, which makes a showing of the fraudulent intent unnecessary so long as three criteria are met. First, the transfer must take place while the transferor is insolvent. Second, the transfer must take place within a year of the transferor's bankruptcy. And finally, the transfer price must be less than reasonably equivalent value. While none of these criteria requires a showing of actual fraud, their development over the years clearly indicates that their only real purpose is to allow courts to set aside those transfers that are designed to put property outside the reach of creditors.

Durrett misapplies these traditional rules regarding constructive fraud, and places an intolerable burden on the reliability of land records and the freedom of people to enter into lawful contractual relationships. Durrett allows a bankruptcy trustee to move to strike down a foreclosure sale as a fraudulent transfer anywhere from 1 to 20 years after the foreclosure sale. In at least one jurisdiction, there may be no limit at all on the reachback period. These varying time limits are the results of section 544(b) of the Bankruptcy Code, which permits the use of State fraudulent conveyance laws to attack a transfer.

Some may question the need for this legislation because the Durrett opinion itself indicates that only a sale price less than 70 percent of court determined value will be treated as less than reasonably equivalent. But this figure really doesn't provide any reliable guidance. Real estate valuation is far from an exact science. It involves a subjective evaluation of a number of factors, including the characteristics of a particular piece of property, and a prediction of how great inflationary pressures are likely to be in the future. A slight difference of opinion between the appraiser and the bankruptcy judge regarding the weight to be given one of these factors may result in the court arriving at a figure well in excess of what the property was really worth on foreclosure.

The impact of the Durrett rule extends beyond nonjudicial foreclosure sales. It has been applied to judicial foreclosure sales under the Bankruptcy Code, to terminations of contracts for deed, to foreclosures of security interests under article nine of the Uniform Commercial Code, and to termination of leases on default by the tenant.

Perhaps even more disturbing are at least two recent decisions that have struck down foreclosures as unlawful preferences under section 547 of the Bankruptcy Code. These decisions were based on the theory that a foreclosure is a transfer made in consideration of an antecedent debt and is thus subject to being set aside as an unlawful preference if it occurs during the reachback period. Reasonably equivalent value is not even considered in this instance. So every mortgage foreclosure sale becomes subject to attack. This theory is clearly wrong because a mortgage sale is made for contemporaneous consideration—a mortgage is exchanged for property—and because it could open the door to frivilous lawsuits challenging the validity of every mortgage foreclosure.

The law in this area must be clarified in order to prevent confusion, inequitable results, and continued misapplication of these provisions of the Bankruptcy Code. My bill accomplishes these goals by making it clear that a person who acquires an interest of a debtor through a noncollusive foreclosure proceeding has by definition given reasonably equivalent value; by providing that the termination of a lease or a contract pursuant to the terms of the lease or contract is not voidable under the Bankruptcy Code; and finally, by ensuring that an interest acquired at a foreclosure sale will be treated as having been acquired for new value, and not in consideration of an antecedent debt.

I see this bill as a starting point for discussion with the bankruptcy bar and other interested parties in shaping an effective solution which will not be overreaching or overbroad.

By Mr. WILSON:

S. 1357. A bill to amend section 3210 of title 39, United States Code, to prohibit congressional newsletters; to the Committee on Rules and Administration.

PROHIBITING CONGRESSIONAL NEWSLETTERS

Mr. WILSON. Mr. President, I rise today to introduce legislation to eliminate Federal funding for congressional newsletters. While protecting our ability to correspond with constituents, this legislation would prevent Congress from sending newsletters under the congressional franking privilege.

Mr. President, we have been engaged in debate on this floor for some time now on the subject of election campaign reform.

If this Congress is serious about revamping our Nation's electoral laws, we should act now to clean up the disgrace in our own backyard. I ask that the Senate lead the charge to eliminate the electoral abuse of the congressional franking system, which I think is, frankly, a disgrace.

Last year, on a vote of 95 to 2, the Senate approved an amendment I proposed to the budget resolution designed to eliminate spending on unsolicited mass mailings. However, this nonbinding amendment has fostered no action at all by the appropriate authorizing committees.

Let me take just a minute to explain the substance of this simple amendment. This amendment eliminates the use of the franking privilege for mass mailings. Mass mail is defined as mailings of more than 500 pieces in which the content of the matter mailed is substantially identical, but with several exceptions. These exceptions I have inserted in this revised legislation in order to respond to the legitimate concerns expressed by a number of colleagues, that, in the effort to end this abuse, we do not become overinclusive and prevent legitimate correspondence. This restriction includes unaddressed postal patron mailings, except if the sole purpose of such a mailing is to give notice of a town meeting. However, in no way can this amendment be construed to limit the substantive exchange of views between Members of the House and Senate and their constituents. That, clearly, is not the purpose.

So we have designed seven exceptions in this amendment that seek to permit an unchecked, legitimate exchange of views through correspondence between Members of Congress and their constituents. Members of the House and Senate would not be prevented from sending an unlimited number of letters of constituents in direct response to their questions on specific legislative and administrative issues, and updates on specific issues to constituents who have written previously on those issues. This bill would not prevent Members from mailing substantive letters on specific issues to chief officers and members of boards of directors of corporations or other organizations with an interest in the specific issue. In addition, this legislation sets no limits on mailings to colleagues in the Congress or to other elected or appointed Government officials. Informing the news media of our actions is not limited under this bill, as mailing of news releases are unlimited, except that no more than 500 releases may be sent to people not connected to the news media.

The two other exceptions are worth noting. Town meeting notices are not limited by this bill. Finally, in no way would this bill limit a Member in his ability to send to constituents materials not prepared by or relating to that

Member of Congress—for example, public service pamphlets prepared by a noncongressional organization to be distributed by a Member of Congress to his or her constituents. In other words, Mr. President, given these extensive exceptions, the only type of mailing of more than 500 pieces which would be prohibited to Members of Congress would be those in which they have engaged in sending matter that frankly promotes themselves—newsletters.

According to recent estimates, less than 5 percent of the Senate's postage budget is used to respond to letters sent to us by our constituents. In other words, our direct responses amount to 5 percent of our entire postal budget. Newsletters constitute at least 75 percent of the Congress' postal budget. Yet, most newsletters wind up in the trash, unread and unwanted, I suspect. At 1987 spending levels, this translates into about $70 million that are used for extravagant, unread mailing that, in many cases, are barely distinguishable from campaign literature.

Indeed, the fact that many, if not most, newsletters are basically self-promotion pieces demonstrates the importance of the Congress passing this legislation. Most newsletters sent to constituents are simply federally funded campaign tools. While some newsletters may contain useful information, most seek only to enhance the author's name recognition at home, especially during election years.

Predictably, mailing costs for the U.S. Congress have risen dramatically in election years. Only the passage of Gramm-Rudman has helped slow the increases. Our franking privilege cost the American taxpayer $95.7 million in 1986 after the automatic sequestration took place. To be sure, this total is about $15 million less than in 1984, the previous election year. However, in nonelection year 1987, postage costs will drop by only 5 percent, still about $5 million higher than during the previous nonelection year, 1985. Congressional spending postage costs for fiscal year 1987 are estimated to hit at least $91.4 million.

Mr. President, if we need any evidence that there is a strange fluctuation and a dramatic rise in these postal costs during election years, that evidence is abundant and clear. I have a table which illustrates dramatically the congressional spending totals for the last 10 years, and I invite the attention of my colleagues to the enormous increases from nonelection to election years.

In 1978, an election year, the cost was $47 million. The next year, a nonelection year, that cost dropped by about $10 million. In 1980, it rose from not quite $20 million the preceding election year, to $64.4 million. It then dropped about $20 million in 1981, a nonelection year. In 1982, an election year, it rose another $25 million over the previous high, to $97 million. Then, in 1983, a nonelection year, it dropped about $10 million. In 1984, another election year and another record, $111.1 million, to drop in the next year, a nonelection year, back to $86.7 million.

Last year, I am sure we would have had another new high had it not been for the sequestration under Gramm-Rudman. So it totaled only $95.7 million. This year, it is estimated that it will be $91.4 million.

Some would argue that the solution to this problem is to appropriate less money for the franking budget during debate on the legislative appropriations bill. I would be the first to vote for such an amendment. However, even if actual franking costs exceed the postal appropriation, the Congress is not forced to increase the franking budget to pay for the mailings. Instead, the Postal Service is required to pay for those costs out of its budget; in other words, those that buy stamps will eat the difference—costs which ultimately are passed on to taxpayers and postal users.

I should note, Mr. President, that included in both the recently passed House and Senate supplemental appropriations bills is a provision which expressly refuses to provide $3.4 million to reimburse the Postal Service for the cost of franked congressional mail, leaving the Postal Service to absorb the loss if Members' mailing costs this year exceed the $91.4 million already appropriated.

I want to emphasize once again that passage of this amendment would in no way limit the ability of a Member of Congress to keep his or her constituents informed of the work we do here in Washington. After all, that is why Congress was granted the franking privilege. However, not only are newsletters mainly an incumbent's unique reelection tool, they are also a tremendously inefficient way to communicate a Member's actions to constituents. It is not as though there were not other means available. Events in Washington have never been reported by the media to the extent that we see now. Both Houses have their proceedings televised. We all return to our individual States and congressional districts regularly to meet with constituents.

Mr. President, the time has come to quit winking at this abuse. The time has come for Congress to become accountable for the franking privilege. We cannot justify congressional self-promotion at the taxpayers' expense at any time, least of all one in which we are called upon to make spending cuts in what are arguably essential services. This clearly is not an urgent public priority. It is unconscionable to reduce spending in important programs to spend tens of millions of Federal dollars on what is essentially a self-promotion activity by Members of Congress.

Some may recall that when we voted 95 to 2 in the Senate last year it was for the announced purpose of shifting that expenditure to pay for research in AIDS and Alzheimer's.

I urge my colleagues to work for speedy passage of this legislation, and I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1357

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, section 3210(a)(6) of title 39, United States Code, is amended to read as follows:

"(6)(A) It is the intent of Congress that a Member of, or Member-elect to, Congress may not mail any mass mailing as franked mail.

"(B)(i) For purposes of this paragraph, the term 'mass mailing' means a mailing of more than five hundred pieces in which the content of the matter mailed is substantially identical.

"(ii) Such term does not include mailings—

"(I) which are in direct response to communications from persons to whom the matter is mailed;

"(II) which consist of individually addressed responses on a specific issue to constituents who have previously written on the issue;

"(III) to colleagues in the Congress or to elected or appointed Government officials (whether Federal, State, or local);

"(IV) of news releases to the communications media;

"(V) which consist of news announcements on a specific issue individually addressed to the chief officer and any member of the board of directors of a corporation or organization with an interest in the specific issue;

"(VI) which consist of materials not prepared by or relating to a Member of, or Member-elect to, Congress; or

"(VII) the sole purpose of which is to give notice of a town meeting.

"(C) The Select Committee on Ethics of the Senate and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations, and shall take other action as the Committee or the Commission considers necessary and proper for Members and Members-elect to comply with the provisions of this paragraph and applicable rules and regulations. The rules and regulations shall include provisions prescribing the time within which mailings shall be mailed at or delivered to any postal facility and the time when the mailings shall be deemed to have been mailed or delivered to comply with the provisions of this paragraph.".

By Mr. GRAMM (for himself and Mr. NICKLES):

S. 1355. A bill to insure energy security for the Nation by expanding the domestic petroleum reserve base; to the Committee on Finance.

NATIONAL PETROLEUM SECURITY ACT

Mr. GRAMM. Mr. President, I introduce today the National Petroleum Security Act of 1987.

This bill is a bill that is aimed at trying to provide incentives for the production of oil and gas in the United States. It is also the goal of this bill to solve an economic problem occuring in Texas and the rest of the Nation.

Since oil prices declined 2 years ago, we have seen roughly a 1-million-barrel-per-day increase in oil imports and we have seen the level of dependence on foreign oil grow dramatically.

What this bill seeks to do is to examine the options that are available to us to increase domestic petroleum production through the use of production incentives, deregulation, and environmental reform. These proposals provide direct incentives to increase the production of oil by about 1½ million barrels a day which will more than offset the domestic oil decline that has been created during the last 2 years.

Additionally this bill contains language that would open up the Arctic National Wildlife Refuge; action which if undertaken today would provide another 1½ million barrels of oil by the end of this century.

I hope my colleagues will look at this bill and will decide that it is worthy of their support and their cosponsorship.

Mr. President, I introduce this bill and ask unanimous consent that it be referred to the appropriate committee, and I ask unanimous consent that the bill and an outline of the bill be printed in the RECORD.

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

THE NATIONAL PETROLEUM SECURITY ACT OF 1987—SUMMARY OF PROPOSALS

PRODUCTION INCENTIVES

Windfall Profit Tax. The bill repeals the Windfall Profit Tax (supported by the President).

Exploration and Marginal Production Tax Credits. The bill provides a tax credit for exploration and development of oil and gas. This credit equals 10% for the first $10 million in expenses and 5% thereafter and would be sunset in three years. A 10% tax credit on qualified costs for stimulating production from marginal wells is also provided.

Alternative Minimum Tax Relief. The bill removes Intangible Drilling Costs (IDC) as a tax preference item for purposes of computing alternative minimum taxes (AMT). The bill also provides current expensing of domestic Intangible Drilling Costs (IDC) for all producers.

Geological and Geophysical Costs. The bill provides for current expensing of geological and geophysical costs paid or incurred prior to drilling.

Transfer of Property. The bill repeals the depletion transfer rule (supported by the President).

Income Limitation. The bill increases the depletion limitations to 100% (supported by the President).

REGULATORY REFORM PROVISIONS

Federal Leasing. The bill amends the Mineral Lands Leasing Act of 1920 to open the coastal plain of the Artic National Wildlife Refuge (ANWR) to leasing by the Secretary of the Interior (supported by the President).

Natural Gas Prices. The bill amends the Natural Gas Policy Act to decontrol all natural gas prices at the wellhead (supported by the President).

Transportation of Natural Gas. The bill requires the Federal Energy Regulatory Commission to mandate the transportation of natural gas without discrimination as to class of shipper or recipient (supported by the President).

Cooperative Exemption. The bill permits a limited antitrust exemption to independent producers to contract for the pooling of natural gas for sale.

Oil Pipelines. The bill repeals federal rate regulation of those oil pipelines that operate in a competitive market (supported by the President).

Strategic Petroleum Reserve. The bill requires that 50% of the purchases for the Strategic Petroleum Reserve be from domestic sources. Oil would be acquired at prices no less favorable to the U.S. than comparable foreign oil (supported by the President).

ENVIRONMENTAL PROVISIONS

Underground Tanks. The bill clarifies Solid Waste Disposal Act requirements imposed on underground storage tanks and specifies that petroleum well cellars, sumps, drip collection devices, hydraulic lift reservoris and oil water separators are not "tanks" (supported by the President).

Recycling Activities. The bill expresses the sense of the Congress that recycling activities designed to conserve resources should not be curtailed when there is no data to demonstrate that such recycling practices pose any threat to human health and the environment (supported by the President).

Land Treatment Sites. The bill expresses the sense of the Congress that any land treatment of petroleum waste should be encouraged so long as such treatment transforms the waste into an environmentally acceptable form which does not pose any threat to human health and the environment (supported by the President).

Underground Injection Control Program. The bill revises certain requirements for underground injection systems in order to facilitate the use of such systems.

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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 "National Petroleum Security Act of 1987".

SEC. 2. FINDINGS.

Congress finds and declares that—

(1) the Nation is witnessing the most dramatic decline in petroleum exploration and development in the history of the industry,

(2) since 1982, literally thousands of economic entities in the petroleum industry have been liquidated, including independent producers, drilling contractors, supply and equipment firms, and financial institutions,

(3) a viable, domestic petroleum industry is vital to the economic security of the United States, and

(4) it is therefore necessary to promote petroleum exploration and development by granting tax incentives, deregulating oil pipelines and the natural gas market, providing access to Federal lands and developing more balanced environmental regulations.

TITLE I—FINANCIAL INCENTIVES TO STIMULATE OIL AND GAS PRODUCTION

SEC. 101. WINDFALL PROFIT TAX REPEAL.

(a) Chapter 45 of the Internal Revenue Code of 1986 (referred to in this title as the "Code") is repealed.

(b)(1) Sections 6050C, and 6076, 6232, 6430, and 7241 of the Code are repealed.

(2)(A) Sections (a) of section 164 of the Code is amended by striking paragraph (4), and redesignating the subsequent paragraphs as paragraphs (4) and (5), respectively.

(B) The following provisions of the Code are each amended by striking "44, or 45" each place it appears and inserting "or 44":

(i) section 6211(a),
(ii) section 6211(b)(2),
(iii) section 6212(a),
(iv) section 6213(a),
(v) section 6213(g),
(vi) section 6214(c),
(vii) section 6214(d),
(viii) section 6161(b)(1),
(ix) section 6344(a)(1), and
(x) section 7422(e).

(C) Subsection (a) of section 6211 of the Code is amended by striking "44, and 45" and inserting "and 44".

(D) Subsection (b) of section 6211 of the Code is amended by striking paragraphs (5) and (6).

(E) Paragraph (1) of section 6212(b) of the Code is amended—

(i) by striking "chapter 44, or chapter 45" and inserting "or chapter 44", and

(ii) by striking "chapter 44, chapter 45, and this chapter" and inserting "chapter 44, and this chapter".

(F) Paragraph (1) of section 6212(c) of the Code is amended—

(i) by striking "of chapter 42 tax" and inserting "or of chapter 42 tax", and

(ii) by striking ", or of chapter 45 tax for the same taxable period".

(G) Subsection (e) of section 6302 of the Code is amended by striking "(1) For" and inserting "For", and by striking paragraph (2).

(H) Section 6501 of the Code is amended by striking subsection (m).

(I) Section 6511 of the Code is amended by striking subsection (h) and redesignating subsection (i) as subsection (h).

(J) Subsection (a) of section 6512 of the Code is amended—

(i) by striking "of tax imposed by chapter 41" and inserting "or of tax imposed by chapter 41", and

(ii) by striking ", or of tax imposed by chapter 45 for the same taxable period".

(K) Paragraph (1) of section 6512(b) of the Code is amended—

(i) by striking "of tax imposed by chapter 41" and inserting "or of tax imposed by chapter 41", and

(ii) by striking ", or of tax imposed by chapter 45 for the same taxable period".

(L) Section 6611 of the Code is amended by striking subsection (h) and redesignating subsections (i) and (j) as subsections (h) and (i), respectively.

(M) Subsection (d) of section 6724 of the Code is amended—

(i) by striking clause (i) in paragraph (1)(B) and redesignating clauses (ii) through (x) as clauses (i) through (ix), respectively, and

(ii) by striking subparagraphs (A) and (K) of paragraph (2) and redesignating subparagraphs (B), (C), (D), (E), (F), (G), (H), (I), (J), (L), (M), (N), (O), (P), (Q), (R), (S), and (T) as subparagraphs (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), (M), (N), (O), (P), (Q), and (R), respectively.

(N) Subsection (a) of section 6862 of the Code is amended by striking "44, and 45" and inserting "and 44".

(O) Section 7512 of the Code is amended—

(i) by striking ", by chapter 33, or by section 4986" in subsections (a) and (b) and inserting "or chapter 33", and

(ii) by striking ", chapter 33, or section 4986" in subsections (b) and (c) and inserting "or chapter 33".

(3)(A) The table of contents of subtitle (D) of the Code is amended by striking the item relating to chapter 45.

(B) The table of contents of subpart B of part III of subchapter A of chapter 61 of the Code is amended by striking the item relating to section 6050C.

(C) The table of contents of part V of that subchapter is amended by striking the item relating to section 6076.

(D) The table of contents of subchapter C of chapter 63 of the Code is amended by striking the item relating to section 6232.

(E) The table of contents of subchapter B of chapter 65 of the Code is amended by striking the item relating to section 6430.

(F) The table of contents of part II of subchapter A of chapter 75 of the Code is amended by striking the item relating to section 7241.

(c) The amendments made by this section shall apply to crude oil removed from the premises after the date of the enactment of this Act.

SEC. 102. MARGINAL PRODUCTION CREDIT.

(a) Subpart B of part IV of subchapter A of chapter 1 of the Code is amended by adding at the end thereof the following new section:

"SEC. 30. CRUDE OIL PRODUCTION CREDIT FOR MAINTAINING ECONOMICALLY MARGINAL WELLS.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as credit against the tax imposed by this chapter for the taxable year to the producer of eligible crude oil an amount equal to 10 percent of the qualified cost of each barrel of such oil (or fractional part thereof) produced during the taxable year.

"(b) QUALIFIED COST.—For purposes of this section, the term 'qualified cost' means, with respect to each barrel of eligible crude oil the sum of—

"(1) such barrel's pro rata share of—

"(A) the lease operating expenses (other than business overhead expenses) paid or incurred by the producer of such barrel during the taxable year in which such barrel was produced,

"(B) the amount allowed to such producer for such taxable year for depreciation under section 167 and 168 with respect to the property used in the production of such barrel,

"(C) the amount allowed to such producer for such taxable year for depletion under section 611 (but not in excess of the adjusted basis of the property), and

"(D) the business overhead expenses paid or incurred during such taxable year by such producer, plus

"(2) the amount of severance tax paid or incurred by such producer with respect to such barrel.

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

"(1) ELIGIBLE CRUDE OIL.—The term 'eligible crude oil' means domestic crude oil which is—

"(A) from a stripper well property within the meaning of the June 1979 energy regulations, or

"(B) heavy oil, or

"(C) oil recovered through a tertiary recovery method.

"(2) OTHER DEFINITIONS.—

"(A) CRUDE OIL.—The term 'crude oil' has the meaning given to such term by the June 1979 energy regulations.

"(B) BARREL.—The term 'barrel' means 42 United States gallons.

"(C) DOMESTIC.—The term 'domestic', when used with respect to crude oil, means crude oil produced from a well located in the United States or in a possession of the United States.

"(D) UNITED STATES.—The term 'United States' has the meaning given to such term by paragraph (1) of section 638 (relating to Continental Shelf areas).

"(E) POSSESSION OF THE UNITED STATES.—The term 'possession of the United States' has the meaning given to such term by paragraph (2) of section 638.

"(F) HEAVY OIL.—The term 'heavy oil' means all crude oil which is produced from a property if crude oil produced and sold from such property during—

"(i) the last month before July 1979 in which crude oil was produced and sold from such property, or

"(ii) the taxable year had a weighted average gravity of 20 degrees API or less (corrected to 60 degrees Fahrenheit).

"(G) TERTIARY RECOVERY METHOD.—The term 'tertiary recovery method' means—

"(i) any method which is described in subparagraphs (1) through (9) of section 212.78(c) of the October 1979 energy regulations, or

"(ii) any other method to provide tertiary enhanced recovery which is approved by the Secretary for purposes of this section.

"(H) SEVERANCE TAX.—The term 'severance tax' means a tax imposed by a State or political subdivision thereof with respect to the extraction of crude oil.

"(I) ENERGY REGULATIONS.—

"(i) IN GENERAL.—The term 'energy regulations' means regulations prescribed under section 4(a) of the Energy Petroleum Allocation Act of 1973 (15 U.S.C. 753(a)).

"(ii) JUNE 1979 ENERGY REGULATIONS.—The June 1979 energy regulations shall be the terms of the energy regulations as such terms existed on June 1, 1979.

"(iii) OCTOBER 1979 ENERGY REGULATIONS.—The October 1979 energy regulations shall be the terms of the energy regulations as such terms existed on October 30, 1979.

"(iv) CONTINUED APPLICATION OF REGULATIONS AFTER DECONTROL.—Energy regulations shall be treated as continuing in effect without regard to decontrol of oil prices or any other termination of the application of such regulations.

"(d) LIMITATION BASED ON AMOUNT OF TAX—

"(1) LIABILITY FOR TAX.—The credit allowable under subsection (a) for any taxable year shall not exceed the greater of—

"(A) the taxpayer's tentative minimum tax liability under section 55(b) for such taxable year determined without regard to this section or,

"(B) the excess of—

"(i) the taxpayer's regular tax liability for such taxable year (as defined in section 26(b)), over

"(ii) the sum of the credits allowable against such tax liability under part IV (other than section 43 and this section).

"(2) APPLICATION OF THE CREDIT.—Each of the following amounts shall be reduced by the full amount of the credit determined under paragraph (1):

"(A) the taxpayer's tentative minimum tax under section 55(b) for the taxable year, and

"(B) the taxpayer's regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under part IV (other than section 43 and this section). If the amount of the credit determined under paragraph (1) exceeds the amount described in subparagraph (B) of paragraph (2), then the excess shall be deemed to be the adjusted net minimum tax for such taxable year for purposes of section 53.

"(3) CARRYBACK AND CARRYFORWARD OF UNUSED CREDIT.—

"(A) IN GENERAL.—If the amount of the credit allowed under subsection (a) for any taxable year exceeds the limitation under paragraph (1) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(i) an oil production credit carryback to each of the 5 taxable years preceding the unused credit year, and

"(ii) an oil production credit carryforward to each of the 3 taxable years following the unused credit year, and shall be added to the amount allowable as a credit under subsection (a) for such years. If any portion of such excess is a carryback to a taxable year ending prior to January 1, 1987, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit shall be carried to the earliest of the 8 taxable years to which such credit may be carried, and then to each of the other 7 taxable years to the extent that, because of the limitation contained in subparagraph (B), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(B) LIMITATIONS.—The amount of the unused credit which may be taken into account under subparagraph (A) for any succeeding taxable year shall not exceed the amount by which the limitation provided by paragraph (1) for such taxable year exceeds the sum of—

"(i) the credit allowable under subsection (a) for such taxable year, and

"(ii) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

"(e) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(f) TERMINATION OF CREDIT.—No credit shall be allowed under this section for any qualified cost paid or incurred in any taxable year beginning after the date which is three years after the date of the enactment of the National Energy Security Act of 1987.".

(b) The table of sections for subpart B of part IV of subchapters A of chapter 1 of the Code is amended by adding at the end thereof the following new item:

"Sec. 30. Crude oil production credit for maintaining marginally economic wells.".

(c) The amendments made by this section shall apply to oil produced after December 31, 1986.

SEC. 103. CRUDE OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT CREDIT.

(a) Section 38(b) of the Code is amended—

(1) by striking "plus" at the end of paragraph (4),

(2) by striking the period at the end of paragraph (5) and inserting in lieu thereof ", plus", and

(3) by adding at the end thereof the following new paragraph:

"(6) the crude oil and natural gas exploration and development credit determined under section 43(a).".

(b) Subpart D of part IV of subchapter A of chapter 1 of the Code is amended by adding at the end thereof the following new section:

"SEC. 43. CRUDE OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT CREDIT.

"(a) GENERAL RULE.—For purposes of section 38, the crude oil and natural gas exploration and development credit determined under this section for any taxable year shall be an amount equal to the sum of—

"(1) 10 percent of so much of the taxpayer's qualified investment for the taxable year as does not exceed $10,000,000, plus

"(2) 5 percent of so much of such qualified investment for the taxable year as exceeds $10,000,000.

"(b) QUALIFIED INVESTMENT.—For purposes of this section, the term 'qualified investment' means amounts paid or incurred—

"(1) for the purpose of ascertaining the existence, location, extent, or quality of any crude oil or natural gas deposit, including core testing and drilling test wells, or

"(2) for the purpose of developing a property on which there is a reservoir capable of commercial production and such amounts are paid or incurred in connection with activities which are intended to result in the recovery of crude oil or natural gas on such property, or

"(3) for the purpose of performing secondary or tertiary recovery technique on a well located in the United States or in a possession of the United States as defined in section 638.

"(c) TERMINATION OF CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no credit shall be allowed under this section with respect to expenditures made in any taxable year beginning after the date which is three years after the date of the enactment of the National Energy Security Act of 1987.

"(2) BINDING COMMITMENTS.—Paragraph (1) shall not apply with respect to any qualified investment made pursuant to a binding contract entered into before the date determined under paragraph (1).".

(c) Section 38(c) of the Code is amended—

(1) by redesignating paragraph (4) as paragraph (5), and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) EXPLORATION CREDIT MAY OFFSET MINIMUM TAX.—To the extent the credit under subsection (a) is attributable to the application of section 43, the limitation of paragraph (1) shall be the greater of—

"(A) the limitation as determined under paragraph (1), or

"(B) the taxpayer's tentative minimum tax for the taxable year.".

(d) The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Code is amended by adding at the end thereof the following new item:

"Sec. 43. Crude oil and natural gas exploration and development credit.".

(e) The amendments made by this section shall apply to expenditures paid or incurred after December 31, 1986.

SEC. 104. REMOVAL OF INTANGIBLE DRILLING COSTS FROM THE ALTERNATIVE MINIMUM TAX.

(a) Sections 57(a)(2) and 57(b) of the Code are hereby repealed.

(b) The repeal made by this section shall apply to costs paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 105. EXPENSING GEOLOGICAL AND GEOPHYSICAL COSTS.

(a) Part VI of subchapter B of chapter 1 of the Code is amended by adding at the end thereof the following new section:

"SEC. 197. GEOLOGICAL AND GEOPHYSICAL COSTS.

"(a) ALLOWANCE OF DEDUCTION.—There shall be allowed as a deduction for the taxable year an amount equal to the geological and geophysical cost paid or incurred by the taxpayer during such taxable year.

"(b) DEFINITION.—For purposes of this section, the term "geological and geophysical costs" means any expenditure paid or incurred by the taxpayer for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States. This term shall not include costs described under section 263(c).".

(b) The table of sections for part VI of subchapter B of chapter 1 of the Code is amended by adding at the end thereof the following new item:

"Sec. 197. Geological and Geophysical costs.".

(c) The amendments made by this section shall apply to costs paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 106. EXPENSING OF INTANGIBLE DRILLING AND DEVELOPMENT COSTS.

(a) Section 291(b) of the Code is repealed.

(b) Section 263(c) of the Code is amended by striking out "or 291".

(c) The repeal and amendment made by this section shall apply to costs paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 107. INCREASE IN NET INCOME LIMITATION.

(a) Section 6133(a) of the Code is amended by adding ", except that in the case of an oil or gas well, the allowance shall not exceed 100 percent," after the words "50 percent".

(b) Section 613A(c)(7)(C) of the Code is amended by adding "or 100 percent in the case of an oil or gas well" after the words "50 percent".

(c) Section 613A(d)(1) of the Code is amended by striking "shall not exceed 65 percent" and inserting in its place, "shall not exceed 100 percent".

(d) The taxpayer shall have the right to revoke the election provided in section 614(b)(2) by attaching a statement to the income tax return filed for the first taxable year after the enactment of this Act.

(e) The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 108. REPEAL OF THE TRANSFER RULE.

(a) Section 613A(c) of the Code is amended by—

(1) striking paragraphs (9) and (10);

(2) redesignating paragraphs (11), (12), and (13) as paragraphs (9), (10), and (11) respectfully; and

(3) striking subparagraphs (C) and (D) of paragraph (11), as redesignated.

(b) The amendments made by this section shall apply to production after the date of the enactment of this Act.

TITLE II—FEDERAL LEASING REFORM PROVISIONS

SEC. 201. LEASING OF THE ARCTIC NATIONAL WILDLIFE REFUGE.

The Mineral Lands Leasing Act of 1920, 41 Stat. 437, as amended, is further amended by adding a new Subchapter X at the end of Chapter 3A—Leases and Prospecting Permits, 30 U.S.C. 181, to read as follows:

"SUBCHAPTER X—COASTAL PLAIN LEASING

"AUTHORIZATION FOR LEASING OF THE COASTAL PLAIN

"SEC. 288. (a)(1) The Congress hereby authorizes and directs the Secretary of the Interior through whatever agency of the Department he deems appropriate and other appropriate Federal officers and agencies to take such actions as are necessary to establish and promptly implement a competitive oil and gas leasing program that will ensure the expeditious exploration, development and production of the oil and gas resources of the public lands of the Coastal Plain.

"(2) This authorization includes, incorporates and supplements the provisions of the Mineral Leasing Act of 1920 and other existing Federal laws on oil and gas leasing, exploration and development on public lands, and grants such new legislative authority as is necessary to enable the Secretary to authorize and permit all such activities as are required to achieve the expeditious exploration, development and production of the oil and gas resources within the public lands of the Coastal Plain. These authorizations include all activities associated with and required in the exploration, development, production and transportation of the oil and gas resources of the public lands within the Coastal Plain, and include, but are not limited to, the authorization and granting of rights-of-way, permits, leases, use permits and such other authorizations as are necessary to facilitate exploration, development, production and transportation of oil and gas resources on the public lands within the Coastal Plain.

"(3) The Coastal Plain leasing program required by subsection (a) shall include the following elements:

"(A) The first lease sale shall be conducted within twelve months of the date of enactment of this Act.

"(B) The Secretary is authorized to grant to the highest responsible qualified bidder or bidders by competitive bidding, under regulations promulgated in advance, oil and gas leases on unleased public lands within the Coastal Plain. Such regulations may provide for the deposit of cash bids in an interest-bearing account until the Secretary announces his decision on whether to accept the bids, with the interest earned thereon to be paid to the Treasury as to bids that are accepted and to the unsuccessful bidders as to bids that are rejected. The bidding shall be conducted as determined by the Secretary pursuant to bidding systems included in section 205(A)(1) (A) through (H) of the Outer Continental Shelf Lands Act, as amended, of 1978 (43 U.S.C. 1331).

