SENATE—*Wednesday, October 3, 1990*

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable RICHARD H. BRYAN, a Senator from the State of Nevada.

PRAYER

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

Let us pray:

Behold, how good and how pleasant it is for brethren to dwell together in unity!—Psalm 133:1.

E Pluribus Unum. Out of Many One.

God of peace, we thank Thee for the diversity of America. We thank Thee for its unity. We thank Thee that the Senate represents its diversity and is a symbol of its unity. Thank Thee for leaders who are united in their abhorence of war and who are united in purpose should war be imposed upon them. Grant to Thy servants wisdom to appreciate the immensity of the crises that face our Nation and the world, crises as serious and as threatening as war. Grant to them a vision, Father, of the immense power of their unity and save them from allowing diversity, the essence of the American spirit, to militate against the unity so desperately needed today.

God of peace, brood upon this place. Cover it with Your love and Your peace. In the name of the Prince of Peace. 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. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, October 3, 1990.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable RICHARD H. BRYAN, a Senator from the State of Nevada, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

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

RECOGNITION OF THE MAJORITY LEADER

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

THE JOURNAL

Mr. MITCHELL. 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.

SCHEDULE

Mr. MITCHELL. Mr. President, this morning following the time for the two leaders, there will be a period for morning business not to extend beyond 11 a.m., with Senators permitted to speak therein for up to 5 minutes each.

At 11 this morning, it is my intention to seek unanimous consent to proceed to Calendar item 697, S. 1379, the Defense Production Act. In the event unanimous consent is not granted, I will move to proceed to the bill.

It remains my hope that we can also proceed to the money laundering bill, important legislation which we have been trying to move to, but with respect to which objection has been made from the Republican side. We hope very much that we can get to that bill and enact it very soon.

The Senate will recess today from 12:30 p.m. until 2:30 p.m.

RESERVATION OF LEADER TIME

Mr. MITCHELL. Mr. President, I reserve the remainder of my leader time.

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

RECOGNITION OF THE REPUBLICAN LEADER

The ACTING PRESIDENT pro tempore. The Republican leader, Mr. DOLE, is recognized.

THE BIPARTISAN DEFICIT REDUCTION PACKAGE

Mr. DOLE. Mr. President, I want to thank the distinguished majority leader for his response to the President last night. I thank both of them for their efforts to see enacted this bipartisan deficit reduction package. I think, for the reasons stated by the distinguished majority leader and the President of the United States, this is in the best interest of America.

There is no doubt in my mind that we can muster the votes in the U.S. Senate. I just hope the same can be said of the House of Representatives, particularly, in this case, on the Republican side. I hope that my colleagues in the House will heed the words of the President—if not the majority leader, the President; but both—because this was a very difficult task.

It is not perfect; it is imperfect. I assume each of us could find areas where we disagree or would like to add or subtract things that may be in the package. So I hope that the tone set last night in the two statements by the President of the United States and the majority leader will be followed by those of us in the Senate and the House, and that we will move, as we should, very quickly on this budget package.

There has not been much discussion of the alternatives, but the alternatives are a disaster, a disaster for everybody I represent from the State of Kansas, whether they be Federal employees or farmers or Medicare recipients, whoever they may be.

It seems to me that it is not a choice of this budget package or something else. At this moment, it is this budget package, period. I guess there will be fine tuning in some areas, and there probably should be fine tuning in some areas.

There may have been some mistakes made. There was a lot of drafting, a lot of work done in the last few days, and some of the staff were up all night. Sometimes there was not a full consensus on the precise agreement. But, in most areas, I think the negotiators and staff did an outstanding job.

So, again, I urge my colleagues in the House to listen to the President of the United States—he is their leader—and heed his advice, and to ignore the advice of those who may have their own agenda in the other body who never found it possible to cast a tough vote.

Leadership—you pay a penalty for leadership. If you do not want to pay the penalty, maybe you ought to find some other line of work.

RETIREMENT OF JOAN MARIE DONAHUE

Mr. MITCHELL. Mr. President, in the rush from one item of pressing business to the next, too often we do not find the time to acknowledge significant, individual contributions to the national effort. I would like to take just a minute to recognize the admirable career of one individual whose long service to her country is deserving of public recognition.

Joan Marie Donahue is retiring today, after 37 years with the Central

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Intelligence Agency. For 30 of those years, Joan worked in the Office of Congressional Affairs, with responsibility for liaison to Senate and House offices and committees on a range of sensitive issues. Joan somehow managed to represent the Agency and protect its interests, while at the same time providing consistently valuable service to the Congress. Successfully to perform both of those tasks is an acheivement in itself; to do so for 30 years is remarkable.

One of Joan's most valuable contributions was made in the last few years of her career. Over the past 3 years, Joan has worked diligently with the staff of the Office of Senate Security, to implement an improved security program within the Senate. Joan's knowledge, experience and professionalism made easier the sensitive task of coordinating with the Intelligence community the new security program introduced by the joint Senate leadership 3 years ago.

In recognition of her outstanding service, Joan has been awarded the Career Intelligence Medal by the Director or Central Intelligence. To that honor, I would like to add the sincere thanks of the U.S. Senate.

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 11 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

TRIBUTE TO COL. EDWARD WINSLOW SHAW

Mr. WARNER. Mr. President, it is with great pleasure that I rise today to pay tribute to Col. Edward "Win" Shaw for his dedicated military service to our country.

Colonel Shaw is retiring from active service in the U.S. Army after serving for 29 distinguished years as an armor officer. I came to know Colonel Shaw personally during his last 4 years of military service as the chief of the Army Senate Liaison Office, as he arranged for and accompanied me on several trips throughout the United States and around the world on critical national issues of defense and foreign affairs.

Colonel Shaw was born in Cambridge, MA, on February 21, 1938. He was commissioned as a second lieutenant in 1961 from Norwich University and entered active duty the same year. Throughout his military career, he consistently distinguished himself during times of peace and war, in both command and staff positions, and was highly decorated. Because of his heroic, courageous, and valiant combat efforts in the early days of the Vietnam war, he was recognized several times with some of the military's highest awards—the Silver Star, the fourth such medal bestowed during the entire Vietnam conflict for action that occurred on December 8, 1964; and the Bronze Star for Valor with three Oak Leaf Clusters. His other notable military awards include the Legion of Merit with one Oak Leaf Cluster, Combat Infantryman's Badge, Soldiers Medal, Army Commendation Medal with Valor and second Oak Leaf Cluster, and the Army General Staff Identification Badge.

Colonel Shaw's professionalism and leadership as a military officer has earned him the respect and admiration of his soldiers, fellow military officers, and Members of the U.S. Congress. He is known for his integrity, compassion, and unique ability to inspire and motivate people to exceed their own expectations. It is these qualities that will assure his success in his new endeavors during retirement.

Mr. President, while the Army will understandably miss the service of this devoted military officer, the Nation is proud of the professional and personal sacrifices he made throughout his military career. I salute Colonel Shaw for his distinguished military record and wish him, his wife, the former Sally Matthews Sawyer, and their two daughters, Wendy Mitchell Havens and Elizabeth Winslow Shaw, many years of happiness and good health in his retirement.

TRIBUTE TO WARREN KANE

Mr. RUDMAN. Mr. President, I rise today to pay tribute to a staff member of the Appropriations Committee, Warren W. Kane. After 34 years of Government service, Warren retired at the end of September. We all know him as the guiding light of the Appropriations Subcommittee on Commerce, Justice, and State, the Judiciary and related agencies. He has been a professional staff member of the committee—and I stress the word "professional"—since 1973, when former Senator Norris Cotton of my home State of New Hampshire brought him aboard. Since 1977 he has been assigned to the Commerce Subcommittee, where he has worked with Senator ERNEST F. HOLLINGS of South Carolina.

Warren has worked faithfully and conscientiously for every member of the committee, Republican and Democrat. No one can accuse him of partisanship or playing favorites. That is only one of many reasons it is especially unfortunate he is leaving the Senate.

Our loss is his family's gain, since Warren will now have more time to spend with his grandchild, Erica, as well as with two more grandchildren on the way.

I want to express my personal appreciation for Warren's long and devoted service to the Appropriations Committee and the Senate, and I wish him all the best in his retirement.

THE FAMILY SUPPORT ACT OF 1988 IS UNDERWAY

Mr. MOYNIHAN. Mr. President, last Sunday at the United Nations the largest number of heads of government ever to assemble at one place, met at the World Summit for Children. And the world was witness to the indomitable optimism of Canadian Prime Minister Brian Mulroney, the unblinking clarity of Vaclav Havel; in truth a succession of rarely fine addresses.

We may be equally proud of President Bush's remarks; his commitment and concern. One sentence especially notable.

> We want to see the day when every American child is part of a strong and stable family.

The importance of this statement is elemental. Unlike the problems of children in much of the world; age-old problems of disease, new problems of ecological disaster, the problems of children in the United States are overwhelmingly associated with the strength and stability of their families. Our problems do not reside in nature, nor yet are they fundamentally economic. Our problems derive from behavior.

This is worth noting for the day before yesterday, Monday, October 1, 1990, the Family Support Act of 1988 began full-scale operation.

Just 2 years ago the Family Support Act of 1988 became law. In a decade notable for its divisions this legislation was notable for the breadth of support it received. It passed both Houses with broad, bipartisan support, indeed near unanimity in the Senate, and was welcomed when it arrived on the President's desk.

At the time, and since then, and for the foreseeable future, the act was described as "welfare reform." Argument to the contrary was hopeless. Yet it bears repeating that something much larger was involved. Reform means "to restore to an earlier good state." There was no such earlier good state. AFDC—welfare—began as a widow's pension. A little noticed provision of the Social Security Act of 1935, designed to bridge the period until survivors insurance became generally available under Social Security, as it is today. In the meantime, we experienced a vast, still little understood social change involving a huge increase in the number and proportion of children born out of wedlock. Thus in 1988, as recently reported by the National Center for Health Statistics,[1]

[1] Footnotes at end of article.

the proportion of such births for the first time in our history crossed the one-quarter mark. With some 4 million births per year-3,909,519 in 1988—this means more than a million such children are now born each year. The AFDC Program has cared for these children, and their typically youthful mothers.

As this transformation took place the import of the term welfare changed as well. A once honorable standard, a stated public goal, proclaimed in the preamble of the Constitution, welfare became a term of opprobrium. The term even disappeared from the ranks of Cabinet departments. Although it was by far the most important function of the Department of Health, Education, and Welfare, when this Department was split up in the late 1970's, the term welfare vanished. None wished to be associated with the subject.

Hence the Family Support Act, the purpose of which was to establish a new regime to deal with a new reality. Congress laid down a set of mutual obligations. Things society owed to these parents; things these parents owed to society; things owed to children by both.

Society owed single mothers support while they acquired the means of self-sufficiency; mothers owed society the effort to become self-sufficient. Absent fathers owed child support to both.

A tremendous organizational effort would be required at every level, across the Nation, and to jurisdictions as far apart as the Virgin Islands and Guam. Each State and similar jurisdiction was required to have enabling legislation in place by October 1, 1990. For all its rumbling, bumbling antique idiosyncracy, American federalism has done it again. The returns are in; everyone is in compliance. The act is underway.

I know the Senate will wish to congratulate Secretary Sullivan on a huge administrative task well done, and of course especially thank his able and enterprising head of the Family Support Administration, Assistant Secretary Jo Anne B. Barnhart, and Martin Gerry, Assistant Secretary for Planning and Evaluation.