"(C) An oil and gas lease issued pursuant to this Act for public lands within the Coastal Plain shall be for a lease tract consisting of a compact area and not exceeding more than two thousand five hundred and

sixty (2,560) acres, as the Secretary may in his discretion determine.

"(D) Each lease shall be issued for an initial period of up to ten years and shall be extended for so long thereafter as oil and gas is produced in paying quantities from the lease or unit area to which the lease is committed or as drilling or reworking operations as approved by the Secretary are conducted thereon.

"(E) In the conduct of competitive lease sales under the authority provided by this Act, the Secretary shall seek to maximize the revenue paid to the Treasury, but in doing so shall make reasonable efforts to conduct lease sales in a manner which will enable independent oil and gas producers, acting alone or in combination with other independent producers, to have a competitive opportunity to successfully bid on leases granted under the authority of this Act.

"(4) This Act shall be considered the primary land management authorization for all activities associated with exploration, development, and production of oil and gas on public lands within the Coastal Plain. No land management review shall be required except as specifically authorized by this Act.

"(5) Activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable significant adverse effects on fish and wildlife and their habitat pursuant to subsection 288(b) of this Act.

"(6) The Secretary is authorized to permit, subject to reasonable rules and regulations, on public lands within the Coastal Plain all activities described in subsection 288(a) which are conducted by the owners of private lands within and/or adjacent to the public lands within the Coastal Plain.

"(7) All receipts from the sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be deposited into the Treasury and allocated in accordance with applicable law.

"OTHER LEASING PROVISIONS AND CONSIDERATIONS

"(b)(1) Prior to conducting a competitive oil and gas lease sale pursuant to section 288(a), the Secretary shall promulgate such stipulations, rules, and regulations as he determines are necessary and appropriate to ensure that oil and gas exploration, development, production, and transportation activities undertaken in the public lands within the Coastal Plain are conducted in a manner to achieve the reasonable protection of the fish and wildlife resources, environment and subsistence users which utilize the public lands within the Coastal Plain.

"(2) The 'Coastal Plain Resource Assessment' (April 1987) prepared by the Secretary pursuant to section 1002(h) of the Alaska National Interest Lands Conservation Act of 1980 (Public Law 96-487) and the legislative environmental impact statement incorporated into the Coastal Plain Resource Assessment pursuant to the National Environmental Policy Act of 1969 (Public Law 91-190) shall satisfy all legal requirements under those laws with respect to any action taken to develop rules and regulations and procedures for a competitive oil and gas leasing program or to conduct particular lease sales on the public lands within the Coastal Plain. No further studies, reports, or assessments shall be required before the Secretary or other appropriate federal officials may take such action.

"(3) Nothing in this Act shall be construed to affect the applicability of the National Environmental Policy Act of 1969 to phases of oil and gas development, production, and transportation conducted subsequent to initial leasing and exploration. Consistent with the general authority of the Secretary as described in subsection 288(a) of this Act, all Federal and State environmental laws of general applicability to oil and gas operations and permitting shall continue to be applied.

"TRANSPORTATION ALTERNATIVES FOR CANADA'S BEAUFORT SEA AND MCKENZIE DELTA DISCOVERIES

"(c) The Secretary of State is authorized and encouraged to initiate discussions with the Canadian government to determine whether it would serve the environmental and economic interests of the United States and Canada to explore the feasibility of engaging in mutual planning for the future development and transportation of the crude oil and natural gas resources previously discovered or projected to exist in the Arctic region under the respective jurisdiction of each country, both on shore and offshore. The subject matter of such discussions may include, but is not limited to, the exchange of environmental, fish and wildlife, and oil and gas related information; joint planning; the development of privately owned joint facilities for transport of crude oil or natural gas; the development of contingency plans to deal with any anticipated or associated environmental risks or problems; and the proposal of private Canadian companies for the transport of crude oil in tankers from offshore discoveries in Canadian waters along the Arctic coast line of the State of Alaska to a point west of Barrow, Alaska for transshipment to larger tankers.

"DEFINITIONS

"(d) for purposes of this section—

"(1) The term 'Secretary' means the Secretary of the Interior; and

"(2) The term 'Coastal Plain' means those public lands identified in section 1002(b)(1) of the Alaska National Interest Lands Conservation Act of 1980 (Public Law 96-487)."

TITLE III—OIL REGULATORY REFORM PROVISIONS

SEC. 301. STRATEGIC PETROLEUM RESERVE PETROLEUM ACQUISITION.

Section 160 of the Energy Policy and Conservation Act (42 U.S.C. 6240) is amended by adding after subsection (e) the following new subsection:

"(f)(1) The Secretary shall assure that at least 50 percent, by volume, of the petroleum products acquired for storage in the Strategic Petroleum Reserve during each fiscal year, exclusive of crude oil produced from the Naval Petroleum Reserves or received in kind as royalties from production of Federal lands, are derived from domestic crude oil production, provided that these domestic petroleum products can be acquired at delivered prices that are no less favorable to the United States than the price of comparable foreign petroleum products available to the Reserves, exclusive of duty.

"(2) If, during the acquisition of domestic petroleum products for the Strategic Petroleum Reserve, the Secretary determines that the requirement in paragraph (1) of this section cannot be met, the Secretary may acquire imported petroleum products totaling more than 50 percent of the petroleum products acquired for storage in the Reserve for the fiscal year.

"(3) The Secretary may issue the regulations and directives necessary to carry out this subsection.".

SEC. 302. REGULATION OF PIPELINES TRANSPORTING OIL.

(a) The Department of Energy Organization Act (42 U.S.C. 7101-7352) is amended by adding the following new section 408:

"SEC. 408. REGULATION OF PIPELINES TRANSPORTING OIL.

(a) DEFINITIONS.—As used in this section—

"(1) the term 'pipeline' means any fully interconnected pipeline system owned by one person and subject to Commission regulatory jurisdiction or which would be subject to Commission regulatory jurisdiction except for this section;

"(2) the term 'existing pipeline' means a pipeline brought into service on or before the effective date of this Act;

"(3) the term 'new pipeline' means a pipeline brought into service after the effective date of this Act;

"(4) the term 'person' means an individual, firm, partnership, association, corporation, joint venture or other legal or business entity;

"(5) the term 'Secretary' means the Secretary of Energy or the Secretary's designee;

"(6) The term 'Attorney General' means the Attorney General of the United States or the Attorney General's designee;

"(7) The term 'Commission' means the Federal Energy Regulatory Commission;

"(8) The term 'Commission regulatory jurisdiction' means those functions and authorities transferred by sections 306 and 402(b) of the Department of Energy Organization Act (42 U.S.C. 7155, 7172(b));

"(9) the term 'adjudication' means an agency hearing to be determined on the record as governed by section 554 of title 5, United States Code; and

"(10) the term 'Act' means the Oil Pipeline Regulatory Reform Act of 1987.

"(b) INITIAL CONSIDERATION OF PIPELINE REGULATORY STATUS.—

"(1) PETITION BY THE ATTORNEY GENERAL.—

"(A) Within sixty days of the effective date of this Act, the Attorney General may petition the Secretary for an adjudication of whether continued regulation of an existing pipeline is in the public interest. Upon receipt of such a petition, the Secretary shall conduct such adjudication in accordance with subsection (b)(2).

"(B) Commission regulatory jurisdiction over an existing pipeline that is not the subject of a petition filed under subsection (b)(1)(A) shall terminate one hundred and twenty days after the effective date of this Act, unless before then a joint resolution is enacted directing the Secretary to conduct an adjudication of whether regulation of such a pipeline is in the public interest. Upon enactment of such a joint resolution, the Secretary shall conduct the adjudication in accordance with subsection (b)(2).

"(2) ADJUDICATION BY THE SECRETARY.—

"(A) The Secretary shall find that regulation of a pipeline is in the public interest only if it is demonstrated that regulation is necessary to constrain the exercise of substantial market power in a significant portion of the markets in which the pipeline operates. Unless the Secretary finds that regulation of a pipeline is in the public interest, the Secretary shall find that regulation of the pipeline is not in the public interest.

"(B) Any finding pursuant to subsection (b)(2)(A) shall be issued within one year

after the petition of an adjudication is filed with the Secretary or the enactment of the joint resolution directing an adjudication unless the Secretary, in the event of unusual circumstances, determines that he is unable to issue the finding within one year. In any such case, the Secretary shall make specific findings as to the unusual circumstances necessitating the delay, and shall specify a date certain by which the Secretary will issue the finding, but in no event shall the Secretary's finding be issued more than two years after the petition is filed with the Secretary or the enactment of the joint resolution.—

"(3) TERMINATION OF COMMISSION REGULATORY JURISDICTION.—

If the Secretary finds that regulation of an existing pipeline is not in the public interest, Commission regulatory jurisdiction over that pipeline shall terminate at a time the Secretary designates, but in no event shall Commission regulatory jurisdiction continue beyond sixty days after the Secretary issues the finding.

"(c) RECONSIDERATION OF PIPELINE REGULATORY STATUS.—

"(1) PIPELINES NOT SUBJECT TO COMMISSION REGULATORY STATUS.—

"(A) The Secretary may conduct an adjudication of whether, as a direct result of changed circumstances, regulation of an existing pipeline not then subject to Commission regulatory jurisdiction is in the public interest in accordance with subsection (b)(2)(A), but no such adjudication may be conducted with respect to a pipeline less than ten years after regulation of that pipeline has been terminated under subsection (b)(1), (b)(3), or (c)(2), or less than ten years after a prior adjudication conducted under subsection (c)(1). The Secretary shall notify the Attorney General of any petition for adjudication or decision to conduct an adjudication.

"(B) For purposes of subsection (c)(1)(A), 'changed circumstances' means any material change in the circumstances in effect when regulation of the pipeline was terminated under subsection (b)(1), (b)(3), or (c)(2), or, with respect to a pipeline which was the subject of a prior adjudication conducted under subsection (c)(1), any material change in the circumstances in effect at the time of that adjudication.

"(C) If the Secretary finds that regulation of an existing pipeline not then subject to Commission regulatory jurisdiction is in the public interest, that pipeline shall be subject to Commission regulatory jurisdiction at such future time as the Secretary shall designate.

"(2) PIPELINES SUBJECT TO COMMISSION REGULATORY JURISDICTION.—

"(A) The Secretary may conduct an adjudication of whether regulation of an existing pipeline subject to Commission regulatory jurisdiction is in the public interest in accordance with subsection (b)(2). The Secretary shall notify the Attorney General of any petition for adjudication or decision to conduct an adjudication.

"(B) If the Secretary finds that regulation of an existing pipeline subject to Commission regulatory jurisdiction is not in the public interest, Commission regulatory jurisdiction shall terminate at such time as the Secretary designates, but in no event shall Commission regulatory jurisdiction continue beyond 60 days after the Secretary issues the finding.

"(d) NEW PIPELINES.—New pipelines shall not be subject to Commission regulatory jurisdiction.

"(e) COMMISSION REGULATORY JURISDICTION.—

"(1) The termination pursuant to this section of Commission regulatory jurisdiction does not apply to Commission regulatory jurisdiction over crude oil or refined oil products transported prior to the termination.

"(2) Commission regulatory jurisdiction over a pipeline made subject to its jurisdiction under subsection (c)(1) shall be prospective only. No crude oil or refined oil products transported by the pipeline prior to the time designated under subsection (c)(1)(C) shall be subject to Commission regulatory jurisdiction.

"(3) Commission regulatory jurisdiction terminated under this section, including Commission regulatory jurisdiction over new pipelines, shall not revert back to, be delegated to, or otherwise transfer to the Department of Energy, the Interstate Commerce Commission, or any other agency of the Federal Government.

"(4) Notwithstanding any other provision of law, no agency of the Federal Government may regulate any pipeline with respect to which Commission regulatory jurisdiction has been terminated pursuant to this section, including Commission regulatory jurisdiction over new pipelines, to the extent that such regulation is similar in nature to those functions and authorities constituting Commission regulatory jurisdiction which are terminated under this section. Such provisions include, but are not limited to, subsections 5(e) and 5(f) of the Outer Continental Shelf Lands Act (43 U.S.C. 1334 (e) and (f)) and subsection 28(r) of the Mineral Leasing Act of 1920 (30 U.S.C. 185(r)).

"(f) TRANS-ALASKA PIPELINE EXCLUSION.—This section does not apply to the Trans-Alaska Pipeline authorized by chapter 34 of title 43, United States Code.

"(g) JUDICIAL REVIEW.—

"(1) Notwithstanding section 502 of the Department of Energy Organization Act (42 U.S.C. 7192), the United States Court of Appeals for the District of Columbia Circuit shall have exclusive original jurisdiction over any petition of judicial review under this section.

"(2) Any action of the Attorney General under this section, including without limitation any decision to petition or not to petition for any adjudication under this section, is an agency action committed to agency discretion by law, and shall not be subject to judicial review in any manner.

"(h) REGULATIONS.—Notwithstanding section 501 of the Department of Energy Organization Act (42 U.S.C. 7191), the Secretary and the Attorney General may each promulgate in accordance with section 553 of title 5, United States Code, regulations necessary or appropriate to carry out their respective responsibilities under this section. Regulations proposed by the Secretary implementing this section or any other actions taken by the Secretary under this section shall not be subject to section 404 of the Department of Energy Organization Act (42 U.S.C. 7174).".

(b)(1) Section 402(b) of the Department of Energy Organization Act (42 U.S.C. 7172(b)), is amended by striking out "There" and inserting in its place "Subject to the provisions of section 408 of this Act, there".

(2) Section 404(a) of the Department of Energy Organization Act (42 U.S.C. 7174(a)), is amended by striking out "section 403" and by inserting in its place "sections 403 and 408".

(3) Section 1 of the Department of Energy Organization Act (42 U.S.C. 7101) (the Table of Contents) is amended by adding the following new item to the table of contents after the item for section 407:

"Sec. 408. Regulation of pipelines transporting oil.".

(c) All laws of the United States relating to unlawful restraints and monopolies and to combinations, contracts, or agreements in restraint of trade shall continue to be applicable to the transportation by pipeline of crude oil or refined oil products.

TITLE IV—NATURAL GAS REGULATORY REFORM PROVISIONS

SEC. 401. OPEN ACCESS TO TRANSPORTATION—NONDISCRIMINATORY AUTHORIZATIONS.

Section 311(a) of the Natural Gas Policy Act of 1978 (15 U.S.C. 3371(a)) is amended by—

(1) amending paragraph (1) to read as follows:

"(1) IN GENERAL.—The Commission, by rule or order, may authorize any pipeline to transport natural gas on behalf of any person.";

(2) redesignating subparagraph (1)(B) as paragraph (2);

(3) deleting subparagraph (2)(A);

(4) redesignating subparagraphs (2)(B)(i), (2)(B)(ii), (2)(B)(ii)(I), and (2)(B)(ii(II) as subparagraphs (3)(A), (3)(B), (3)(B)(i), and (3)(B)(ii), respectively, and

(5) by adding a new paragraph (4) to read as follows:

"(4) NONDISCRIMINATION.—

"(A) A pipeline transporting gas pursuant to this subsection shall do so without discrimination.

"(B) A pipeline receiving gas pursuant to this subsection shall provide transportation service pursuant to this subsection without discrimination.".

SEC. 402. OPEN ACCESS CARRIAGE.

(a) Title III of the Natural Gas Policy Act of 1978 (15 U.S.C. 3361-3375) is amended by adding at the end the following new section:

"SEC. 316. OPEN ACCESS CARRIAGE.

"Upon request by any person, the Commission shall direct an interstate pipeline to provide transportation service, unless the pipeline demonstrates to the Commission it is incapable or rendering the service. The pipeline shall provide this transportation service without discrimination. The rates and charges for this transportation service shall be just and reasonable within the meaning of the Natural Gas Act. The Commission may implement this section by rule or order, and may attach appropriate terms and conditions consistent with the fullest practicable use of capacity.".

(b) The table of contents of the Natural Gas Policy Act of 1978 (15 U.S.C. 3301 note) is amended by adding after the item relating to section 315 the following:

"Sec. 316. Open access carriage.".

SEC. 403. REMOVAL OF WELLHEAD PRICE CONTROLS.

Section 121 of the Natural Gas Policy Act of 1978 (15 U.S.C. 3331) is amended by adding at the end thereof the following new subsections:

"(f) SPECIAL RULE FOR CERTAIN GAS.—The provisions of subtitle A shall not apply to—

"(1) natural gas subject to any contract for the first sale of natural gas executed after the date of enactment of the Natural Gas Policy Act Amendments of 1987, or

"(2) natural gas subject to any contract for the first sale of natural gas renegotiated

after the date of enactment of the Natural Gas Policy Act Amendments of 1987, if the renegotiated contract expressly provides the provisions of subtitle A shall not apply.

"(g) REMOVAL OF WELLHEAD PRICE CONTROLS ON NATURAL GAS.—Beginning April 1, 1988, the provisions of subtitle A shall cease to apply to the first sale of any natural gas.".

SEC. 404. REPEAL OF COMMISSION JURISDICTION OVER FIRST SALES OF NATURAL GAS.

(a) Section 601(a)(1)(B) of the Natural Gas Policy Act of 1978 (15 U.S.C. 3431(a)(1)(B)) is amended to read as follows:

"(B) COMMITTED OR DEDICATED NATURAL GAS.—For purposes of section 1(b) of the Natural Gas Act, the provisions of the Natural Gas Act and the jurisdiction of the Commission under such Act shall not apply to natural gas which was committed or dedicated to interstate commerce as of the day before the date of enactment of the Natural Gas Policy Act Amendments of 1978 solely by reason of any first sale of such natural gas.".

(b) Section 315 of the Natural Gas Policy Act of 1978 (15 U.S.C. 3375) is repealed, and the item relating to section 315 is stricken from the table of contents of that Act.

SEC. 405. EFFECT OF AREA RATE CLAUSES.

(a) Title III of the Natural Gas Policy Act of 1978 (15 U.S.C. 3361-3375) is amended by adding the following new section:

"SEC. 315. EFFECT OF AREA RATE CLAUSES.—With respect to gas that would be subject to a maximum lawful price under section 104 or 106(a) of this Act except for section 121(g), the last price paid for the gas while it was subject to a maximum lawful price under section 104 or 106(a) shall be considered a federally established rate or price for purposes of an area rate clause. This section shall apply only to a contract that has no indefinite price escalator clause, other than an area rate clause, and that was executed at a time when the inclusion of any indefinite price escalator clause other than an area rate clause was proscribed by Federal regulation.".

(b) The table of contents of the Natural Gas Policy Act of 1978 (15 U.S.C. 3301 note) is amended by adding after the item relating to section 314 the following:

"Sec. 315. Effect of area rate clauses.".

SEC. 406. LIMITED ANTITRUST EXEMPTION FOR INDEPENDENT PRODUCER COOPERATIVES.

(a) There shall be available as a defense to any civil or criminal action brought under the Federal antitrust laws as that term is defined in section 2(37) of the Natural Gas Policy Act of 1978, or any similar State law, with respect to actions taken to develop cooperative associations of independent producers or actions taken by such cooperative associations to carry out any voluntary agreement or plan of action to market natural gas released for sale pursuant to subsections (e) and (f) of section 131 of the Natural Gas Policy Act of 1978 provided that—

(1) such action is necessary to market natural gas, and

(2) such action is not taken for the purpose of reducing competition.

(b) For the purposes of this section, the term "independent producer" has the same meaning as that term is defined in section 4992(b) of the Internal Revenue Code of 1986.

TITLE V—ENVIRONMENTAL PROVISIONS

SEC. 501. UNDERGROUND STORAGE TANKS.

Section 9001(1) of the Solid Waste Disposal Act (42 U.S.C. 6991(1)) is amended—

(1) in subparagraph (H) by inserting ", well cellars, sumps, or drip collection devices" and "lines" and by striking out "or" at the end thereof; and

(2) by redesignating paragraph (I) as paragraph (J) and by adding after paragraph (H) the following:

"(I) hydraulic life reservoirs in petroleum marketing operations, oil/water separators in petroleum marketing, production, and refining operations, and sumps in petroleum marketing and refining operations, or".

SEC. 502. RECYCLING ACTIVITIES.

It is the sense of Congress that the "mixture" and "derived from" rules in 40 CFR 261.3 were promulgated to address intentional dilution of hazardous wastes—a mismanagement practice designed to avoid regulation. These rules should not be involved to curtail recycling activities in the petroleum industry designed to conserve resources or minimize wastes when there is no information to demonstrate that such recycling practices pose any threat to human health and the environment.

SEC. 503. LAND TREATMENT SITES.

It is the sense of Congress that—

(1) the Administrator of the Environmental Protection Agency should encourage continued use of land treatment for petroleum waste to the extent consistent with protection of human health and the environment;

(2) protection of human health and the environment from air emissions at land treatment units under the Solid Waste Disposal Act should be addressed solely through promulgation of standards under section 3004(n) of such Act;

(3) land treatment should be determined to be protective of human health and the environment under subsections (d), (e), and (g) of section 3004 of the Solid Waste Disposal Act where an owner or operator demonstrates there will be no statistically significant increase of hazardous constituents over background to groundwater arising from placement of hazardous waste at the land treatment unit; and

(4) land treatment of petroleum waste should be considered to be a method of treatment which meets the requirements of section 3004(m) of the Solid Waste Disposal Act.

SEC. 504. UNDERGROUND INJECTION CONTROL PROGRAM.

Sections 1421(b)(2)(A), 1422(c)(1), and 1425(a)(1) of the Safe Drinking Water Act (42 U.S.C. 300h(b)(2)(A), 42 U.S.C. 300h-1(c)(1), and 42 U.S.C. 300h-4(a)(1)) are amended—

(1) by inserting "utilized or" after "brine or other fluids which are"; and

(2) by inserting "and storage operations" after "oil or natural gas production".

Mr. NICKLES. Mr. President, I am pleased to cosponsor the National Energy Security Act of 1987. Enactment of the provisions of this bill is critical to improving the dismal state of this Nation's oil and gas industry, and to reverse the damage inflicted on the domestic industry by OPEC manipulation of the world market price during the past 18 months.

The Committee on Energy and Natural Resources has held several hearings this year on the implications of the reduced world oil prices for the United States. It is clear from these hearings that the drop in world oil prices has created a tremendous loss in domestic oil production, and that the instability in the price has made it difficult for many to raise capital to increase exploration and development activities. Moreover, these hearings have also made it clear that the rapidly growing amount of oil imports is a very serious national security and economic welfare matter for the entire Nation.

The Department of Energy's recent "Report on Energy Security" projected that the U.S. level of foreign oil dependency could rise to 45 percent by 1990 and 57 percent by 1995. As I again brought to DOE's attention at the hearing. I expect that the United States will be 50-percent dependent on imports by 1990 and 60 percent by 1995.

Clearly, if any of these projections are realized, the United States will be seriously vulnerable to a major oil supply interruption. As you recall, just prior to the 1973 Arab oil embargo, the United States was only dependent on foreign oil for one-third of its net petroleum needs.

The recent attack on the U.S.S. *Stark* brings into focus the dangers of a national policy that ignores our growing dependency on oil supplies from the Middle East. In 1986, we imported more than twice as much oil from Arab OPEC countries as we did in 1985. It will not help solve our import dependency problems by increasing U.S. imports only from friendly and stable trading partners such as Great Britain, Canada, Mexico, and Venezuela. Oil is a worldwide commodity, each country dependent on the other for supply and price. What happens to oil production in Iran affects the oil industry in the United States and every other producing and consuming nation.

At a time when we are increasing our dependency on foreign oil, we should be doing everything possible to ensure that we don't put our domestic industry out of business. We need to repeal unreasonable regulatory restraints, like we did the Fuel Use Act only a few weeks ago. That action is going to help consumers. And enacting the National Energy Security Act of 1987 makes sound domestic energy policy as well.

Many of the recommendations of the Department of Energy's "Energy Security Report" are included in this comprehensive bill. In fact, the administration has already recommended three of these tax changes to the Congress. These tax changes would repeal the windfall profit tax, increase the net income limitation to 100 percent per property, and repeal the transfer

rule with respect to percentage depletion.

No other industry is saddled with a so-called windfall profit tax which was designed simply to take away revenue earned by the energy industry. It may be good politics to bash big oil in some States, but it makes bad policy. Who suffers for this lack of congressional foresight? Consumers in all 50 States.

These three energy tax changes are included in the National Energy Security Act of 1987. The National Energy Security Act also contains several additional provisions that will improve the investment climate for domestic oil production. These additional provisions include: excluding intangible drilling costs from the alternative minimum tax; allowing expensing of geological and geophysical costs; and providing for exploration and marginal production tax credits.

I am particularly concerned that the Congress has made intangible drilling costs subject to the alternative minimum tax. It makes no sense as a matter of equity or consistency to treat intangible drilling costs as preferences. IDC's are the most fundamental deduction available to the independent oil and gas producer. IDC's are out of pocket, actual expenses paid by the businessmen drilling the well. IDC's include labor, fuel, repairs, hauling, and supplies that are necessary to drill the wells and prepare them for production.

Placing these expenses into the alternative minimum tax has created nonsensical Federal energy policy. There are independent producers in my State who have already had to stop drilling activities because for every additional foot they drill, they do not get any deduction on their Federal taxes. Thus, the recent change in the Tax Code reducing the 100-percent net income offset against IDC preferences has had the unintended consequence of reducing exploration and development of domestic oil and gas resources. I support the principle of an alternative minimum tax, but I view the reduction of the 100-percent net income offset for IDC's on the alternative minimum tax as totally inappropriate because it penalizes capital formation for oil and gas drilling.

The National Energy Security Act of 1987 also contains the administration's oil pipeline deregulation proposal. I am currently reviewing this language and may reintroduce an oil pipeline deregulation bill at a later date.

I urge my colleagues to join in support of the National Energy Security Act and enact these much needed reforms in Federal law that will improve the ability of the domestic oil and gas industry to meet the national security needs of our Nation despite OPEC manipulations of the world oil price.

By Mr. BURDICK:

S. 1356. A bill entitled the "Riverdale, North Dakota, School Rehabilitation Act;" to the Committee on Environment and Public Works.

RIVERDALE, NORTH DAKOTA, SCHOOL REHABILITATION ACT

Mr. BURDICK. Mr. President, all of us in the Senate from time to time have encountered instances when our constituents have been given the run around by the Federal bureaucracy. They do not happen often, but they do regrettably occur. The legislation I have just introduced will remedy one of the most serious examples of this bureaucratic blundering that I have ever encountered. I am referring, Mr. President, to the condition of the school at Riverdale, ND, which was transferred to the people of that community by the Corps of Engineers on July 26, 1986.

Mr. President, the people of Riverdale sought for years to become a self-governing community and to remove the stigma of living in a town owned and operated entirely by the Federal Government. The Congress granted them their wish, and when Riverdale became an incorporated community, the title to all public property, including the Riverdale School, was turned over by the Corps of Engineers to local control. Unfortunately, Mr. President, the corps was transferring damaged goods. The Riverdale School, which was built in 1947, had received no maintenance or repair by the Federal Government in almost 30 years.

For 30 years this facility just weathered the extremes of Dakota winters and summers. The wood frame structure is now in such a dilapidated state that I seriously question its safety, Mr. President. None of its electrical wiring has ever been replaced. Lead pipes run through the building. The walls of the school are buckling.

When I asked the Corps of Engineers how a school building could have been turned over for local management in such a condition, I was told by the Omaha district of the Corps of Engineers that they were not responsible for the condition of the building. They had turned over maintenance responsibility to the Department of Education back in the mid 1950's. Naturally, the Education Department said they were not responsible for the condition of the building either.

Lost in the flurry of debate between the Omaha district office of the corps and the Education Department was the plain simple truth that the Federal Government was clearly responsible for the condition of that building, that the Federal Government had been negligent in its responsibility to maintain that school building, of disrepair amounted to the equivalent of selling them the Brooklyn Bridge.

Mr. President, I am pleased to say that the Corps of Engineer's headquarters officials in Washington, and General Hatch in particular, have been sensitive to this problem.

We have discussed the school's condition many times. The legislation I have introduced will give the corps the necessary authority to rehabilitate the Riverdale school, the authority to conduct the repairs which they should have performed in good conscience before even proposing to transfer the facility out of Federal hands. They are also the most competent agency to do the job.

Mr. President, I ask unanimous consent that a copy of the Riverdale, ND, School Rehabilitation Act be inserted into the RECORD at this point.

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

S. 1356

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

The Section entitled "TRANSFER OF FEDERAL TOWNSITES" in the Supplemental Appropriations Act, 1985, Title 1, Chapter IV (Public Law 99-88, 99 Stat. 317) as amended by Section 1123 of the Water Resources Development Act, 1986 (Public Law 99-662, 100 Stat. 4242-43) is further amended as follows: ". . . and in addition, $5,000,000 to remain available until expended, for the repair and rehabilitation of the existing school building at Riverdale, North Dakota, in order to bring said building up to current State standards for continued safe operation, subject to the Riverdale Public School District No. 89 (Mercer and McLean Counties) North Dakota providing the necessary real estate interests and agreeing to accept the improvements as full and complete fulfillment of responsibilities of the United States following completion of the project.".

By Mr. McCAIN:

S. 1359. A bill to recognize the organization known as the Red River Valley Fighter Pilots Association; to the Committee on the Judiciary.

RED RIVER FIGHTER PILOTS ASSOCIATION

● Mr. McCAIN. Mr. President, today I am introducing a bill that would provide a Federal charter to the organization known as the Red River Valley Fighter Pilots Association.

For the past two decades, the Red River Valley Fighter Pilots Association has been devoted to serving veterans and their families. Comprised of over 4,500 members, the "River Rats," as they are commonly known as, was founded by men who flew along the Red River Valley in Viet Nam. The group originally assembled in 1967 for the purpose of increasing aircrew efficiency and reducing combat losses. But these individuals not only shared aerial tactics information, they also created a strong network of support that was fostered on trust. Indeed, they developed a unique brotherhood which continued upon their return to the United States.

Upon their return, the River Rats concentrated their efforts toward gen-

erating an awareness of the plight of the prisoner of war, and those missing in action or killed in action. Through their concern for families of POW's, MIA's and KIA's, they have used their talents and interests in many areas. Their scholarship program is one of their most important philanthropic endeavors. Over 400 students have already been recipients of financial assistance, and children of any aircraft crew member in Southeast Asia in the MIA/KIA category, as well as children of those who participated in the ill-fated rescue attempt in Iran and the raid on Libya are eligible for these scholarships.

In addition to their scholarship program, the Red River Valley Fighter Pilots Association provides counseling to veterans and their families. Also, many of the members continue to act as consultants for aerial fighter tactics. Their experience in Viet Nam has been instrumental in developing an understanding of the challenges they faced and of the obstacles they had to overcome. This dedication is indicative of the strong commitment this association has made to the continued service to their country.

Mr. President, the charitable efforts of the Red River Valley Fighter Pilots Association have already served the families of over 2,400 servicemen reported missing in action. These survivors of the most recent and volatile aerial combat war remain strongly committed to the memory of the American soldiers left behind. Though their actions cannot completely alleviate the pain that has resulted from such a perilous war, they will never cease their services to veterans and families in need. I strongly urge my colleagues to support this legislation. Our small part in granting the Red River Valley Fighter Pilots Association a Federal charter will ensure their continued honorable service for a great many years.●

By Mr. BURDICK (for himself, Mr. INOUYE, Mr. EVANS, Mr. DASCHLE, and Mr. MCCAIN):

S. 1360. A bill to amend the Indian Financing Act of 1974, and for other purposes; to the Select Committee on Indian Affairs.

INDIAN FINANCING ACT AMENDMENTS

Mr. BURDICK. Mr. President, I am pleased to introduce today amendments to the Indian Financing Act of 1974. These amendments would improve the availability of future financing for American Indian economic growth.

In the past banks and other financial institutions have generally been reluctant to invest their funds on Indian reservations. The Indian Financing Act Loan Guarantee Program was created to overcome the obstacles to conventional bank financing for business projects on Indian reservations. It provides a form of credit support which addresses the legitimate concerns of private lenders based on trust property constraints, the sovereign immunities enjoyed by a tribe when acting in a business capacity and the uncertainties associated with tribal jurisdiction over commercial transactions on the reservation.

By relying on the evaluation and commitment of private lenders before making a guarantee commitment, the Federal Government provides support for Indian business development in a manner which is most appropriate. It would be very unfortunate if the tremendous interest in private enterprise development now being demonstrated in Indian country were not to be supported with a relatively modest level of Federal commitment represented in these amendments to the Indian Financing Act.

Mr. President, the Indian Financing Act amendments that we propose today would address a number of limitations of the current act. The limitation on the amount of loans to individual Indians would increase from $350,000 to $500,000. This is a more realistic ceiling than the previous $350,000 figure as it reflects the amount of capital needed to start a business today and is comparable to other Government efforts such as the Small Business Administration's [SBA] loan guarantee program.