I now have something further to report which I believe will also interest the Senate. Little noticed at the time, and I suppose little noticed still, we wrote into the Family Support Act extensive provisions for the evaluation of the impact of the programs, especially the Job Opportunities and Basic Skills Training Program known by the acronym JOBS. Although our purpose was hardly concealed, at the time, it may be useful to restate it. Welfare had become a contentious, often vindictive area of political conflict in which liberals and conservatives clashed and children were lost sight of. We had one particular objective, which was to establish a set of social indicators which would tell us over time the extent to which child dependency was increasing or decreasing. Our hope was that over time we could wring the rhetoric out of the subject, and get down to facts.

We knew that poverty in the United States was now concentrated in single-parent families. The United States had become the first society in history in which the poorest group in the population were the children. Just last week, for example, the Bureau of the Census issued its annual report, "Money Income and Poverty Status in the United States, 1989." The general comment about the report concerned the fact that the poverty rate seems stuck; that a long period of economic growth, however modest perhaps, but certainly prolonged, had made no impact on the poverty rate. But this is no mystery; 64.7 percent of all poor families with children in 1989 were single-parent families.[2] Nothing changed for them in the 1980's.

Little wonder they were poor. The average payment for the typical AFDC family of 3 was $370 per month in 1988. Not enough to keep body and soul together; indeed, a third less than the value of AFDC benefits 30 years ago when the present crisis settled in.

The present crisis. It is not clear just when it began, but we can date exactly when it first showed up on our screens, if that term may be used. This was the period 1964-65 when data from various sources analyzed in the Bureau of Labor Statistics first revealed a growth in dependency unrelated to economic movements. This subject almost made its way into the antipoverty programs that were begun at this time. Almost but not quite: the data seemed tentative, open to different interpretations, and in understandable ways threatening.

Now, however, we know, finally, just how good that data was. One of the more foresighted initiatives of the War on Poverty was the financing at the University of Michigan's Institute for Social Research of the Panel Study of Income Dynamics, headed by a superb research scientist, Gregory Duncan, which has been systemically following successive cohorts and their earnings for the last several decades. Assistant Secretary Barnhart asked the Institute to calculate the percentage of children born 1967-69 who lived in a family receiving AFDC prior to the 18th birthday. These data have now been received.

Almost one-quarter—22.1 percent—of children born in the late 1960's were dependent on AFDC for at least 1 year of their life before reaching their 18th birthday. Keep in mind that by definition these families were paupers, an old but instructive term.

By race, 72.3 percent of black and 15.7 percent of nonblack children were supported by AFDC at one point or another during childhood.

It should be stressed that this data is subject to further analysis and possible correction. But it gives us the central fact: Welfare dependency is endemic in the United States today. It is a common experience of children.

We are also beginning to collect information on the effects, or the correlates, if that is a better term, of welfare dependency. The Family Support Administration has engaged the Manpower Demonstration Research Corporation [MDRC] in New York to evaluate the JOBS Program, a singularly happy choice in that much of the research data that went into shaping the Family Support Act came from the MDRC, a nonprofit research organization. MDRC has in turn engaged Child Trends Inc., a Washington based nonprofit research institution, to study the effects of the Family Support Act on child development.

In a recent paper given at George Washington University, Nicholas Zill of Child Trends reported on a study in which welfare mothers were given the Armed Forces Qualifying Test. For what it may be worth, the 1964 Department of Labor study "One Third of a Nation," recording the incidence of failure of this test by draft age males, formed the principal data base on which the war on poverty was launched. Zill finds that most AFDC mothers would not qualify for the U.S. Armed Forces. Forty-seven percent of AFDC mothers score more than one standard deviation below the overall mean. Eighty-three percent of a normal distribution will be found within the bounds of one standard deviation above or below the mean. For a particular group to have its mean score one standard deviation below the overall mean is to be, well, way down there. Similarly, Dr. Zill finds that welfare children are twice as likely to fail in school as other children. By the teen years—ages 12-17—36 percent of AFDC teens have repeated a grade, more than twice the 17 percent for nonpoor teens. And thus the data go.

What all this tells us is that it is not going to be easy to make the JOBS Program work, to break the cycle of dependency, to put an end to child poverty. We knew that when the legislation was crafted. We also knew that we face a complex problem concerning teenage pregnancy, the start of the welfare cycle. The plain but mysterious fact is that the species now becomes fertile much earlier—4 to 5 years earlier—today than, say, a century and one-half ago. Or so it would appear. Hence, many otherwise unexplained or unnoticed phenomenon. Who noticed that in the 1970's college dormitories in the United States

became sexually mixed after several centuries of the strictest separation? This declining age of menarche places a great pressure on conduct among, well, children. Just Friday Joseph Berger in the New York Times presented a powerful account of the new proposal by the Chancellor of the New York City school system to distribute condoms in the schools. Mr. Berger's report contained this passage:

Sean, a sturdily-built youngster who said he had been sexually active since he was 10, did not think condom distribution would have much impact, since he and the boys he knows do not like to use them.

"It's not really a good sensation," he explained. He might use condoms, he said, only with a girl who is poorly dressed, does not appear to keep herself clean and is sleeping with others. But he said he would not use condoms with his steady girlfriend—whom he calls his wife—even if she might get pregnant.

"If it happens, it happens," he said. "There's nothing I can do about it."

Nor yet his partner or partners. In 1970 a live birth to a mother aged 10 was recorded in New York City.

At minimum these biological changes mean that high rates of births to young, single women will be with us indefinitely. In Canada, always a useful comparison, unmarried mothers now account for one-fifth of all births, as against one-quarter here. But somehow this is not as conspicuous a problem there as it is here. We need to think. And to learn. This is the basic strategy of the Family Support Act. We will not even begin to know whether it is having any effect until at least the year 2000 at the earliest, perhaps the year 2010. To those who may wish to protest that this is too long, I would simply state that they should have thought of that a quarter century ago when we might have got going. But we do already see considerable cooperation between previously divided schools of social thought. Two weeks ago the Progressive Policy Institute here in Washington issued a fine report, "Putting Children First: A Progressive Family Policy for the 1990's"; written by Elaine Ciulla Kamarck and William A. Galston, with essays by Robert J. Shapiro and Margaret Beyer. Kamarck and Galston began one of their chapters with a quotation from Karl Zinsmeister taken from that fine conservative journal the American Enterprise.

There is a mountain of scientific evidence showing that when families disintegrate, children often end up with intellectual, physical, and emotional scars that persist for life. * * * We talk about the drug crisis, the education crisis, and the problems of teen pregnancy and juvenile crime. But all these ills trace back predominantly to one source: broken families.

Call this tough minded, call it what you will; we need more. At the world summit last Sunday the Americans passed out a 34-page document "Goals for the Year 2000: A National Program of Action for Children." There were two subjects. National Education Goals and National Health Objectives. The Education Goals were those set forth by the President and the Governors at Charlottesville, VA, a year ago September and restated in the State of the Union Address. To be blunt, they are illusory. et cetera.

Goal 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

In 1984 President Reagan set forth essentially the same set of education goals—for the year 1990. By contrast, the health goals, previously set forth by Dr. Sullivan in a publication "Healthy People: 2000" seem doable. "Reduce the death rate for children by 15 percent to no more than 28 per 100,000 children aged 1 through 14. * * *"

What was missing in our presentation at the United Nations was any reference—any—to family stability and its various correlates. Congress and the executive have got to start getting specific. It would be my hunch, for example, that the ratio of children on welfare before age 18 has risen from just over 22 percent for the cohort born in the late sixties to at least 25 percent for those born in the late eighties. Could we hope to get it back down to, say, 20 percent by the late nineties? Not possible? Well what would be possible? The time has come to count.

And to think. The French theologian put it as well as can be done. "The worst, most corrupting lies," he wrote in 1937, "are problems poorly stated." For a generation now we have avoided this central problem of American society with talk of welfare queens and welfare rights. Can we not get back to the children?

FOOTNOTES

[1] Monthly Vital Statistics Report, vol. 39, No. 4, Aug. 14, 1990, p. 7.

[2] "Money Income and Poverty Status in the United States," U.S. Department of Commerce, Bureau of the Census, September 1990, pp. 61-62.

S. 2415—THE SOLAR, WIND, WASTE, AND GEOTHERMAL POWER PRODUCTION INCENTIVE ACT OF 1990

Mr. CRANSTON. Mr. President, I want to take this opportunity to say a few words in support of S. 2415, the Solar, Wind, Waste, and Geothermal Power Production Incentive Act of 1990, which I cosponsored and which passed the Senate last week.

This bill would promote further development of clean, renewable, domestic sources of energy such as solar, wind, and geothermal by removing the 80-megawatt cap that currently exists under the Public Utilities Regulatory Policies Act [PURPA].

Under PURPA, independent producers of renewable energy such as geothermal and solar are exempted from the restrictions of the Public Utilities Holding Companies Act, but only if they produce no more than 80 megawatts of power at a single site. This 80-megawatt limitation prevents these renewable energy sources from taking advantage of economies of scale that would make them even more cost-competitive with traditional sources of energy.

In examining the legislative history of this matter there is no clear rationale for the existence of the cap. Other forms of independent power production which fall under PURPA's jurisdiction, such as cogeneration facilities powered by fossil fuels, are not subject to this limitation. Given the proven success and promise of these renewable sources, the 80-megawatt restriction does not make sense and should be eliminated.

In California, Luz International Ltd. has developed an increasingly cost-effective solar thermal trough technology. Luz is currently serving the people of southern California with the largest solar-powered facility ever built. The optimal size for Luz' system is 150-200 megawatts, not 80 megawatts. At the optimal size, power could be produced at 5 to 6 cents per kilowatt hour instead of the current 8 cents per kilowatt hour.

The California Energy Co., one of the largest and most successful geothermal power developers in the industry today, now supplies the city of Los Angeles with enough electrical power to meet the daily needs of over 250,000 homes.

At California Energy's COSO complex in China Lake, CA, total power generating capacity equals 240 megawatts. However, because of the 80-megawatt per site limitation, the COSO facility actually represents three 80-megawatt sites each placed more than 1 mile apart. The spacing of the sites is not because of technical, engineering, or geothermal reserve considerations. In fact, the spacing is dictated by the need to stay within the current 80-megawatt limit. I am told that with virtually no further investment—simply by turning a few valves—the COSO facility could immediately produce up to 25 more megawatts of electricity if the size limitation was removed.

Nationally, geothermal energy now saves the United States 24 million barrels of imported oil per year—and there is potential from geothermal energy for at least three times that amount. Wind energy has already produced the equivalent of billions of barrels of oil in electricity. Solar energy holds great potential to reduce our dependence on foreign oil.

Global warming, caused primarily by an increase in carbon dioxide, could be slowed by greater use of cleaner alternative energy sources. Geothermal

energy, for example, produces far less than 1 percent of the amount of carbon dioxide produced from either coal or gas. Solar and wind energy produce no carbon dioxide emissions.

It's time to utilize these cleaner sources to halt our growing dependence on foreign oil and address some of our burdensome environmental problems.

To unlock the full potential of these renewable energy resources we must allow these technologies to grow without placing arbitrary restrictions on them. The first step is to enact S. 2415.

Unfortunately, the Energy Committee has attached uranium enrichment legislation onto this bill. Given the time left in this session of Congress and other pressing items that must be dealt with before adjournment, I believe uranium enrichment legislation will only decrease the chances of enactment of the extremely important measure.

S. 2415, by itself, has a good chance of passage, and it should be passed this year. We need to take immediate steps to decrease our consumption of foreign oil and promote development of clean, domestic, renewable sources of energy. S. 2415 is a logical and necessary first step.

THE BUDGET

Mr. HOLLINGS. Mr. President, I want to speak about this budget deal which is being grandly characterized as tough and real. Specifically, the President on last evening characterized it as such. I ask unanimous consent that his comments be printed in the RECORD, his full talk as it appeared last night, at this point.

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

[From the Washington Post, Oct. 3, 1990]

BUSH: BUDGET DEFICIT IS "A CANCER GNAWING AWAY AT OUR NATION'S HEALTH"

(Following is the text of President Bush's televised address last night)

Tonight, I want to talk to you about a problem that has lingered and dogged and vexed this country for far too long: the federal budget deficit. Thomas Paine said many years ago, "These are the times that try men's souls." As we speak, our nation is standing together against Saddam Hussein's aggression. But here at home, there is another threat, a cancer gnawing away at our nation's health. That cancer is the budget deficit. Year after year, it mortgages the future of our children.

No family, no nation, can continue to do business the way the federal government has been operating and survive. When you get a bill, that bill must be paid, and when you write a check, you're supposed to have money in the bank. But if you don't obey these simple rules of common sense, there's a price to pay. But for too long, the nation's business in Washington has been conducted as if these basic rules did not apply. Well, these rules do apply. And if we fail to act, next year alone we will face a federal budget deficit of more than $300 billion, a deficit that could weaken our economy further and cost us thousands of precious jobs.

If what goes up must come down, then the way down could be very hard. But it doesn't have to be that way. We can do something. In fact, we have started to do something. But we must act this week, when Congress will hold the first of two crucial up-or-down votes. These votes will be on a deficit-reduction agreement, worked out between the administration and the bipartisan leaders of Congress. This budget agreement is the result of eight months of blood, sweat and fears—fears of the economic chaos that would follow if we fail to reduce the deficit.

Of course, I cannot claim it's the best deficit-reduction plan possible. It's not. Any one of us alone might have written a better plan. But it is the best agreement that can be legislated now. It is the biggest deficit-reduction agreement ever—half a trillion dollars. It's the toughest deficit-reduction package ever, with new enforcement rules to make sure that what we fix now stays fixed. And it has the largest spending savings ever—more than $300 billion. For the first time, a Republican president and leaders of the Democratic Congress have agreed to real cuts that will be enforced by law, not promises. No smoke, no mirrors, no magic act, but real and lasting spending cuts.

This agreement will also raise revenue. I'm not and I know you're not a fan of tax increases. But if there have to be tax measures, they should allow the economy to grow. They should not turn us back to higher income tax rates, and they should be fair.

Everyone who can should contribute something, and no one should have to contribute beyond their fair share.

Our bipartisan agreement meets these tests, and through specific new incentives, it will help create more jobs. It's a little-known fact, but America's best job creators and greatest innovators tend to be our smaller companies. So our budget plan will give small and medium-size companies a needed shot in the arm.

Just as important, I am convinced that this agreement will help lower interest rates, and lower interest rates means savings for consumers, lower mortgage payments for new homeowners, and more investment to produce more jobs. And that's what this agreement will do.

And now let me tell you what this agreement will not do. It will not raise income tax rates, personal or corporate. It will not mess with Social Security in any way. It will not put America's national security at risk. And most of all, it will not let our economy slip out of control.

Clearly, each and every one of us can find fault with something in this agreement. In fact, that is a burden that any truly fair solution must carry. Any workable solution must be judged as a whole, not piece by piece. Those who dislike one part or another may pick our agreement apart. But if they do, believe me, the political reality is: no one can put a better one back together again.

Everyone will bear a small burden. But if we succeed, every American will have a large burden lifted. If we fail to enact this agreement, our economy will falter, markets may tumble and recession will follow. In just a moment the Democratic majority leader, Senator [George] Mitchell [D-Maine], will offer what is known as the Democratic response—often a rebuttal, but not tonight.

Tonight, the Democratic and Republican leadership and I all speak with one voice in support of this agreement. Tonight, we ask you to help us move this agreement forward. The congressional leadership and I both have a job to do in getting it enacted, and tonight I ask for your help.

First, I ask you to understand how important, and, for some, how difficult this vote is, for your congressmen and senators. Many worry about your reaction to one part or another. But I know you know the importance of the whole. And so second, I ask you to take this initiative: Tell your congressmen and senators you support this deficit-reduction agreement.

If they are Republicans, urge them to stand with the president. Urge them to do what the bipartisan leadership has done, come together in the spirit of compromise to solve this national problem. If they're Democrats, urge them to stand with their congressional leaders. Ask them to fight for the future of your kids by supporting this budget agreement. Now is the time for you, the American people, to have a real impact.

Your senators and congressmen need to know that you want this deficit brought down. That the time for politics and posturing is over and time to come together is now. This deficit-reduction agreement is tough and so are the times. The agreement is fair, and so is the American spirit. The agreement is bipartisan, and so is the vote. The agreement is real, and so is this crisis.

This is the first time in my presidency that I have made an appeal like this to you, the American people. With your help we can at last put this budget crisis behind us and face the other challenges that lie ahead. If we do, the long-term result will be a healthier nation and something more. We will have once again put ourselves on the path of economic growth and we will have demonstrated that no challenge is greater than the determination of the American people.

Thank you, God bless you and good night.

Mr. HOLLINGS. Mr. President, the President claimed the agreement is "real." He said it does not mess around with Social Security. Wrong on both counts. It is supposed to solve the deficit problem. Instead it adds $1.2 trillion to the national debt over the 5-year period. That is using the figures given to us by Director Richard Darman of the Office of Management and Budget. Indeed this agreement expressly abandons any pretense of trying to eliminate the deficits. Instead, it talks about "proposed savings."

In a news conference I am asked about savings, not about the deficit. There is no serious deficit reduction purpose. There is a serious purpose of deceit and fraud upon the American people. They put up the false targets, false interest costs, false GNP growth predictions. And to make absolutely sure that they have free rein, they suspend Gramm-Rudman-Hollings for the first 2 years in order to get us by the 1992 election. What's more, they mess around with Social Security in two ways. One, it requires now-exempt State and local employees to start paying FICA payroll taxes to the tune

of $2 billion, and every dime of that new revenue will go into general operating revenues, not into the Social Security Trust Fund. Second, the agreement continues the current practice of raiding the Social Security Trust Fund to reduce the Gramm-Rudman-Hollings deficit and to fund the day-to-day operating expenses of the Federal Government. The agreement explicitly acknowledges that $21 billion will be quote-unquote borrowed from the Social Security Trust Fund in 1991, and a total of $169 will be quote-unquote borrowed over the 5 years of the agreement. So concerning the Social Security Trust Fund, this agreement ensures that there will continue to be no trust and no fund. Read my lips, the budget deal does indeed mess with Social Security.

Politically, they took care of Neil Bush and George Bush and their S&L tarbaby. We in Washington who are responsible, we will not have to listen to that anymore. Neatly tucked away in this agreement is the fact that all expenditures for the S&L bailout will be off budget for purposes of calculating the Gramm-Rudman-Hollings deficit. At the same time, the statutory debt-limit is left open-ended and is extended for a full 5 years. When you put these two provisions together, what you have is congressional authorization of carte blanche for bailout spending by the Resolution Trust Corporation. RTC can spend whatever it needs to cover up its incompetent handling of the S&L liquidations. Those tens of billions won't count against the deficit, and they won't bring about a crisis in terms of exceeding the statutory debt limit. The purposes, of course, is to solve Congress' and the administration's political problem by keeping the S&L mess out of sight and out of mind.

The fact that there was a budget summit this year is due to the pressure of Gramm-Rudman-Hollings. But now Gramm-Rudman-Hollings has been circumvented.

This is a shame, because the law worked. We had a partial sequester for 1986. We did not pass a budget until Christmas 1986. We had a partial sequester of $11 billion. Then we came in and for 1987, we reduced the deficit. People were running around saying, "This will never work." But we reduced the deficit from $221 billion to $150 billion. But then at Christmas of 1988 we had a political problem. We were all looking in 1987 at the 1988 election. We ran over to the White House with President Reagan, concocted a bogus agreement, and pleaded that a deal was a deal. That is how we got an even bigger deficit.

In 1989, less than a year ago, Thanksgiving, we agreed to pretend that we had met the deficit target of $100 billion, and now the President is on national TV, less than a year later, saying the deficit is $300 billion. The truth of the matter is, the deficit is over $400 billion. It is hard to get them to catch up to the truth. We can slightly move them in the right direction, but they sneak out from under us.

Believe me, if you like Gramm-Rudman-Hollings, you will love this latest agreement. I did not like Gramm-Rudman-Hollings. I thought it was a necessary evil, and I worked like the dickens for it and supported it and have continued to, for the discipline it imposes.

The hysteria this year about furloughs and sequesters was grossly overblown. Nobody in his right mind was going to allow a $100-plus billion sequester. Such huge sequesters never were intended back in 1985. We intended to have a balanced budget by 1991. So you would not have to use Social Security moneys, would not have to indulge in all of these monkeyshines.

The President claims that this deal results in the largest deficit reduction yet. The largest was Gramm-Rudman-Hollings. We cut $70 billion in one year. Not $40 billion. It did not cause a recession.

This latest agreement, however, puts government in a box. This is an abuse of parliamentary procedure in order to hog tie and deadlock government.

Under this agreement, the most deliberative body, will not be able to operate. Why not? You have the discretionary spending categories of defense, international, and domestic. We are put in a straitjacket providing only for current services.

Our distinguished chairman of the Appropriations Committee said he added on $14 billion, $1.8 billion of it in 1991. But we will need $7 billion more just this year. We are looking ahead to the space station, shuttle commitments, to the supercollider, to the magnetic levitation train, and so on. These things cannot be funded under this budget. And forget our urgent needs for child care, Head Start, chapter 1 and so on. Forget the Women, Infants, and Children Feeding Program.

We need to gear up to compete with Japan and Europe. But on account of these parliamentary political shenanigans right here in this body, over across the hall, and in the White House, we are going to padlock the Government. The minority party in this body can block any new initiative by exploiting the budget agreement's requirement of 60 votes to waive a point of order if a program exceeds the domestic ceiling.

We are not going to get anything done because, even on supplementals, you cannot amend them, they originate with the President. Reconciliation is for 5 years under this agreement. Once you approve that, you have locked it in. So for defense and foreign aid, and for Government itself to really get something done up here, forget it. Defense never goes below $292 billion under the agreement. Defense is unscathed. The budget agreement officially kills any idea of a peace dividend. Gone are the predictions of DOD's budget being pushed down toward $250 billion over the next several years. Instead, the budget deal locks in DOD budgets at no less than $292 billion annually right through fiscal year 1993. What's more, the cost of Desert Shield is not included under the DOD budget cap—it does not count against DOD's $292-plus billion spending limit. In other words, instead of a peace dividend to fund urgent domestic priorities, the budget deal awards the Pentagon a war dividend by exempting it from significant cuts and giving DOD carte blanche in the Persian Gulf.

Mr. President, I can tell you here and now this is the worst budget document I have ever seen gliding through this body. Everybody is saying, "what else are you going to do?" I have presented alternatives. I fought on this floor against Kemp-Roth, Reaganomics, which George Herbert Walker Bush called voodoo economics. Now he is a high priest of voodoo, a national distributor of voodoo last night on TV, I can tell you that.

I fought for a budget freeze. Then I fought for Gramm-Rudman-Hollings. Then when I saw it did not work, with the sham as I have described it, on Christmas of 1987 I appeared before the Finance Committee with a proposed across-the-board consumption tax to pay the bills. That would impact everything equitably. That would impact beer, wine, cigarettes, oil energy the whole kit and kaboddle.

The European average value-added tax is 17 percent. They are paying their bills, and beating us in world trade.

Out in the Pacific rim, the VAT average is 15 percent; Korea is beating the socks off us. Yet here we sit around providing for our own reelection.