We also propose to raise the loan guarantee authorization from $200,000,000 to $500,000,000. In recent years guaranteed loans have replaced direct loans as the primary emphasis on Bureau of Indian Affairs [BIA] investment financing. Consequently the $200,000,000 limit must be raised to meet the growing demand for issuing new guaranteed loans. Unless this limit is raised, the BIA will be prevented from issuing further loan gurantees.

Mr. President, another amendment would provide that a loan guaranteed under the act, including security given for the loan, may be sold or assigned by the lender to any "person." As you know, under section 1 of title 1, United States Code, the term "person" used in acts of Congress includes "corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals." The current act now limits the sale or assignments of guaranteed to "financial institutions" regulated by a government. This limitation on use of existing secondary market for Indian finance guaranteed loans—similar to SBA and other loan guarantee programs—directly impacts the financing available to Indians since banks have less of an incentive to originate Indian Financing Act loans.

Finally, we are proposing a clarification with respect to the availability of Indian Financing Act guarantees for tribal bond issues to finance business ventures which would not be exempt from interest taxation.

Mr. President, this program is becoming a cornerstone of economic development for the American Indian people. It is heartening to see the Indian business community moving away from reliance on Federal loans and subsidies for its success and instead turning to banks and other customary lending institutions for financing. We feel strongly that this proposal furthers the U.S. Government's longstanding policy of self-determination and self-sufficiency in Indian affairs.

Mr. President, I ask that this bill be printed in the RECORD immediately following these remarks.

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

S. 1360

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

STATEMENT OF PURPOSE

SECTION 1. Section 201 of the Indian Financing Act of 1974 (25 U.S.C. 1481) is amended by adding at the end thereof the following sentence: "For purposes of this title (but not for any purpose under title III), the term "loan" includes a bond issue of a tribe or an economic enterprise which is wholly owned by Indians.

LIMITATIONS ON AMOUNT OF LOANS TO INDIVIDUAL INDIANS OR ECONOMIC ENTERPRISES

SEC. 2. Section 204 of the Indian Financing Act of 1974 (25 U.S.C. 1484) is amended by striking out "$350,000" and inserting in lieu thereof "$500,000".

ASSIGNMENT OF LOANS

SEC. 3. Section 205 of the Indian Financing Act of 1974 (25 U.S.C. 1485) is amended to read as follows:

"SEC. 205. Any loan guaranteed under this title, including the security given for such loan, may be sold or assigned by the lender to any person.".

AGGREGATE LOANS LIMITATION

SEC. 4. Section 217 of the Indian Financing Act of 1974 (25 U.S.C. 1497) is amended by striking out "$200,000,000" in subsection (b) and inserting in lieu thereof "$500,000,000".

AUTHORIZATION OF APPROPRIATIONS FOR LOSSES ON LOANS

SEC. 5. Subsection (e) of section 217 of the Indian Financing Act of 1974 (25 U.S.C. 1497(e)) is amended by striking out the last sentence and inserting in lieu thereof the following: "All amounts appropriated under the authority of this section shall remain available until expended. In the event that insufficient funds are available to make payments required because of losses on loans guaranteed or insured under this title, the Secretary shall promptly submit to the Congress a request for additional appropriations to make such payments.

By Mr. DECONCINI (for himself, Mr. D'AMATO, and Mr. WILSON):

S. 1361. A bill to amend the Controlled Substances Act to suppress the

diversion and trafficking of precursor chemicals and essential chemicals utilized in the illicit manufacture of controlled substances; to the Committee on the Judiciary.

CHEMICAL DIVERSION AND TRAFFICKING ACT

Mr. DECONCINI. Mr. President, recently in New York City, undercover narcotics officers busted a cocaine producing laboratory operating on the fifth floor of a populated eight floor apartment building. When agents raided the lab, they found a large supply of highly flammable ether with candles burning through the room. A time bomb just waiting to go off—and with it—the lives of many innocent victims.

In 1986, a total of 509 clandestine laboratories in the United States were seized by the Drug Enforcement Administration. In 1982, 197 labs were seized. This is an increase of over 150 percent in just 4 years. These labs are used to produce cocaine, heroin, PCP, methamphetamine, LSD, and many other illegal drugs. Agents confiscated more than 1,000 firearms during these raids. Many of the labs also contained explosives and were protected with bobby traps.

The largest cocaine processing facility ever seized was a laboratory complex in Colombia in March 1984. It was discoverd as the result of the investigation of a shipment of 76 barrels of ether purchased by Colombian traffickers in the United States. Over 10,000 barrels of chemicals were seized at that lab.

Because of our efforts to control the supply of essential chemicals to cocaine laboratories in South America, an ever increasing number of South American cocaine traffickers are moving their cocaine labs to the United States. This is happening because of the ease with which they can obtain the chemicals necessary to produce cocaine.

The Drug Enforcement Administration has maintained an active voluntary program with the U.S. chemical industry. It involves monitoring the sales of precursor and essential chemicals from legitimate industry to detect suspicious sales which may be destined for the illicit market.

Precursor chemicals are chemicals used in the chemical process of manufacturing the drug and which are incorporated into the final product. An example is piperidine, which is used in the manufacture of PCP. An essential chemical is a substance that may be used in the manufacturing process as solvent, re-agent or catalyst. Examples of these are ethyl ether, used to process cocaine, and acetic anhydride, used to process heroin.

Despite the voluntary program that DEA has operated and its work with foreign law enforcement agencies, the extent of diversion and trafficking in these chemicals has continued to grow. As the problem has grown in magnitude, so have the complexity and difficulty of monitoring and investigating this traffic.

A single unscrupulous businessman can have an enormous impact. Recently DEA investigated and prosecuted principals in three chemical companies in the Western United States. The evidence developed in these cases revealed that these companies had supplied literally hundreds of illicit labs, many of which had been seized by DEA or State authorities.

The major problem that exists is curtailing availability of these chemicals while at the same time ensuring their availability for legitimate use.

Today, my good friends and colleagues, Senators ALFONSE D'AMATO and PETE WILSON join me in introducing a piece of legislation that I believe is long overdue in our continuing war on drugs.

The Chemical Diversion and Trafficking Act of 1987 establishes a system of recordkeeping and identification requirements. The bill was drafted by the Justice Department and the Drug Enforcement Administration. It requires manufacturers, distributors, importers, and exporters to maintain records concerning types and quantities of chemicals sold and to whom they were sold. These records would have to be kept for 5 years and would be subject to inspection by DEA. Additionally, the purchaser of a chemical listed in the proposed legislation would be required to provide identification as well as certification of lawful use to the chemical supplier.

Because of the extensive international traffic in precursor and essential chemicals, the bill would also require that the chemicals listed only be imported or exported pursuant to permit or declaration being approved in advance by DEA. This is similar to the system currently in use for controlled drugs.

The act also establishes penalties for trafficking in listed precursor and essential chemicals as well as penalties for violations of the record keeping and reporting requirements. The bill establishes criminal penalties for knowing and intentional trafficking in drug manufacturing equipment. It also establishes a requirement for the reporting of sales or other transfer of commercial tableting and encapsulating machines.

Past voluntary efforts have provided little success in dealing with the production of these deadly poisons. This bill will not eliminate illegal drugs, but it will send a message to foreign countries that we take this problem seriously and we expect the same from them.

Mr. President, I ask unanimous consent that the full text of the bill as well as a section-by-section analysis be included at this point in the RECORD.

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

S. 1361

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 "Chemical Diversion and Trafficking Act of 1987".

SEC. 2. PRECURSOR CHEMICALS AND ESSENTIAL CHEMICALS.

Section 310 of the Controlled Substances Act (21 U.S.C. 830) is amended to read as follows:

"PRECURSOR CHEMICALS AND ESSENTIAL CHEMICALS

"SEC. 310. (a)(1) Except as provided under paragraph (3), any person who manufactures, distributes, imports or exports a substance listed under subsection (d) shall maintain records and make reports as the Attorney General may by regulation require concerning the distribution, receipt, sale, importation or exportation of the listed substances. Such records shall be in a form that is readily retrievable from ordinary business records and shall be kept and made available, for at least 5 years, for inspection and copying by officers or employees of the United States authorized by the Attorney General. In establishing regulations concerning required records and reports, the Attorney General may establish a threshold quantity for record-keeping and reporting requirements for each listed chemical. The Attorney General may include in the information required to be maintained or reported the following:

"(A) The quantity, form, and manner in which, and date on which, the substance was distributed, imported or exported.

"(B)(i) In the case of the distribution or exportation to an individual, the name, address, and age of the individual and the type of identification presented to establish the identity of the individual.

"(ii) In the case of the distribution or exportation to an entity other than an individual, the name and address of the entity and the name, address, and title of the individual ordering or receiving the substance and the type of identification presented to establish the identity of the individual and of the entity.

"(2)(A) Except as provided under paragraph (3), no person may distribute or export a substance listed under subsection (d) unless the recipient or purchaser presents to the distributor a certification of lawful use and identification in order to establish the identity of the recipient or purchaser (and any entity which the recipient or purchaser represents).

"(B) The certification of lawful use and identification shall be of such a type as the Attorney General establishes by regulation.

"(3) Under such conditions and to such extent as the Attorney General establishes, paragraphs (1) and (2) shall not apply to—

"(A) the distribution of listed substances between agents or employees within a single facility (as defined by the Attorney General), if such agents or employees are acting in the lawful and usual course of their business or employment;

"(B) the delivery of listed substances to or by a common or contract carrier for carriage in the lawful and usual course of its business, or to or by a warehouseman for storage in the lawful and usual course of its business; but where such carriage or storage

is in connection with the distribution, importation, or exportation of substances to a third person, this subparagraph shall not relieve the distributor, importer, or exporter from compliance with paragraph (1) or (2);

"(C) any distribution, importation, or exportation with respect to which the Attorney General determines that the reports or records required by paragraph (1) or the presentation of identification or certification required by paragraph (2) is not necessary for the enforcement of this subchapter; or

"(D) any distribution, importation, or exportation of any drug product which contains a listed substance and which can be lawfully marketed in the United States under the provisions of the Food, Drug, and Cosmetic Act.

"(b) It shall be unlawful for any person knowingly or intentionally—

"(1) to import into the customs territory of the United States from any place outside thereof (but within the United States), or to import into the United States from any place outside thereof, any substance listed under subsection (d) unless the substance is imported for commercial, scientific, or other legitimate uses, and—

"(A) in the case of substances listed in subsection (d)(1), is imported pursuant to a permit issued by the Attorney General; or

"(B) in the case of substances listed in subsection (d)(2), is imported pursuant to such notification or declaration requirements as the Attorney General may by regulation prescribe; and

"(2) to export from the United States to any other country a substance listed under subsection (d) unless there is furnished (before export) to the Attorney General documentary proof that exportation is not contrary to the laws or regulations of the country of destination for consumption for medical, commercial, scientific, or other legitimate purposes, and—

"(A) in the case of substances listed in subsection (d)(1), such exportation is pursuant to a permit issued by the Attorney General; or

"(B) in the case of substances listed in subsection (d)(2), such exportation is pursuant to such notification or declaration requirements as the Attorney General may by regulation prescribe.

"(c) The Attorney General may by rule—

"(1) add substances to the list in subsection (d) if the Attorney General finds that—

"(A) such substance is a precursor or essential chemical which can be used to manufacture a controlled substance; and

"(B) such substance is being used in the manufacture of controlled substances in violation of this title; or

"(2) delete a substance listed in subsection (d) or added to the list by rule if the Attorney General finds that its listing no longer meets the criteria set forth in paragraph (1).

"(d) The provisions of this title shall apply to the following:

"(1) Precursor chemicals:

"(A) N-Acetylanthranilic acid.

"(B) Anthranilic acid.

"(C) Ergotamine tartrate.

"(D) Ergonovine maleate.

"(E) Phenylacetic acid.

"(F) Ephedrine.

"(G) Pseudoephedrine.

"(H) Benzyl cyanide.

"(I) Benzyl chloride.

"(J) Piperidine.

"(2) Essential chemicals:

"(A) Potassium permaganate.

"(B) Acetic anhydride.

"(C) Acetone.

"(D) Ethyl ether.

"(e) Any information which is reported to or otherwise obtained by the Attorney General under this section and which is exempt from disclosure pursuant to subsection (a) of section 552 of title 5, United States Code, by reason of subsection (b)(4) thereof shall be considered confidential and shall not be disclosed, except that such information may be disclosed to officers or employees of the United States concerned with carrying out this title or title III or when relevant in any proceeding for the enforcement of this title or title III or when necessary to meet United States treaty obligations.

"(f) For purposes of this title:

"(1) The term 'import' has the meaning given such term in section 1001 of title III (21 U.S.C. 951(a)(1)).

"(2) The term 'customs territory of the United States' has the meaning assigned to such term by section 1001 of title III (21 U.S.C. 951(a)(2)).

"(g)(1) No person may distribute, sell, import, export, or otherwise transfer to another person any commercial tableting machine or encapsulating machine unless the purchaser, recipient, transferee, or his agent presents to the distributor or supplier a certification of lawful use and identification to establish the identity of the recipient or purchaser (and any entity which the recipient or purchaser represents) of such a type as the Attorney General by regulation may establish.

"(2) Any person who distributes, sells, imports, exports, or otherwise transfers to another person any commercial tableting machine or encapsulating machine shall report the transfer to the Attorney General in such a form as the Attorney General may by regulation require. The Attorney General may require such information as the date of sale or transfer, name and address of transferee, purpose for which the machine is intended, and the serial numbers and make and model of the machine.".

SEC. 3. CRIMINAL PENALTIES.

(a) Section 401(d)(1) (21 U.S.C. 841(d)(1)) of the Controlled Substances Act is amended by—

(1) striking out "piperidine" and inserting in lieu thereof "precursor chemical or essential chemical listed under section 310(d)"; and

(2) striking out "phencyclidine" and inserting in lieu thereof "any controlled substance".

(b) Section 401(d)(2) (21 U.S.C. 841(d)(2)) of the Controlled Substances Act is amended by—

(1) inserting "or distributes" after "possesses";

(2) striking out "piperidine" the first place it appears and inserting in lieu thereof "precursor chemical or essential chemical listed under section 310(d)";

(3) striking out "piperidine" the second place it appears and inserting in lieu thereof "precursor chemical or essential chemical"; and

(4) striking out "phencyclidine" and inserting in lieu thereof "any controlled substance".

(c) Section 401(d) (21 U.S.C. 841(d)) of the Controlled Substances Act is amended by—

(1) striking out "or" after the comma in paragraph (1); and

(2) adding new paragraphs (3), (4), and (5) as follows:

"(3) manufacturers, distributes, imports, or exports a precursor chemical or essential chemical listed under section 310(d) except as provided for by this title,

"(4) possesses any precursor chemical or essential chemical listed under section 310(d), with knowledge that the recordkeeping or reporting requirements of section 310(a) or regulations issued pursuant to section 310(a) have not been complied with, or

"(5) with the intent of causing the evasion of the recordkeeping or reporting requirements of section 310(a) of the regulations issued thereunder, receives or distributes a reportable amount of any chemical listed under section 310(d) in units small enough so that the making of records or filing of reports under section 310(a) is not required,".

(d) Section 402(a)(9) (21 U.S.C. 842(a)(9)) of the Controlled Substances Act is amended by—

(1) striking out "or sell piperidine" and replacing it with "a precursor chemical or essential chemical listed under section 310(d)"; and

(2) adding "or certification" after "identification".

(e) Section 402(c)(2) (21 U.S.C. 842(c)(2)) of the Controlled Substances Act is amended by striking out subparagraph (C).

(f) Section 403(a) (21 U.S.C. 843(a)) of the Controlled Substances Act is amended—

(1) in paragraph (4)(B) by striking out "piperidine" and inserting in lieu thereof "a precursor chemical or essential chemical listed under section 310(d)";

(2) in paragraph (4)(B) by adding "or certificate" after "identification" where it appears;

(3) in paragraph (4) by striking out "or" after the semicolon;

(4) in paragraph (5) by striking out the period and inserting in lieu thereof "; or"; and

(5) by adding the following paragraphs at the end thereof:

"(6) to possess any drug manufacturing equipment, tableting or encapsulating machines, or gelatin capsules with intent to manufacture a controlled substance except as authorized by this title; or

"(7) to manufacture, distribute, or import any drug manufacturing equipment, tableting or encapsulating machines, or gelatin capsules knowing, or having reasonable cause to believe, that they will be used to manufacture a controlled substance except as authorized by this title.".

(g) Section 403(c) (21 U.S.C. 843(c)) of the Controlled Substances Act is amended by adding at the end of the paragraph the following: "In addition, any person convicted of a violation of this section or section 401 relating to the receipt, distribution, importation, or exportation of substances listed in section 310(d) shall be enjoined from conducting business activities with such substances for a minimum of 10 years.".

SEC. 4. FORFEITURES.

Section 511(a) of the Controlled Substances Act (21 U.S.C. 881) is amended by adding a new paragraph (9) as follows:

"(9) All chemicals listed under section 310(d), all drug manufacturing equipment, all tableting or encapsulating machines, and all gelatin capsules, which have been imported, exported, manufactured, possessed, distributed, or intended to be distributed, in violation of this title, as well as all conveyances and equipment, including aircraft, vehicles, or vessels, which are used, or are intended for use, to transport, or in any way facilitate the transportation, distribution, receipt, possession, or concealment of precursor chemicals and essential chemicals,

drug manufacturing equipment, tableting or encapsulating machines, or gelatin capsules, in violation of this title, except as provided for under subparagraphs (A) and (B) of paragraph (4).".

SEC. 5. DEFINITIONS.

Section 102 (21 U.S.C. 802) of the Controlled Substances Act is amended—

(1) in paragraph (11), by inserting after "a controlled substance" both places it appears the following: "or a precursor chemical or essential chemical listed under section 310(d)";

(2) in paragraph (8), by inserting "or a precursor chemical or essential chemical" after "a controlled substance"; and

(3) by adding at the end thereof the following new paragraphs:

"(33) The term 'precursor chemical' means a substance that may be used in the chemical process of manufacturing controlled substances and which is incorporated into the final product and is therefore critical to its manufacture.

"(34) The term 'essential chemical' means a substance that may be used in the chemical process of manufacturing controlled substances as a solvent, reagent, or catalyst.".

SEC. 6. TECHNICAL AMENDMENTS.

(a) Section 506(a) (21 U.S.C. 876(a)) of the Controlled Substances Act is amended by adding "or precursor chemicals or essential chemicals" after "with respect to controlled substances".

(b) The table of sections for part C of the Controlled Substances Act is amended by deleting the item relating to section 310 and inserting the following in lieu thereof:

"310. Precursor chemicals and essential chemicals.".

SEC. 7. ACTIVE DOJ CONTROL PROGRAM.

The Attorney General shall maintain an active program, both domestic and international, to curtail the diversion of precursor chemicals and essential chemicals used in the illicit manufacture of controlled substances. This program shall include appropriate controls on the purchase, sale, import, and export of these chemicals and development of cooperative efforts with foreign drug control authorities.

SEC. 8. EFFECTIVE DATE.

This Act shall take effect 120 days after the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS

Sec. 1.—Title.

SEC. 2. This is the section that provides the basic framework of the control mechanisms of the "Chemical Diversion and Trafficking Act of 1987" by amending Section 310 of the Controlled Substances Act (21 U.S.C. 830) to provide the following:

Section 310(a)(1) makes manadatory the maintenance of records and the making of reports by any person who distributes, purchases, imports or exports a listed precursor or essential chemical. It also requires that the records be kept separately and be readily retrievable and available for inspection for five years. The Attorney General is authorized to designate by regulation the required records and reports, including establishing a minimum threshold for each substance under which records and reports need not be made. Failure to make required reports or keep required records would be punishable under 21 U.S.C. 842 or 843, or under 21 U.S.C. 841(d) for knowing or intentional violations.

Subparagraphs (A) and (B) provide details as to the extent of the information the Attorney General may require. This primarily involves names, addresses, dates, type of chemical, quantity and other relevant information concerning distribution, import or export.

Section 310(a)(2) establishes an identification requirement similar to the identification requirement in the existing piperidine legislation. However, there is an additional requirement of certification by the purchaser that the purchase is not for unlawful purposes. The exact form of the certification would be established by regulation. But, it is expected that it will include, at a minimum, that the purchase is not for unlawful purposes and that the purchaser has not made purchases from other sources in order to avoid record-keeping and reporting requirements.

Subsection (a)(3) provides an exemption for agents, employees, common carriers, and those exempted by the Attorney General. This, again, is the same as currently exists for piperidine and, in some cases, controlled drugs. Additionally, it clarifies that these provisions do not apply to drug products lawfully marketed under the Federal Food, Drug and Cosmetic Act containing these listed chemicals.

Section 310(b) establishes an import/export permit requirement for listed precursors and a declaration requirement for essential chemicals. It also sets the grounds that can be used to deny permits or declarations.

Section 310(c) establishes a mechanism and criteria for adding or deleting chemicals from the lists.

Section 310(d) establishes two lists. One list is for precursors and the other for essential chemicals.

Section 310(e) establishes confidentiality of information and exemption from release under Freedom of Information except for enforcement purposes.

Section 310(f) defines "customs territory" and "import". Other definitions are included elsewhere in the Controlled Substances Act.

Section (g) provides for required identification for tableting and encapsulating machines, as well as for certification of lawful use by the purchaser.

Section (h) Establishes a reporting requirement for the distribution, sale, import or export of tableting or encapsulating machines.

SEC. 3.—This section has three primary purposes. Section 3(a) amends Section 401(d)(1) (21 U.S.C. 841(d)(1)) of the Controlled Substances Act to establish criminal penalties for possession of listed chemicals with intent to illicitly manufacture controlled substances.

Section 3(b) amends Section 401(d)(2) (21 U.S.C. 841(d)(2)) of the Controlled Substances Act to establish criminal penalties for possession or distribution of precursor or essential chemicals with knowledge that they will be used in illicit manufacture.

Section 3(c) provides penalties for knowingly or intentionally manufacturing, distributing, importing, or exporting precursor or essential chemicals except as provided by this Act. It also makes the possession of these chemicals illegal when they are possessed with knowledge that the record-keeping or reporting requirements have not been adhered to. Finally, it prohibits the receipt or distribution of a reportable amount of a listed chemical in small units with the intent of evading the record-keeping or reporting requirements.

Sec. 4.—Subsection (a) of this section amends Section 402(a)(9) (21 U.S.C. 842(a)(9)) of the Controlled Substances Act to establish for all listed chemicals the penalties for distribution or sale when there is a violation of identification or certification requirements.

Subsection (b) deletes Section 402(c)(2)(C) (21 U.S.C. 842(c)(2)(C)), concerning piperidine reporting violations.

Sec. 5.—This section establishes prohibited acts under Section 403(a) (21 U.S.C. 843(a)) for violations involving listed chemicals as well as for manufacture, distribution, sale, import or export of drug manufacturing equipment, tableting or encapsulating machines, or gelatin capsules with intent to violate the Controlled Substances Act.

Sec. 6.—Adds to the penalties for violations of the Act, a provision for enjoining violators from futher activity involving listed chemicals for a period of at least ten years.

Sec. 7.—Authority to seize and forfeit chemicals, drug manufacturing equipment, and gelatin capsules under Sec. 511 (21 U.S.C. 881).

Sec. 8.—Establishes intent of Congress that the Attorney General will maintain an active program against the diversion and trafficking of chemicals both domestically and worldwide.

Sec. 9.—Amends the definitions of "distribute" and "deliver" to include delivery of a listed precursor or essential chemical. Also establishes definitions for "precursor chemicals" and "essential chemicals".

Sec. 10.—Amends Section 506(a) (21 U.S.C. 876(a)) authorizing the Attorney General to issue subpenas with respect to "precursor chemicals" and "essential chemicals".

Sec. 11.—Amends the table of sections for the Controlled Substances Act.

Sec. 12.—Provides a delayed effective date for the Chemical Diversion and Trafficking Act of 1987.

Mr. D'AMATO. I am proud to join my good friends and colleagues, Senators DECONCINI and WILSON, in introducing the Chemical Diversion and Control Act.

Three days ago, at a hearing of the Senate Caucus on International Narcotics Control that I chaired with Senator DECONCINI in New York, the DEA presented very convincing evidence of the need for this legislation.

The DEA needs this legislation to enable it to track down the criminal operators of illegal drug labs. Drug traffickers, who are completely lacking in any concern for human life, are storing highly volatile and explosive either and acetone through this Nation.

In New York State, cocaine labs were first discovered in rural areas, such as Montgomery County, where a cocaine laboratory exploded in April 1985.

Increasingly, these labs are being found in densely populated neighborhoods. DEA has seized six active cocaine labs and four lab sites in New York City in the last year alone.

Perhaps most alarming is the increasing number of lab explosions that have occurred recently.

On March 20, 1987, three storefront businesses in the Fordham section of the Bronx were seriously damaged by

the explosion and fire. DEA agents seized nearly 10 gallons of ether in the basement of the building.

On March 21, in Rego Park, Queens, 15 gallons of ether were removed from a single-family house, where an explosion and fire had occurred.

Robert Stutman, DEA special agent in charge of the New York Field Division, cites one very alarming incident. In a cocaine lab located in a 6-story apartment building in Brooklyn, lit candles were in the same room as open drums of ether.

There could easily have been an explosion killing children playing in the hallway outside the apartment door, and many other residents of that building and adjoining buildings.

Unless we act to bring these chemicals under tighter control, the number of explosions and fires will increase, resulting in the death and severe injury of hundreds of people.

The problem this bill addresses is one of enormous national and international significance. In fiscal year 1986, DEA and other law enforcement agencies seized 464 clandestine labs in the United States. The following is a listing of the drugs manufactured at these sites, and the number of labs producing each substance: methamphetamine (330); amphetamine (65); precursor chemicals for amphetamines and methamphetamines (21); cocaine (22); hallucinogens (18); methaqualone (4); fentanyl, or synthetic heroin (3); and heroin (1).

The total number of seized labs has increased steadily, from 197 in 1982, to 464 last year.

The extent of the illicit international market for these chemicals is suggested by the fact that, in 1986, 65,892 gallons of ether and 57,450 gallons of acetone destined for use in cocaine processing in South America were seized in international commerce. Since May 1986, the U.S. Customs Service has identified huge amounts of "target chemicals" being shipped from three United States ports to South America, including acetone (1,634,500 gallons) and ether (20,800 gallons), which are essential for the making of cocaine.

Controlling the chemicals used to make illicit drugs can, of course, serve to reduce the supply of those drugs. The Justice Department estimates that 95 percent of the ether going into Colombia, for example, was for illicit purposes. One-half of this came from the United States.

Cocaine, heroin, PCP, and amphetamine/methamphetamine accounted for over 44,000 hospital emergency room episodes in the first 6 months of last year. These drugs cannot be made without the chemicals this bill seeks to control.

This bill includes the chemicals used to make designer drugs among those it seeks to control in order to help prevent the spread of these killers. Designer drugs have been responsible for over 100 deaths in California alone.

Finally, the Chemical Diversion and Trafficking Act also establishes criminal penalties for the illicit trafficking in drug manufacturing equipment, and requires the reporting of sales of commercial tableting and encapsulating machines.

The following is a brief summary of this bill's provisions. A more detailed explanation is included in the section-by-section analysis accompanying the Chemical Diversion and Trafficking Act, which Senator DECONCINI and I are introducing into the CONGRESSIONAL RECORD today.

The summary is as follows:

1. Recordkeeping and identification of buyer.

Anyone who manufactures, distributes, sells, imports or exports the chemicals listed in the Act must keep records, for five years, of what was sold and to whom it was sold.

The purchaser is required to provide identification, and must certify that the purpose is not for unlawful purposes, and this information must be maintained by the seller.

Small quantity sales would not require records and reports under guidelines established by the Justice Department.

2. Punishable offenses.

A. Possession of listed chemicals with intent to illicitly manufacture controlled substances; or with knowledge that the recordkeeping or reporting requirements have not been adhered to.

B. Possession of drug manufacturing equipment with intent to manufacture a controlled substance.

C. Knowingly or intentionally manufacturing, distributing, importing, or exporting listed chemicals, except as provided in the Act.

D. Providing false information.

E. Failure to keep records or make reports.

3. Penalties.

A. Up to 5 years and $15,000 fine for knowing or intentional violations.

B. Up to $25,000 fine for civil violations, primarily failure to keep required records.

C. Forfeiture of equipment and chemicals used to make narcotics.

D. Injunction against violators' conducting business with these chemicals for at least ten years.

4. Export/import controls.

The Act establishes a system similar to the one now used for controlled drugs. Listed precursor chemicals can only be imported or exported under a permit issued by the Attorney General. Essential chemicals can only be imported and exported pursuant to an advance declaration.

5. Chemicals covered and the drugs they are used to make:

A. Precursor Chemicals: N-Acetylanthranilic Acid (methaqualone); Anthranilic Acid (methaqualone); Ergotamine (LSD); Ergonovine (LSD); Phenylacetic acid (methamphetamine); Ephedrine (methamphetamine); Pseudoephedrine (methamphetamine); Benzyl cyanide (methamphetamine); Benzyl chloride (methamphetamine); Piperidine (PCP).

B. Essential Chemicals: Acetic anhydride (heroin); Potassium permaganate (cocaine); acetone (cocaine); Ethyl ether (cocaine).

By Mr. PRYOR (for himself, Mr. BUMPERS, Mrs. KASSEBAUM, Mr. RIEGLE, Mr. HOLLINGS, Mr. GLENN, Mr. HEINZ, Mr. BRADLEY, Mr. MITCHELL, Mr. BOREN, Mr. NUNN, Mr. SPECTER, Mr. GORE, Mr. LAUTENBERG, Mr. DOLE, Mr. COCHRAN, Mr. DIXON, Mr. SHELBY, Ms. MIKULSKI, Mr. WARNER, Mr. CHILES, and Mr. MATSUNAGA):

S.J. Res. 158. Joint resolution designating September 30, 1987, as "National Nursing Home Residents' Rights Day"; to the Committee on the Judiciary.

NATIONAL NURSING HOME RESIDENTS' RIGHTS DAY

● Mr. PRYOR. Mr. President, today I am introducing legislation to establish September 30, 1987, as "National Nursing Home Residents' Rights Day." A number of my colleagues (Senators BUMPERS, KASSEBAUM, RIEGLE, HOLLINGS, GLENN, HEINZ, BRADLEY, MITCHELL, BOREN, NUNN, SPECTER, GORE, LAUTENBERG, DOLE, COCHRAN, DIXON, SHELBY, MIKULSKI, WARNER, CHILES, and MATSUNAGA) have joined me in this effort, and I hope we will see prompt enactment of this measure.

In previous years on National Nursing Home Residents' Day, individuals and organizations in cities, towns, and nursing homes throughout the country have honored nursing home residents as important members of their communities and for the significant contributions they have made toward the growth and development of our Nation. These activities have resulted in greater community support and involvement in the lives of nursing home residents, and increased interest in the quality of care provided. There has been mutual enrichment from these activities.

This year nursing home residents and their relatives have good cause for celebration. In response to the issuance of the Institute of Medicine report "Improving the Quality of Care in Nursing Homes" there has been renewed interest in enacting comprehensive nursing home reform legislation, and a consensus is building among consumer groups, providers, and public policymakers with respect to the form that legislation should take. It appears that there is good reason to hope that this consensus-building effort will result in legislative action in the coming months.

Mr. President, this is an important day for nursing home residents; I hope that it will prove to be a landmark year, as well, for this very special population. This year we have changed the name of this special day to National Nursing Home Residents' Rights Day to accentuate the importance of the preservation of the dignity and individual freedom of residents in nursing institutions. I urge my colleagues

to join me in working for the enactment of legislation to honor the rights of the residents in these facilities throughout the country.●

ADDITIONAL COSPONSORS

S. 38

At the request of Mr. MOYNIHAN, the names of the Senator from North Carolina [Mr. DECONCINI], the Senator from Hawaii [Mr. INOUYE], and the Senator from California [Mr. CRANSTON] were added as cosponsors of S. 38, a bill to increase the authorization of appropriations for the Magnet School Program for fiscal year 1987 to meet the growing needs of existing Magnet School Programs, and for the establishment of new Magnet School Programs.

S. 74

At the request of Mr. GRAMM, the names of the Senator from Colorado [Mr. ARMSTRONG] and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of S. 74, a bill to amend the Internal Revenue Code of 1986 to allow a charitable contribution deduction for certain amounts paid to or for the benefit of an institution of higher education.

S. 182

At the request of Mr. RIEGLE, the name of the Senator from Washington [Mr. ADAMS] was added as a cosponsor of S. 182, a bill to amend title 3, United States Code, and the Uniform Time Act of 1966 to establish a single poll closing time in the Continental United States for Presidential general elections.

S. 220

At the request of Mr. SYMMS, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 220, a bill to require the voice and vote of the United States in opposition to assistance by international financial institutions for the production of commodities or minerals in surplus, and for other purposes.

S. 473

At the request of Mrs. KASSEBAUM, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 473, a bill to regulate interstate commerce by providing for uniform standards of liability for harm arising out of general aviation accidents.