So I proposed a VAT tax.

They said, well, you are going to raise $100 billion. Who is going to vote for it? We had eight in the Budget Committee vote for it; eight Democrats voted for it. I had Republicans vote for it in an earlier Budget Committee meeting. Yes, sir, they will vote for it if everybody gets together here to really solve this problem. When they talk about $100 billion, they act like that is a lot. That is only one-tenth of the deficit problem. We face a trillion-dollar problem, according to GAO. Everyone seems to have bought off on the summit's assumption that $500 billion in deficit reduction between 1991 and 1995 will balance the

budget. It won't come close. On September 12, Comptroller General Charles Bowsher released a GAO study which concluded that it would take closer to $1 trillion in deficit reduction between 1991 and 1995 to balance the budget.

The agreement's economic assumptions are basically sound for 1991, but the assumptions for 1992 through 1995 really put the rouge on old Rosy Scenario. Consider 1992, when OMB says we will have robust GNP growth of 3.8 percent and interest rates at only 5.7 percent. Or consider 1995, when OMB promises us 3.5 percent economic growth and 4.2 percent interest rates. These are just not in the real world.

At the same time, the summiteers were so desperate for gimmicks that they actually stole one from Mike Dukakis. The agreement claims some $10 billion in revenue from stricter IRS enforcement—$3 billion of it in 1991 alone. This is just so much fairy dust.

Meanwhile, a large portion of the Social Security, Medicare, highway, and airport trust funds will all be on budget for purposes of calculating the Gramm-Rudman-Hollings deficit. The surpluses in those funds will be used in their entirety to fund the operating expenses of the Government.

Nowhere in the media have I seen reported perhaps the most profound difference in this latest incarnation of Gramm-Rudman-Hollings as outlined in the agreement. Heretofore, Gramm-Rudman-Hollings has been premised on specific deficit targets aimed at achieving a balanced budget. That is now gone. In its place, this budget agreement talks only about targets for proposed savings. In other words, in 1991 we only have to reach the proposed savings of $40 billion, and no one is supposed to notice or care that the deficit skyrockets to $253 billion. By 1995, the last year of the agreement, even the wildly optimistic OMB projection foresees a $63 billion deficit—even after raiding the trust funds, factoring in rosy economic assumptions, and excluding S&L bailout costs. A more accurate deficit projection for 1995 would be closer to $200 billion. In other words, the deficit can continue to grow unchecked in each and every year of this agreement, but as long as we reach our target for proposed savings, then we get to claim that we did our job. Perhaps nothing more clearly illustrates the inadequacy and sham of this agreement. It is the sleaziest off-Broadway show you can find.

Somehow, somewhere it has to stop. We can get together in the House and Senate, on both sides of the aisle, work out a budget that truly gets the job done. We could send it to the President and tell him this is the best product the Representatives of the people in America up here in this national Congress. But, no, instead we are to be given a conference report when they have not even had conferees, with no amendments, and 10 hours of debate, and they say, by the way, we can cut it to 5 hours. They sweeten it by saying that if you want to agree, we will not have to vote on Friday and Monday. What kind of thing is this? The most important bill in a decade and you cannot even get an amendment up. They ask why did I not present something better? I would like to debate the merits of a value-added tax.

I ask unanimous consent to print a description in the RECORD at this particular point.

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

VAT DESCRIPTION

A value added tax is a broad-based consumption tax that is imposed at each stage of production of goods or delivery of services. I have proposed a "destination-based, invoice-method" VAT of 5 percent, which exempts food, housing and medical care. It is "destination-based" because the tax is paid in the country where the goods or services are consumed. This means goods consumed in the United States are taxed here. Those consumed in other countries are not taxed here.

The "invoice-credit method" refers to the method of calculation of the VAT. The invoice method imposes a VAT at each stage of production and the tax is listed on the invoice. As a taxpayer, I have two entries on my ledger: one for VAT paid on purchases, and one for VAT received on sales. I receive credit for tax paid on purchases and use it to offset tax due on sales. The invoice acts as a paper trail for the IRS. This is repeated at each stage of production up to the point of retail sale.

Obviously, I view the VAT as the cleanest, most efficient method of raising sufficient revenue to eliminate the deficit and debt. It is a common-sense tax that offers a number of collateral benefits. Under the invoice method, the VAT tax is substantially self-enforcing. For instance, if I purchase a product from you, I pay for your value added tax in my purchase price. In order to receive credit for the payment of that tax, I must show, by invoice, offsetting sales including payment to me. My net VAT liability is determined by subtracting the tax paid on purchases from the tax received on sales. So, in order to cheat the government, you have to cheat your customers or your suppliers, and most businessmen are very good at not getting cheated.

Also, because it is destination based, the VAT carries with it very important trade benefits. A VAT is a "border neutral" tax, which means that when a good passes out of the country in which it is produced, the VAT is rebated to the seller. In addition, when the same product is imported into the country where it is to be consumed, that importing country's VAT is added to the product. So, a country without a VAT, like the United States, is getting the worst of both worlds: foreign goods are cheaper here because the VAT is deleted, and United States produced export items are more expensive because a VAT levy is added to the sale price by the importing country. Lester Thurow, Dean of the Sloan Business School at MIT, has said, with good reason, that "The rules of international trade are structured to make you stupid if you don't have a value added tax."

A VAT is also a consumption tax, and as such, has the effect of discouraging consumer binges and hence encouraging savings. The retired Senate sage Barry Goldwater has said, "If you want to discourage something, tax it. If you want to encourage it, subsidize it." Yet, in this country, we perversely tax savings and subsidize borrowing and spending. A VAT would reverse this.

The three most common criticisms of a VAT are that it is inflationary, that it is a machine for expanding by government, and that it is regressive. The first criticism, that it is inflationary, is overblown, and the other two I have addressed in my bill. Experience shows that while modest inflation can be attributed to a VAT, it is a one-time increase which does not feed the tax-price-wage spiral that most people fear. In addition, deficit reduction made possible by a VAT, and the corresponding lower interest rates would largely offset any inflationary pressure. In fact, it will unburden taxpayers from the cruelest tax of all, the $200 billion in annual interest costs on the rising national debt.

As for the regressive nature of a VAT, my version will exempt food, housing and medical care. Since the poorest Americans spend the bulk of their income on these necessities, these exemptions substantially eliminate regressivity.

Finally, the "money machine" argument is moot under S. 442. All of the revenue from the VAT would go into a sacrosanct dedicated Deficit and Debt Reduction Trust Fund. VAT revenues must not and will not go toward starting up the federal gravy train again.

Another important, but often ignored aspect of a VAT is its economic neutrality. One thing we all generally agree on is that free markets do a reasonably good job of guiding economic decisionmaking. As a corollary of this point, most tax experts agree that a "good" tax does not distort the economic decisions made by businesses and consumers, and the VAT I have proposed, with only one rate and minimal exemptions, is closer to the ideal of neutrality than any other method of taxation we currently have in place.

A VAT is also a stimulative tax for business. Under a consumption based VAT like I have proposed, business purchasers are allowed a credit for taxes on all of their expenses—capital, services and the like—and therefore, only consumer goods and services are ultimately taxed.

Mr. HOLLINGS. Mr. President, too many Senators are treating this politically. You go into your caucus and I go into my caucus; we fix this vote, and all those running for reelection say I tried to help the President. That is what got us Reaganomics. Men of reasonable, prudent, and sane minds said we are going to help the President. So they nearly all voted for it.

The debt has soared from $908 billion in 1981 to at least $3.2 trillion. The interest costs have gone to $286 billion. Interest is now going to exceed defense, at least, $286 billion gross interest cost over $200 billion net interest cost. The first thing we do each morning is borrow another $500 million, a half billion, and add to the debt.

The media have done a good job of pointing out that the new taxes in this agreement are overwhelmingly regressive in nature. But they fail to note how paltry these taxes are in the context of our monster deficits. With 10-cent gas tax increases and 8-cent cigarette tax increases, we are literally attempting to nickel and dime a trillion-dollar deficit problem. This agreement calls for only $16 billion in new taxes in 1991. Meanwhile, it calls for fully $5 billion in new tax cuts—all of them targeted for the affluent and wealthy. So excuse me for seeing Mr. GINGRICH's walk-out as a trumped-up charade. The fact is that, so far as President Bush's core GOP constituency of well-off voters is concerned, the President has fulfilled his campaign pledge not to raise their taxes. Indeed, he has succeeded in cutting their taxes by at least $25 billion over the 5 years of the agreement.

Mr. President, this proposed agreement brazenly understates the size of the deficit problem. Its solution is inequitable and inadequate. It is a clear and unmistakable admission that the budget mess is out of control. Today, we stand on the brink. It is not too late to step back from that brink and work out an agreement that gets the job done. The bipartisan budget agreement is a sham and a shame.

TRIBUTE TO GEN. CURTIS E. LEMAY

Mr. THURMOND. Mr. President, I rise today to honor the memory of a great American, Gen. Curtis E. Lemay, who passed away on Monday. General Lemay was an extraordinary individual and a true American hero who served his country with vigor and courage in peacetime as well as war. I join with his many friends and admirers in mourning his loss.

Curtis Lemay was born in 1906 in Columbus, OH, and grew up with a deep love for the outdoors. Although he was unable to achieve a childhood dream of attending West Point, he enrolled at Ohio State and joined the Reserve Officers Training Corps. He worked nights in a foundry to pay his way through school.

General Lemay's ROTC experience led to a stint in the Army Field Artillery, from which he transferred to flight cadet school. He was soon commissioned as a pilot and showed outstanding ability early on in his military career.

Lemay rose quickly through the ranks, gaining a reputation for toughness and bravery which grew to near-legendary proportions during World War II. In one of his earlier assignments, he commanded the 305th Bombardment Group, which was among the first U.S. Forces to fight the Germans over Europe.

During his time with the 305th he demonstrated the courage and iron will which were to become his hallmark. Believing that the evasive maneuvers which bombers undertook to avoid flak where causing them to miss targets, he personally led a straight-in bombing run through heavy enemy fire to prove his point.

Lemay later led bombing raids in the Pacific Theatre with conspicuous bravery. He is perhaps best known for relaying the direct order from President Truman to drop nuclear bombs on Hiroshima and Nagasaki in Japan.

The cigar-chewing general was regarded with something approaching awe by the men under his command, who called him "Iron Eagle" or "Old Iron Pants" because of his exacting standards and his blunt, impatient manner. However, he was just as renowned for his fairness and concern for the welfare of his troops, and asked nothing of them which he would not do himself.

General Lemay went on to become Chief of Air Force Research and Development and then commander of U.S. Air Forces in Europe. When fliers under his command were making history during the Berlin Airlift, the general often piloted transports himself, claiming he had a conference to attend in Berlin.

General Lemay served for 9 years as head of the Strategic Air Command, and as both Vice-Chief of Staff and Chief of Staff of the Air Force. He was honest, outspoken, and unapologetically anti-Communist, and he antagonized some with his strongly held views and unsparing candor. However, he was a man who fought fiercely for what he believed, and even those who disagreed with him respected his integrity.

General Lemay won many military honors, including the Distinguished Service Cross, two Distinguished Service Medals, the Silver Star, and numerous air medals. He retired in 1965 and was George Wallace's running mate in his unsuccessful Presidential bid in 1968. He remained a proponent of a strong national defense and a foe of communism all his life.

Mr. President, Curtis E. Lemay was a man of outstanding ability, whose tremendous achievements and flamboyant personality made him a legend in his own time. He was an individual of great physical and moral courage, and a true patriot. Our Nation owes him an enormous debt of gratitude for his faithful service. We are richer for his life and we will never forget him.

Nancy and I would like to extend our deepest sympathy to General Lemay's wife, Helen, and his daughter Jane during this difficult time.

DEFENSE PRODUCT ACT AMENDMENTS

Mr. BOND. Mr. President, the Defense Production Act has served as a tool that the President could use to ensure his ability to mobilize the Nation's industrial resources for defense purposes. Through limited and measured use of the authorities contained in the act, defense planners have, over the years, ensured continued production of critical materials. Even today, the act is being used to ensure supplies of critical items needed by our troops in the Persian Gulf.

Unfortunately S. 1379 goes far beyond the current act—expanding its breadth, creating new layers of Government bureaucracy and adding new layers of Government control on the backs of American companies. The bill starts from the premise that the Defense industrial base is in need of assistance and protection, and goes on to assert that that assistance must come from the Government.

Though I will agree that there are times when it is appropriate for the Government to be involved in assisting private business, I believe this bill goes too far and prescribes the wrong medicine for the ailment in the Defense industrial base that its supporters believe exists. The best thing the Government can do for the companies that make up the Defense industrial base is to reduce the burdens on them, not increase them. This means eliminating paperwork and unnecessary reporting requirements, not increasing them as this bill would do. It means enacting trade laws which facilitate free and fair competition in the world marketplace, not enacting new trade barriers as this bill would do. And it means providing payment and reimbursement policies which encourage research and development and investment in new plant and equipment, one area in which this bill does make some positive steps.

Mr. President, the companies and workers who make up America's defense industrial base would be better served by less far-reaching and better directed legislation. Though I will not oppose the bill today because I believe the sponsors have made positive steps to improve the bill, I would like to make the following points:

First, the bill passed by the House, H.R. 486, is an even more objectionable bill which would, if enacted, do significant damage not only to our Defense industrial base but also to our national security. I am strongly opposed to it, and if a conference report containing the major provisions of that bill comes back to the Senate, I will take all steps within my power to see that it is defeated.

Second, I do not need to remind my colleagues that we are currently involved in a massive overseas deploy-

ment of troops. Because of that deployment, the Pentagon is relying on the authorities contained within the DPA on a daily basis. Given these circumstances, it would be irresponsible for us to adjourn without insuring that the President retains his authority under the DPA. Thus, if the conferees are unable to agree on a compromise plan, I hope my colleagues will agree to a short-term extension of the existing act prior to our adjournment so that we do not leave the President unable to support our troops overseas.

I ask unanimous consent that several documents setting forth the opposition of the administration to both S. 1379 and H.R. 486 and expressing their desire to see the act extended be printed in the RECORD immediately following my remarks.

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

THE DEPUTY SECRETARY OF DEFENSE,
Washington, DC, September 24, 1990.

Hon. ROBERT J. DOLE,
Minority Leader, U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: I urge the Congress to extend for two years the provisions of the Defense Production Act [DPA]. Although the Administration would prefer that Congress make the DPA permanent law, with the September 30, 1990, expiration of the Act approaching quickly the Administration urges that Congress extend the Act for two more years. Continuation of the Department's authority under the DPA without any lapse is particularly important when units of the United States Armed Forces are deployed, as they are now in the Middle East, in situations in which they could face combat.

The DPA enables the Nation's industry to give priority to weapons and military equipment production to meet defense needs under the Defense Priorities and Allocations System established pursuant to Title I of the Act. The Department has found it necessary to invoke this authority hundreds of times each year to ensure that the Armed Forces have the items they need when they need them.

The authority granted by the DPA is essential to keep the Armed Forces supplied with spare and consumable items, such as aviation fuel, munitions, chemical protective suits, and combat meals because the Department's suppliers would otherwise be unable to obtain the necessary inputs on a priority basis to produce these products. Since Operation Desert Shield began, DPA authority has been necessary to procure missile containers used to ship and store missiles, electronic countermeasures pods and radomes for Marine and Air Force tactical aircraft, secure computer workstations, and various components of the Bradley Fighting Vehicle.

We prefer that Congress consider acting favorably on the legislative recommendations of the Administration. However, expeditious extension of the DPA, without objectionable provisions that will complicate the enactment of the legislation is essential. I urge the Congress to proceed swiftly to ensure that the law is extended before it expires on September 30, 1990. Such an extension could include several provisions of H.R. 4766, H.R. 486, or S. 2168 that are directly related to the energy aspects of the current situation in the Persian Gulf.

A similar letter has been sent to Senator Mitchell and Congressmen Foley and Michel.

Sincerely,

D. J. ATWOOD.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, September 26, 1990.

STATEMENT OF ADMINISTRATION POLICY

(S. 1379—Defense Production Act Amendments of 1990—Dixon—Illinois)

The Administration opposes S. 1379 and urges Congress to adopt the Administration's proposal, S. 2168, which would provide for permanent re-authorization of the Defense Production Act (DPA). If there is insufficient support for S. 2168, the Administration would support an extension of the existing DPA for two years rather than enactment of S. 1379. Such an extension could include several provisions of S. 2168 that are directly related to the energy aspects of the current situation in the Middle East.

The DPA vests the President with the authority to direct materials and facilities from civilian to Federal use to ensure adequate industrial production and supply for national security purposes. Additionally, it authorizes loans, loan guarantees, purchase guarantees, antitrust protection, and the use of the National Defense Executive Reserves (NDER), S. 1379, however, would change the DPA to a statute which undermines antitrust laws, infringes upon the constitutional authority of the President, encourages protectionism and establishes unneeded authorities and unwarranted reporting requirements.

The Administration strongly objects to section 137 of the bill. This section would create a prior government approval and antitrust immunity program for a wide range of industry consortia engaged in joint research, development, and manufacturing activities. If S. 1379 is presented to the President in a form that includes section 137, the Attorney General would recommend that the President seriously consider vetoing the bill.

Moreover, S. 1379 contains provisions which impinge upon the President's constitutional authority to control diplomatic initiatives and to maintain the confidentiality of the Executive branch deliberative process. The Administration objects to the following sections which infringe upon this authority:

Section 124, which requires that the Secretary of Defense lead an interagency team to consult with foreign governments on limiting the adverse effects of offsets in defense procurement.

Section 125, which requires the Secretary of commerce to report on alternative findings or recommendations submitted to the Department of Commerce on international negotiations related to the DPA.

Furthermore, S. 1379 adds unnecessary new authorities or responsibilities and burdensome, duplicative reporting requirements to the DPA. Most objectionable are:

Section 123, which would establish an unnecessary revolving fund.

Sections 123–126 and 138, which establish or amend reporting requirements to Congress on industrial and technological issues.

Section 152(1), which would repeal the requirement for paying interest on the net amount of Federal capital used under sections 302 and 303 of the DPA.

The Administration opposes Title IV, which amends the International Banking Act and authorizes retaliatory measures against foreign governments found to be in violation of the Omnibus Trade and Competitiveness Act. The Administration consistently has opposed retaliatory measures which could close U.S. markets.

The Administration strongly supports those provisions which amend section 706 to enhance the utility of "voluntary agreements" in responding to serious national emergencies. The Administration also supports section 141 which clarifies contract priority authority. This authority would apply to "services" contracts, such as for standby pipeline repair services for the Strategic Petroleum Reserve. These provisions, which are based on the Administration's bill, S. 2168, are potentially relevant to the U.S. response to the current situation in the Persian Gulf.

Also, in light of the present Persian Gulf crisis, the Administration urges enactment of those provisions of S. 2168 which provide conflict of interest and antitrust protection for the NDER. This would facilitate the development and staffing of an NDER composed of representatives from the petroleum industry, which most oil companies have declined to support because of the lack of such protection.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, September 21, 1990.

STATEMENT OF ADMINISTRATION POLICY

(H.R. 486—Defense Production Act Amendments of 1990—Oakar—Ohio)

The Administration opposes H.R. 486 and urges Congress to adopt the Administration's proposal, H.R. 4766, which would provide for permanent re-authorization of the Defense Production Act [DPA].

If H.R. 4766 is not adopted, the Administration would support an extension of the existing DPA for two years rather than enactment of H.R. 486. Such an extension could include several provisions of H.R. 4766 or H.R. 486 that are directly related to the energy aspects of the current situation in the Persian Gulf.

The DPA vests the President with the authority to direct materials and facilities from civilian to national defense use to ensure adequate industrial production and supply for national security purposes. Additionally, it authorizes loans, loan guarantees, purchase guarantees, antitrust protection and the use of the National Defense Executive Reserves [NDER]. H.R. 486, however, would change the DPA to a statute which infringes upon the authority of the President and establishes unneeded authorities and unwarranted reporting requirements.

The provisions of H.R. 486 that are most troublesome to the Administration are sections 4, 5, 6 and 10. The Administration also opposes the approach used to remedy the conflicts of interest problem contained in section 8.

Section 4 of H.R. 486 would establish an array of industrial policy initiatives that could be counterproductive to the long term strengthening of the industrial base. Included in the aection are provisions that would require the President to limit the procurement of all "critical" weapons, parts, or components to domestic sources irrespective of cost or other consequences. The section mandates that a detailed cost comparison be made of "all defense-related procurement

actions" to determine the respective direct and indirect costs and benefits associated with domestic and offshore acquisition. Included in such analysis would be the estimated cost of complying with any Federal or state law including loss of Federal, state or local taxes.

Another provision (subsection (g)) would require that the procurement restrictions mandated in section 4 be included in all existing and future "Memorandums of Understanding." This would, in effect, be a unilateral amendment to previously negotiated international agreements. Such an override would impinge on the President's authority to conduct foreign policy and adversely affect the credibility of future negotiations.

Section 5 of H.R. 486 would authorize $7 million to enhance the existing Defense Information Network (DINET) and provide for the reporting of specific details on 12 authorized major weapon systems and all such systems started after the enactment of H.R. 486. The existing DINET system, as augmented by already planned improvements, will be adequate for Defense's needs.

Section 6 of H.R. 486 would authorize $130 million per year for Fiscal Years 1991 through 1995 for the loans, loan guarantees and purchase commitments authorized by Title III of the Defense Product Act. The Administration's proposal, H.R. 4766, requested only $50 million per year for these programs. The $50 million per year request contained in the Administration's proposal is considered adequate. Additional funding is not needed.

Section 10 of H.R. 486 would authorize $500,000 for a Congressional Commission on Evaluation of Defense Industrial Base Policy consisting of nine members appointed by Congress. Its purpose would be to develop criteria for evaluating national policy relative to the strength of the defense industrial base. The Commission would report to Congress and the President at the end of its first and second years. The defense industrial base has been studied numerous times over the last several years and further reports such as those proposed by the Commission are not considered necessary.

Finally, although the Administration endorses the purpose of section 8, relating to conflicts of interest, it disagrees with the approach used to remedy the problem. Section 10 of H.R. 4766, the Administration's proposed amendments to the DPA, addresses the need for a national interest waiver in a manner that will not only protect fully the public and any individual receiving such a waiver, but allow for the expanded use of any individual's service during a time of national emergency.

As noted above, several provisions of both H.R. 4766 and H.R. 486 are directly related to the energy aspects of the current situation in the Persian Gulf. These included the bills' improved authority for the use of "voluntary agreements," the clarification that the DPA's priority contract rating authority applies to "services" contracts, and the bills' provisions concerning the NDER. With the caveat just noted about the form of the language concerning the NDER, the Administration urges that these provisions be enacted in the context of any bill that otherwise would extend the existing DPA.

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

The ACTING PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LOTT. Mr. President, I ask unanimous consent to address the Senate for the next 10 minutes as in morning business.