S. 541

At the request of Mr. PRYOR, the names of the Senator from Indiana [Mr. QUAYLE], the Senator from Oregon [Mr. HATFIELD], the Senator from California [Mr. WILSON], and the Senator from Florida [Mr. GRAHAM] were added as cosponsors of S. 541, a bill to amend title 39, United States Code, to extend to certain officers and employees of the U.S. Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded under title 5, United States Code, to Federal employees in the competitive services.

S. 604

At the request of Mr. PRYOR, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 604, a bill to promote and protect taxpayer rights, and for other purposes.

S. 721

At the request of Mr. INOUYE, the name of the Senator from Washington [Mr. ADAMS] was added as a cosponsor of S. 721, a bill to provide for and promote the economic development of Indian tribes by furnishing the necessary capital, financial services, and technical assistance to Indian owned business enterprises and to stimulate the development of the private sector of Indian tribal economies.

S. 736

At the request of Mr. HARKIN, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 736, a bill to prohibit the performance of certain functions at arsenals and manufacturing facilities of the Department of Defense from being converted to performance by private contractors.

S. 776

At the request of Ms. MIKULSKI, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 776, a bill to amend title XIX of the Social Security Act to protect the welfare of spouses of institutionalized individuals under the Medicaid Program.

S. 784

At the request of Mrs. KASSEBAUM, the name of the Senator from Vermont [Mr. STAFFORD] was added as a cosponsor of S. 784, a bill to provide that receipts and disbursements of the highway trust fund and the airport and airway trust fund shall not be included in the totals of the budget of the U.S. Government as submitted by the President or the congressional budget.

S. 839

At the request of Mr. JOHNSTON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 839, a bill to authorize the Secretary of Energy to enter into incentive agreements with certain States and affected Indian tribes concerning the storage and disposal of high-level radioactive waste and spent nuclear fuel, and for other purposes.

S. 887

At the request of Mr. BUMPERS, his name was added as a cosponsor of S. 887, a bill to extend the authorization of appropriations for and to strengthen the provisions of the Older Americans Act of 1965, and for other purposes.

S. 934

At the request of Mr. CRANSTON, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 934, a bill to authorize payments to States to assist in improving the quality of child-care services.

S. 950

At the request of Mr. HEFLIN, the names of the Senator from Arkansas [Mr. BUMPERS], the Senator from Mississippi [Mr. STENNIS]. the Senator from Ohio [Mr. METZENBAUM], the Senator from Arizona [Mr. DECONCINI], and the Senator from Arkansas [Mr. PRYOR] were added as cosponsors of S. 950, a bill to establish a specialized corps of judges necessary for certain Federal proceedings required to be conducted, and for other purposes.

S. 970

At the request of Mr. HARKIN, the names of the Senator from Hawaii [Mr. INOUYE], the Senator from Tennessee [Mr. GORE], the Senator from Iowa [Mr. GRASSLEY], the Senator from North Dakota [Mr. BURDICK], and the Senator from North Dakota [Mr. CONRAD] were added as consponsors of S. 970, a bill to authorize a research program for the modification of plants focusing on the development and production of new marketable industrial and commercial products, and for other purposes.

S. 997

At the request of Mr. PELL, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 997, a bill to require the Director of the National Institute on Aging to provide for the conduct of clinical trials on the efficacy of the use of tetrahydroaminoacidine in the treatment of Alzheimer's disease.

S. 998

At the request of Mr. DECONCINI, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 998, a bill entitled the "Micro Enterprise Loans for the Poor Act."

S. 1059

At the request of Mr. MOYNIHAN, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 1059, a bill to terminate the application of certain Veterans' Administration regulations relating to transporation of claimants and beneficiaries in connection with Veterans' Administration medical care.

S. 1080

At the request of Mr. BOSCHWITZ, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 1080, a bill to amend the Automobile Information Disclosure Act to provide information as to whether or not certain motor vehicles are capable of using gasohol.

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S. 1081

At the request of Mr. BINGAMAN, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of S. 1081, a bill to establish a coordinated national nutrition monitoring and related research program, and a comprehensive plan for the assessment of the nutritional and dietary status of the U.S. population and the nutritional quality of the U.S. food supply, with provision for the conduct of scientific research and development in support of such program and plan.

S. 1109

At the request of Mr. HARKIN, the names of the Senator from Indiana [Mr. LUGAR], the Senator from South Dakota [Mr. PRESSLER], and the Senator from North Dakota [Mr. BURDICK] was added as cosponsors of S. 1109, a bill to amend the Federal Food, Drug, and Cosmetic Act to require certain labeling of foods which contain tropical fats.

S. 1162

At the request of Ms. MIKULSKI, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 1162, a bill to amend chapter 89 of title 5, United States Code, to provide authority for the direct payment or reimbursement to certain health care professionals; to clarify certain provisions of such chapter with respect to coordination with State and local law; and for other purposes.

S. 1181

At the request of Mr. PRYOR, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1181, a bill to amend the Federal Salary Act of 1967 and title 5 of the United States Code to provide that the authority to determine levels of pay for administrative law judges be transferred to the commissions on executive, legislative, and judicial salaries.

S. 1187

At the request of Mr. PRYOR, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1187, a bill to amend the Internal Revenue Code of 1954 to conform the treatment of residential lot interest expenses to current law treatment of second home interest expense.

S. 1224

At the request of Mr. KASTEN, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1224, a bill to provide for 3 years duty free treatment of certain power-driven weaving machines and parts thereof.

S. 1240

At the request of Mr. GRAHAM, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 1240, a bill to amend title XVIII of the Social Security Act to provide coverage for certain preventive care items and services under part B and to provide a discount in premiums under such part for certain individuals certified as maintaining healthy lifestyle.

S. 1241

At the request of Mr. GRAHAM, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 1241, a bill to amend title IV of the Older Americans Act of 1965 to establish demonstration projects for community care preventive health services.

S. 1340

At the request of Mr. PRYOR, the name of the Senator from Louisiana [Mr. BREAUX] was added as a cosponsor of S. 1340, a bill to provide for computing the amount of the deductions allowed to rural mail carriers for use of their automobiles.

S. 1344

At the request of Mr. SASSER, the names of the Senator from Iowa [Mr. HARKIN] and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of S. 1344, a bill to amend the Small Business Act to enhance the ability of small businesses to compete for international export markets, and for other purposes.

SENATE JOINT RESOLUTION 26

At the request of Mr. PELL, the names of the Senator from Oklahoma [Mr. NICKLES] and the Senator from Georgia [Mr. NUNN] were added as cosponsors of Senate Joint Resolution 26, a joint resolution to authorize and request the President to call a White House Conference on Library and Information Services to be held not later than 1989, and for other purposes.

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of Senate Joint Resolution 26, supra.

SENATE JOINT RESOLUTION 72

At the request of Mr. GORE, the names of the Senator from West Virginia [Mr. BYRD], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from Georgia [Mr. FOWLER], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Arizona [Mr. MCCAIN], the Senator from Iowa [Mr. GRASSLEY], the Senator from Idaho [Mr. MCCLURE], and the Senator from Utah [Mr. GARN] were added as cosponsors of Senate Joint Resolution 72, a joint resolution to designate the week of October 11, 1987, through October 17, 1987, as "National Job Skills Week."

SENATE JOINT RESOLUTION 87

At the request of Mr. RIEGLE, the names of the Senator from Florida [Mr. GRAHAM] and the Senator from Washington [Mr. ADAMS] were added as cosponsors of Senate Joint Resolution 87, a joint resolution to designate November 17, 1987, as "National Community Education Day."

SENATE JOINT RESOLUTION 101

At the request of Mr. CRANSTON, the names of the Senator from Minnesota [Mr. DURENBERGER], the Senator from South Carolina [Mr. THURMOND], the Senator from Mississippi [Mr. STENNIS], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Montana [Mr. BAUCUS], the Senator from New York [Mr. D'AMATO], the Senator from Texas [Mr. BENTSEN], the Senator from West Virginia [Mr. BYRD], the Senator from Oregon [Mr. PACKWOOD], the Senator from Colorado [Mr. ARMSTRONG], the Senator from Mississippi [Mr. COCHRAN], the Senator from North Carolina [Mr. HELMS], and the Senator from Nebraska [Mr. KARNES] were added as cosponsors of Senate Joint Resolution 101, a joint resolution designating June 19, 1987, as "American Gospel Arts Day."

SENATE JOINT RESOLUTION 109

At the request of Mr. DURENBERGER, the names of the Senator from Illinois [Mr. DIXON], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Georgia [Mr. FOWLER], and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of Senate Joint Resolution 109, a joint resolution to designate the week beginning October 4, 1987, as "National School Yearbook Week."

SENATE JOINT RESOLUTION 120

At the request of Mr. SYMMS, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of Senate Joint Resolution 120, a joint resolution to void certain agreements relating to the site of the Soviet Union's Embassy in the District of Columbia.

SENATE JOINT RESOLUTION 122

At the request of Mr. METZENBAUM, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. HELMS], the Senator from Illinois [Mr. DIXON], the Senator from Illinois [Mr. SIMON], and the Senator from Nevada [Mr. HECHT] were added as cosponsors of Senate Joint Resolution 122, a joint resolution to designate the period commencing on October 18, 1987, and ending on October 24, 1987, as "Gaucher's Disease Awareness Week".

SENATE JOINT RESOLUTION 128

At the request of Mr. DODD, the names of the Senator from Iowa [Mr. HARKIN], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Nebraska [Mr. EXON], the Senator from Michigan [Mr. RIEGLE], the Senator from North Carolina [Mr. SANFORD], the Senator from Illinois [Mr. SIMON], and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of Senate Joint Resolution 128, a joint resolution prohibiting the sale to Honduras of certain defense articles and related defense services.

SENATE JOINT RESOLUTION 136

At the request of Mr. HUMPHREY, the Senator from Mississippi [Mr. STENNIS] was added as a cosponsor of

Senate Joint Resolution 136, a joint resolution to designate the week of December 13, 1987, through December 19, 1987, as "National Drunk and Drugged Driving Awareness Week".

SENATE JOINT RESOLUTION 142

At the request of Mr. WEICKER, the names of the Senator from Rhode Island [Mr. PELL] and the Senator from Texas [Mr. GRAMM] were added as cosponsors of Senate Joint Resolution 142, a joint resolution to designate the day of October 1, 1987, as "National Medical Research Day".

SENATE JOINT RESOLUTION 148

At the request of Mr. D'AMATO, the names of the Senator from Tennessee [Mr. GORE] and the Senator from Arkansas [Mr. BUMPERS] were added as cosponsors of Senate Joint Resolution 148, a joint resolution designating the week of September 20, 1987, through September 26, 1987, as "Emergency Medical Services Week."

SENATE JOINT RESOLUTION 153

At the request of Mr. PACKWOOD, the names of the Senator from Arizona [Mr. MCCAIN] and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of Senate Joint Resolution 153, a joint resolution prohibiting the enhancement or upgrade in the sensitivity of technology of, or the capability of, Maverick missiles for Saudi Arabia.

SENATE JOINT RESOLUTION 154

At the request of Mr. PELL, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of Senate Joint Resolution 154, a joint resolution to designate the period commencing on November 15, 1987, and ending on November 22, 1987, as "National Arts Week".

SENATE CONCURRENT RESOLUTION 20

At the request of Mr. GORE, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of Senate Concurrent Resolution 20, a concurrent resolution to express the sense of Congress that funding for the vocational education program should not be eliminated.

SENATE CONCURRENT RESOLUTION 23

At the request of Mr. CRANSTON, the names of the Senator from Illinois [Mr. SIMON] and the Senator from Utah [Mr. GARN] were added as cosponsors of Senate Concurrent Resolution 23, a concurrent resolution designating jazz as an American national treasure.

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. DECONCINI, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of Senate Concurrent Resolution 29, a concurrent resolution expressing the sense of Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

SENATE CONCURRENT RESOLUTION 43

At the request of Mr. STEVENS, the names of the Senator from North Dakota [Mr. CONRAD], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Utah [Mr. GARN], and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of Senate Concurrent Resolution 43, a concurrent resolution to encourage State and local governments and local educational agencies to provide quality daily physical education programs for all children from kindergarten through grade 12.

SENATE RESOLUTION 231—AUTHORIZING THE PRODUCTION OF CERTAIN DOCUMENTS BY THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. BYRD (for himself and Mr. DOLE) submitted the following resolution; which was considered and agreed to:

S. RES. 231

Whereas, the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs has been conducting an inquiry into the operations of door-to-door magazine and cleaning products sales organizations;

Whereas, the Office of the Attorney General for the State of New York has for its own investigatory purposes requested access to records obtained by the Subcommittee;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that documents, papers, and records under the control or in the possession of the Senate are needed in an investigation by an appropriate authority, the Senate will take such action as will promote the ends of justice consistent with the privileges and rights of the Senate: Now, therefore, be it

Resolved, That the Chairman and Ranking Minority Member of the Permanent Subcommittee on Investigations, acting jointly, are authorized to provide upon request to law enforcement authorities records of the Subcommittee's investigation of door-to-door sales operations.

SENATE RESOLUTION 232—RELATING TO THE DENIAL OF FREEDOM OF RELIGION AND OTHER HUMAN RIGHTS IN LITHUANIA

Mr. RIEGLE (for himself and Mr. D'AMATO) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 232

Whereas 1987 marks the 600th anniversary of the Christianization of Lithuania, when the Lithuania nation embraced Roman Catholicism;

Whereas freedom of religion is a fundamental human right which is explicitly guaranteed by the Universal Declaration of Human Rights, the International Covenants on Human Rights, and the Final Act of the Conference on Security and Cooperation in Europe;

Whereas the Soviet Union has violated the Universal Declaration of Human Rights, the International Covenants on Human Rights, and the Final Act of the Conference on Security and Cooperation in Europe by engaging in the ongoing denial of religious liberty and other human rights in Soviet-occupied Lithuania and elsewhere;

Whereas Lithuanian children are legally prohibited from attending church without their parents and from participating in church activities, parents are actively discouraged from teaching their faith to their own children at home and banned from teaching religion to other children, priests are forbidden to give religious instruction to any children, and children who are religious believers are discriminated against by teachers and school officials;

Whereas adult lay believers in Lithuania are victimized by job discrimination, their access to religious literature is actively restricted, and they are subject to various forms of harassment such as house searches, interrogations, and arbitrary arrest;

Whereas religious orders are legally prohibited in Lithuania, admission to the one seminary is strictly regulated, and administration of that seminary is subject to government interference;

Whereas priests in Lithuania who conscientiously perform their pastoral duties are subject to persecution, and those who protest Soviet mistreatment of religious believers and petition the state for redress of their grievances, such as Father Alfonsas Svarinskas and Father Sigitas Tamkevicius, founders of the Catholic Committee for the Defense of Believers' Rights, are subject to imprisonment;

Whereas Soviet authorities have seized numerous churches against the religious community's will and converted then to other uses;

Whereas Soviet authorities restrict the domestic production and importation of religious literature and materials to small quantities, and subject the publishers of religious literature and underground human rights publications such as the "Chronicle of the Catholic Church in Lithuania" to arrest and imprisonment; and

Whereas the Soviet Union has consistently blocked efforts by Pope John Paul II to visit Lithuania and has taken other steps to limit Lithuania's celebration of the 600th anniversary of its Christianization: Now, therefore, be it

Resolved, That the Senate deplores Soviet denial of religious liberty and other human rights in Lithuania and elsewhere, and on the occasion of the 600th anniversary of Christianity in Lithuania—

(1) sends its greetings to the Lithuanian people as they mark this solemn occasion in the life of their nation;

(2) voices its support for those Lithuanians who are persecuted for attempting to exercise freedom of religion;

(3) urges the President, the Secretary of State, and the U.S. delegation to the Vienna Review Meeting of the Conference on Security and Cooperation in Europe to continue to speak out forcefully against violations of religious liberty everywhere and specifically in Lithuania during this aniversary year, and to solicit the support of our allies in this effort; and

(4) calls upon the Soviet Union to abide by the Universal Declaration of Human Rights, the International Covenants on Human Rights, and the Final Act of the Conference on Security and Cooperation in Europe, including the provisions on regligious liberty.

● Mr. RIEGLE. Mr. President, today, I am pleased to be joined by my colleague from New York, Mr. D'AMATO, in submitting a resolution marking the 600th anniversary of Christianity in Soviet-occupied Lithuania.

As proclaimed by the Chicago-based Lithuanian Christianity Jubilee Committee, this anniversary celebration seeks to acknowledge Christianity as the great spiritual treasure of the Lithuanian nation and its decisive role in Lithuanian history and culture. It presents an opportunity to renew our solidarity with oppressed Lithuanian believers in their struggle for religious freedom, to call the attention of the world to their plight, and to win greater moral support for persecuted Christians in Lithuania.

In keeping with those objectives, the resolution I am submitting today reaffirms the Senate's support for the Lithuanian people in their struggle for religious liberty. Second, it urges the President, the Secretary of State, and the U.S. delegation to the Vienna CSCE Review Meeting to continue to speak out forcefully against violations of religious liberty in Lithuania and throughout the Soviet Union, and to solicit the support of our allies in that effort. Finally, the resolution calls upon the Soviet Union to honor its pledge to guarantee religious freedom as a signatory to numerous international agreements.

The Soviet authorities have sought to diminish Lithuania's celebration of the 600th anniversary of its Christianization, and have taken steps to prevent Pope John Paul II from visiting the faithful in Lithuania. They have forbidden Catholic lay believers to travel to Rome to participate in the papal celebration of the anniversary on June 28, 1987, and have baned all travel to Lithuania by foreigners, including Americans of Lithuanian descent, during the month of June. Lithuanian clergy have been warned that any anniversary activities not approved in advance by the Soviet Government and not restricted to churches may result in reprisals.

Mr. President, the Lithuanian people's efforts to celebrate this 600th anniversary of Christianity in their country deserve our support. I urge my colleagues to join me in expressing solidarity with their cause by cosponsoring this resolution.●

AMENDMENTS SUBMITTED

SENATORIAL ELECTION CAMPAIGN ACT OF 1987

BYRD (AND OTHERS) AMENDMENT NO. 305

Mr. BYRD (for himself, Mr. BOREN, and Mr. MOYNIHAN) proposed an amendment to the bill (S. 2) to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert the following:

That this Act may be cited as the "Senatorial Election Campaign Act of 1987".

SEC. 2. The Federal Election Campaign Act of 1971 is amended by adding at the end the following new title:

"TITLE V—SPENDING LIMITS AND PUBLIC MATCHING PAYMENTS FOR SENATE ELECTION CAMPAIGNS

"DEFINITIONS

"SEC. 501. For purposes of this title—

"(1) unless otherwise provided in this title the definitions set forth in section 301 of this Act apply to this title;

"(2) the term 'authorized committee' means, with respect to any candidate for election to the office of United States Senator, any political committee which is authorized in writing by such candidate to accept contributions or make expenditures on behalf of such candidate to further the election of such candidate;

"(3) the term 'candidate' means an individual who is seeking nomination for election, or election to the office of United States Senator and such individual shall be deemed to seek nomination for election, or election, if such individual meets the requirements of subparagraph (A) or (B) of section 301(2);

"(4) the term 'contribution' includes a payment described in section 301(8)(B)(x), made by a State or local committee of a political party, if—

"(A) the sum of the amount of such payment and the total amount of all previous such payments by such committee during the same election cycle exceeds the amount determined by multiplying one cent times the voting age population of the State in which the election is held; or

"(B) if any portion of such payment is used—

"(i) for the purpose of purchasing, leasing, or otherwise procuring, or procuring the use of, any telephone, computer, computer program, or mass mailing equipment; or

"(ii) for any purpose other than the purchase of materials described in section 301(8)(B)(x) which are to be used by individuals in the performance of services described in section 301(8)(B)(i) or are to be distributed by individuals providing such services;

"(5) the term 'election cycle' means—

"(A) in the case of a candidate or the authorized committee of a candidate, the term beginning on the day after the date of the last previous general election for such office or seat which such candidate seeks and ending on the date of the next election; or

"(B) for all other persons, such term shall begin on the first day following the date of the last general election and ending on the date of the next election;

"(6) the term 'eligible candidate' means a candidate who is eligible under section 502 to receive payments under this title;

"(7) the term 'expenditure' includes a payment described in section 301(9)(B)(viii), by a State or local committee of a political party if—

"(A) the sum of the amount of such payment and the total amount of all previous such payments by such committee during the same election cycle exceeds the amount determined by multiplying one cent times the voting age population of the State in which the election is held; or

"(B) if any portion of such payment is used—

"(i) for the purpose of purchasing, leasing, or otherwise procuring, or procuring the use of, any telephone, computer, computer program, or mass mailing equipment; or

"(ii) for any purpose other than the purchase of materials described in section 301(9)(B)(viii) which are to be used by individuals in the performance of services described in section 301(8)(B)(i) or are to be distributed by individuals providing such services;

"(8) the term 'general election' means any election which will directly result in the election of a person to the office of United States Senator, but does not include an open primary election;

"(9) the term 'general election period' means the period beginning on the day after the date on which the candidate qualifies for the general election ballot under the law of the State involved and ending on the date of such election or the date on which the candidate withdraws from the campaign or otherwise ceases actively to seek election, whichever occurs first;

"(10) the term 'immediate family' means a candidate's spouse, and any child, stepchild, parent, grandparent, brother, half-brother, sister or half-sister, of the candidate and the spouse of any such person and any child, stepchild, parent, grandparent, brother, half-brother, sister or half-sister of the candidate's spouse and the spouse of any such person.

"(11) the term 'major party' means 'major party' as defined in section 9002(6) of the Internal Revenue Code of 1986, the Presidential Election Campaign Fund Act, provided that a candidate in a general election held by a State to elect a Senator subsequent to an open primary in which all the candidates for the office participated and which resulted in the candidate and at least one other candidate qualifying for the ballot in the general election, shall be treated as a candidate of a major party for purposes of this title;

"(12) the term 'primary election' means any election which may result in the selection of a candidate for the ballot of the general election;

"(13) the term 'primary election period' means the period beginning on the day following the date of the last Senate election for the same Senate office and ending on the date of the first primary election for such office following such last Senate election for such office or the date on which the candidate withdraws from the election or otherwise ceases actively to seek election, whichever occurs first;

"(14) the term 'runoff election' means the election held after a primary election, and prescribed by applicable State law as the

means for deciding which candidate(s) should be certified as nominee(s) for the Federal office sought;

"(15) the term 'runoff election period' means the period beginning on the day following the date of the last primary election for such office and ending on the date of the runoff election for such office;

"(16) the term 'Senate Fund' means the Senate Election Campaign Fund maintained by the Secretary of the Treasury in the Presidential Campaign Fund established by section 9006(a) of the Internal Revenue Code of 1986; and

"(17) the term 'voting age population' means the resident population, 18 years of age or older, as certified pursuant to section 315(e).

"ELIGIBILITY TO RECEIVE PAYMENTS

"SEC. 502. (a) To be eligible to receive payments under this title a candidate shall, within 7 days after qualifying for the general election ballot under the law of the State involved or, if such candidate is a candidate in a State which has a primary election to qualify for such ballot after September 1, within 7 days after the date such candidate wins in such primary, as determined by the Commission—

"(1) certify to the Commission under penalty of perjury that during the period beginning on January 1 of the calendar year preceding the year of the general election involved, or in the case of a special election for the office of United States Senator, during the period beginning on the day on which the vacancy occurs in that office, and ending on the date of such certification, such candidate and the authorized committees of such candidate have received contributions in an amount at least equal to 10 cents multiplied by the voting age population of such State or at least equal to $150,000, whichever is greater, up to an amount that is not more than $650,000;

"(2) certify to the Commission under penalty of perjury that all contributions received for purposes of paragraph (1) have come from individuals and that no contribution from such individual, when added to all contributions to or for the benefit of such candidate by such individual, was taken into account to the extent such amount exceeds $250;

"(3) certify to the Commission under penalty of perjury that such candidate and the authorized committees of such candidate have not expended and will not expend, for the primary election, more than the amount equal to 67 percent of the general election spending limit applicable to such candidate pursuant to section 503(b) or more than $2,750,000, whichever amount is less, unless such amount is increased pursuant to section 503(g);

"(4) certify to the Commission under penalty of perjury that such candidate has not expended and will not expend for runoff elections, if any, more than 20 percent of the maximum amount of the limitation applicable to such candidate as determined under section 503(b), unless such amount is increased pursuant to section 503(g);

"(5) certify to the Commission under penalty of perjury that 75 per centum of the aggregate amount of contributions received for purposes of paragraph (1) have come from individuals residing in such candidate's State;

"(6) certify to the Commission under penalty of perjury that at least one other candidate has qualified for the same general election ballot under the law of the State involved;

"(7) agree in writing that such candidate and the candidate's authorized committees—

"(A) have not made and will not make expenditures which exceed the limitations established in section 503, except as otherwise provided in this title;

"(B) will not accept any contributions in violation of section 315;

"(C) will not accept any contribution for the general election involved in excess of the limitation on expenditures established in section 503(b);

"(D) will deposit all payments received under this section at a national or State bank in a separate checking account which shall contain only funds so received, and will make no expenditures of funds received under this section except by checks drawn on such account;

"(E) will furnish campaign records, evidence of contributions and other appropriate information to the Commission;

"(F) will cooperate in the case of any audit and examination by the Commission under section 507; and

"(G) will not use any broadcast station, as such term is used in section 315 of the Communications Act of 1934, for the television broadcasting of a political announcement or advertisement during which reference is made to an opponent of such candidate unless such reference is made by such candidate personally and such candidate is identified or identifiable during at least 50 percent of the time of such announcement or advertisement, if such opponent has agreed to the requirements of this title or has received funds pursuant to the provisions of this title; and

"(8) apply to the Commission for payments as provided for in section 504.

"(b) For the purposes of subsection (a)(1) and paragraph (2) of section 504(a), in determining the amount of contributions received by a candidate and the candidate's authorized committees—

"(1) no contribution other than a gift of money made by a written instrument which identifies the person making the contribution shall be taken into account;

"(2) no contribution made through an intermediary or conduit referred to in section 315(a)(8) shall be taken into account;

"(3) no contribution received from any person other than an individual shall be taken into account, and no contribution received from an individual shall be taken into account to the extent such contribution exceeds $250 when added to the total amount of all other contributions made by such individual to or for the benefit of such candidate beginning on the applicable date specified in paragraph (4) of this subsection; and

"(4) no contribution received prior to January 1 of the calendar year preceding the year in which the general election involved or received after the date on which the general election involved is held shall be taken into account, and in the case of a special election for the office of United States Senator no contribution received prior to the date on which the vacancy occurs in that office or received after the date on which the general election involved is held shall be taken into account.

"(c) The threshold amounts in subsection (a)(1) shall be increased at the beginning of each calendar year based on the increase in the price index as determined under section 315(c), except that for purposes of determining such increase, the term 'base period', as used in such section shall mean the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987.

"LIMITATIONS ON EXPENDITURES

"SEC. 503. (a) No candidate who receives a payment for use in a general election under this title shall make expenditures from the personal funds of such candidate, or the funds of any member of the immediate family of such candidate, aggregating in excess of $20,000, during the election cycle.

"(b) Except as otherwise provided in this Act, no candidate who receives matching payments for use in a general election under this title shall make expenditures for such general election which in the aggregate exceed $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that the amount of the limitation under this subsection, in the case of any candidate, shall not be less than $950,000, nor more than $5,500,000.

"(c) The limitations on expenditures in subsections (b), (d), and (e) shall be subject to the provisions of subsections (b) and (c) of section 504.

"(d) No candidate who is otherwise eligible to receive payments for a general election under this title may receive any such payments if such candidate spends, for the primary election, more than the amount equal to 67 percent of the limitation on expenditures for the general election determined under subsection (b), or more than $2,750,000, whichever amount is less, except as provided in subsection (g).

"(e) No candidate who is otherwise eligible to receive payments for a general election under this title may receive any such payments if such candidate spends for a runoff election, if any, more than an amount which in the aggregate exceeds 20 percent of the maximum amount of the limitation applicable to such candidate as determined under subsection (b), except as provided in subsection (g).

"(f)(1) For purposes of this section, the amounts set forth in subsections (b), (d), and (e) of this section shall be increased at the beginning of each calendar year based on the increase in the price index as determined under section 315(c), except that for purposes of determining such increase the term 'base period', as used in section 315(c), means the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987.

"(2) Notwithstanding the provisions of subsection (b), in any State with no more than one transmitter for a commercial Very High Frequency (VHF) television station licensed to operate in that State, no candidate in such State who receives a payment for use in a general election under this title shall make expenditures for such general election which in the aggregate exceed the higher of—

"(A) $950,000; or

"(B) $400,000 plus 45 cents multiplied by the voting age population up to a population of 4 million, plus 40 cents multiplied by the voting age population over 4 million, up to an amount not exceeding $5,500,000.

"(3) The limitation set forth in subsection (b) shall not apply to expenditures by a candidate or a candidate's authorized committees from a compliance fund established to defray the costs of legal and accounting

services provided solely to insure compliance with this Act; provided however that—

"(A) the Fund contains only contributions (including contributions received from individuals which, when added to all other contributions and matching payments, exceed the limitations on expenditures) received in accordance with the limitations, prohibitions, and reporting requirements of this Act;

"(B) the aggregate total of contributions to, and expenditures from, the Fund will not exceed 10 percent of the limitation on expenditures for the general election determined under subsection (b); and

"(C) no transfers may be made from the Fund to any other accounts of the candidate's authorized committees, except that the Fund may receive transfers from such other accounts at any time.

In the event that, subsequent to any general election, a candidate determines that the costs of necessary and continuing legal and accounting services require contributions to and expenditures from the Fund in excess of the limitations of this paragraph, the candidate may petition the Commission for a waiver of such limitations up to any additional amounts as the Commission may authorize in connection with such waiver. Any waiver, or denial of a waiver, by the Commission under this paragraph shall be subject to judicial review under section 508. Any funds left when the candidate terminates or dissolves the fund, shall be—

"(i) contributed to the United States Treasury to reduce the budget deficit, or

"(ii) transferred to a fund of a subsequent campaign of that candidate.

"(g) If, during the two-year election cycle preceding the candidate's election, independent expenditures by any person or persons aggregating an amount in excess of $10,000 are made in opposition to a candidate or for the opponent of such candidate, the limitations provided in subsection (d) and subsection (e), as they apply to such candidate, shall be increased in an amount equal to the amount of such expenditures.

"(h) If the provisions of section 506(c) apply and such candidate does not receive his full entitlement to matching payments, such candidate may accept aggregate contributions in an amount which, when added to the aggregate expenditures made by such candidate do not exceed the limitation on expenditures applicable to such candidate pursuant to section 503.

"ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS

"SEC. 504. (a) Except as otherwise provided in section 506(c)—

"(1) eligible candidates shall be entitled to matching payments under section 506 in an amount equal to the amount of each contribution received by such candidate and such candidate's authorized committees, provided that in determining the amount of each such contribution—

"(A) the provisions of section 502(b) shall apply; and

"(B) the contributions required by section 502(a)(1) shall not be eligible for matching payments under this title; and

the total amount of payments to which a candidate is entitled under this paragraph shall not exceed 50 percent of the amount equal to the difference between the amount of the limitation for such candidate determined under section 503(b) and the amount required to be raised by such candidate to establish eligibility under section 502(a)(1);

"(2)(A) an eligible candidate who is a candidate of a major party shall be entitled to a payment under section 506 in an amount equal to the amount of the limitation determined under section 503(b) with regard to such candidate, if any candidate in the same general election not eligible to receive funds under this title either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election;

"(B) an eligible candidate who is not a candidate of a major party shall be entitled to matching payments under section 506, equal to the amount of contributions received by such candidate and the candidate's authorized committees if any candidate in the same general election not eligible to receive payments under this title either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election, provided that in determining the amount of each such contribution—

"(i) the provisions of section 502(b) shall apply; and

"(ii) contributions matched under subparagraph (A) of this paragraph or required to be raised under section 502(a)(1) shall not be eligible to be matched under this paragraph; and

the total amount of payments to which a candidate is entitled under this subsection shall not exceed 50 percent of the amount of the limitation determined under section 503(b) applicable to such candidate;

"(3) all eligible candidates shall be entitled to—

"(A) the broadcast media rates provided under section 315(b) of the Communications Act of 1934; and

"(B) payments under section 506 equal to the aggregate total amount of independent expenditures made or obligated to be made, in the general election involved by any person in opposition to, or on behalf of an opponent of, such eligible candidate, as reported by such person or determined by the Commission under subsection (f) or (g) of section 304.

"(b) A candidate who receives payments under paragraph (2) or (3)(B) of subsection (a) may spend such funds to defray expenditures in the general election without regard to the provisions of section 503(b).

"(c) A candidate who receives payments under this section may receive contributions and make expenditures for the general election without regard to the provisions of subparagraphs (A) and (C) of section 502(a)(7) or subsections (a) or (b) of section 503 if and when any candidate in the same general election not eligible to receive payments under this section either raises aggregate contributions or makes aggregate expenditures for such election which exceed twice the amount of the expenditure limit applicable to such candidate under section 503(b) for such election.