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

THE BUDGET AGREEMENT

Mr. LOTT. Mr. President, to quote the great Roman poet and satirist Horace, "It seems to me that the mountains have labored mightily and produced a mouse." Only this mouse is infested with fleas and bloodsucking ticks. That is my opinion of what we see in the budget agreement.

I am somewhat amazed at the tomb, the silence in the Senate with regard to the components of this budget agreement. I realize that Members are trying to find out the details, and I, too, have been trying to do that. It is a very complex, very long budget agreement. But I am afraid it is not a good budget agreement.

We are being told now, "You must support it, because what is the alternative? The alternative is too horrible to contemplate." But why is that the case? Because the budget negotiators negotiated until the final minute. The whole plan was to put it right up against the wall so that the Congress, within 5 days, would have to take it, lock, stock and barrel. It is like swallowing a cannonball, but, "You must do it because the alternative is too horrible to contemplate."

So now we are in a position where we must accept the budget—no matter what is in it—because the alternative would be a budget maybe that is no better, or even a sequester. I do not like the alternatives. I think that is the only legitimate argument for this budget package in that the alternative does not look very good.

I think, though, that the Washington Post said it all on Sunday morning when the lead headline read, "Bargainers Agree on a Tax Package." That is all this really is, a tax package. It is business as usual. There is no difference. This is the way it has been for the last 10 years, when I have been watching budget agreements very closely. We always wind up raising taxes, not cutting spending.

Next year the spending level will be $1.2 trillion and more. Even with this budget agreement, there will be a 4.5-percent increase in Federal spending in fiscal year 1991 over 1990, a $55 billion increase. Who are we kidding? The problem still is we are spending too much money.

But who will the budget package affect the most? Middle income, working, taxpaying Americans, and retired workers. For example, there is the gasoline tax: 12 cents on a gallon. At the Texaco station on the corner of Market Street in Pascagoula, MS, gasoline is $1.66 a gallon. Put 12 cents on top of that, in a poor State like Mississippi? We already have the Federal gasoline tax and a State gasoline tax, and we even have a seawell tax on gasoline.

People say, well, look at the gasoline prices in Italy and Europe. Look, if I wanted to drive in Italy and pay what they pay in Italy, I would move to Italy. This is America.

We are going to raise taxes and fees on everybody. We are going to raise Coast Guard fees. If you have a boat, you are going to have to pay a fee to use the waters off the coast of an area in which you live. If you use a Corps of Engineers park or recreation area, you are going to have to pay a recreational fee. If you are a hunter who would like to go into the national forest and hunt a squirrel for lunch, you are going to have to pay a fee, even though you do not use anything. You use what is yours. But, we are going to charge you a fee.

We are going to charge a fee for the NOAA Weather Service. We are going to charge an additional fee for FEMA flood and crime insurance.

We are going to cut spending in a couple of places. Guess where? Veterans, student loans, and agriculture get hit once again.

In the poorest State in the Nation, Mississippi, working middle-income, low-income people will get hit three times with this budget. First with increased taxes, particularly on gasoline, where you have to drive 60 miles usually to make a minimum wage. We are going to cut agriculture, and we are going to cut Medicare.

Congratulations. This is a good deal? I do congratulate the Democratic leadership. They did a magnificent job. They waited until the last minute and figured if they stalled and held out, they would get everything they want, and they did just about. They had to give up a couple of minor points.

Are there any incentives to encourage growth in here, advancement? No. I took Economics 101. I tried to listen to my economics professor. He was a pretty impressive guy. One of the things he said is when the economy is soft and shaky, you need to provide incentives for people to buy and sell and invest and get the economy going, get interest rates down, or give them some tax cuts. You do not raise taxes when the economy is soft.

But in Washington we missed Economics 101 apparently. We think that the good thing to do when the economy is soft and on the verge of recession is to raise taxes.

The Democratic leadership, I think, had a political plan, a good strategy, and they knew what substance they wanted. They are to be commended.

Frankly, I find it hard to believe that the President would go on TV and endorse this package. I would like to support the President. I like to support budgets. Over the past 9 years I have supported seven of the budgets. Over the past 10 years I have supported all those tax packages, and I am sorry, I say to the people in this Chamber and to my constituents in Mississippi. I voted for TEFRA, and we got taken to the cleaners. I have promised myself that I am not going to continue to vote to raise taxes so that the Congress can spend it on more programs.

Do not give me this stuff, "We are controlling spending." Look at the numbers. Foreign aid? Zero cuts in international spending. Domestic discretionary spending? Zero cuts. In fact, we are giving it a 4-percent increase.

Oh, yes, the fix is in. I put my colleagues here in the Senate on notice.

We are going to forgive the $7 billion that Egypt owes us. Yes, they have done what they needed to do in the Middle East. But they did what they needed to do in their own interest. We are going to forgive Egypt's $7 billion debt, and we are going to raise the fees that people on Medicare have to pay and the gasoline prices that people have to pay to get to work. It makes no sense at all.

I also want to raise this point with my colleagues here in the Senate who always say they are worried about the elderly and poor. Even the House Ways and Means Committee released a study yesterday showing that the tax increases and benefit program cuts will hit hardest on the poor. The average taxpayer in the poorest fifth of all taxpayers would have after-tax income reduced by 2 percent under this agreement.

I guess this is a good budget because everybody you know gets hurt. Do the Democrats like this; do you like this cut in the poorest of the working poor? Republicans, do you like this tax increase package? What is it we stand for anymore? Capital gains? No, we threw that overboard. Are we opposed to taxes? Who knows any more? Do we want to cut any spending? Not really. You know, we all like to increase spending.

I have been catching pressure from the administration and from the leadership: "You have to vote for this package." I am a team player, but this time I cannot choke it down. This mouse will roar. This deal is going to hurt the economy; it is going to hurt the elderly; it is going to hurt my State of Mississppi. I cannot support it.

I yield the floor, Mr. President.

The ACTING PRESIDENT pro tempore. Who seeks recognition?

Mr. METZENBAUM addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Ohio [Mr. METZENBAUM] is recognized.

Mr. METZENBAUM. Mr. President, in this entire debate on the budget, we have heard a good deal of criticism from NEWT GINGRICH over in the House, and we have now heard from my distinguished colleague, TRENT LOTT, criticizing the budget. One would get the impression on that basis, knowing where they come from on so many issues, really, maybe there is something good in that budget for the average person in this country, for the middle-class wage earner, and that the wealthiest people in this country were being hurt. I do not think that is the case.

So it is almost with a little sense of embarrassment that I find myself in the same position as they, only for far different reasons.

Before addressing myself to the budget, I would like to publicly state my own sense of personal gratitude to the untold number of hours, to the dedication, to the devotion, to the effort, to the sincerity which the leader of the Senate, GEORGE MITCHELL, has put into trying to bring about a resolution of this whole issue.

I think the majority leader and those with whom he was working—TIM FOLEY; DICK GEPHARDT; LLOYD BENTSEN; the very able leader of the Budget Committee, JIM SASSER; ROBERT BYRD; WYCHE FOWLER; and so many others—have given much of themselves in order to avoid the need for sequestration. They have brought to us a budget that in my opinion does not do the job, will not do the job, and places the burden unfairly on middle-class Americans and provides new loopholes for the very wealthy, for the corporations of this country.

But I want to say that I do not blame them for having brought this document to us. They are not to be blamed, because the real blame lies with a man who is now out in California, and his successor. The Reagan-Bush proposal, their efforts, their direction over the past 9 years, puts us in this position, a former President, Ronald Reagan, who kept talking to us about balancing the budget and never sent us a balanced budget, who continually criticized the Congress of the United States, and meanwhile led us from a deficit of less than a $1 trillion when he took office to $3 trillion when he left office; and a President who was so much for deregulation that the unbelievable cost of the savings and loan fiasco is not even being put on budget because it is so great that it is just horrendous, and you do not want to even confuse the issue.

And why were the leaders of the Senate and the leaders of the House placed in the position that they were, for not only these 9 years of continued fiasco in leadership from the Presidency, but this President's insistence that capital gains had to be cut, and that was the be-all and the end-all? Capital gains had to be cut so that the rich of this country would not have to pay so much.

They have not been paying so much. Everyone knows that over the past several years, since the 1986 tax bill and even before that, the rich have been paying a lesser proportion of their income and middle-class Americans have been paying a greater proportion of their income. There has been no fairness about it. But that is the way the Reagan-Bush team wanted it to be.

So our leaders in the negotiations first had to deal with these 9 years of fiasco in fiscal leadership from the White House and then had to deal with the President who had made this claim during his campaign, "No new taxes," and also that they were going to lower the capital gains tax.

They had to take care of the wealthy. They could not let them buy and sell their stocks and pay a fair share of the tax; no. They had to pay a lower rate than anybody else. It was only in the closing hours that our leaders were able to bring about some changes with respect to that.

But I am concerned, and I will get to that later, that in bringing about that which looked like a victory, in getting him to back up on the whole issue of capital gains, what went out the front door came in the back door.

This budget that we have before us will not do the job. It is kidding the American people. It is based upon mirrors, and the Office of Management and Budget has to accept the responsibility for being a party to those mirrors. It is they who come up with the figures that tell us how much it is going to cost, and it is they who provide us with the mirrors that you find in this bill.

What am I talking about mirrors? They say that in this budget resolution there will be a savings of $65 billion toward the total savings of $500 billion, because interest rates will be going down. How do they know that? How do they know that by 1993, interest rates will be down on 30-day and 90-day bills to 4.9 percent—they are now at 7.7 percent—and that by 1995, they will be down to 4.2 percent? How do they know that 10-year notes, which are now at 8.7 percent will be down by 1993 to 6.1 percent and 5.3

percent in 1995? That is a pure figment of the imagination.

But at the Budget Office of the White House, that is what they want us to believe, so they can say there is going to be $65 billion in savings toward the $500 billion, and then they use some other assumptions. The inflation rate, they say, is going to be down. Now the inflation rate is 5.2 percent. They tell us in their crystal ball that they know that by 1995 the inflation rate will be down to 2.8 percent, or about half of that amount, and they tell us that our gross national product growth, which is today at 0.7 percent, by 1992 is going to be 3.8 percent.

Who are they kidding? The American people? Do we not have an obligation to level with the American people? As bad as it is, do we have to kid the American people and phony up the figures? I ask that of the White House. They are the ones that are providing these figures.

Let me give you another one. In their figures, they show that during this 5-year period we are going to have $5 billion more in the Bank Insurance Fund, that is the FDIC payments. Do they not realize that others in Government are telling us that there are going to be banks that fail during that period? Do they not realize that the head of the General Accounting Office tells us that one big bank failure at the present time would totally wipe out all the money in the FDIC fund?

So they say that these insurance payments that are going in are going to help balance the budget. But when you have the payments coming in, they fail to talk about the moneys that will be going out. We will be lucky to get away with that much. It is certainly not an income item. It is a phony figures.

(Mr. ROBB assumed the chair.)

Mr. METZENBAUM. They talk about the amount of money paid into the FEMA flood and insurance fund, $200 million. But what about the claims against the FEMA flood and insurance fund?

Then they tell us we are going to have $9.4 billion more income because the IRS is going to be enforcing the law better. Where have they been in enforcing the law for the last 9 years? Why are they not doing it today? Whey do they need a budget bill in order to see that we get stronger IRS enforcement? I know there is something in their proposal about putting on more agents, but that does not mean that you could not have, or should not have had, if their will was there stronger, enforcement. And they tell us we are going to have $9.4 billion in additional income.

That is bad enough on the assumptions and bad enough as to whether we are going to get to the figures that are in the bill, but that is really not why I am standing on my feet. I am standing on my feet because I believe that this is so retrogressive, so unfair to the average American that it would be wrong for me to be quite and not talk about it.