"(d) Payments received by a candidate under this section shall be used to defray expenditures incurred with respect to the general election period for such candidate. Such payments shall not be used (1) to make any payments, directly or indirectly, to such candidate or to any member of the immediate family of such candidate, (2) to make any expenditure other than expenditures to further the general election of such candidate, (3) to make any expenditures which constitute a violation of any law of the United States or of the State in which the expenditure is made, or (4) to repay any loan to any person except to the extent the proceeds of such loan were used to further the general election of such candidate.

"(e)(1) Except as provided in paragraph (2), a candidate eligible to receive payments pursuant to this title shall be entitled to matching payments equal to the amount of contributions eligible to be matched which are received from individuals in amounts of $250 or less, to be paid in—

"(A) multiples of $20,000 under section 506, if, with respect to each such payment, the eligible candidate and the authorized committees of such candidate have received, in addition to the amount of contributions certified by the candidate to the Commission under section 502(a)(1), contributions aggregating $20,000 which have not been matched under this section and which qualify for matching funds; and

"(B) a final payment (designated as such by the candidate involved) of the balance of the matching funds to which such candidate is entitled under this section.

"(2) The total of the payments to which a candidate is entitled under paragraph (1) shall not exceed 50 per centum of the amount equal to the difference between the amount of the limitation for such candidate determined under section 503(b) and the amount required to be raised by such candidate to establish eligibility under section 502(a)(1).

"CERTIFICATION BY COMMISSION

"SEC. 505. (a) No later than 48 hours after an eligible candidate files a request with the Commission to receive payments under section 506 the Commission shall certify such eligibility to the Secretary of the Treasury for payment in full of the amount to which such candidate is entitled, unless the provisions of section 506(c) apply. The request referred to in the preceding sentence shall contain—

"(1) such information and be made in accordance with such procedures, as the Commission may provide by regulation; and

"(2) a verification signed by the candidate and the treasurer of the principal campaign committee of such candidate stating that the information furnished in support of the request, to the best of their knowledge, is correct and fully satisfies the requirements of this title.

"(b) Certifications by the Commission under subsection (a) and all determinations made by the Commission under this title, shall be final and conclusive, except to the extent that they are subject to examination and audit by the Commission under section 507 and judicial review under section 508.

"ESTABLISHMENT OF FUND; PAYMENTS TO ELIGIBLE CANDIDATES

"SEC. 506. (a) The Secretary shall maintain in the Presidential Election Campaign Fund (hereafter referred to as the 'Fund') established by section 9006(a) of the Internal Revenue Code of 1986, in addition to any other accounts maintained under such section, a separate account to be known as the 'Senate Fund'. The Secretary shall, from time to time, deposit into the Senate Fund, for use by candidates eligible to receive payments under this title, the amounts available after the Secretary determines that the amounts in the Fund necessary for payments under subtitle H of the Internal Revenue Code of 1986 are adequate for the next presidential election. The monies designated for such account shall remain available without fiscal year limitation.

"(b) Pursuant to the priorities provided in paragraph (3) of subsection (c), upon receipt

of a certification from the Commission under section 505, the Secretary shall promptly pay to the candidate involved in the certification, out of the Senate Fund, the amount certified by the Commission.

"(c)(1) If at the time of a certification by the Commission under section 505 for payment to an eligible candidate, the Secretary determines that the monies in the Senate Fund are not, or may not be, sufficient to satisfy the full entitlement of all such eligible candidates, the Secretary shall withhold from such payment such amount as he determines to be necessary to assure that an eligible candidate will receive a pro rata share of such candidate's full entitlement. Amounts so withheld shall be paid when the Secretary determines that there are sufficient monies in the Senate Fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient monies in the Senate Fund to satisfy the full entitlement of an eligible candidate, the amounts so withheld shall be paid in such manner that each eligible candidate receives his or her pro rata share of his or her full entitlement. The Secretary shall notify the Commission and each eligible candidate by registered mail of the reduction in the amount to which that candidate is entitled under section 505.

"(2) If the provisions of this subsection result in a reduction in the amount to which an eligible candidate is entitled under section 505 and payments have been made under this section in excess of the amount to which such candidate is entitled, such candidate is liable for repayment to the Fund of the excess under procedures the Commission shall prescribe by regulation.

"(3) If the provisions of this subsection apply and the monies in the fund are not sufficient to satisfy the full entitlement of all candidates, in addition to the procedures provided in paragraph (2), the Secretary shall give priority to general election payments and pay such payments, or portions thereof, before other payments made pursuant to this title.

"(d) On February 28, 1993, and each February 28 of any odd-numbered calendar year thereafter, the Commission shall determine the total amount in the Fund attributable to amounts designated under section 6096 of the Internal Revenue Code of 1986 and evaluate if such amount exceeds the total estimated expenditures of the Fund for the election cycle ending with the next Federal election. If it is determined that an excess amount exists, the Secretary of the Treasury shall transfer such excess to the general funds of the Treasury of the United States.

"EXAMINATION AND AUDITS; REPAYMENTS

"SEC. 507. (a)(1) After each general election, the Commission shall conduct an examination and audit of the campaign account of 10 per centum of the eligible candidates of each major party and 10 per centum of all other eligible candidates, as designated by the Commission through the use of an appropriate statistical method of random selection to determine, among other things, whether such candidates have complied with the expenditure limits and other conditions of eligibility and requirements of this title.

"(2) After each special election, the Commission shall conduct an examination and audit of the campaign accounts of each eligible candidate in such election to determine whether such candidates have complied with the expenditure limits and other conditions of eligibility and requirements under this title.

"(3) The Commission may conduct an examination and audit of the campaign accounts of any eligible candidate in a general election if the Commission, by an affirmative vote of four members, determines that there exists reason to believe that such candidate has violated any provision of this title.

"(b) If the Commission determines that any portion of the payments made to a candidate under this title was in excess of the aggregate payments to which such candidate was entitled, the Commission shall so notify such candidate, and such candidate shall pay to the Secretary an amount equal to the excess.

"(c) If the Commission determines that any amount of any payment made to a candidate under this title was not used as provided for in this title, the Commission shall so notify such candidate and such candidate shall pay to the Secretary an amount equal to 200 per centum of the amount of such funds.

"(d) If the Commission determines that any candidate who has received payments under this title has made expenditures which in the aggregate exceed by 5 per centum or less the limitation set forth in section 503(b), the Commission shall so notify such candidate and such candidate shall pay to the Secretary an amount equal to the amount of the excess expenditure.

"(e) If the Commission determines that any candidate who has received payments under this title has made expenditures which in the aggregate exceed by more than 5 per centum the limitation set forth in section 503(b), the Commission shall so notify such candidate and such candidate shall pay the Secretary an amount equal to three times the amount of the excess expenditure up to an amount not in excess of the payments received pursuant to section 504.

"(f) Any amount received by an eligible candidate under this title may be retained for a period not exceeding sixty days after the date of the general election for the liquidation of all obligations to pay general election campaign expenses incurred during this general election period. At the end of such sixty-day period any unexpended funds received under this title shall be promptly repaid to the Secretary.

"(g) No notification shall be made by the Commission under this section with respect to an election more than three years after the date of such election.

"(h) All payments received under this section shall be deposited in the Senate Fund.

"CRIMINAL PENALTIES

"SEC. 507A. (a) No candidate shall knowingly or willfully accept payments under this title in excess of the aggregate payments to which such candidate is entitled or knowingly or willfully use such payments for any purpose not provided for in this title or knowingly or willfully make expenditures from his personal funds, or the personal funds of his immediate family, in excess of the limitation provided in this title.

"(b) Any person who violates the provisions of subsection (a) shall be fined not more than $25,000, or imprisoned not more than 5 years, or both. Any officer or member of any political committee who knowingly consents to any expenditure in violation of the provisions of subsection (a) shall be fined not more than $25,000, or imprisoned not more than 5 years, or both.

"(c)(1) It is unlawful for any person who receives any payment under this title, or to whom any portion of any such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion except as provided in section 504(d).

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(d)(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information (including any certification, verification, notice, or report), to the Commission under this title, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Commission or an examination and audit by the Commission under this title, or

"(B) to fail to furnish to the Commission any records, books, or information requested by it for purposes of this title.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(e)(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any payments received by any candidate who receives payments under this title, or the authorized committees of such candidate.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any payments received by any candidate pursuant to the provisions of this title, or received by the authorized committees of such candidate, shall pay to the Secretary for deposit in the Fund, an amount equal to 125 percent of the kickback or payment received.

"JUDICIAL REVIEW

"SEC. 508. (a) Any agency action by the Commission made under the provisions of this title shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within thirty days after the agency action by the Commission for which review is sought. It shall be the duty of the Court of Appeals, ahead of all matters not filed under this title, to advance on the docket and expeditiously take action on all petitions filed pursuant to this title.

"(b) The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551(13) of title 5, United States Code, by the Commission.

"PARTICIPATION BY COMMISSION IN JUDICIAL PROCEEDINGS

"SEC. 509. (a) The Commission is authorized to appear in and defend against any action instituted under this section and under section 508 either by attorneys employed in its office or by counsel whom it may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and whose compensation it may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) The Commission is authorized through attorneys and counsel described in

subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined under section 507 to be payable to the Secretary.

"(c) The Commission is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for such injunctive relief as is appropriate in order to implement any provision of this title.

"(d) The Commission is authorized on behalf of the United States to appeal from, and to petition the Supreme Court for certiorari to review, judgments or decrees entered with respect to actions in which it appears, pursuant to the authority provided in this section.

"REPORTS TO CONGRESS; REGULATIONS

"SEC. 510. (a) The Commission shall, as soon as practicable after each election, submit a full report to the Senate setting forth—

"(1) the expenditures (shown in such detail as the Commission determines appropriate) made by each eligible candidate and the authorized committees of such candidate;

"(2) the amounts certified by the Commission under section 505 for payment to each eligible candidate;

"(3) the amount of repayments, if any, required under section 507, and the reasons for each payment required; and

"(4) the balance in the Presidential Election Campaign Fund, and the balance in the Senate Fund and any other account maintained in the Fund.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Commission is authorized to prescribe such rules and regulations in accordance with the provisions of subsection (c), to conduct such examinations and investigations, and to require the keeping and submission of such books, records, and information, as it deems necessary to carry out the functions and duties imposed on it by this title.

"(c) Thirty days before prescribing any rules or regulation under subsection (b), the Commission shall transmit to the Senate a statement setting forth the proposed rule or regulation and containing a detailed explanation and justification of such rule or regulation.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 511. There are authorized to be appropriated to the Commission for the purpose of carrying out functions under this title, such sums as may be necessary.".

SENATE FUND

SEC. 3. Section 6096(a) of the Internal Revenue Code of 1986 is amended—

(1) by striking out "$1" each place it appears in that subsection and inserting in lieu thereof "$2"; and

(2) by striking out "$2" each place it appears in that subsection and inserting in lieu thereof "$4".

BROADCAST RATES

SEC. 4. Section 315(b)(1) of the Communications Act of 1934 (47 U.S.C. 315(b)(1)) is amended by striking the semicolon and inserting in lieu thereof the following: ": *Provided*, That in the case of candidates for United States Senator in a general election, as such term is defined in section 501(8) of the Federal Election Campaign Act of 1971, this provision shall apply only if such candidate has been certified by the Federal Election Commission as eligible to receive payments under title V of such Act;".

REPORTING REQUIREMENTS

SEC. 5. (a) Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end thereof the following new subsections:

"(d)(1) Not later than the day after the date on which a candidate for the United States Senate qualifies for the ballot for a general election, as such term is defined in section 501(8), each such candidate in such election shall file with the Commission a declaration of whether or not such candidate intends to make expenditures in excess of the amount of the limitation on expenditures for such election, as determined under section 503(b).

"(2) Any declaration filed pursuant to paragraph (1) may be amended or changed at any time within 7 days after the filing of such declaration. Such amended declaration may not be amended or changed further.

"(e)(1) Any candidate for United States Senator who qualifies for the ballot for a general election, as such term is defined in section 501(8)—

"(A) who is not eligible to receive payments under section 502, and

"(B) who either raises aggregate contributions or makes aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such Senate election,

shall file a report with the Commission within 24 hours after such contributions have been raised or such expenditures have been made or within 24 hours after the date of qualification for the general election ballot, whichever is later, setting forth the candidate's total contributions and total expenditures for such election. If such total is less than two times the limit, such candidate thereafter shall file a report with the Commission within 24 hours after either raising aggregate contributions or making aggregate expenditures for such election which exceed twice the amount of the limitation determined under section 503(b), setting forth the candidate's total contributions and total expenditures for such election.

"(2) The Commission, within 24 hours after such report has been filed, shall notify each candidate in the election involved who is eligible to receive payments pursuant to the provisions of this title under section 504, about each such report, and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(3) Notwithstanding the reporting requirement established in this subsection, the Commission may make its own determination that a candidate in a general election, as such term is defined in section 501(8), who is not eligible to receive payments under section 504, has raised aggregate contributions or made aggregate expenditures for such election which exceed the amount of the limitation determined under section 503(b) for such election or exceed double such amount. The Commission, within 24 hours after making such determination, shall notify each candidate in the general election involved who is eligible to receive payments under section 504 about each such determination, and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(f)(1) All independent expenditures, if any, (including those described in subsection (b)(6)(B)(iii)) made by any person after the date of the last Federal election with regard to a general election, as such term is defined in section 501(8), and all obligations to make such expenditures incurred by any person during such period, if any, shall be reported by such person to the Commission as provided in paragraph (2), if such expenditure or obligation is described in such paragraph.

"(2) Independent expenditures by any person as referred to in paragraph (1) shall be reported within 24 hours after the aggregate amount of such expenditures incurred or obligated first exceeds $10,000. Thereafter, independent expenditures referred to in such paragraph made by the same person in the same election shall be reported, within 24 hours after, each time the aggregate amount of such expenditures incurred or obligated, not yet reported under this subparagraph, exceeds $5,000.

"(3) Each report under this subsection shall be filed with the Commission and Secretary of State for the State of the election involved and shall contain (A) the information required by subsection (b)(6)(B)(iii) of this section, and (B) a statement filed under penalty of perjury by the person making the independent expenditures, or by the person incurring the obligation to make such expenditures, as the case may be, that identifies the candidate whom the independent expenditures are actually intended to help elect or defeat. If any such independent expenditures are made during the general election cycle, and if such candidate is eligible to receive payments pursuant to title V of this Act, the Commission shall, within 24 hours after such report is made, notify such candidate in the election involved about each such report, and shall certify such eligibility to the Secretary of the Treasury for payment of the amount to which such candidate is entitled.

"(4)(A) Notwithstanding the reporting requirements established in this subsection, the Commission may make its own determination that a person has made independent expenditures, or has incurred an obligation to make such expenditures, as the case may be, with regard to a general election, as defined in section 501(8), that in the aggregate total more than the applicable amount specified in paragraph (2).

"(B) The Commission shall, within 24 hours after such determination is made, notify each candidate in the election involved who is eligible to receive payments under section 504 about each determination under subparagraph (A), and shall certify, pursuant to the provisions of subsection (i), such eligibility to the Secretary of the Treasury for payment in full of the amount to which such candidate is entitled.

"(g)(1) When two or more persons make an expenditure or expenditures in coordination, consultation, or concert (as described in paragraph (2) or otherwise) for the purpose of promoting the election or defeat of a clearly identified candidate, each such person shall report to the Commission, under subsection (f), the amount of such expenditure or expenditures made by such person in coordination, consultation, or concert with such other person or persons when the total amount of all expenditures made by such persons in coordination, consultation, or concert with each other exceeds the applicable amount provided in such subsection.

"(2) An expenditure by one person shall constitute an expenditure in coordination, consultation, or concert with another person where—

"(A) there is any arrangement, coordination, or direction with respect to the expenditure between such persons making the expenditures, including any officer, director, employee or agent of such person;

"(B) in the same two-year election cycle, one of the persons making the expenditures (including any officer, director, employee or agent of such person) is or has been, with respect to such expenditures—

"(i) authorized by such other person to raise or expend funds on behalf of such other person; or

"(ii) receiving any form of compensation or reimbursement from such other person or an agent of such other person;

"(C) one of the persons making expenditures (including any officer, director, employee or agent of such person) has communicated with, advised, or counseled such other person in connection with such expenditure; or

"(D) one of the persons making expenditures and such other person making expenditures each retain the professional services of the same individual or person in connection with such expenditures.

"(h)(1) Every political committee, as defined in section 301(4), active in non-Federal elections and maintaining separate accounts for this purpose shall file with the Commission reports of funds received into and disbursements made from such accounts for activities which may influence an election to any Federal office. For purposes of this section, activities which may influence an election to any Federal office include, but are not limited to—

"(A) voter registration and get-out-the-vote drives directed to the general public in connection with any election in which Federal candidates appear on the ballot;

"(B) general public political advertising which includes references, however incidental, to clearly identified Federal as well as non-Federal candidates for public office; or which does not clearly identify Federal candidates but urges support for or opposition to all the candidates of a political party or other candidates in a classification or context which includes Federal candidates; and

"(C) any other activities which require an allocation of costs between a political committee's Federal and non-Federal accounts reflecting the impact on Federal elections in accordance with regulations prescribed or Advisory Opinions rendered by the Commission.

"(2) Reports required to be filed by this subsection shall be filed for the same time-periods required for political committees under section 304(a), and shall include:

"(A) a separate statement, for each of the activities in connection with which a report is required under paragraph (1), of the aggregate total of disbursements from the non-Federal accounts; and

"(B) supporting schedules, providing an identification of each donor together with the amount and date of each donation with regard to those receipts of the non-Federal account which comprise disbursements reported under subparagraph (A), provided, however, that such schedules are required only for donations from any one source aggregating in excess of $200 in any calendar year.

"(3) Reports required to be filed by this subsection need not include donations made to or on behalf of non-Federal candidates or political organizations in accordance with the financing and reporting requirements of State laws, or other disbursements from the non-Federal accounts in support of exclusively non-Federal election activities, provided that such donations or disbursements are governed solely by such State laws and not subject to paragraph (1) of this subsection.

"(i) The certification required by this section shall be made by the Commission on the basis of reports filed with such Commission in accordance with the provisions of this Act, or on the basis of such Commission's own investigation or determination, notwithstanding the provisions of section 505(a).".

(b) Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)) is amended by—

(1) inserting "except for purposes of reporting and disclosing, pursuant to section 304, such amounts in excess of $200," at the beginning of subparagraphs (v), (viii), (x), and (xii); and

(2) inserting at the end thereof the following:

"(C) The exclusions provided in subparagraphs (v), (viii), (x), and (xii) of paragraph (B) shall not be exclusions from the definition of contributions for purposes of reporting contributions as required by section 304, and all such contributions shall be reported.".

(c) Section 301(4) of the Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following:

"For purposes of this section, the receipt of contributions or making of expenditures shall be determined by the Commission on the basis of facts and circumstances, in whatever combination, demonstrating a purpose of influencing any election for Federal office, including, but not limited to, the representations made by any person soliciting funds about their intended uses; the identification by name of individuals who are candidates for Federal office, as defined in paragraph (2) of this section, or of any political party, in general public political advertising; and the proximity to any primary, run-off, or general election of general public political advertising designed or reasonably calculated to influence voter choice in that election.".

(d) Section 301(9)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)) is amended by—

(1) inserting "except for purposes of reporting and disclosing, pursuant to section 304, such amounts in excess of $200," at the beginning of subparagraphs (iv), (vi), (viii), and (ix); and

(2) inserting at the end thereof the following:

"(C) The exclusions provided in subparagraphs (iv), (vi), (viii), and (ix) of paragraph (B) shall not be exclusions from the definition of expenditures for purposes of reporting expenditures as required by this Act, and all such expenditures shall be reported.".

(e) Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by adding at the end thereof the following:

"(20) The term 'election cycle' means—

"(A) in the case of a candidate or the authorized committees of a candidate, the term beginning on the day after the date of the last previous general election for such office or seat which such candidate seeks and ending on the date of the next election; or

"(B) for all other persons, the term beginning on the first day following the date of the last general election and ending on the date of the next election.".

(f) Section 304(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(2)) is amended by striking out "for the reporting period and calendar year," and inserting in lieu thereof "for the reporting period and calendar year in the case of committees other than authorized committees of a candidate, and for the reporting period and election cycle in the case of authorized committees of candidates,".

(g)(1) Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended by striking out "for the reporting period and calendar year," and inserting in lieu thereof "for the reporting period and calendar year in the case of committees other than authorized committees of a candidate, and for the reporting period and election cycle in the case of authorized committees of candidates,".

(2) Section 304(b)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(3)) is amended—

(A) in subparagraph (A), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,";

(B) in subparagraph (F), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,"; and

(C) in subparagraph (G), by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,".

(3) Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by inserting after "calendar year," the following: "in the case of committees other than authorized committees or in excess of $200 within the election cycle in the case of authorized committees,".

(4) Section 304(b)(6)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(6)(A)) is amended by striking out "calendar year" and inserting in lieu thereof "election cycle".

(h) Section 301(13) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(13)) is amended by striking out "mailing address" and inserting in lieu thereof "permanent residence address".

(i) Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by adding before the semicolon at the end thereof the following: ", except that if a person to whom an expenditure is made is merely providing personal or consulting services and is in turn making expenditures to other persons who provide goods or services to the candidate or his authorized committees, the name and address of such other person, together with the date, amount and purpose of such expenditure shall also be disclosed".

LIMITS ON CONTRIBUTIONS BY MULTICANDIDATE POLITICAL COMMITTEES AND SEPARATE SEGREGATED FUNDS

SEC. 6. (a) Section 315(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(2)) is amended by—

(1) striking out "or" at the end of subparagraph (B);

(2) striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon; and

(3) adding at the end the following new subparagraphs:

"(D) to any candidate for the office of Member of, or Delegate or Resident Commissioner to, the House of Representatives and the authorized political committees of such candidate with respect to—

"(i) a general or special election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress (including any primary election, convention, or caucus relating to such general or special election) which exceed $100,000 ($125,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election), when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election); or

"(ii) a runoff election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress which exceed $25,000 when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such runoff election;

"(E) to any candidate for the office of Senator and the authorized political committees of such candidate with respect to—

"(i) a general or special election for such office (including any primary election, convention, or caucus relating to such general or special election) which, when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election) exceeds an amount equal to 30 percent of the amount provided in section 315(i); or

"(ii) a runoff election for the office of United States Senator which exceeds, when added to the total of contributions previously made by multicandidate political committees and separate segregated funds, other than multicandidate committees of a political party, to such candidate and his authorized political committees with respect to such runoff election, an amount equal to 30 percent of the limitation on expenditures provided in section 315(j), for runoff elections; or

"(F) to any State committee of a political party, including any subordinate committee of a State committee, which, when added to the total of contributions previously made by multi-candidate political committees and separate segregated funds, other than multi-candidate committees of a political party, to such State committee exceeds an amount equal to—

"(i) 2 cents multiplied by the voting age population of the State of such State committee, or

"(ii) $25,000,

whichever is greater. The limitation of this subparagraph shall apply separately with respect to each two-year Federal election cycle, covering a period from the day following the date of the last Federal general election held in that State through the date of the next regularly scheduled Federal general election.".

(b)(1) Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end thereof the following:

"(i) For purposes of subsection (a)(2)(E)(i), such limitation shall be an amount equal to 67 percent of the aggregate of $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that such amount shall not be less than $950,000, nor more than $5,500,000.

"(j) For purposes of subsection (a)(2)(E)(ii), such limitation shall be an amount equal to 20 percent of the aggregate of $400,000, plus—

"(1) in States having a voting age population of 4 million or less, 30 cents multiplied by the voting age population; or

"(2) in States having a voting age population over 4 million, 30 cents multiplied by 4 million plus 25 cents multiplied by the voting age population over 4 million;

except that such amount shall not be less than $950,000, nor more than $5,500,000.".

(2) Section 315(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(c)) is amended by—

(A) striking out "subsection (b) and subsection (d)" in paragraph (1) and inserting in lieu thereof "subsections (b), (d), (i), and (j)"; and

(B) inserting "for subsections (b) and (d) and the term 'base period' means the calendar year of the first election after the date of enactment of the Senatorial Election Campaign Act of 1987, for subsections (i) and (j)" before the period at the end of paragraph (2)(B).

(c) Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended—

(1) in paragraph (1), by striking out "(2) and (3)" and inserting in lieu thereof "(2), (3), (4), and (5)";

(2) by adding at the end thereof the following:

"(4) No congressional campaign committee may accept, during any two-year election cycle, contributions from multicandidate political committees and separate segregated funds which, in the aggregate, exceed 30 percent of the total expenditures which may be made during such election cycle by that committee on behalf of candidates for Senator, Representative, Delegate, or Resident Commissioner pursuant to the provisions of paragraph (3).

"(5) No national committee of a political party may accept contributions from multicandidate political committees and separate segregated funds, during any two-year election cycle, which, in the aggregate, equal an amount in excess of an amount equal to 2 cents multiplied by the voting age population of the United States.

"(6) The limitations contained in paragraphs (2) and (3) shall apply to any expenditure through general public political advertising, whenever made, which clearly identifies by name an individual who is, or is seeking nomination to be, a candidate in the general election for Federal office of President, Senator or Representative; provided that this paragraph shall not apply to direct mail communications designed primarily for fundraising purposes which make only incidental reference to any one or more Federal candidates.".

INTERMEDIARY OR CONDUIT

SEC. 7. (a) Section 315(a)(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(8)) is amended to read as follows:

"(8) For purposes of this subsection—

"(A) contributions made by a person, either directly or indirectly, to or on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate;

"(B) contributions made by a person either directly or indirectly, to or on behalf of a particular candidate, through an intermediary or conduit, including all contributions delivered or arranged to be delivered by such intermediary or conduit, shall also be treated as contributions from the intermediary or conduit, if—

"(i) the contributions made through the intermediary or conduit are in the form of a check or other negotiable instrument made payable to the conduit or intermediary rather than the intended recipient; or

"(ii) the conduit or intermediary is a political committee, other than an authorized committee of a candidate, within the meaning of section 301(4), or an officer, employee or other agent of such a political committee, or an officer, employee or other agent of a connected organization, within the meaning of section 301(7), acting in its behalf; and

"(C) the limitations imposed by this paragraph shall not apply to—

"(i) bona fide joint fundraising efforts conducted solely for the purpose of sponsorship of a fundraising reception, dinner, or other event in accordance with rules and regulations prescribed by the Commission by (I) two or more candidates, (II) two or more national, State, or local committees of a political party within the meaning of section 301(4) acting on their own behalf, or (III) a special committee formed by (a) two or more candidates or (b) one or more candidates and one or more national, State, or local committees of a political party acting on their own behalf;

"(ii) fundraising efforts for the benefit of a candidate which are conducted by another candidate within the meaning of section 301(2).

In all cases where contributions are made by a person either directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit, the intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient.".

INDEPENDENT EXPENDITURES

SEC. 8. (a) Section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 (17)) is amended by adding at the end thereof the following: "An expenditure shall constitute an expenditure in coordination, consultation, or concert with a candidate and shall not constitute an 'independent expenditure' where—

"(A) there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate's agent and the person (including any officer, director, employee or agent of such person) making the expenditure;

"(B) in the same election cycle, the person making the expenditure (including any officer, director, employee or agent of such person) is or has been—

"(i) authorized to raise or expend funds on behalf of the candidate or the candidate's authorized committees,

"(ii) serving as an officer of the candidate's authorized committees, or

"(iii) receiving any form of compensation or reimbursement from the candidate, the candidate's authorized committees, or the candidate's agent;

"(C) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated with, advised, or counseled the candidate or the candidate's agents at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office;

"(D) the person making the expenditure retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any services relating to the candidate's decision to seek Federal office;

"(E) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated or consulted at any time during the same election cycle about the candidate's plans, projects, or needs relating to the candidate's pursuit of election to Federal office, with: (i) any officer, director, employee or agent of a party committee that has made or intends to make expenditures or contributions, pursuant to subsections (a), (d), or (h) of section 315 in connection with the candidate's campaign; or (ii) any person whose professional services have been retained by a political party committee that has made or intends to make expenditures or contributions pursuant to subsections (a), (d), or (h) of section 315 in connection with the candidate's campaign; or

"(F) the expenditure is based on information provided to the person making the expenditure directly or indirectly by the candidate or the candidate's agents about the candidate's plans, projects, or needs, provided that the candidate or the candidate's agent is aware that the other person has made or is planning to make expenditures expressly advocating the candidate's election.".

INDEPENDENT EXPENDITURE BROADCAST DISCLOSURE

SEC. 9. Section 318(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d(a)(3)) is amended by deleting the period at the end thereof and inserting in lieu thereof the following: ", except that whenever any person makes an independent expenditure through (A) a broadcast communication on any television station, the broadcast communication shall include a statement clearly readable to the viewer that appears continuously during the entire length of such communication setting forth the name of such person and in the case of a political committee, the name of any connected or affiliated organization, or (B) a newspaper, magazine, outdoor advertising facility, direct mailing or other type of general public political advertising, the communication shall include, in addition to the other information required by this subsection, the following sentence: 'The cost of presenting this communication is not subject to any campaign contribution limits.', and a statement setting forth the name of the person who paid for the communication and, in the case of a political committee, the name of any connected or affiliated organization and the name of the president or treasurer of such organization.".

PERSONAL LOANS

SEC. 10. Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)), as amended by section 7 of this Act, is further amended by adding at the end thereof the following paragraph:

"(9) For purposes of the limitations imposed by this section, no contributions may be received by a candidate or the candidate's authorized committees for the purpose of repaying any loan by the candidate to the candidate or to the candidate's authorized committees.".

REFERRAL TO THE DEPARTMENT OF JUSTICE

SEC. 11. Section 309(a)(5)(C) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(5)(C)) is amended by striking out "may refer" and inserting in lieu thereof "shall refer".

EXTENSION OF CREDIT

SEC. 12. Section 301(8)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(A)) is amended by—

(1) striking out "or" at the end of clause (i);

(2) striking out the period at the end of clause (ii) and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following:

"(iii) with respect to a candidate for the office of United States Senator and his authorized political committees, any extension of credit for goods or services relating to advertising on broadcasting stations, in newspapers or magazines, by direct mail (including direct mail fund solicitations) or other similar types of general public political advertising, if such extension of credit is—

"(I) in an amount of more than $1,000; and

"(II) for a period of more than 60 days after the date on which such goods or services are furnished, which date in the case of advertising by direct mail (including a direct mail solicitation) shall be the date of the mailing.".

SEVERABILITY

SEC. 13. If any provision of this Act or any amendment made by this Act, or the application of any such provision to any person or circumstance is held invalid, the validity of any other such provision and the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

SEC. 14. (a) Except as provided in subsection (b), this Act and the amendments made by this Act shall become effective for any election in 1990 or thereafter.

(b) The amendments made by section 3, section 7, section 8, and section 9 shall become effective on the date of enactment of this Act.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JOHNSTON. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled to consider the following civilian radioactive waste disposal related bills: S. 1007, S. 1141, S. 1211 and S. 1266.

This hearing will take place on July 16, 1987 at 9:30 a.m. in room SD-366 in the Senate Dirksen Office Building in Washington, DC.

Those wishing to submit written testimony should address it to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510.

For further information, please contact Mary Louise Wagner at 202-224-7569.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, June 11, 1987, to receive testimony on the military implications of the administration's plan for United States military forces to protect "reflagged" Kuwaiti oil tankers and to receive testimony on H.R. 2533, a bill to require a report by the Secretary of Defense on the administration's plan.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, June 11, 1987, to continue hearings concerning oil and gas leasing in the Coastal Plain of the Arctic National Wildlife Refuge, Alaska.

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

ADDITIONAL STATEMENTS

OUTSTANDING MILITARY REPRESENTATIVES FROM COLORADO

● Mr. WIRTH. Mr. President, I would like to commend several young Americans who, through their outstanding military service to both our country and the State of Colorado, have recently been recognized at two important ceremonies in the State of Colorado.

The first of these ceremonies was a military awards luncheon in Colorado Springs, CO, on May 13, 1987. This presentation was the highlight of Armed Forces Week, sponsored by the Colorado Springs Chamber of Commerce.

Sgt. Gregory D. West, a member of an elite guard at the North American Aerospace Defense Command, was

named top service person in the E1 through E4 category. Sergeant West was also Airman of the Year in 1986 at Peterson Air Force Base in Colorado Springs, CO. Others receiving top honors in the E1 through E4 division were: A1c. Dirk O. McDowell, Academy Airman of the Year in 1986; Pvt.2 Brenda L. Landry, last year's Military Community Outstanding Woman at Hanau, Germany; and Sr. A Jeffery J. Bostford, U.S. Space Command's Junior Enlisted of the Year in 1986.

T. Sgt. Joeseph G. Santoro—NCO of the Year at Peterson AFB last year—was named best service person in the E5 through E6 division. Also receiving top honors in the E5 through E6 category were, Sgt. Marlon Merritt, runnerup to Division Support Command NCO last year, T. Sgt. Michael Sizemore, the Air Force Academy's NCO of the year in 1986; and T. Sgt. Diana L. Benefield, Headquarters NCO of the Year last year.

SFC Charles K. Moneypenny was named top serviceman in the E7 through E9 category. Moneypenny is an honor graduate of the Army Drill Sergeant School, and is presently stationed at Fort Carson in Colorado Springs, CO. Others receiving top honors in the E7 through E9 division were: M. Sgt. George W. Meadows Jr., Senior NCO of the Year in 1986 at the Air Force Academy; Sr. M. Sgt. John P. Cheyney III, the Senior NCO of the Year at Peterson AFB in 1986; and Sr. M. Sgt. Ronald E. Bennett, Senior NCO at the Space Command Center last year.

At the second ceremony, the 1987 commencement at the Air Force Academy in Colorado Springs, six cadets received top graduation honors in recognition of their high achievements in both academics and military performance. The Air Force Academy provides a balanced program of military training, academics, athletics, and character development. Recognized as one of the finest colleges in the Nation, the academy has produced 27 Rhodes Scholars in its 33-year history.

Cadet 1c. Jeffery M. Rhodes of Denver, CO, was named the outstanding cadet in military performance and outstanding group commander for the class of 1987. Rhodes' selection was based on exceptional leadership qualities, and the achievements of his group and overall control of his command.

Cadet 1c. Eric A. Boe was named recipient of the Civil Air Patrol Honor Roll Award. Cadet Boe's first active duty assignment will be at Shepard Air Force Base in Texas. He will join the prestigious Euro-NATO Joint Jet Pilot Training Program and will earn his silver wings after a year of intensive training.

Cadet 1c. Hoang Nhu Tran was named top academic performer for the class of 1987, graduating with an overall grade point average of 3.83. Cadet Tran is a Rhodes Scholar and the recipient of the Loyalty, Integrity, and Courage Award for the cadet who best exemplifies the highest ideals in those areas for the class of 1987.

Cadet 1c. Mark R. Arlinghaus has been named the outstanding cadet squadron commander for the class of 1987. Cadet Arlinghaus was selected for the honor based on his leadership qualities, his squadron's achievements while under his direction, and his overall control of the squadron.

Cadet 1c. Terrence A. Brown and Cadet 1c. Dale A. Holland were recognized as outstanding wing commanders. Both cadets have received special recognition for their exemplary leadership abilities during the 1986-87 academic year. Both Brown and Holland will have their names inscribed on the Glenn H. Curtiss Trophy, which is kept on display in the Arnold Hall lobby.

Mr. President, all of these outstanding young people deserve our congratulations and our gratitude for a job well done. I am certain that we will hear more from them in the years to come.

Let me also take the time to note that, among the 968 new graduates of the Air Force Academy, 45 of them are from Colorado. I ask that their names, their parents, and hometowns be included in the RECORD at this point.

The graduates from Colorado Springs are: James Earl Abbott Jr., son of Capt. and Mrs. James E. Abbott; Brett Eugene Berg, son of Maj. and Mrs. Eugene Berg; Michael Patrick Bettner, son of Mrs. Maurine Bettner; Jeffrey Carter Cliatt, son of Col. and Mrs. Edward R. Cliatt; Miles Davidson Dahlby, son of Mr. David M. Dahlby; Steven Craig Dufaud, son of retired Air Force Lt. Col. and Mrs. Paul Dufaud; Sharon Anne Hullinger, daughter of retired Air Force Lt. Col. and Mrs. W. Hullinger; Brenda Setsuko Lewis, daughter of retired Air Force SMSgt. and Mrs. Joe Lewis; Rodolfo Llobet, son of Mr. Rodolfo Llobet; Timothy John Matson, son of Mrs. Dianne B. Burdekin and Mr. Earl E. Matson; Carolyn Ann Moore, daughter of retired Air Force T.Sgt. and Mrs. Jessie Moore; Bruce Hubert McClintock, son of Mrs. Christine McClintock; Roger Stewart Pierce, son of Mrs. Liese Lotte Pierce; Don Lee Redford, son of retired Air Force SMSgt. and Mrs. Ivan Redford; Michael Joseph Russel, son of Mr. and Mrs. Robert Russel; Stephen E. Turner Jr., son of Mr. and Mrs. Stephen E. Turner Sr.; and Ezra Gene Vance, son of SMSgt. and Mrs. John E. Vance.

The graduates from Denver are: Rhett Leroy Butler, son of retired Air Force M.Sgt. and Mrs. G.R. Butler; Robert Vance Clewis, son of T.Sgt. and Mrs. Robert Clewis; Scott Alan Haines, son of Mr. and Mrs. William Haines; Kevin Charles Martin, son of Mrs. Glende Lea Martin; Michele Rene Morris, daughter of Mrs. Grace C. Morris; and Thomas Joseph Rotello, son of Mr. and Mrs. Rocco Rotello.

From Aurora, the graduates are: Floyd Wilson Dunstan, son of Mr. and Mrs. Floyd Dunstan; John Fontaine Erskine Jr., son of Col. John Erskine; and Robert Michael Morse, son of Mrs. Linda C. Morse.

The two graduates from Greeley are William Joseph Lamb, son of Mrs. Mrytle Lamb; and John Virgil Teague, son of Mr. and Mrs. John V. Teague.

From Longmont the Air Force Academy graduates are: Rex Carlton Heiby, son of Mr. and Mrs. Edward Heiby; and Steve Michael Kokora, son of Mr. Gerald Kokora and Mrs. Pete Peters of Boulder.

Graduates from additional Colorado communities include: Cholene Danielle Espinoza, daughter of Mrs. Sharolyn R. Johnston of Arvada; Richard Marvin Warner, son of Mr. and Mrs. Robert Warner of Littleton; Kent William Borchelt, son of Mr. and Mrs. William R. Borchelt of Evergreen; Daryl Thomas Brondum, son of Mrs. Shirley A.F. Brondum of Widefield; Farrell Beatty Howell Jr., son of Dr. and Mrs. F.B. Howell of Lakewood; Dee Ann Michelle Fouts, daughter of Mr. and Mrs. D.L. Fouts of Pueblo; Carlton Ashley Glitzke, son of Mr. and Mrs. Carl Glitzke of Manitou Springs; Tricia Ann Heller, daughter of Mr. and Mrs. William Heller of Broomfield; Gregory Copeland Johnston, son of Lt. Col. and Mrs. Thomas Johnston of Fort Collins; Dale Allen Holland, son of Mr. and Mrs. David Holland of Hooper; Patricia Mary Riccillo, daughter of Mr. John A. Riccillo of Grand Junction; Kirk Allen Schneider, son of Mr. and Mrs. Charles Schneider of Pine; William Edward Paige III, son of Dr. and Mrs. Peter L. Durante of Englewood; and Timothy Alfred Paige Jr., son of Mr. and Mrs. Timothy Paige of Lakewood.●

THE ORDER OF DAEDALIANS

● Mr. GARN. Mr. President, after the Armistice in 1918, World War I pilots of the military services discussed the creation of an organization that would perpetuate the spirit of patriotism, love of country, and the high ideals of self-sacrifice which place service to the Nation above personal safety or position. In addition, they wanted to perpetuate the memories, sad and pleasant, of their service in World War I which bound them together in that critical hour of their Nation's need.

On March 26, 1934, a representative group of World War I pilots established a national fraternity of military pilots and named it the Order of Daedalians after the mythological charac-

ter Daedalus, the first person to accomplish heavier-than-air flight.

The original constitution limited active membership in the order to those individuals in the Armed Forces of the United States who held commissions and ratings as pilots of heavier-than-air aircraft prior to November 12, 1918. There were approximately 14,000 pilots in this group. All are listed and considered "founder members," even though some did not, during their lifetime, participate as active members. Later the constitution was amended to provide "named memberships" for active or retired commissioned officers of the military services who are rated as pilots of heavier-than-air aircraft. They are named to the membership of our founder members, thereby insuring the order's survival even after the demise of all founder members. Over 100 of these "founder members" still live today to perpetuate the legacy of national air power. They serve as senior statesmen to the Daedalian fraternity—a group of over 16,500 commissioned military pilots from the Air Force, Army, Coast Guard, Marine Corps, and Navy.

Since World War I, Daedalians have been the exponents of air power as an instrument of national policy, and they have been the builders of our Nation's military and civilian air fleets. They work to insure that America will always be preeminent in air and space by encouraging flight safety, fostering an esprit de corps in the military forces, promoting military careers, and aiding deserving young people in specialized higher education through the establishment of fellowships.

I am proud to have served as a member of this fraternity of military aviators since 1975, and I am equally as proud to carry on the legacy for my founder member, Thomas G. Cassidy, a World War I ace credited with nine victories in aerial combat.

I rise today to recognize the Order of Daedalians and the contributions these great Americans have made to our Nation through the furtherance of air power and safety of flight. On June 10-14, Gateway Flight 26, Scott AFB, IL, will host the 1987 Daedalian Convention in St Louis, MO. This will be a special opportunity to celebrate the heritage of the order by honoring the "founder members" and presenting national awards to various members of the services and civilian airline community. The motto of the order will be richly upheld—"volabamus"—we flew; "volamus"—we fly.●

NAUM MEIMAN

● Mr. SIMON. Mr. President, Naum Meiman is still trying to cope with the loss of his beloved wife, Inna. Inna was allowed to leave the Soviet Union in hope of receiving critical medical treatment for spinal cancer. However, her release did not take place soon enough, because a short while after her arrival in the United States, Inna died. Naum was not allowed to accompany his wife during her difficult treatment, nor was he able to attend her funeral.

The Soviet Union has continued to cause Naum heartache. He has been an active member of the Helsinki Watch Movement for many years. Because of his political activism, Naum has been subjected to unnecessary harassment and religious persecution.

Naum's only wish is to emigrate to Israel. I strongly urge the Soviet Union to allow Naum an exit visa.●

SOUTHEAST ASIA REFUGEE PROGRAM

● Mr. HATFIELD. Mr. President, next week will be a very important week for those of us who believe the U.S Government should recommit itself immediately to a generous and humane refugee program in Southeast Asia. Secretary Shultz will be meeting with ASEAN Foreign Ministers to discuss many issues, foremost of which in my view is the hardening of attitudes of first-asylum and resettlement countries toward the region's 400,000 refugees. The timing of this conference coincides with last weekend's shelling of site II, a huge camp of Cambodian and Vietnamese refugees living along the Thai-Cambodian border, which resulted in yet more deaths and injuries to civilians. And despite the continued great needs of the Southeast Asian refugees, rumors are circulating that ASEAN countries will declare all refugees in the region "displace persons" and end the special protections which have been provided in the past. I have every reason to believe that the United States will not tolerate such an indiscriminate categorization of such diverse populations of people, nor permit the abandonment of thousands of people to whom the United States has a moral obligation.

Mr. President, the United States can exercise new and creative leadership by committing to Thailand and the other first-asylum countries a willingness to help share in the burden of Southeast Asia refugee camps by maintaining current appropriations and current resettlement levels for the rest of this decade. This is really the foundation of S. 814, the Indochinese Refugee Resettlement and Protection Act, which enjoys the cosponsorship of 18 Senators and the enthusiastic support of countless organizations and citizens throughout America. And the word on the bill is just getting out so I anticipate even broader support in the coming months. I ask that an editorial which appeared two Saturdays ago in the Minneapolis Star and Tribune entitled "To help Thailand help refugees," which states the problem and the solution in terms I wholeheartedly endorse, be printed in the RECORD.

The article follows:

TO HELP THAILAND HELP REFUGEES

The U.S. State Department reports the welcome news that 1,400 Hmong refugees held by Thai authorities in a remote prison camp have received vital medical and food supplies. That should relieve anxiety among Twin Cities residents who have relatives in the camp. But the refugees need more than temporary relief from starvation and disease. They deserve humane living conditions, access to international refugee officials and freedom from fear of forced repatriation. The United States has an important role to play in ensuring that Thailand meets those basic needs.

Like all front-line nations, Thailand bears a refugee burden it did not create and cannot control. More than 300,000 Cambodian, Vietnamese and Lao refugees remain in Thailand. In an apparent effort to discourage further Hmong migration from Laos, the Thais have made an example of the 1,400 people held at the remote Nan Pun camp. Refugee officials have been denied access to the camp on grounds that the Nan Pun Hmong are not true refugees but resistance fighters against the Lao government. The Hmong's only option, the Thais say is to return to Laos. Thailand apparently strives to make that option more appealing by providing inadequate care at Nan Pun. The Thais also have forcibly repatriated more than 100 Hmong to Laos.

A first rule of international refugee agreements is that all who seek should be provided "first asylum." In a recent speech, Ambassador Jonathan Moore, U.S. coordinator for refugee affairs, explained first asylum: "When a flood of humanity surges across a border, it matters little whether the persons arriving are legally eligible to be considered refugees. . . the response is to care for them, provide them the necessities of life and sort out identities, priorities and criteria later." Thailand has fallen grossly short of that standard. It must be pressed to improve.

The United States should do much of the pressing. It helped create the problem by sending confusing messages on American refugee policy. With its initial open door for refugees from Southeast Asia, the United States encouraged emigration from Cambodia, Thailand and Laos—then tightened its criteria and left first-asylum nations with large refugee camps and no way to empty them. Thailand needs help in providing extended first asylum, and it needs assurances that U.S. refugee admissions will not shrink severely through the next several years.

Sen. Mark Hatfield and Rep. Chet Atkins have authored a bill that would provide what Thailand needs. In addition to financial aid for Thailand, the bill would guarantee reasonable refugee quotas for Southeast Asia through 1989 to help drain Thai camps of their long-term residents. It would also give control of refugee programs in that region to the State Department. The Immigration and Naturalization Service has proven too slow and too prone to reject admission requests.

Immediate action is needed on the Hatfield proposal. Thai officials say they will close all refugee camps on July 1, raising the possibility of mass forced repatriation. But they've also said they support the Hatfield legislation and implied they will review their decision should it pass Congress. Although the legislation enjoys strong, bipar-

tisan support from the Minnesota congressional delegation, it has failed to advance in either House or Senate. Minnesotans should encourage the delegation to redouble its efforts for quick passage.

Mr. HATFIELD. I also would like to bring to the attention of my colleagues two other pieces which are relevant to the upcoming ASEAN discussions and which contribute to the debate on the future of a U.S. refugee program in Southeast Asia, and ask that they be printed in the RECORD.

The material follows:

REFUGEES AND FOREIGN POLICY: IMMEDIATE NEEDS AND DURABLE SOLUTIONS

(Ambassador Jonathan Moore, U.S. Coordinator for Refugee Affairs at the John F. Kennedy School of Government, Harvard University)

I

I have an irritation and a dilemma which have distracted me into this speech, so to speak. For a long time it has bothered me to hear people talking about how important it is to keep their favorite cause out of politics—currently, as in: "We can't let humanitarian assistance to refugees be dominated by foreign policy interests." And both in my political experience before coming to the Institute and the Kennedy School and in my reflection while here I have come to be extremely wary of single issue, special interest groups—but what do I do now that I'm involved with one? Even though I know what is meant about politics corrupting goodness and the value of concentrated advocacy, I have tended to view politics as a necessary way of getting from here to there and to be more comfortable approaching public policy as the reconciliation of a variety of contending needs.

I've been trying to work out in my own mind what refugee policy should be, if there is such a thing, and more particularly what role it plays within larger international contexts, what the relationship is—reciprocity—between refugees and foreign policy. But before laying out even some elementary propositions, in order to have an idea what we're talking about let's first explore the anatomy, the topography, of refugee phenomena in the world, and review responses and remedies pursued by the international community, including the United States, to deal with them. In doing this, we can start to test two principles which I have in mind at the outset: first, that the commitments we engage and the insights we gain from attending to some of the urgent needs of refugees and enriching our society by bringing some of them here can help enlighten our foreign policy as a whole; second, that there can be found more affinity and mutual reinforcement than conflict or contradiction among the various components constituting a comprehensive U.S. approach to the world's challenges.

So I will take a quick yet exhausting global tour of refugee problems, causes, characteristics, programs and trends; then consider the efforts undertaken to address the immediate needs of refugees in place and the three so-called "durable solutions" to deal with refugee populations over the longer run; and finally examine what needs to be done to get at the root causes which generate and perpetuate refugees—where the refugee-foreign policy relationship is fully revealed and challenged.

II

Currently, there are over 10 million refugees across the globe—and millions more who are displaced or "at risk" in "refugee-like circumstances." For example, in Mozambique approximately 5 million people, one-third of the entire country, have been placed at risk by a savage civil war which is currently tearing that country apart, yet only one-tenth of that population is outside of Mozambique. Malawi is host to some 150,000 Mozambican refugees, with expectations there will be over 200,000 by this year's end; the Republic of South Africa has within its borders approximately 200,000. All of the countries surrounding Mozambique are impacted, as are those countries which abut Angola. In Ethiopia, warfare, repressive government policies such as forced resettlement, and tribal persecution have forced well over one million people into exile. There are some 450,000 Ethiopian refugees in neighboring Somalia. Sudan is host to some 650,000 refugees from Ethiopia, plus several hundred thousand more from Uganda and Chad. In Africa especially, refugee movements driven by insurgency wars have been exacerbated by drought, famine, and economic frailty.

The biggest single generator of refugees has been the invasion by the Soviet Union of Afghanistan. Almost one-third of that country's pre-1979 population has sought asylum, some 2.8 million of its citizens in Pakistan and almost 2 million in Iran—almost twice the number of refugees as in all of Africa.

In Southeast Asia, the turmoil following the Vietnam War has sent 1.3 million refugees out of Vietnam, Laos and Cambodia. The flow of boat people leaving Vietnam continues today, averaging some 20,000 people annually, and smaller numbers of refugees continue to leave Cambodia and Laos. Thailand is the most heavily impacted country in the region with some 130,000 refugees in first asylum, and a population of some 260,000 Cambodian "displaced persons" located in camps near the Thai-Cambodian border fleeing from and warring against an occupying power.

The longest existing refugee situation in the world, of course, is that of the Palestinians in the Middle East, refugees since 1948. There are now more than two million refugees residing in Lebanon, Israel, Jordan and Syria, caught stateless, fleeing and fomenting violence, some seething, some captive in their own land, now starting a third generation.

Refugees from Eastern Europe and the Soviet Union including Jewish emigres continue to seek asylum and are received through well-established procedures in both Western Europe and in the other major resettlement countries: Australia, Canada, New Zealand, Israel and the United States. Since 1975, 185,000 of these people have sought a new life in this country. The flow continues, held in check by restrictive emigration policies of the Communist Bloc countries. As new influxes to Europe from Africa and the Near East—Iran, Iraq, Ethiopia and other parts of Africa—seek asylum, the question of how to process their requests and what to do with those rejected from asylum status is becoming increasingly difficult and politically disruptive.

In Central America, the total number of acknowledged refugees in first asylum within the region is 230,000, fleeing persecution and war, economic and social dislocation, insurgency-intricated in various ways.

It has been said that refugees are "human rights violations made visible." They live in dislocated, deprived, marginal, ambiguous circumstances with bleak futures. Most remain victims of violence—in the countries they have fled and the wars they sometimes bring with them, from hostile local populations and their own incipient factionalism. They usually go to countries which are extremely impoverished themselves—the average per capita GNP for the primary nations of first asylum is $822.

An ambitious international system of multilateral and bilateral programs utilizing a huge far-flung array of collaborators administers crucial assistance to refugees. These services include life-sustaining support, food, water, shelter, medical supplies and health aid, education, protection and security, development and impact assistance, representation and negotiation to improve immediate and future treatment of refugees, and resettlement. The partners in the effort include multilateral agencies led by the United Nations High Commissioner for Refugees; international organizations such as the International Committee of the Red Cross and the Intergovernmental Committee for Migration; a multitude of non-profit, non-governmental, voluntary agencies with enormous commitment and skill; and nation-states who receive refugees in first asylum, donate money, resettle refugees, and even in some instances facilitate their return. The United States has sustained its leadership in providing humanitarian assistance across the globe through a traditional, bipartisan commitment as a major donor and resettlement state, having welcomed well over a million refugees since 1975. This international enterprise has saved and continues to save millions of lives, and supports the continued provision of first asylum. It is heroic, absolutely essential, and inadequate.

Trends in refugee affairs include: a "tightening up" of formerly open and generous policies by many first asylum countries; increasing pressure on states hosting large numbers of refugees for scarce resources and services; a tailing off of admissions and funding by resettlement and donor countries, including the United States; a proportional increase of economic migrants and illegal immigrants—aided by better communications and transportation technology crossing increasingly distant boundaries—as distinct from victims of persecution per se; a downward yet continuing flow of refugees from Vietnam, Afghanistan and Ethiopia; a shift of emphasis from reliance upon resettlement to pressing for repatriation of refugees; increased arrivals of third world asylum-seekers into Western Europe and North America; and a continuation of population increases outstripping development. We can expect a rise in international migration during the balance of this century and beyond of people seeking one, employment, and two, physical safety.

When a flood of humanity surges across a border, it matters little whether the persons arriving are legally eligible to be considered refugees, or displaced persons, or persons of concern under the High Commissioner for Refugees' extended mandate, or just plain hungry, sick, fearful people—the response is to care for them, provide them the necessities of life itself, and sort out identities, priorities and criteria late. But the question of how to define a refugee is a major concern, as it has implications for a country's immigration and asylum policies, as well as for its attitude toward refugee assistance. Definitions are subject to the political interest of

various parties, and people of similar origins and in similar conditions may be labeled differently. Definitions tend ultimately to be more prescriptive than descriptive.

The most commonly held definition of a refugee is that found in the 1951 Geneva Convention and its accompanying 1967 Protocol, which define a refugee as a person outside his or her country of habitual residence who cannot or will not return "because of a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion." This is the definition that the United States adheres to when considering an individual for admission to the U.S. as a refugee. Other definitions are considerably more inclusive. For example, the Organization of African Unity extends beyond the "well-founded fear of persecution" criterion to include "every person who, owing to external aggression, occupation, foreign domination or events seriously disturbing public order in either part or the whole of his country of origin or nationality, is compelled to seek refuge in another place outside his country or nationality."

This broader definition is important, given the need to provide immediate assistance, and to continue to provide care and protection for an extended period of time. Our own laws facilitate this definition, allowing international assistance funds from the U.S. to flow flexibility. Our Migration and Refugee Assistance Act of 1962 provides the authority for assistance in place, as opposed to resettlement, without defining refugees specifically, but allowing, for instance, contributions to the UNHCR for assistance to "refugees under his mandate or persons on behalf of whom he is exercising his good offices" and for meeting unexpected urgent refugee and migration needs."

III

The international refugee effort concentrates its efforts—not exclusively but primarily—on immediate assistance to refugees in place, in first asylum, where the need for help occurs first and is the most acute. The capacity to provide this help effectively has improved in recent years and can be the difference between life and death, although in some instances access to the suffering populations can't be achieved and in others the help provided is very meager. What are the barriers and the limits to such assistance? What are the pressures and dangers of refugee life in camps and settlements, and how permanent are these "temporary" sanctuaries? Most refugees want above all to return to their homes, yet conditions of safety and stability enabling them to do so remain elusive.

The behavior of the receiving country is the most significant variable. The response of the international community—advanced by the UNHCR—is next, but usually is available and reliable. Receiving countries have security, political, economic and cultural interests and values which together will determine what their response will be. Often it is most generous and patient. Naturally, internal political stability, conflicts with neighboring states, the relationship of the given refugee population to insurgency ambitions or apprehensions, old ethnic rivalries, contrasts in standard of living, and consideration of foreign alliances and assistance will play a role in determining the refugee policies of the host nation. The whole experience of refugees is an intense mix of dedication and exploitation, and this is where it begins. Perceptions of first asylums are sometimes determined by distance—what looks like a politically persecuted refugee from far away may appear more like an illegal immigrant up close, or as a hard-boiled American politician of local renown once put it, "It's easier to be liberal further away from home."

The negative economic and political impact on local goods, services and populations, despite substantial imports of outside assistance—the burden of the host country of large refugee influxes staying for long periods—is intensive, divisive and destabilizing. Consider the effect of having well over two million needy Afghans settle "temporarily" in Pakistan for over six years, where even before their arrival the per capita GNP was less than $400.

To try to soften the impact of massive refugee influxes, the U.S. and the international community have developed a variety of programs aimed at encouraging self-sufficiency among refugee populations, and providing assistance to local populations disrupted by the refugees' arrival. These programs range from reforestation, irrigation, and road building projects with the World Bank in Pakistan, to water projects and direct food supplements to affected villages in Thailand. In El Salvador and Uganda, U.S. aid programs help repatriated refugees and returned displaced persons in resettlement and agricultural self-sufficiency projects. In Lebanon, UN agencies offer food and medical supplies to needy local communities in addition to those suffering within the refugee camps.

What are the conditions of the refugees who stay in camps or settlements for protracted periods of time? Their situation can differ widely. For some, refugee camps are closed—that is, the refugees are not allowed to leave the camps and are densely concentrated. For others, they may be distributed in more open settlements and permitted to have some access to the markets and jobs of the host country. The psyche shrivels and the morale wanes faster, of course, in the former instance. The fabric of life generally in refugee camps is characterized by all sorts of pathology, despite the courage, will and resilience of their inhabitants: disruption and disorientation, dependency, apathy, powerlessness, loss of self-esteem, claustrophobia, pressure on the family, deterioration of authority structures, and the random violence which follows. The longer refugees remain refugees the more these characteristics are intensified, moral strength is sapped, frustration sets in. Anger and hate can grow and multiply, and the potential for "Palestinization"—a profoundly tragic term even if the phenomenon was never repeated—increases, as perhaps in the case of the 260,000 Khmer displaced persons along the Thai border, the 2.8 million Afghans in Pakistan, or even the 400,000 Oromo and ethnic Somalis from Ethiopia in Somalia since 1979.

So immediate, "emergency and temporary" assistance is critical. We can never fail to provide it and for as long as it takes, but it cannot become permanent, it's a wasting option, and its unrelieved, unliberated continuance is both unacceptable and probable. What happens next? Are there effective possibilities which lie between taking care of the emergency, and attacking the root causes of refugee problems? This brings us the three classical "durable solutions" which the international community relies on as long-run alternatives to immediate assistance in place:

Repatriation—the voluntary return to the country from which the refugees fled;

Local integration—establishing new homes in the country of first asylum; and

Third country resettlement—transporting and transplanting refugees to a distant country where there is the opportunity to begin a new life.

How dynamic, how viable, how extensive are they?

Resettlement to a third country ideally should be the last option to be considered. This is difficult for the strongest among us, extremely so for refugees who often lack the resources, education or adaptability for a new environment. To make such a transition a success requires a tremendous effort both on the part of the refugees and those taking them in. The process is difficult, it is expensive, and many cannot meet the restrictive eligibility requirements necessary to qualify for permanent admission to third countries. There is also the risk that resettlement itself will be seen as a route for migration, a "magnet effect" which attracts further refugee flows.

This is not to say that resettlement does not remain a viable option for a limited few, a necessary component in the mix of solutions needed to cope with problems as we seek other solutions. It is not to say that many refugees do not make the transition successfully, and flourish in their new homes. The U.S. has been the world's leader in resettling refugees from distant lands, particularly Indochina, from where over 800,000 refugees have arrived in the past 11 years, adding rich new thread to the fabric of the American tapestry. But as a solution with broad applicability, resettlement has reached a plateau, and will fall off. We will continue to resettle refugees, as will other countries who have generously opened their doors to those in need. About one-third of the U.S. refugee assistance budget for FY 87 of $340 million goes for resettlement of roughly 65,000 refugees in this country—and about two-thirds for international assistance for roughly 10 million refugees in place. Resettlement can be a solution for only about one percent of the world's refugees.

First asylum countries around the world are currently among the poorest in their own right, and are often struggling under the burden of newly arrived populations in need of assistance. Although their response has been remarkable, in the long run they are unlikely to be able provide significant opportunities for the second durable solution—permanent local integration—of large numbers of refugees. Exceptions where hospitality has been warm and in-country integration has worked well can be found, especially in Africa where hundreds of thousands of refugees have found new homes in Burundi, Rwanda, Sudan, Tanzania, Uganda, Zaire, and Zambia. But even in Africa, things are beginning to constrict, countries are becoming less willing or their fragile economies less able to bear the weight of new populations. In Southeast Asia, where first asylum countries, supported by efforts of the UNHCR and the resettlement countries, have granted refugees asylum for more than a decade with no end in sight, there are accumulating pressures, and early prospects for refugees settling in the region are not bright.

Voluntary repatriation, the most desirable traditional durable solution, is also often the most difficult to achieve. For a person to be willing to return home, the conditions which forced him or her to become a refugee in the first place must be resolved. All too frequently, the causes of refugee flight

are intractable, and unlikely to disappear soon.

Some repatriation is taking place, and the UNHCR is taking the lead with attempts at cooperation by certain members of the international community. As a goal, we believe that more situations where repatriation is possible must be encouraged and will develop. In Africa, again, voluntary repatriation is a natural and active phenomenon. Over a dozen different repatriations there are occurring now or have recently, either spontaneously or assisted by the UNHCR or other organizations. Large numbers of refugees have repatriated to Ethiopia from Sudan, Somalia, and Djibouti; to Chad from the Central African Republic, Sudan and Cameroon; and to Uganda from Rwanda, Sudan, and Zaire. So there are ebbs as well as flows—although they are not symmetrical given the stubborn disruptions across major portions of the continent, and Africa is an exception in this respect to begin with.

What is key to recognize is that the three classical durable solutions, while important and valuable options in managing refugee situations, are today limited and insufficient in and of themselves. If we are really serious about aiding people who have reached such a state of fear and discouragement that they are willing to abandon everything, we must not only "manage" refugees once they arrive in first asylum and press all three durable solutions, but also find ways to achieve conditions which allow them to stop being refugees and to prevent them from becoming refugees in the first place.

IV

We have come to the final and fundamental two questions. Do nation-states, individually and in concert, have the imagination and the political will to address effectively the root causes of the refugee problem? Can refugee issues be reconciled with other forces and interests in the formulation of U.S. foreign policy? "Wouldn't it be pretty to think so?" said Jake to Lady Brett in response to her romantic projection of the future on the last page of the Sun Also Rises.

We have already confronted and accommodated many juxtapositions of refugee issues and foreign policy needs in getting to this stage of our discussion, but in addressing root causes, the interrelationship—which is a complex, dynamic, inevitable, and critical one—is most tested. Refugee consequences tend to be the result rather than the aim of foreign policy thrusts; refugees tend to become a foreign policy issue when they happen, they are not deliberately provoked; they tend not, as an original matter, to be a significant factor in policy-making—the fact that they can become a horrendous by-product may suggest this should change.

Foreign policy strategies affect refugee interests and refugee realities infect foreign policy in a variety of ways; refugees tend to be highly impactful in international relations. The decision to be a refugee is a political statement differentiating between countries, and the decision to grant asylum, aside from humanitarian motivation, can be seen as a hostile act by a neighbor. The same nation-states which are providing significant humanitarian assistance to refugees may at the same time be pursuing policies that have the effect of generating refugees. Refugees are volatile, sometimes prone to destabilizing activity; they are vulnerable, sometimes subject to destructive exploitation. They are burdensome and intrusive in terms of economic and social progress, affecting international resource competition and allocation. They often participate in insurgencies which are international by the fact of their location on the other side of an international border and by the support they may receive from foreign sources, posing crucial foreign policy decisions. The fact that they are freedom fighters does not mean that they aren't also refugees, the definitions are frequently combined or blurred; and the relatives and camp followers are even harder to type—are they coconspirators, hapless pawns, or innocents, and what should be done with them? External aggression creates refugees which then have to be dealt with, as in Afghanistan and Cambodia. Refugee populations may themselves become powerful factors in regional struggles, such as the Palestinian refugees. Interested countries have to decide what weight to give aid to refugees or to refugee-affected states; whether to try to change or prevent change in governments tied up with refugee problems to support or oppose refugee insurgencies, to press for first asylum or repatriation at the cost of other interests. Trade policies, security needs, deficit-fighting initiatives—all can influence or be influenced by refugees.

So much for the interdependence; what are the root causes which our foreign policy would have to address in order that refugee phenomena be radically alleviated? It is an intimidating list, particularly if you even pause to consider what might actually be done about its entries, which essentially divide into three clusters, each threatening, constant, and widespread: (1) war and violence—a huge number of continuing armed conflicts in various areas of the world; (2) the brutal violation and abuse of human rights, systematic and particular, in most of the countries of this planet; and (3) the ruthless disparity of rich and poor, or more precisely, grinding poverty brought on by various natural and manmade causes, again suffered by most of the world's peoples. As a hypothetic exercise, calculatingly if not redemptively indulgent of refugee needs, if foreign policy could work magic, what would it effect? What if those of us seized with refugee issues could have our druthers and behave as if they were the only problems we had to worry about? What if we did not have to contend with conflicting policy interests, if foreign policy was in fact refugee policy, which of course is not so, and what other interests might be served and problems lessened in doing so?

We would try to bring to an end insurgencies and military occupations—in Afghanistan and Cambodia, in Mozambique and Angola, in Nicaragua and El Salvador. We would try to terminate the traffic in arms around the world. We would press closed societies harder for legal emigration accords eliminating the need for dangerous flight and for agreements providing safe voluntary repatriation. We would greatly increase our economic development aid to help remove the seeds both of economic migration and the kinds of disequilibriums that bloom into refugee-generating situations. Radical efforts would focus on aiding those countries wallowing in economic morass to build viable economies capable of providing opportunities for their people, staving off both the specter of true hunger and the hunger for a better life elsewhere. If this, our Panglossian mission, were successful, citizens in all countries would be provided access to the political institutions which influence their destiny, fear of perscution and repression would have no place in the human condition, and true democracy, religious tolerance, and economic freedom would reign.