In 1986, we reduced the tax rates across the board at a very substantial amount and at the same time we wiped out many of the special tax credits—oil and gas tax credits, drilling tax credits, numerous other special kinds of tax credits. The idea was, let us get rid of all those tax credits and bring down the rates. And lo and behold, now in 1990, we find in this bill they say that there are $4 billion of energy incentives. What do you need energy incentives for? Look at the price of oil. It is $40 a barrel. That is enough incentive to go out and produce oil and produce natural gas. You do not need to have some special energy incentives. And I must say that I question totally the $4 billion cost of those so-called energy incentives. That is absurd. It is absurd for this President and for this administration to be pushing the Congress for energy incentives while oil is $40 a barrel and at the same time raising the price on gasoline 10 cents a gallon.

Then there is another figure in this budget, about $7 billion in new tax shelters. Well, we will get back to those in a bit.

But what else do we have in it? Who is really going to pay the price? The senior citizens, those least able to pay, those who need Medicare, those who need hospital assistance and doctors' assistance, who need other kinds of medical help. They are the ones that are going to be called upon, to raise the deductible from $75 to $150.

And middle-class Americans are going to be called upon to pay it. If their wages are between $50,000 and $73,000, their taxes are going to be increased for Medicare. But are the wealthy going to pay it? Oh, no. Oh, no. Is there anything in this bill which suggests that the wealthy who receive Social Security ought to be taxed more on that Social Security so that they contribute their fair share to the cost? No. It is the senior citizens that are called upon to bear that share of the burden. And it is middle-class Americans who are called upon for cigarette taxes and liquor taxes and tobacco taxes.

While we are cutting into Medicare, while we are cutting into the human service needs, there is one other item that nobody has talked about, and I would like to talk about it. That is how much we are going to be spending for the defense of our Nation.

I was amazed the other day, delightfully amazed, to have the privilege of meeting in the House Armed Services Committee with the Chief of Staff of the Soviet military and having him talk with us, one on one with a small group, as to what the Soviets are doing and how they are cutting back their military forces and, I believe, telling us about how many of their troops are being moved out of the Western European sector.

We have 310,000 troops in the Western European sector. Certainly, there ought to be an opportunity to bring thousands, tens of thousands, maybe hundreds of thousands of those home and to be saving money. Certainly we ought to be able to save money when the Soviet threat is no longer the Soviet threat that it was. Certainly we ought to be able to change our emphasis. Certainly we ought to be able to have a peace dividend saving some money from all these extravagant expenditures that we made over a period during the Reagan years.

And, yes, the House had concluded that over a 5-year period you could save $250 billion in defense cuts. That was their recommendation out of the House Armed Services Committee, and the Senate Budget Committee had concluded that you could save $220 billion in defense expenditures.

Do you know what is in this budget? Not the $250 billion figure that the House House Armed Services figured; it is not the $220 billion that the Senate Budget Committee had; it is $170 billion in savings over 5 years; $80 billion that could have been saved if we used the House Armed Service figure, and certainly I believe that is a responsible body. I do not claim to be an expert on armed services expenditures, but certainly the House Armed Services Committee is. If there were a difference between the Senate Armed Services Committee and the House Armed Services Committee, then could not the figure have been compromised? But instead what do we have? We have $170 billion in savings, nothing close to the Senate Budget Committee figure, nothing close to the House Armed Services Committee figure. It is shameful. It is shameful and it is embarrassing.

Then we come to the whole question of taxes in this bill, the President going on TV last night and saying that this is a fair bill, a step in the right direction. Well, this bill does not have that capital gains cut that the President was advocating from the front door, but it has a back-door approach to taxing middle-class Americans while making the rich richer. It is a back-door approach.

Let me read you what the New York Times had to say about that subject. The New York Times says, "Tax Rises Seen Hitting Hard at People of Moderate Means." And listen to these figures. If you earn $20,000 to $30,000 a year, under this proposal you will pay 3 percent more on your taxes—$20,000 to $30,000, 3 percent more. If you earn

$30,000 to $50,000, certainly middle-class America, you will be taxed 3.3 percent more. But if you earn a little higher income and you earn $50,000 to $100,000 of income, you will be taxed only 2 percent more. If you happen to do a little better in the economy and you earn $100,000 to $200,000 a year, you will be taxed only 1.5 percent more.

If you are truly doing extremely well and you are earning over $200,000 a year, you will be taxed at one-tenth the rate, the increase will be at one-tenth the rate of those earning $20,000 to $30,000 a year. The increase will be 0.3 percent.

It comes down as you earn more. How unbelievable can we be? How absurd can it be?

Then take a look at a paper that certainly is no advocate of middle-class Americans, poor Americans. It pretty much has a readership of wealthy Americans in this country. Let us see what they say in the Wall Street Journal about the tax provisions in this bill. Let me use some of the language that they use.

There is a provision in the bill, and most people are not aware of it. They are learning a little bit more about it. The President did not get his capital gains tax cut, but what he got was something new. Never before in this country's history have we had a provision that if you buy stock in a company that you have the right to deduct a portion of the price of that purchase. That is absolutely absurd. It is crazy. It is incomprehensible.

If you buy stock, up to 200,000 dollars' worth of stock, you may deduct 25 percent of the cost of that stock. How could anybody come up with that kind of a concept? It is new, innovative and stupid, and unfair. It is creative, but creative in the worst kind of way.

A deduction of 25 percent just for buying the stock? They say it is going to help the smallest companies. This is just to help small business. It will help people buying stock in 63 percent of the companies in this country, those that have a net worth of $50 million or less.

Now I am going to tell my colleagues something else. It will help some that nobody thought we would be helping, and that is those smart boys who were able to put together the leveraged buyouts and they issued all those junk bonds and they had very little equity in the company. If they had very little equity in the company, that would mean that people who invested in their stock would have a right to deduct 25 percent of the cost of that stock.

Let me tell my colleagues what the New York Times says today about that particular point.

Yet the sense yesterday on Wall Street was that the politicians would probably shudder to know that they were inadvertently helping some large, but overleveraged businesses ranging from R.H. Macy & Company, the New York retailer, to Owens Illinois Inc., the glass-container maker in Toledo, Ohio, as well as the advisers who plunged those companies into debt.

In every LBO, in every leveraged buyout, we had a situation where they got tremendous debt, junk bonds were issued and very little equity invested. People who were able to invest in those companies, to buy stock in a new issue, would be able to deduct 25 percent of the cost. If a larger corporation has a subsidiary or creates a subsidiary and works it out in such a way that they will have a net worth of less than $50 million, a purchase in that company would qualify.

We never had anything like this before in the history of this country. It is unbelievable.

As if that were not bad enough, we have the capital gains in reverse provision, and that is, first of all, instead of affecting the capital gains when you sell the stock, now we give the capital gains deduction when you buy the stock. But there is a second provision. The second provision provides—this does not have to be a company which has a net worth of less than $50 million—when you sell your stock under this proposal, you will be permitted to sell that and pay your taxes in one of two ways.

Either you will be permitted to figure the sales price at half what you get for it—yes, that is right. If you sell it for $100 you only have to pay taxes on $50 of it. If you sell it for $400 you pay taxes on $200. Or you have an alternative. You may take your original cost and if you held it for several years, you may include an inflation factor in order to establish what your cost is. So if the stock cost you $10 several years ago and inflation has gone up whatever percent, 40 percent, 50 percent in that period, then your base now becomes not $10 but $14 or $15.

This is a wonderful bill to place new taxes on cigarettes and alcohol and liquor; place new taxes and cut back on benefits for Medicare, but to take care of the wealthy, to see that they are protected in the sales of their stock and even when they buy new stock.

The Wall Street Journal called it the newest tax dodge for the rich, some of these provisions. The Wall Street Journal said it would revive tax shelters for wealthy investors.

We can read the papers that the smart boys and their lawyers are already starting to put together, the syndicates, in order to use the new deals that will be possible under these provisions. The syndicators are already going to work.

Even Richard Nixon's Commissioner of Internal Revenue said about this pending bill:

There's a good question of whether benefits of these massive types are really in the national economic interest.

Former Commissioner of Internal Revenue under Richard Nixon.

What we are talking about here is giving the rich a tax break when they buy stock, of somewhere between $14,000 and $16,667—just given to them on a platter for no logical reason that this Senator can understand.

Hobart Rowen today writes an article in the Washingon Post, "Too Much for the Rich?" I would say so.

Mr. President, I ask unanimous consent that article and an article from the New York Times of yesterday, "Tax Rises Seen Hitting Hard at People of Moderate Means," be printed in the RECORD at end of my remarks.

Mr. President, I also ask unanimous consent an article from the Wall Street Journal of yesterday be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. METZENBAUM. Mr. President, let me conclude by saying I would like to be for a budget proposal. I would like to be able to support the leaders who have worked so hard and in whom I have so much confidence. I would prefer that I not be standing here on the floor raising a question about new gasoline taxes of $57 billion and liquor taxes of $6 billion and cigarette taxes of $6 billion while Medicare recipients are being cut and forced to pay more. I would prefer that.

The most logical question one can ask is, well, Senator if you are not for this, are you for sequestration? No, I am not for sequestration.

Then what is our alternative? I will give my colleagues my alternative. I believe that we Democrats and as many Republicans who care to join us, and we have a concern about the kind of country in which we live, ought to send the President the right kind of budget, a fair budget, a budget that is equitable, reasonable, and decent for all people, and no tone that benefits the rich and hurts the middle class Americans; a budget that is based upon factual facts and realistic assumptions and not one that has smoke and mirrors to it.

I think we ought to send him what we think is the right budget. We are a Democratic Congress. We sent it to him. If the President wants to veto it, let him veto it. Let him put the sequestration on his back. But I do not think we ought to capitulate to the President of the United States who has forced our leadership into making some concessions that I know they do not want to make and would not have made, except that they were forced up against the wall.

I think that is our reponsibility. I believe that is what we can do. I believe that is what we should do. I believe that we Democrats, who may have some differences among ourselves as to what that budget could reflect, I think we can effect those compromises ourselves and send that budget down to him promptly before the date for sequestration, before Friday. I believe that the President should have on his desk the chance to decide whether or not he wants to force this country into sequestration.

Mr. President, I yield the floor.

EXHIBIT 1

[From the Washington Post, Oct. 3, 1990]

TOO MUCH FOR THE RICH

(By Hobart Rowen)

At first, I thought that the deficit-reduction package would be better than nothing at all, and that Congress should hold its collective nose and vote for it: without some action, there would be a mindless across-the-board sequester bringing many elements of essential government to a screeching, irrational halt.

But after reflection, my conclusion is that the price is too high: the budget "summiteers" at the last minute sneaked into the deal a slew of new tax shelters that would cost $12 billion over five years.

It breaks faith with taxpayers who bought the 1986 Tax Reform Act, which cut the top tax rate for the wealthy to 28 percent, on the basis that tax loopholes and shelters were to be eliminated. Now, the wealthy would get the low tax rate and tax shelters.

The $12 billion cost is merely the official estimate: once tax lawyers and accountants go to work on such goodies as a 25 percent deduction of the cost of stock in one of the qualified small companies, that figure is likely to soar.

The Bush team appears to have put one over on the Democrats, selling the new tax-shelter provisions at the eleventh hour, ostensibly to provide "new incentives to stimulate economic growth." Billed as a consolation prize for Bush, who gave up his vaunted capital-gains tax-cut proposal, the new plan in some ways is worse than preferential rates for capital gains.

A capital gains tax cut would primarily benefit the rich but also provide some benefits to lower-income persons. The new tax shelter for stock purchases benefits only the rich, who can put up big chunks of money to reap an immediate tax credit.