So much for dreaming—although it does reveal the profoundness of our problems, the near daunting challenge even of how to begin to address them, the commonality of refugee and other less esoteric aspirations, and how improbable it is that all this will come about. In order to advance refugee policy not at the expense of but within the pluralism of foreign policy, what is required is elevation and integration.

Refugee values should play a more influential role at the higher levels of macropolicy making and in the competition of forces which determines its shape. Refugees are just one facet in the multi-faceted competition among legitimate interests which must be coordinated and reconciled in the molding of foreign policy. To move toward affecting those conditions so as to bring relief to the world refugee situation, refugee interests should become more, not less, political, more relevant and less isolated, if they are to influence the scale of foreign policy decision making in their favor. Specifically, this must be achieved in deliberations with those officials responsible for regional and bilateral relationships in the State Department and with the NSC staff; in representations with nations abroad and with multilateral agencies; in program design and budget planning across the executive branch; in intensive consultations with Congress; in public education; and finally, in relations with voluntary agencies, churches, state governments, resettlement communities, and ethnic organizations. Accepting the narrow view or the narrow management of refugee interests is self-defeating in two ways: it denies reality and falsely inflates expectations, and it locks into a parochialism where you are constantly chasing your tail and losing ground.

To come back from where we started tonight, we must seek affinity and mutual benefit—this is both idealistic and sophisticated, and it had better be both. The task is extremely arduous, almost futile, requiring affirmation and resoluteness, rejecting complacency and cynicism. First, by actively inserting refugees into the fray of competing interests with influential actors, there is a higher possibility of arriving at a policy that will be less likely to generate or exacerbate refugees. Second, if a policy is decided upon which has refugee consequences, it will be with foreknowledge, and responsible officials will be better prepared to deal with the results. Third, engagement with these humanitarian concerns will serve to enlighten policy makers generally at a level where critical decisions are made, presumably to the benefit of other interests as well.

Thank you.

[From the Bangkok Post, Apr. 3, 1987]

U.S. SENATOR RAPS REFUGEE EXPULSION

(By Pornpimol Kanchanalak)

WASHINGTON.—Thailand's recent expulsion of H'mong refugees to Laos came under fire at a US Senate sub-committee hearing at which a Republican senator suggested aid to Thailand be tied to Bangkok's treatment of refugees.

Refugee officers at the US Embassy in Bangkok were also strongly criticised for not doing their job of refugee protection.

At a hearing of the Senate Appropriations Committee's sub-committee on foreign operations last week, the latest expulsion of 38 H'mong "illegals" from Ban Vinai camp dominated the entire discussion when the

panel took up the administration's proposed budget for migration and refugee assistance programmes for fiscal 1988.

Senator Bob Kasten (Rep-Wisconsin) voiced strong concern at what he termed the "beginning of a pattern" of Thai treatment of refugees. He suggested a letter of protest from the US did not suffice and that the foreign assistance budget be tied to Thailand's actions on refugees.

Mr. Kasten said the expulsion was aimed at putting pressure on the US. "Thailand should be told they will not win military aid or economic aid with this kind of action, but the opposite is going to be true." he said.

Testifying before the panel, Ambassador Jonathan Moore, US coordinator for refugee affairs and director of State Department's Bureau for Refugee Programme, said the H'mong repatriation was intended to attract US attention.

Thailand had been burdened with a huge number of refugees for several years and had behaved admirably and patiently and worked hard with the US as well as the UNHCR, he said.

Mr. Moore said Thailand had security problems to worry about and discontent among its own displaced people.

In reply, Mr. Kasten told Mr. Moore bluntly not to make excuses on behalf of Thailand for its "unjustifiable actions."

Senator K. INOUYE (Dem-Hawaii), acting chairman of the sub-committee, asked why US refugee officers in Bangkok were not present when the expulsion took place.

Earlier, Senator Mark Hatfield (Rep-Oregon), in his speech to a religious organisation, was quoted saying his staff members had made more visits to Thai refugee camps than some refugee officers at the Bangkok embassy.

The panel also discussed the number of "carryover" refugees, which has recently dropped significantly. The discussion centered on the poor performance of the Immigration and Naturalization Service in processing refugees for resettlement.

The "Carryover" issue is one of the many differences of the many differences between Thailand and the US. Thailand starts the counting when the refugees leave Thailand while the US begins counting when the refugees set foot on US soil.

The problem is there is a time lag of six months when refugees are sent to the training camp in Bataan, the Philippines. The result is only refugees who leave Thailand during the first six months of a fiscal year will be resettled in US in the same fiscal year. Refugees processed during the second half of each fiscal year will be carried over to the next year. This creates confusion. The drop in the carryover figure indicated the delay of the INS processing procedure.

Congressional and State Department sources told the Bangkok Post they knew there have been efforts to tie the refugee issue to foreign assistance, but they were surprised that is was brought up by the Appropriations Committee so soon.

State Department officials and Mr. Hatfield strongly opposed the attempt, reasoning it would reduce the flexibility of the US in dealing with the refugee problem and that the problem stems from the lack of a firm and tangible commitment on the part of the US itself.

The administration requests $314.5 million in 1988 fiscal year for the migration and refugee assistance programme, a decrease of about $10 million.

Of this amount, $28 million is being sought for refugee assistance in Thailand, including $1 million for anti-piracy efforts.

Mr. HATFIELD. The first is an article from the front page of the April 3 edition of the Bangkok Post entitled, "U.S. Senator raps refugee expulsion." This article accurately relates a dialog which took place at a March hearing of the Foreign Operations Subcommittee of the Appropriations Committee when my colleague, Senator KASTEN, voiced concerns a number of us share involving the March pushback of scores of Hmong refugees. Senator KASTEN, the former chairman of the subcommittee, knows the issues well and he articulated them well with his customary zeal and emotion. He cares about the refugees of the region and has worked to ensure adequate funding for U.S. programs. While some may disagree on whether aid to Thailand should now be conditioned to the Thai refugee performance, all of us share his concern that no further pushbacks occur.

In this article the current chairman of the subcommittee, Senator INOUYE, with whom I have joined in past efforts to improve protection of Vietnamese land people at Site II, again distinguished himself as a champion of refugee protection. I am deeply grateful for the leadership and expertise he has exhibited over the years, and I look forward to working with him this year to carry on one of America's proudest programs. If this first hearing is an indication of the close scrutiny the chairman is going to give U.S. efforts and first-asylum countries' performance, then the Congress will benefit greatly from his role as custodian of U.S. refugee policy.

The Bangkok Post article goes on to discuss one of the underlying issues dividing the U.S. and Thailand on refugees—the carryover problem—and I commend it to my colleagues' attention.

Finally, Ambassador Jonathan Moore, the U.S. Coordinator for Refugee Affairs, delivered a thoughtful speech on April 6, 1987, at Harvard University. This speech evidences Ambassador Moore's compassion and intellect, and I hope it receives the attention it deserves. All of us who look to the United States for continued leadership in addressing the needs of refugees in the world will continue to look to Ambassador Moore for courage and boldness in ushering in the needed recommitment.

Recently he visited Minnesota and was asked about S. 814 and he said:

> The motivation and the purposes I share. I am very sympathetic. The Hatfield bill seeks to make a lot of major changes in the way the U.S. Government makes refugee policies and pursues refugee policies.

I am encouraged by Ambassador Moore's statement, and like all of my colleagues who feel the United States can be generous to a handful of refugees when it grants legal status to millions of economic migrants, the refugee ceilings for 1988 which he will propose to Congress will be the first real test of his leadership. I am very confident that he will be equal to this worthy challenge.●

BALTIC FREEDOM DAY

● Mr. RIEGLE. Mr. President, during the night of June 13-14, 1941, the secret police forces of the Soviet Union began a rampage of terror in the Baltic States of Lithuania, Latvia, and Estonia. In the span of a few hours, Soviet agents deported over 50,000 Baltic men, women, and childen to barren Siberian destinations from which few ever returned. With such genocidal terror, the Soviet Union destroyed the hard-won independence of the Baltic States in an occupation that continues to this day.

In recognition of these tragic events and in recognition of the Baltic peoples' ongoing struggle for freedom, the Senate has unanimously adopted Senate Joint Resolution 5, which I joined Senator D'AMATO in introducing, designating Sunday, June 14, 1987 as "Baltic Freedom Day." In so doing, the Senate, on behalf of the American people, reaffirmed United States solidarity with the people of Lithuania, Latvia, and Estonia in their quest for true liberty and independence.

This year, due to the bold action of a group of young Latvian human rights activists, Baltic Freedom Day will be marked in a special way. "Helsinki '86," the only Helsinki monitoring committee still operating in the Soviet Union, has announced that it will hold an unprecedented public ceremony in honor of the innocent victims of the June 1941 Soviet deportations. Inviting all other Latvians "who are not indifferent to our fate" to join them, the group plans a peaceful and legal ceremony of "a minute of silence and the placing of flowers" at the Monument of Freedom in Riga.

The Baltic people's desire to commemorate an event of such emotional and historical significance is a legitimate one. However, preparing and announcing even a simple ceremony in the Baltic republics is a true act of courage. Today, 46 years after the fact, the Soviet Government continues to deny that arbitrary deportations of Balts ever took place. Demonstrations, such as the one being organized in Latvia, have been suppressed in the past, and those who have called for official recognition of the deportations have been arrested as anti-Soviet agitators.

Clearly this Sunday's observance will reveal the true limits and depth of glasnost and the new spirit of openness which have been proclaimed by General Secretary Gorbachev. Just as clearly, "Helsinki '86" is depending on

Western attention to stay the hand of the KGB.

In a letter to General Secretary Gorbachev, delivered to the Soviet Embassy today, I and 16 of my Senate colleagues have called upon the Soviet leadership to allow this important gathering to take place unhindered, and to honor the participants' rights of free expression and assembly as guaranteed by the Constitution of the U.S.S.R. We have further called upon Mr. Gorbachev to promptly release three prominent Baltic prisoners of conscience: Balys Gajauskas of Lithuania, Gunars Astra of Latvia, and Mart Niklus of Estonia. The text of this letter is being broadcast today to the Baltic people by the "Voice of America."

Through this action we have served notice to the Kremlin that its policies in the Baltic republics are closely observed, and that the American people will not hesitate to speak out when the rights and liberties of the Baltic people are violated.

It remains to be seen whether Mr. Gorbachev's commitment to reform Soviet society is genuine. Nevertheless, we must recognize that glasnost may bring some positive changes to the Baltic republics. The actions of "Helsinki '86" show that Baltic nationalists will test the new mood of openness by publicly voicing their beliefs. It is our hope that they will also be able to use the opportunities afforded by the new reforms to assert the primacy of their national cultures and decrease the abuse of human rights. Through our public support and pressure, we can help these activists in their efforts to transform glasnost into meaningful change for the Baltic nations.

Mr. President, I ask that the statement of the Latvian Helsinki Monitoring Group "Helsinki '86," announcing their planned demonstration in Riga, Latvia, on Sunday, June 14, 1987, as well as the letter which I and 16 of my Senate colleagues have sent to General Secretary Gorbachev in this regard be printed in the RECORD.

The material follows:

HUMAN RIGHTS ACTIVISTS IN LATVIA ANNOUNCE PLANS TO HOLD DEMONSTRATION IN RIGA ON JUNE 14

[The following is a translation from Latvia of a statement released by the Latvian Helsinki Monitoring Group, "Helsinki 86":]

On the night of June 14-15, 1941, the first mass deportations of Latvians took place, from which very few ever returned.

Men were separated from women and children. People were transported in cattle cars under dreadful conditions. Children and the elderly were the first to depart from this world, ending up in graves alongside the tracks, in a foreign land.

This act of genocide was undertaken under the direction of the Communist Party. Still, to this day, the Party has not seen it as necessary to apologize, not to mention provide compensation for moral and material losses. All that is heard are some kind of nebulous phrases about some kind of cult.

We, the group "Helsinki 86," have decided to honor the victims of Latvia's genocidal Sovietization, on June 14 at 3:00 PM, by placing flowers at the Monument of Freedom in Riga.

We invite all other Latvians who are not indifferent to our people's fate, to honor the innocent victims with a minute of silence and the placement of flowers at the Monument of Freedom in Riga on the 14th of June.

[signed] LINARDS GRANTINS,
"Helsinki 86".
ROLANDS SILARAUPS.
RAIMONDS BITENIEKS.
GUNTIS ANDERSONS.
MARTINS BARISS.

U.S. SENATE,
Washington, DC, June 11, 1987.

Hon. MIKHAIL S. GORBACHEV,
General Secretary of the Communist Party, Union of Soviet Socialist Republics, c/o Embassy of the U.S.S.R, 1125 16th St., NW, Washington, DC.

DEAR MR. GENERAL SECRETARY: On this, the 47th anniversary of the incorporation of the formerly independent states of Estonia, Latvia and Lithuania into the Soviet Union, we write to express our deepest concern over the continuing violation of human rights in the Baltic republics.

We are following with great interest the initiatives you have undertaken to reform Soviet society, and are hopeful that they indicate your desire for greater openness and freedom throughout the Soviet Union. However, we note that, despite your government's professed commitment to protect the rights of its citizens, Baltic human rights activists remain imprisoned, freedom of expression is denied, and important aspects of Baltic history continue to be distorted or ignored.

In this regard we understand that the Helsinki '86 Monitoring Group has announced its intention to hold a legal and peaceful demonstration in Riga on June 14, 1987, to honor the Latvian victims of the massive deportations which occurred during and after World War II. In light of your own interest in achieving a more complete and honest accounting of the history of Soviet-Polish relations, we hope you can appreciate the desire of the Baltic people to publicly commemorate an important chapter in their own history, which has never been officially acknowledged by your government.

Permitting this ceremony to take place will demonstrate an appreciation of the great emotional significance which the events of June 14, 1941 hold for the Baltic people, and will send the clear signal that your government is truly interested in promoting freedom of expression and assembly, as guaranteed by the constitution of the USSR.

As a further indication of your government's interest in guaranteeing these freedoms, we urge you to grant full and unconditional amnesty to three prominent prisoners of conscience from the Baltic republics: Balys Gajauskas of Lithuania, Gunars Astra of Latvia, and Mart Niklus of Estonia.

These brave men represent principles of liberty and truth cherished by all Americans, and their continued incarceration and exile belie the spirit of change which you have begun in your country.

Your favorable action on behalf of these three individuals, as well as in allowing the peaceful ceremony in Riga to take place without interference, will be important indicators of your commitment to "glasnost." We hope that this commitment is genuine and that it is demonstrated in the days and weeks to come.

Sincerely,

Paul Simon, Christopher J. Dodd, Alfonse M. D'Amato, John Heinz, Donald W. Riegle, Jr., Frank R. Lautenberg, Alan J. Dixon, John F. Kerry, Quentin Burdick, Daniel Patrick Moynihan, William Proxmire, Patrick J. Leahy, Pete Wilson, Dennis DeConcini, Frank H. Murkowski, Paul S. Sarbanes, Carl Levin.●

MANDATORY PLANT CLOSING LEGISLATION WILL SHUT DOWN THE AMERICAN JOBS MACHINE

● Mr. HUMPHREY. Mr. President, in a recent New York Times op-ed piece, Beryl W. Sprinkle, Chairman of the President's Council of Economic Advisers, makes a convincing argument against mandatory plant closing legislation.

Specifically, Dr. Sprinkle's data demonstrates the folly of emulating the European style plant closing/hiring/layoff laws. These laws, common throughout Europe, have failed to accomplish their primary goal: The preservation of jobs. Indeed, as Dr. Sprinkle states, employment growth in Europe has been flat for well over a decade.

Contrast the European experience to that of the United States. Despite undergoing three recessions since 1973, the U.S. economy has created some 25 million jobs, a phenomenal 38-percent growth over a 14-year time span.

There is no doubt that closings and layoffs are a hardship on workers. Nobody relishes the prospect of being unemployed. But in this country, unlike Europe, we have a relatively dynamic economy that responds to changing conditions and, in doing so, generates new jobs.

Flexibility has been a key to American job growth. Mandatory legal restraints on closings and layoffs would inhibit flexible response. As the Europeans have discovered, the rigid approach does not lay the foundation for the creation of new jobs. The Senate should pursue that which works, and steer clear of that which is a proven failure.

Mr. President, I ask that Dr. Sprinkle's article be printed in the RECORD.

The article follows:

[From the New York Times, June 5, 1987]

LET'S NOT TORPEDO THE GROWTH OF JOBS

(By Beryl W. Sprinkel)

WASHINGTON.—Many people who believe—wrongly—that America is creating primarily low-skill, dead-end jobs are devising schemes for job protection and Government intervention. Such schemes have been tried in Europe and have failed; indeed, several countries attending next week's economic

summit conference are now busily attempting to reverse interventionist policies that have prevented the creation of new jobs.

In contrast, our economy has been extremely successful in generating new employment. More than 13.6 million jobs have been created during the 55-month expansion. The proportion of the working-age population that is employed reached 61.7 percent in April, a record high. More than 60 percent of the increase in employment during this expansion has been in the highest paying occupations—those with median weekly full-time earnings over $390 in 1986. These occupations include managerial and professional jobs, finance and business services and precision production.

Only 12 percent of the increase in employment has been in the lowest-paying, low-skill service occupations. The vast majority of the new jobs—some 92 percent—are full-time. The proportion of part-time workers who cannot find full-time jobs, although still high by historical standards, has fallen since 1982 and was about 5 percent of all people at work in 1986.

A 1987 study by Marvin H. Kosters and Murray N. Ross of the American Enterprise Institute found that employment shifts toward service industries had only a small effect on slowing increases in wages. Contrary to the belief that job shifts are leading to a decline in the middle class, they report that differentials in workers' hourly earnings have narrowed in recent years.

The argument that we have been creating low-wage jobs has drawn its major support from a frequency cited report prepared for the Joint Economic Committee of Congress by Barry Bluestone and Bennett Harrison. This work has serious shortcomings, many of which Janet L. Norwood, Commissioner of Labor Statistics, has pointed out.

The report exaggerates the number of low-wage jobs because it counts everyone who worked at all during a given year, even part-time summer workers. The findings, moreover, are highly sensitive to the years examined. The report compares new employment created between 1973 and 1979 with that created between 1979 and 1984—the latter including two recessions. The Bureau of Labor Statistics has updated the calculations to 1985, showing that even using Bluestone-Harrison methods, the 80's have been years of strong growth and high-paying jobs.

Those who maintain that mostly low-wage jobs have been created believe that excessive reliance on market forces and increasing competition from abroad are at fault and that Congressional action is required to help those who would otherwise get the bad jobs. They recommend measures for protection against international competition restrictions on plant closings and minimum-wage increases.

Such policies would benefit some groups of workers, but more likely those who are already highly paid. Many workers would be harmed because they would face reduced opportunities for jobs, training and advancement. Consumers would be harmed because prices would rise. Increased protectionism would confine our economy to sectors where we are relatively less efficient; it could curtail expansion where we are now efficient. Future growth in productivity and wages would be impaired, along with overall employment and output.

Employment has grown in America by 38 percent over the past 16 years; employment growth has been negligible in Western Europe. Similarly, our unemployment rate has fallen sharply since 1982, but in many European countries unemployment has risen during this period to levels well above earlier postwar peaks.

Many summit countries with high unemployment rates have been saddled with burdensome employment restrictions, including constraints on hiring and firing. To insure continued success in creating new jobs, America should further reduce market barriers rather than toy with new Government interference.●

THE ACID RAIN PARTNERSHIP PROJECT

● Mr. GLENN. Mr. President, I rise today to bring attention to a unique, year-long effort by citizens from Ohio and New Hampshire: the acid rain partnership project. My colleague from New Hamphshire [Mr. RUDMAN] is joining me today in coming to the Senate floor to discuss the consensus recommendations of this project. The acid rain partnership, by working through Americans at a grassroots level from all walks of life, has achieved something very unique and very afirmative on one of the most regionally devisive and difficult policy issues of our day. The acid rain partnership found a middle of the road approach to addressing the acid rain problem in a way that is designed to meet the social and economic concerns Ohio has for acid rain control and the environmental and economic concerns New Hampshire has about acid rain damage.

The Ohio delegation to the partnership consisted of persons from diverse backgrounds including a coal miner, two engineers, a utility employee, a city manager, two professors, a secretary, a real estate appraiser, and a retired systems analyst. These individuals were able to put aside their differences and engage in a constructive debate. Their success in reaching consensus agreement can serve as effective model for Congress in crafting legislation on this difficult issue.

Through a process of education and negotiation, the 208 partners and 18 delegates of the acid rain partnership produced the project's program for addressing acid rain, the consensus recommendations. The five principal recommendations reflect the philosphy of the partnership which centers around the concept that the acid rain problem should be handled in a way that harms neither the environment nor jobs and economic opportunity.

As stated in the report by the delegates the five recommendations are as follows. First, a program to deal with acid deposition and related air pollutants should be developed by Congress now, involving aggressive yet prudent phase-in of control measures and new technologies to reduce sulfur dioxide and nitrogen oxide emissions, as well as continued monitoring and evaluation of the program's effectiveness. Second, this program should be constructed in a way that leaves high sulfur coal reserves competitive, even if this involves passing on to the public, in an equitable way, the costs of developing and implementing technologies that reduce sulfur and nitrogen emissions. Third, an equitable distribution of costs for these undertakings should be balanced by equally significant cost-sharing on the part of emitters. Fourth, urgent attention should be given to developing a system of incentives and rewards to encourage early and significant reduction of emissions. Finally, conservation should be utilized as a major strategy in meeting emission reduction goals.

Mr. President, I believe that these are reasonable and productive recommendations. I wholeheartedly commend the partnership's success in transcending political, geographic, and economic boundaries to reach a consensus on an extremely divisive issue.●

NEW HAMPSHIRE-OHIO ACID RAIN PARTNERSHIP

● Mr. RUDMAN. Mr. President, I would like to join Senator GLENN today in bringing to the attention of our colleagues a remarkable initiative which was undertaken by our constituents in New Hampshire and Ohio in an effort to transcend regional differences which stand in the way of solving the problem of acid rain.

The "acid rain partnership" involved 200 citizens, half from Ohio and half from New Hampshire, who spent a year studying the problem of acid rain and learning about the concerns of their partner State. The members were drawn from diverse backgrounds including coal miners, maple sugar producers, farmers, utility employees, teachers, and others. They corresponded, studied together, visited key sites in their partner States, and finally, developed a consensus document containing recommendations for Congress. Congress in turn must take this problem seriously, as they did, listen to all affected parties in the acid rain debate, as they attempted to do, and

finally have the courage to confront and solve the very real problem of acid rain.

For the Ohioans who visited the White Mountain National Forest and saw the red spruce which are discolored and sagging due to damage from acid rain, it was no longer possible to discount the concerns of their New Hampshire partners, for whom the natural beauty of the State is such a source of pride. For the New Hampshire members who spent several days with coal miners' families in Ohio, the economic reality of the issue struck home. A sincere effort was made to understand both sides of the issue, and from that, a substantial body of policy recommendations emerged.

In their final report, the New Hampshire and Ohio acid rain partnership made the following recommendations:

First. A program to deal with acid deposition and related air pollutants should be developed by Congress now. Such a program must include an aggressive yet prudent phase-in control measures and new technologies to reduce sulfur dioxide and nitrogen oxide emissions, as well as continued monitoring and evaluation of the program's effectiveness.

Second. This program should be constructed in a way which leaves high sulfur coal reserves competitive, even if this involves passing on to the public, in an equitable way, the costs of developing and implementing technologies which reduce sulfur and nitrogen emissions.

Third. An equitable distribution of costs for these undertakings should be developed that involves a significant public contribution balanced by equally significant cost sharing on the part of emitters.

Fourth. Urgent attention should be given to developing a system of incentives and rewards to encourage early and significant reduction of emissions.

Fifth. Conservation can play a key role in meeting emission reductions. Programs need to be funded and developed which promote energy efficiency.

It has not been 1 year since the acid rain partnership completed their work and published their report. Meanwhile, the acid rain debate drags on in the Congress, still apparently snagged on opposing regional interests. Our constitutents in New Hampshire and Ohio managed to transcend their differences and map out a plan of action. Not everyone will be able to endorse every point of the group's consensus report. However, I think we can all heartily endorse the honest process which enabled them to look each other in the eye, roll up their sleeves, and get down to the business of solving the problem.

It is my sincere hope that we will follow our constituents' example and pass responsible legislation in this session of Congress to control acid rain.

I ask that the acid rain partnership consensus report of delegates be reprinted in the CONGRESSIONAL RECORD.

The report follows:

ACID RAIN PARTNERSHIP—CONSENSUS REPORT OF DELEGATES

We, the undersigned, are citizens of Ohio and New Hampshire. We were convened through the Acid Rain Partnership to examine the acid rain [1] problem as it affects Ohio and New Hampshire. In doing so, we are drawn inexorably to the broader picture of air pollution as a problem that respects no geographic or political boundary. Worldwide, literally millions of tons of pollutants are being dumped into the air with only limited understanding of the effects on our health or our surroundings.

We want to reduce this pollution because we believe we cannot continue to use the air we breathe as a dumping place for harmful materials. The focus of our study, however, has been on acid deposition as an air pollution problem in the United States, and we realize that we must limit our remarks to this particular aspect of the larger air pollution problem.

We have prepared and agree to this report and its recommendations on ways to deal with three related issues:

How to reduce emissions of sulfur and nitrogen compounds that contribute to acid deposition;

The economic, social, and environmental consequences of such emissions and the proposed reductions;

The need for continuing evaluation of the acid deposition problem.

All of us participated as "partners" in an extensive exchange of views among 216 citizens from our two states. (See summary of the Partnership exchange.) The partners all have an interest in the issue and come from many walks of life—bankers, farmers, engineers, coal miners, realtors, teachers, and homemakers, to name a few. The partners are not a special interest group, nor a collection of experts.

We who have negotiated this document are a cross-section of the 216 partners. There are only 18 of us because it is not practical to debate the text of a document among 216 people. We have received extensive comments from the partners in helping to form these recommendations. We have approached the writing of this report with the sense that we are surrogates for a larger citizenry, and we treat this as a serious responsibility.

WHAT ARE OUR BIASES?

Each of us has approached this task from a different perspective. As we have gotten to know each other, we have come to respect each others' needs and interests. This is our basis: We are sensitive to each others' concerns. We want to deal with the acid deposition problem in a way that harms neither the environment nor jobs and economic opportunity. We realize that solutions will not be simple, and that they go beyond the consideration of just our two states. In an effort to find solutions, however, we have sought to deal with each others' interests and to work together to find mutually acceptable answers, rather than to seek advantage over each other.

[1] Our use of the terms "acid rain" and "deposition" are meant to include acid rain, snow, sleet, fog, and cloud water as well as dry acid particle deposition. We use the term acid rain because of its national recognition.

WHAT ARE OUR PRINCIPAL CONCLUSIONS?

We know there is controversy about acid deposition, even among experts. We recognize, however, that emissions from power plants, industry, and motor vehicles contribute to both locally-produced and transported pollution.

We want prudent steps taken to assure significant reductions in sulfur and nitrogen emissions. This means emission limits should be established that are reasonable and effective. We also want an intensive, ongoing effort to define further and evaluate the extent of the problem, the effectiveness of the actions taken, and the long-term goals for emission reductions.

We know there has been a decline in employment in high sulfur coal mines and related industries. Coal from these mines is a valuable resource. We believe it should be used in ways that can protect coal miners' jobs, provide economic development, and contribute to reduction of acid deposition.

We believe the costs should be shared broadly just as the problem is shared broadly. With the energy from its coal, the industrial states produce goods and materials that are consumed all across the country. In this sense, we all share in the production of the emissions that contribute to acid deposition, and we should all share in the costs of addressing the problem.

While there appears to be scientific consensus on some of the problems of acid deposition, scientists and economists do not all agree and are not able to show us with absolute certainty the best path. Perhaps this is because they can tell us only about facts and uncertainties, not about our will as a citizenry to work together in addressing this problem. We, citizens of Ohio and New Hampshire, write this report as an expression of the will to get on with the job of dealing with the acid deposition problem in a mutually constructive way and to pay for what we believe needs to be done.

We would urge readers to avoid the game of criticism for criticism's sake or the promotion of a special interest. We would urge citizens to recognize that what is needed is an adequate way to deal with a real and difficult problem that has been thrust unwittingly upon our society, and that is fully within the capability of the nation to manage and pay for successfully.

We have five principal recommendations. The remainder of this report elaborates on these five points, and proposes practical steps that should be taken to build broad support for this approach to resolving the acid deposition problem.

1. A program to deal with acid deposition and related air pollutants should be developed by Congress now, involving aggressive yet prudent phase-in of control measures and new technologies to reduce sulfur dioxide and nitrogen oxide emissions, as well as continued monitoring and evaluation of the program's effectiveness.

2. This program should be constructed in a way which leaves high sulfur coal reserves competitive, even if this involves passing on to the public, in an equitable way, the costs of developing and implementing technologies which reduce sulfur and nitrogen emissions.

3. An equitable distribution of costs for these undertakings should be developed that involves a significant public contribution balanced by equally significant cost-sharing on the part of emitters.

4. Urgent attention should be given to developing a system of incentives and rewards

to encourage early and significant reduction of emissions.

5. Conservation can play a key role in meeting emission reductions. Programs need to be funded and developed which promote energy efficiency.

RECOMMENDATION 1: DEVELOPMENT OF EMISSION REDUCTION PROGRAM

1-A. *Congressional legislation addressing the acid deposition problem is both necessary and appropriate. Congress should make a policy commitment now.*

We accept that sulfur and nitrogen emissions are transported across state and national boundaries and can contribute to acid deposition in other states and countries. Existing national laws do not adequately address the long range transport of air pollutants, and states alone cannot effectively correct a long range transport problem unless all participate.

The problem of acid deposition also has the potential to place unfair economic burdens on different regions of the country or segments of society. An individual state that passes a law reducing its own emissions does not have to consider the economic impact its actions may have on other states. Similarly, a state receiving acid deposition cannot protect its resources from another state's emissions. Congressional action is essential to solving the problem in such a way that no one region or segment of society is unfairly burdened.

This commitment does not take away from the substantial progress already made under the Clean Air Act. Emission reductions have taken place, but we recognize that targets for further reduction are necessary.

1-B. *Congress should establish a reasonable timetable for reducing sulfur dioxide and nitrogen oxide emissions.*

The timetable for reducing emissions must strike a balance between addressing environmental damage and preventing unfair new economic burdens. Our understanding of pollution control technologies leads us to believe that overall emission reductions could be achieved which would prevent unreasonable environmental damage.

Sulfur dioxide emission reductions

Our Partnership dialogue has suggested a reduction goal of 10-12 million tons of sulfur dioxide, which is in the range of reductions suggested by the findings of the National Academy of Sciences. We support a goal of this magnitude while recognizing the need for on-going assessment of program effectiveness, which may suggest midcourse adjustments.

Accordingly, we believe that this program should be implemented at the earliest practical date, and that, after commencement of the program, a timetable should be established for sulfur dioxide reductions that would:

(a) Within five years, reduce annual emissions by five million tons from 1980 levels (this relates to a utility emission rate of approximately 2.2-2.4 lb/mmBtu). Current information leads us to believe that existing control methods and implementation of the Reagan/Mulroney agreement can be the basis for this reduction.

(b) Within 12 years, subject to re-evaluation by the seventh year, reduce annual emissions by 10-12 million tons from 1980 levels, using currently available control methods as well as clean-burning technologies now under development.

(c) Waiver provision: States opting to use control technologies that are still in the demonstration stage can request a time waiver from EPA on the first phase of reductions under the following guidelines:

(1) At least half of the first phase reduction must be met within the five year limit;

(2) An implementation plan must be submitted which documents the steps that will be taken to bring control technology on line; and

(3) The plan must substantiate that phase II goals will be met on time.

There should be on-going research throughout the first phase as outlined in 1-C below, in order to establish a data base for evaluating the effectiveness of first phase reductions. Within two years of completion of the first phase, the EPA Administrator shall prepare a report to Congress on the reduction program including any recommendations for adjustments in secondary phase reduction goals. EPA's recommendations shall be implemented unless Congress passes legislation to the contrary.

Nitrogen oxide emission reductions

A timetable for nitrogen oxide reductions should be established that would:

(a) Within three years, reduce nitrogen oxide emissions from mobile sources to the following levels:

Vehicle type	Standard
Passenger cars	0.7gpm.
Gasoline powered trucks weighing up to 8,500 lb	1.2gpm.
Gasoline powered trucks weighing from 8,500 to 14,000 lb	1.7g/Bhp-hr.
Diesel trucks weighing up to 6,000 lb	1.2gpm.
Diesel trucks weighing from 6,000 to 8,500 lb	1.7gpm.

gpm = grams per mile.
g/Bhp-hr = grams per brake horsepower hour.

(b) Within 12 years reduce annual nitrogen oxide emissions from stationary sources by two million tons from 1980 levels.

(c) We recognize that the state of California has instituted much stricter standards for all vehicles, using existing technology. On-going research and evaluation should be conducted and national standards should be revised if necessary within seven years of implementation.

We are convinced that such a reduction program including both sulfur dioxide and nitrogen oxides can address in good faith the environmental needs of states receiving acid deposition, while also considering economic concerns and retraining options for future use of promising new technologies.

1-C. *In order to determine the effectiveness of the emission control program, Congress should authorize funds for on-going research to monitor the effectiveness of the emission control program and to evaluate the need for adjustments in regulations.*

A comprehensive program of research is necessary in order to understand better the full extent of the impacts from acid deposition and related air pollutants and waste by-products from control technologies. With such research continuing throughout the reduction program, the effectiveness of emission reductions can be monitored and can provide direction for possible adjustments in later phases of the program.

The evaluation should include research done by federal and state agencies, educational institutions, and industry, with overall coordination by the EPA.

1-D. *The emission reduction program should include all 50 states when fully developed and implemented.*

There is great variation among the 50 states in sulfur and nitrogen emissions produced. Citizens in all 50 states, however, consume a vast array of goods and materials produced in the states that are the largest sources of sulfur dioxide and nitrogen oxides. Citizens in all 50 states also drive vehicles that contribute to nitrogen oxide emissions. In that sense, we are all emitters and are all a part of the problem. Our country is not a simple union of independent states, but a complex, interdependent society. We all have a stake and must all ultimately participate in the solution.

RECOMMENDATION 2: STRUCTURE OF AN EQUITABLE EMISSION REDUCTION PROGRAM

2-A. *The emission reduction program should require control technology to the extent needed to allow for competitiveness of high sulfur coal.*

Two approaches to sulfur dioxide reduction are generally proposed—switching to low sulfur fuels, or using various sulfur reduction technologies. Fuel switching may be cheaper for utilities in the short term, but the socio-economic costs to coalfield communities are extensive. The resulting economic decline means loss of jobs in related business and industry and loss of tax revenue at all levels. These factors and the added cost of long distance transportation make fuel switching a false economy. Solutions allowing full use of our energy resources, including high sulfur coal, contribute to economic stability and build on a larger resource base.

The tall stacks allowed in the early days of the Clean Air Act offered a short-term solution to local air pollution but created long range transport problems. In the same way, a strategy that relies on fuel switching would be equally shortsighted for it would cause job losses and regionally depressed economies, not to mention the abandonment of the high sulfur coal resource that one day the country will need again.

While further research and development is necessary in clean burner technology, a number of proven technologies now exist which will provide significant sulfur dioxide emission reductions in the near term. Coal washing, for instance, should be applied more extensively. Scrubbers, highly effective in sulfur dioxide removal, can be used on those power plants which are the best candidates, usually the larger, younger units with the highest emissions.

This approach would achieve both the desired short-term reduction goals and the related social goals of providing safeguards to the high sulfur coal market.

2-B. *The Reagan-Mulroney agreement should be implemented immediately with appropriate commitment of money and with a strict timetable for demonstrating new coal burning technologies within five years as pledged.*

Ohio citizens have made a significant commitment to clean coal technologies through establishment of a $100 million research program. The U.S. Department of Energy is implementing a $400 million Clean Coal Reserve program. A significant national commitment is needed now to bring these technologies from the research and development stage into commercial application within an expeditious time frame. The Reagan-Mulroney agreement in March 1986 recommended a $5 billion joint investment by the federal government and industry for such commercial demonstrations. This program should be implemented by Congress and begun by 1987.

2-C *The emission reduction program should require appropriate levels of control of nitrogen oxides.*

Evidence of the role of nitrogen oxides in causing forest stress and damage has mounted (nitrogen oxides are a precursor to ozone), and we believe that nitrogen oxides emissions must specifically be included in an acid rain control program. Currently, approximately 44 percent of nitrogen oxides emissions come from motor vehicles, 29 percent from utilities, and 22 percent from industrial boilers. While primary standards for nitrogen oxides reduction have been set under the Clean Air Act, the New Source Performance Standards that apply to new utility and non-utility boilers are only slightly lower than emissions from unregulated sources.

We believe that New Source Performance Standards should be strengthened. Motor vehicle standards should be set at currently proposed levels as set forth in Recommendation 1-B. In addition, a program to control diesel emissions should be developed and inspection and maintenance programs should be put into effect nationwide to insure the appropriate maintenance and use of vehicle emission control devices.

2-D. *Each state should develop a State Implementation Plan (SIP) to achieve emission reductions, giving full consideration to environmental and socio-economic impacts and providing for public input.*

The State Implementation Plan should give full consideration to the following: environmental impacts; socio-economic impacts; and long range cost-effectiveness.

In developing the SIP, the responsible state agency shall also consult with any state regulators concerned with air and water quality and waste management and disposal and shall provide ample opportunity for public participation and comment. Proposed new plants should be included in the SIP.

In recognition of the fact that certain coal dependent regions have suffered severe economic problems in recent years, and that clean air laws have and could continue to contribute to creating these economic difficulties, we urge that in the development of state implementation plans, where new technology is to be demonstrated or installed, priority be given to locating facilities first in areas of the most economic distress.

2-E. *The emission reduction program should provide states flexibility in implementation to promote cost-effective reductions.*

Flexibility should be provided to regulators, utilities, and industry to decide which technology is most appropriate for which source. Each power plant or industry has its own unique circumstances which argue for site-by-site decisions for selecting the most cost-effective technique. Evaluation of cost-effectiveness is intended to include consideration of electric rate increases and socio-economic impacts. Old boilers are a concern that should be addressed, however, the Partnership realizes retrofitting old boilers frequently does not achieve cost efficiency nor desirable socio-economic goals. Therefore, we also encourage advanced coal cleaning and burning technology, coal washing, and conservation programs where they are most cost efficent.

2-F. *The emission reduction program should anticipate the need to offset future emissions to maintain the overall progress and effectiveness in the program.*

A national effort to promote energy conservation such as that proposed in Recommendation 5 would contribute significantly to offsetting the project growth in emissions.

RECOMMENDATION 3: PAYING FOR EMISSION REDUCTION

It is far easier to calculate the costs of control than the costs of damage associated with acid deposition. We recognize, however, that damage done to lakes, forests, crops, materials, and related jobs can be just as significant as the costs of control. No value can be placed on the quality of life.

Emission controls must be paid for. The prevailing mood in the country at the present favors deficit reduction, a cap on runaway federal expenditures, and tax simplification. These sentiments will ultimately affect Congressional decisions about financing acid rain controls.

Yet there is another mood in the country. It is one reflected in numerous opinion polls in which citizens state their willingness to pay for pollution controls. The Partnership exchange affirms this willingness. The federal budget reflects many choices. One choice Congress must now make is to share the cost of acid rain control.

Good public policy will integrate the interests of utilities, industries, coal miners, environmentalists, consumers—all those upwind and downwind of the acid rain problem—so that disadvantages to any one sector are minimized and costs are spread among the major parties.

3-A. *Money for emission reductions should be derived from several sources including: federal and state government; private industry; and a Trust Fund, which itself draws on a number of sources for its revenues.*

We visualize the principal source of federal money as that outlined in the Reagan-Mulroney agreement which provides for $2.5 billion of federal money matched by $2.5 billion from private industry. As can be seen in the example provided by Ohio in its dedication of $100 million for clean coal technologies, state appropriations can also play a role.

Private industry should continue to have a central role in investing in its own future development and operation.

We envision a federal Trust Fund as described in 3-B below, which draws on the following sources for its revenues: an emissions fee levied on emitters; a rate surcharge levied on consumers of electricity; and vehicular registration surcharges levied by state governments (to include motorcycles, power boats, and aircraft).

3-B. *Money from the federal Trust Fund should be allocated by the EPA to the states. A Board of Trustees in each state would distribute funds for specified air pollution reduction purposes.*

Administration of the Trust Fund has the following elements:

(1) Trust fund allocations to the states would be based on a formula which would relate to each state's proposed state implementation plan (SIP) cost and required emission reductions;

(2) A State Board of Trustees, representing a broad constituency interested in emission controls and effects, should decide how to distribute money;

(3) This money would be used to make loans or grants for development or installation of: coal washing facilities; advanced coal cleaning and burning technologies; old boiler retrofits; scrubbers; retraining and job placement programs; and conservation programs.

(4) Emitters above a defined size would submit individual proposals according to EPA-set criteria, to achieve emission limits assigned by the State. Such proposals would be similar to an environmental impact statement in that they would address all costs and environmental and socio-economic benefits associated with implementation;

(5) Each State Board of Trustees would decide which of these applications in its state is meritorious and should be funded.

3-C. *The cost of purchase and installation of emission control equipment should be partially paid for out of a Trust Fund.*

The cost of capital investments to be made by utilities and industry in installing emission control technologies is likely to be several billion dollars per year. Funds could be provided to utilities and industries in the form of pollution control bonds, direct grants, matching grants, or low and no-interest loans from the Trust Fund.

Money would be used for advanced coal cleaning and burning technologies and old boiler retrofits. In addition, we wish to encourage the increased washing of high sulfur coal as soon as possible to meet short-term reductions, using the most advanced proven technology that is available. High sulfur coal washing facilities should be eligible for Trust Fund grants.

3-D. *The cost of research and development should be the responsibility of government, industry, and the consumers.*

Money for the development and testing of innovative technologies pursuant to the Reagan/Mulroney agreement should be equally shared between government and industry.

Money for research related to monitoring and data evaluation of the emission reduction program should be borne by government and the Trust Fund.

Money for research on nitrogen oxide emission reductions should be drawn from vehicular registration surcharges.

3-E. *Operating and maintenance costs of emission control equipment should ultimately be borne by the utility or industry and their customers and made part of the regular costs of doing business.*

The cost of operating and maintaining emission controls also is high, amounting to several hundred million dollars per year. While some emitters have expressed a need to have these expenses subsidized, we believe it more appropriate for on-going operating costs to be internalized into the rate structure and the prices charged by emitting sources for their products.

RECOMMENDATION 4: INCENTIVES AND REWARDS FOR EMISSION REDUCTIONS

4-A. *Incentives and rewards should be integral to the emission reduction program so that emitting facilities have positive incentives for reaching emission reduction goals.*

A program of incentives and rewards for achieving emission reduction goals should be devised. At a minimum, a program such as the Army-Navy E program of World War II should be developed to acknowledge publicly the excellence of utilities and other corporations that meet emission reduction goals in a responsible and timely manner.

While the government's regulatory role is essential to ensure compliance with the standards proposed in this document, we feel it is important that industry should be rewarded more publicly for timely achievements. Incentives and rewards could change pollution control compliance from an unrewarded obligation to something for which there are strong positive motivations visible and felt in society.

Trust fund allocations should be increased to those technologies that promote coal washing and clean burning options. Other incentives could be tax-free bonds, acceler-

ated return on capital costs, depreciation allowances, dollar bonuses for early project completions, and construction work in progress (CWIP).

RECOMMENDATION 5: CONSERVATION

It is predicted that emissions will rise in the next century due to new power plant construction and increased number of vehicles, even if Congress enacts curbs now on emissions. We believe the best way to lessen the need for new power plants is to use energy more efficiently. Energy conservation does not require major capital investments and the technology is relatively simple. There are many energy conservation opportunities that have not yet been developed and implemented.

Several utilities in this country have embarked on demand management and energy efficiency strategies. These strategies have reduced costs considerably over comparable costs for new power plant construction. These savings seem persuasive, and we believe that steps should be taken to encourage widespread application of energy efficiency measures and to ensure that future energy needs do not result in a growth of emissions.

5-A. *Money from the Trust Fund should be available for conservation.*

Use of these funds would be restricted to conservation programs as determined by the Trustees. Requests could be made by individuals, communities, organizations, industries, and energy producers.

5-B. *Education and publicity on the problems of pollution and the importance of conservation are essential to long-term reductions of energy demand.*

An expanded series of TV ads, posters, and school courses should be developed and presented (in much the same way as was done for littering or smoking).

5-C. *The national appliance standards law should be implemented as soon as possible.*

In 1978 Congress passed a law which would establish national energy efficiency standards for major appliances. This law has not been implemented. Congress should take action to ensure immediate implementation.

5-D. *The Department of Energy's state and community conservation programs and research and developmoent programs should be protected from budget cuts.*

The Department of Energy Policy Plan describes efficiency as a cornerstone of federal energy policy. In its 1984 annual report to Congress the Department of Energy stated, "Continued developments in energy conservation create important opportunities for further improving energy and economic productivity and for advancing the nation's competitive position in technology leadership and international trade." These funds should be protected from budget cuts to ensure that conservation remains a commercially viable solution.

5-E. *Congress should continue to appropriate money for technology sharing programs.*

Federal support is needed to disseminate and promote the exchange of available conservation technology research and impact studies.

5-F. *Public Utility Commissions must consider conservation measures prior to authorizing new plants.*

A representative of the National Association of Regulatory Commissions has stated, "The general consensus of the regulatory community is that building power plants should be the last option." We agree with this concept and propose a federal law that would require utilities to show that new construction is the least expensive method of providing energy.

Carolyn Baldwin, Martha Bauman, Becki Bean, Dennis Bigler, John Billing, Mary Anne Broshek, Charlie Call, Paul Doscher, Cynthia Edmunds, Patricia Fair, Hilton A. Farley, George Moulton, Donald R. Myers, Allan Palmer, John Rininger Jr., Donald R. Sinclair.

LUPUS AWARENESS MONTH

● Mr. D'AMATO. Mr. President, I rise today in support of a joint resolution, designating October 1987 as "Lupus Awareness Month."

Lupus erythematosus, or lupus as it is commonly known, is a chronic and debilitating immune system disorder that afflicts over 500,000 Americans. This disease attacks females at an almost 9 to 1 ratio over males, with the onset occurring most often during the childbearing years.

Lupus may begin with any number and combination of symptoms. These symptoms may range in severity from a mild skin rash to fever, joint pains, weight loss, anemia, kidney malfunction, nausea, and mental and emotional problems.

There is presently no cure for lupus. It can, however, in many cases, be treated and controlled. For most lupus patients, their symptoms can be reduced in severity, or eliminated entirely, through prompt diagnosis and treatment. It is therefore imperative that individuals learn to recognize the symptoms of lupus, and that those with lupus symptoms seek medical consultation, early diagnosis and treatment.

A national Lupus Awareness Month will play a vital role in disseminating information about this little-known and tragic disease. Increased awareness will lead not only to better treatment through early diagnosis, but will also point to the need for accelerated research into the causes of and cure for lupus. I urge my colleagues to join me in support of this important resolution.●

SALUTE TO KENNETH GIBSON, FORMER MAYOR OF NEWARK, NJ

● Mr. LAUTENBERG. Mr. President, I rise to salute a man who played an important role in shaping the city of Newark, NJ; Kenneth A. Gibson.

Kenneth Gibson was first elected to office in 1970—not a quiet year in the history of Newark. Once a thriving cultural and economic center, by the late 1960's, many middle and upper income residents had fled the city, and Newark had become a textbook case of what ailed urban America. Like other major American cities in the 1960's, Newark suffered from a myriad of economic and social ills. The city was plagued by poverty, unemployment, racial strife, and the cloud of official misconduct. The needs of the city's disadvantaged were going unmet. Newark needed new leadership.

Ken Gibson had grown up in Newark, the son of a butcher and a seamstress. He worked his way through college and earned a degree from the New Jersey Institute of Technology, then known as the Newark College of Engineering. He worked as an engineer in the 1950's and 1960's for the New Jersey Department of Transportation, Newark Redevelopment and Housing Authority, and the Newark Bureau of Buildings. He gained experience working in the civil rights movement and Newark's business and industry council.

In 1966, Newark's black leaders urged Gibson to lead their challenge to the political machine and run against the incumbent Democratic Mayor Hugh J. Addonizio. While he didn't win, Gibson did force a runoff between the mayor and his opponent. This was quite a feat for a candidate who had entered the race just 6 weeks before the election and had raised only $2,000. Addonizio was reelected.

But by 1967, Newark's problems worsened and the stage was set for large-scale dissent. That year, the city was wracked by some of the worst riots in the history of the Nation. But Gibson didn't turn away from his city. In 1970, he ran again for mayor, even more determined to heal Newark's wounds and to turn the city around. This time Gibson won, leading a field of seven candidates in the primary and beating the incumbent in a runoff election in which a record 73 percent of registered voters turned out. That victory launched Gibson into the national spotlight as he became the first black mayor of Newark and the first black mayor of a large eastern city.

Gibson knew the problems troubling his city, and he knew the enormous task ahead. His first challenge was to restore public confidence in the city. His faith in Newark often led him to pronounce, "Wherever America's cities are going, Newark will get there first." Gibson became adept at mobilizing Federal resources to his city in the critical areas of housing, health care, and economic development. During Gibson's term, Newark saw the development of the Gateway complex, which has formed the nucleus of a reviving downtown business center. He saw Newark Airport grow and become an important gateway. The development of Rutgers University, the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology and Essex County College made Newark an educational center.

Gibson's success earned him a term from 1976 to 1977 as the president of

the U.S. Conference of Mayors, one of the leading voices on behalf of the Nation's cities. Gibson has consistently spoken about the need for a national urban policy. He has testified before Congress and has spoken before numerous National and State organizations. He ran twice in the Democratic primary for Governor of New Jersey, giving the voters a candidate who would represent the interests of New Jersey's large cities. In each of these elections, he received over 85,000 votes.

Ken Gibson once said:

The cities are the heart of our nation, pumping blood of survival into the towns, townships, hamlets and rural areas of our nation, and they return the flow back to the heart. Collectively, we are the circle of life in this nation. We * * * must work to enlighten those who have been misled into thinking in isolationist terms of urban, suburban or rural interests.

For his courage to steer Newark and America's cities into the future, Gibson was awarded the prestigious, Fiorello H. LaGuardia Award by the innovative New School for Social Research in New York. He was recognized by Time magazine as one of America's 200 outstanding young men, and cited by the Times of London newspaper as an example of the type of international political leadership which would be developed in the near future.

Mr. President, many of Mr. Gibson's friends will join to honor this man who dedicated 16 years of service to the citizens and city of Newark. This tribute, hosted by the mayor of Newark, Sharpe James, will be held on June 18, 1987. I am honored to be able to join Mr. Gibson's friends and supporters at this special event.●

TRADE AND COMPETITIVENESS

● Mr. WARNER. Mr. President, I would like to share with our colleagues in the Senate a letter I recently received from Mr. Hamish Maxwell, chairman and chief executive officer of Philip Morris Co., Inc.

I am taking the unusual step of submitting this letter for the RECORD because it contains important information on trade and competitiveness and how one U.S. company views its position in the international marketplace.

While I do not necessarily endorse all that this writer states, I do endorse the notion that virtually every action of the Congress which effects business and commerce can ultimately affect international trade and competitiveness.

While Philip Morris enjoys a positive balance of trade based on its export of tobacco products, the information which Mr. Maxwell imparts could easily be characteristic of many U.S. companies doing business in global markets. For that reason, I commend the letter to the attention of my colleagues.

The letter follows:

PHILIP MORRIS COS. INC.,
New York, NY, May 29, 1987.

Hon. JOHN W. WARNER,
U.S. Senate,
Washington, DC.

DEAR SENATOR WARNER: The current debate on trade legislation has encouraged me to share with you some pertinent facts about Philip Morris and the tobacco industry in relation to international trade.

Philip Morris has a successful export business, does not request protection from imports to the United States and is principally concerned with additional market access overseas. Legislation which is not protectionist in character and which will encourage additional market access for U.S. exports, seems to us to represent the most positive approach to both enhancing trade generally and encouraging U.S. exports.

In tobacco and cigarettes the United States produces products which set the standards of quality and consumer acceptability throughout the world. American brands are much more popular in world markets than cigarettes from any other source. This alone makes our products unusual. Japan, the nation with which the United States runs its largest trade deficit, has a domestic cigarette market with an estimated value and retail of $15 billion annually. However, this is a market which, until recently, was virtually closed to U.S. tobacco products. The problem never has been a lack of Japanese demand for our tobacco products, but rather, government-imposed restrictions and policies that priced U.S. cigarettes beyond the reach of the average consumer.

As a result of vigorous efforts by U.S. cigarette manufacturers working closely with the Congress and the Executive Branch of the U.S. government, the government of Japan has altered its protectionist tobacco policies. Effective April 1, 1987, the tariff on cigarettes imported in Japan was abolished, thus making U.S. cigarettes price-competitive for the first time. The U.S. government has projected that with price competitiveness in the Japanese market, U.S. tobacco products could achieve a 20% share of that market. With each share of market valued at nearly $50 million dollars, achievement of a 20% share of that market could be worth almost $1 billion annually in U.S. exports. This clearly represents a significant reduction in the U.S. trade deficit with Japan.

Statistics for the first quarter of 1987 indicate that American products are making full use of the increased access to the Japanese cigarette market. According to figures compiled from census data and provided by the Tobacco Merchants Association, exports for the first quarter of 1987 have increased 292% in volume and 286% in value over the same period of 1986. Although a small part of this increase represented a build up of stocks prior to the April 1st tariff reduction, industry experts conservatively estimate that American exports to Japan will, at least, double in 1987.

The U.S. tobacco industry, as a whole, had a positive balance of trade of more than $2 billion in 1986 and has produced positive trade balances of over $1 billion for every year since 1976. Philip Morris alone ranked 14th in 1986 among America's largest exporters and is first in consumer packaged goods; most of our exports are cigarettes and tobacco.

The number of foreign markets that are open to cigarette imports from the U.S. is limited, because most countries protect their domestic cigarette and tobacco industries. There is little doubt that our industry exports could multiply if more foreign markets were open.

In seeking to expand our export business we have received extraordinarily valuable support from this and past administrations and from the Congress. We are particularly grateful for your help in improving access to markets such as Japan and Taiwan. In spite of recent changes however, it remains virtually impossible to export to Korea.

It is in this context of trade that I respectfully request that you and the Congress avoid legislative action designed simply to punish the cigarette industry and the 60 million Americans who enjoy our products.

Specifically, legislative initiatives have been proposed to increase excise taxes, ban advertising and promotions, make marketing expenditures nondeductible for tax purposes and restrict or prohibit smoking in public places. These initiatives, when taken in the United States, are observed and are likely to be copied in many foreign countries without further reference to the merits.

The effects of such initiatives therefore are not simply domestic. They tend to hurt the reputation of our products abroad and discourage the future investment needed to assure the quality and efficiency required for a successful export business. They may well renew farm surplus problems by further reducing overseas demand for our tobacco.

Aside from their effect on trade competitiveness, I suggest that these initiatives could establish precedents which would allow similar measures to be applied to many other products and industries which may from time to time attract public criticism or concern. Surely this would be undesirable.

We at Phillip Morris Companies Inc. will strive to ensure that our products maintain their competitive advantage. In that way, I hope that we will continue to contribute to an improving trade balance for the U.S.A.

Sincerely,

HAMISH MAXWELL.●

S. 943—RIGHTS OF AIRLINE EMPLOYEES

● Mr. D'AMATO. Mr. President, I rise today to cosponsor S. 943, legislation designed to ensure the fair treatment of airline employees in airline mergers and similar transactions. This bill was introduced by my colleague, Senator ADAMS, on April 7, 1987.

S. 943 provides that in any case in which the Secretary of Transportation concludes that a merger or transaction between two air carriers would cause a reduction in employment and/or adversely affect the wages and working conditions of any air carrier employees, labor protective provisions developed to alleviate such consequences will be imposed as a subject of approval.

Under current law, there are no set guidelines to protect the rights of airline employees in the event of an airline merger or takeover. The Department of Transportation has, in the

past, left it up to the acquiring carrier to see to it that employees' rights and salaries are handled fairly. Generally, this has been an effective approach, however, with the recent wave of air carrier mergers, some air carriers have tried to cut costs at the expense of their employees. S. 943 will help assure that airline employees will not be the victims of deregulation.

Mr. President, the airline industry, airline employees, and the traveling public will all benefit from this legislation. I urge my Senate colleagues to support this important bill.●

JACK EVANS: OIL FORECASTER AND ENTREPRENEUR

● Mr. MATSUNAGA. Mr. President, the Nation's energy future has long been a concern of mine, and one of my most valued advisers in ths regard is a broad-gauged oil man of vision and accomplishment knowledgeable in world petroleum markets and the ways of Government here in Washington. I refer to John K. Evans, who has been an international petroleum consultant here in the past and was instrumental in the establishment of Hawaiian Independent Refinery, Inc., a subsidiary of Pacific Resources, Inc., a Fortune 500 energy corporation based in my home State of Hawaii.

I value "Jack" Evans' views not only because of his long, varied, and successful career in the oil business but because of the scope of his interest in our Nation's future energy "mix" and his recognition of the need to develop alternative, renewable energy sources. A philanthropist and entrepreneur currently promoting photovoltaic cells in Florida, Jack shows little evidence of slowing down although he has passed his 80th birthday; he also keeps busy by carrying on an extensive worldwide correspondence with people in all walks of life.

As one in the Government sector who was involved from the very beginning in assisting Jack Evans and Jim Gary, founder of Pacific Resources, Inc., in their visionary effort to install healthy business competition in the 50th State, I was pleased to read an account of a very interesting interview by a writer for the Pacific Business News as to how Hawaiian Independent Refinery, Inc. got started in 1968. Because this is an absorbing story of how a most successful private enterprise was established with Government assistance for the benefit of the consumer, I believe my colleagues and others will benefit from reading the article. I, therefore, ask that it be printed in the RECORD, immediately following my statement. I make this request as a means of expressing my deep appreciation, belated and inadequate as it may be, to Jack Evans and Jim Gary for all they have done for the people of Hawaii, whom I represent in the U.S. Senate.

The article follows:

[From the Pacific Business News, Mar. 23, 1987]

EVANS RECALLS ORIGINS OF OIL REFINERY

(By Nancy Davlantes)

At age 80, Jack Evans is still making deals.

Ostensibly retired in Jacksonville, Fla., this multimillionaire philanthropist can be found working on deals in hydroplants in Maine and photovoltaic cells in Florida.

It was his consummate deal-making ability that brought Evans to Hawaii almost 30 years ago, and led—against sizable odds—to the creation of the *Hawaiian Independent Refinery Inc.*, a subsidiary of *Pacific Resources Inc.*

Still a major stockholder in and advisory director to PRI, Evans was in town recently to be honored by the Shriners Hospital Philanthropic Society for his $1 million gift to the Shriners hospitals here and in Tampa, Fla.

Novels have been written with far less material than Evans' life story, from being orphaned at 10 years old in Wales where he was born, to emigrating to Canada and then to the U.S. as an illegal alien, to his career with Royal Dutch Shell, then the foreign operation of Shell Oil Co.

It was his expertise in the oil business that led to his first visit to Hawaii, back in 1968, at the request of his good friend Stuart Udall, former U.S. Secretary of the Interior.

At that time he was en route to deal-making in Taiwan and Korea, but Udall wanted Evans to see his friend, then-Gov. John Burns to advise him on the oil business here.

"When I came here," Evans recounted, "I was making big money trading. I told Udall, 'I'm not a consultant—I want a piece of the action.' "

His initial visit with Burns, he said, was a game of cat and mouse.

"I thought I'd give him a lot of malarkey about the oil business. I'll never forget that character. After keeping me waiting, he asked me 'What can I do for you?' I said to him, 'What do you want?' "

Evans said Burns had no idea what he wanted, other than he was anxious to inject competition into the oil business here.

"I told him there was only one way to do it," said Evans. "You'll never attract independent marketers here when there's no way to get oil in. You have to have an independent refinery."

What do you need? asked Burns.

Land that's near water, said Evans, and so he was sent over to the Estate of James Campbell where he obtained an option on 110 acres at Campbell Industrial Park for six months.

After agreeing with Burns that the new refinery should be a Hawaiian company, Evans was put in touch with James Gary, then president of the Honolulu Gas Co.

Together they organized a coterie of investors and set about getting the necessary approvals—no small task, especially from the federal government.

"I knew we had to build a small refinery (less than 30,000 barrels a day)," Evans recalled. "The whole oil industry was against us. The independent producers fought it, and so did the major companies."

Not only that, but the oil import program passed in 1959 established quotas for existing refineries on imported oil, and any refineries that were not importers of record got no quota.

But, said Evans, "there's always a gimmick."

The gimmick in this case was setting up a foreign trade zone at the refinery site, in effect establishing a foreign country not subject to the quotas.

A foreign trade zone (FTZ) would allow the new refinery to import crude from foreign sources and pipe its refined products back out to tankers. Since sales to the U.S. Department of Defense were also considered foreign sales, the refinery had an outlet for almost all it could produce.

The idea was great, but getting the zone established was another matter.

The federal government, it turned out, was afraid that the FTZ idea would catch on, leading more refineries to apply for the same deal.

Nonetheless, Evans and his group pursued the idea. But first they had to prove they had the market, the technology, the engineering, and the money to put their project together before they'd get the approval.

"When you're putting a deal together," he said, "it's a question of what comes first, the chicken or the egg. You have to start somewhere."

So through his connections Shell gave the refinery, still in the planning stages, a contract to supply it crude with "enough volume to make us legitimate."

Evans spent most of the next four years in Washington, D.C., lobbying for the foreign trade zone.

"I knew if we didn't get the permit in that (the Johnson) administration, we'd have to start all over with Nixon. We got the FTZ on the last day of Johnson's regime."

The Hawaiian Independent Refinery now produces almost 70,000 barrels a day, and, Evans said, "It shows what can be done in partnership between private enterprise and government."

The oil business today isn't nearly as much fun, Evans mused.

"Now it's the day of commodity trading—it's just speculation. Prices are based on psychology rather than what's going on in the marketplace. You no longer have control."

Those prices, he predicted, are going to be very volatile for the next several years, "but the general feeling is that OPEC will keep the price from falling through the floor. But it's anybody's guess by the 1990s. By then the major reserves here will be depleted, and OPEC will be in the catbird's seat."●

ORDER OF PROCEDURE

Mr. BYRD. I inquire of the distinguished Republican leader if he has anything to say for the information of the Senate or just has anything to say?

Mr. DOLE. I thank the majority leader. I have nothing further to say.

SCHEDULE FOR TUESDAY, JUNE 16, 1987

Mr. BYRD. Mr. President, the Senate will shortly adjourn over until Monday for a pro forma session at 12 noon, with no business, no debate, and the Senate will immediately upon adjourning, go over until Tuesday next to convene at the hour of 10 a.m.

On Tuesday, there will be 2 hours prior to the regular luncheon conferences of the two parties, 2 hours between the hours of 10 a.m. and 12 noon, for debate or following the two leaders.

ORDER FOR MORNING BUSINESS ON TUESDAY AND RESUMPTION OF CONSIDERATION OF S. 2

Mr. BYRD. Mr. President, I ask unanimous consent that following the two leaders on Tuesday under the standing order, there be a period for the transaction of morning business to extend not beyond the hour of 11 a.m., at the conclusion of which morning business, the Senate will resume consideration of the unfinished business.

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

Mr. BYRD. Mr. President, the remaining time between that moment at the conclusion of morning business and the hour of 12 o'clock noon, the two leaders will control that time equally. Then the Senate will stand in recess for 2 hours.

The hours between 2 p.m. and 5 p.m. will be equally divided and controlled by the leaders or their designees and the debate will ensue on the pending amendment, which is an amendment to the committee substitute to S. 2. A vote on cloture will occur circa 5 p.m. on Tuesday, and on Wednesday there will be a second cloture vote on the amendment to the committee substitute to S. 2, the campaign financing reform bill.

There may be other business that would be called up during each of those 2 days by unanimous consent. I am thinking in terms of conference reports, hopefully, on homeless relief legislation and on the budget. There may be other unanimous-consent business that can be transacted. There may be executive business that can be transacted. I would like, as I have already indicated, to get to some of the nominations on the calendar. For the remainder of next week, I would see the campaign financing reform legislation. So there may be rollcall votes on Tuesday prior to 5 o'clock p.m. I underscore that statement.

Mr. DOLE. Will the majority leader yield?

Mr. BYRD. Yes.

Mr. DOLE. I thank the distinguished majority leader. On next Tuesday, the President will be having lunch with Republican Senators and the majority leader was gracious enough to permit us to use S-207 for that purpose. I want the RECORD to reflect that.

Mr. BYRD. Mr. President, the Republican leader is very kind to make reference to the Democratic leadership in that regard. It was felt that in the interests and the best security of the President, if he wants to come up and the Republican leadership wants that room in which to have lunch with the President on Tuesday, why, the Democrats will gladly give it up and we will have our little meeting in S. 211. Very well.

ADJOURNMENT UNTIL MONDAY, JUNE 15, 1987

Mr. BYRD. Mr. President, there being no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in adjournment until 12 noon on Monday next.

The motion was agreed to; and the Senate, at 5:59 p.m., adjourned until Monday, June 15, 1987, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 11, 1987:

THE JUDICIARY

Haldane Robert Mayer, of Virginia, to be U.S. circuit judge for the Federal circuit.

Layn R. Phillips, of Oklahoma, to be U.S. district judge for the western district of Oklahoma.