It is nonsense to suggest, as did The New York Times, that "this year's ugly compromise is acceptable only if Congress rights the wrongs next year." The time to repair the damage of the tax-shelter gimmick is now, before it gets written into law.

Even then, the budget compromise won't be a thing of beauty. It won't help bring the economy out of recession. In fact, the small contraction in the deficit may make it worse, unless there is prompt offsetting action to lower interest rates. Such relief is desperately needed to prevent a collapse of American businesses and banks, which are in deeper trouble than anyone want to admit.

The proposed $40 billion reduction in the deficit for this fiscal year (not the highly ballyhooed $50 billion) doesn't even keep pace with the increase in the deficit as projected as recently as July. Then, the Bush administration estimated the red ink for fiscal 1991 at $231.4 billion. The new estimate has swelled—because of the dip in the economy, a worsening S&L crisis and the cost so far of the military buildup in Saudi Arabia—by $62.3 billion to $293.7 billion.

So the agreed-upon deal, even if the economy doesn't plunge into recession, only nibbles at the accumlated red ink. And whether it works to stimulate growth in the long run depends on the dubious proposition that future Congresses will keep a commitment that this Congress makes to cut spending and raise taxes.

Moreover, the package is regressive because it extracts most of the deficit reductions from lower- and middle-income groups that can least afford it. Excise taxes on beer, wine, liquor and cigarettes obviously take a bigger chunk of income from less-well-off taxpayers than from the rich.

Increased Medicare premiums also place a relatively greater burden on poor taxpayers than on the rich. A better alternative would have been to tax more of the Social Security benefits received by wealthier taxpayers.

Against regressive tax and spending measures, the only progressive element offered is a limitation on itemized tax deductions for taxpayers with incomes over $100,000 a year. That's equivalent to an extra marginal tax rate of 1 percent for richer taxpayers. In addition, there is a 10 percent luxury tax on expensive cars, yachts, jewelry and furs.

Balancing it all out, the Democrats, who promised to shift the burden more to upper-income backets, failed in their objective. As Tennessee Sen. James Sasser, chairman of the Senate Budget Committee, ruefully conceded, the package "has not corrected the regressivity, which has stormed through the tax structure over the last 12 years."

In particular, the package deal raises the question, once again, of whether the Democratic Party is a mere appendage of the Republican Party rather than a true opposition party, as banker Felix Rohatyn suggested earlier this year. Sen. George Mitchell, Speaker Tom Foley and Majority Leader Richard Gephardt have gone along with a compromise that puts the monkey on the back of the lower and middle class. It gets harder to see real differences between them and moderate Republicans such as George Bush, Bob Dole and Minority Leader Robert Michel.

[From the New York Times, Oct. 2, 1990]

TAX RISES SEEN HITTING HARD AT PEOPLE OF MODERATE MEANS

(By Robert D. Hershey, Jr.)

WASHINGTON, October 1.—The substantial tax increases agreed to by Administration and Congressional negotiators over the weekend would be paid mostly by people of moderate means, despite various provisions aimed specifically at buyers of yachts and others with six-figure incomes, private specialists said today.

The taxes, especially the 12-cent increase for gasoline to be phased in by next summer, also appear to cut across economic lines to favor urban over rural Americans and older taxpayers over younger ones.

According to a Government document made available to The New York Times, taxpayers in the income ranges of $30,000 to $40,000 and $40,000 to $50,000 would be hit hardest, paying an average 3.3 percent more under the plan. Those in the range of $20,000 to $30,000 would pay 3 percent more while those in the ranges of $50,000 to $75,000 and $75,000 to $100,000 would see their total tax bills rise 2 percent, assuming they do not alter their spending patterns.

1.5 PERCENT MORE FOR SOME

Taxpayers with incomes of $100,000 to $200,000 are to pay 1.5 percent more and those reporting $200,000 and more are expected to pay an extra three-tenths of 1 percent.

Only those in the lowest income rungs are expected to pay less. A 3.8 percent decline is forecast in overall taxes for those in the $10,000-to-$20,000 bracket and a drop of one-tenth of 1 percent for those with less than $10,000 a year. These taxpayers would benefit heavily from an increase in the earned income tax credit.

Over all, Federal collections—sales as well as income taxes—are to rise 1.6 percent, the calculation showed.

Despite the reduction for those with the lowest incomes, economists generally regarded the tax proposals as mildly regressive. This means that the burden would fall relatively more heavily on those of ordinary means—though the dollar amount of their increases may be no greater—than on the wealthy.

An extra 12 cents for a gallon of gasoline, for example, could be a serious blow to a $350-a-week clerk who drives long distances to work while the additional amount would scarcely be felt by a high-income corporate executive.

Unlike the major tax overhaul enacted in 1986, when economic theory was served by a slash in income tax rates and an expansion in the types of revenue subject to taxation, this year's negotiations were driven by a need to cut the budget deficit in some politically palatable way.

The only major assault on the principles governing the 1986 law appeared to be a limitation on itemized deductions for individuals or couples with adjusted gross incomes above $100,000 a year, a move that has the effect of raising their tax bracket—either 28 percent or 33 percent—by as much as one percentage point. This is to raise $18 billion over the 1991-95 period.

With medical expenses and investment-related interest payments exempted, such taxpayers would lose deductions equal to 3 percent of all income exceeding $100,000.

REGRESSIVITY BALANCED

Other big revenue raisers, $13 billion and $11.7 billion respectively, are an increase, to $73,000, in the cap on wages and self-employment income considered in calculating the tax for Medicare hospital insurance and a requirement that state and local government workers not covered by a public employee retirement system join the Social Security program and pay its taxes.

By including the deduction limitation and raising the cap for health insurance, which hit hardest at the better-off, the negotiators seem to have roughly balanced the regressivity that attaches to the excise levies on cigarettes and alcohol, as well as gasoline.

The package "doesn't seem to be highly regressive at all," said Isabel V. Sawhill, an economist at the liberally inclined Urban Institute.

According to the Congressional Budget Office, American families spent 2.7 percent of after-tax income on gasoline, 2 percent on liquor, wine and beer and 1.1 percent on tobacco. The poorest 20 percent, however, spent 6.9 percent for gasoline, 3.7 percent for alcohol and 4 percent on tobacco. The second-richest 20 percent, with incomes averaging $38,000, spent 2.9 percent for gasoline, 2.2 percent for alcohol and 1.1 percent for tobacco.

The budget office also reported earlier this year that families headed by someone under 30 spent a greater portion of their incomes on all three of these categories than did other age groups. Geographically, rural Americans spent 29 percent more of their incomes for gasoline than did those in the urban Northeast.

Norman Ture, president of the Institute for Research on the Economics of Taxation and a former Treasury Department official in the Reagan Administration, said, "My instinct tells me this is more regressive than not." But he added that this was a highly complex issue not amendable to quick analysis. He observed, for example, that it might be progressive to impose a luxury tax on fur coats as the budget negotiations propose, but a thorough analysis would also consider the fact that mink ranchers or the furriers who sell the coats might lose their jobs if demand fell, a result he called clearly regressive.

Much analyses of progressivity and regressivity, moreover, assume that higher taxes will not induce people to alter their behavior significantly—indeed, the proponents of the measures are counting on people to buy nearly as much gasoline. Otherwise, revenue targets would not be reached. Some groups, however, will undoubtedly cut purchases more than others, shifting the regressivity-progressivity balance.

"The budget process focuses on 'the deficit' to the exclusion of all other issues. No rational policy will emerge as long as this remains true."

Real estate tax and marketing experts suggested today that limits on deductions for people with incomes over $160,000 would probably have little impact on the real estate market. M. Jack Duksin, a partner with the law firm of Berlack, Israels, Liberman, calculated that the total additional Federal tax bill to someone making $250,000 would be about $1,260.

"Nobody making a quarter-million dollars is going to base a big decision about buying a new condo or vacation home on a tax impact of $1,260," he said, adding that he had already taken several calls from clients wondering about the impact of the budget compromise on their real estate purchasing plans.

"I think it's a step in the right direction," Mr. Duksin said, "because it's an attempt to redistribute wealth without seriously damaging the incentive to be a high wage-earner."

THE HARD HIT FAMILY AND ITS INCREASED COSTS

(Consumption figures are averages for each group. Yearly tax totals are for 1991)

Cigarettes: Mr. Hard Hit smokes 1.3 packs per day. The 4-cents-per-pack increase would cost him $18.98.

Medicare: Grandma Hard Hit would find that her monthly premiums for coverage of doctors' fees would go from $28.60 to $54.30, or $308.40 more next year. Her deductible would go from $75 to $100, and will increase $25 a year until it reaches $150.

Paycheck: Mrs. Hard Hit makes $60,000. Since the maximum wage taxed for Medicare increases to $73,000 from $51,300, and the tax is 1.45%, she would pay an additional $126.15.

Boat: The Hard Hits will have to purchase a Coast Guard decal for their boat. This would cost $25.

Car: The Hard Hits use 500 gallons of gasoline each year. The tax increase on gasoline would be 7 cents a gallon in the first half of next year and 12 cents per gallon in the second, so they would pay about $48 more in 1991.

In addition, they plan to buy a $31,000 car in 1991. The new excise tax on luxury items would add $100 to the cost.

Travel: When the Hard Hits go on vacation, they would find an additional 2% tax on their ticket, or $7.98 more on a $399 fare. They will also find it more expensive to visit the national forests, as admission fees would increase.

Wine: The Hard Hits drink a bottle of wine every 10 days. The 22-cents-per-bottle tax increase would mean an additional $8.03 next year.

Liquor: The Hard Hits buy 23 fifths of liquor a year. The increased 30-cent-per-fifth tax would cost them $6.90.

Beer: Mrs. Hard Hit drinks two beers a day. The additional tax of 16 cents per six-pack would cost her $19.47.

[From the Wall Street Journal, Oct. 2, 1990]

CONSOLATION PRIZE: TAX SHELTERS FOR RICH COULD RETURN IN PLAN TO AID SMALL BUSINESS

(By David Wessel and Jeffrey H. Birnbaum)

WASHINGTON.—President Bush calls them "important new incentives to stimulate economic growth." But they could turn out to be the newest tax dodges for the rich.

A surprise package of so-called growth incentives slipped into Sunday's budget accord at the last minute is billed as a way of encouraging investment in the small companies that drive the engine of economic growth. It was a consolation prize to the president, who lost out on his effort to foster economic expansion with a reduced tax rate on capital gains.

But look again. Depending on how the rules are written, the growth incentives may have the unintended effect of reviving tax shelters for wealthy investors. Experts say the law could spawn a new class of companies that give investors up-front write-offs and other tax goodies that could benefit them—not to mention tax lawyers, accountants and syndicators—more than they help the economy.

"These could be the seeds for the tax shelters of the 1990s," says David Brockway, former chief of staff of the bipartisan congressional Joint Committee on Taxation and now a tax lawyer at Dewey Ballantine Bushby Palmer & Wood. "They could be enormous."

SYNDICATORS RETURN

Indeed, Marvin Dickman, a partner at the accounting firm of Arthur Andersen in Chicago who specializes in closely-held companies, is already studying the possibilities. "You will see syndications of investments like this," he predicts.

That's just what worries tax experts in the private sector and in Congress, which essentially killed off shelters in the Tax Reform Act of 1986. "It's highly doubtful policy," Donald Alexander, commissioner of the Internal Revenue Service in the Nixon administration, says of the proposed new tax breaks. "There's a good question of whether benefits of these massive types are really in the national economic interest."

Mr. Bush, in announcing the budget accord Sunday, said that the small-business tax breaks would provide "powerful new incentives for productive investment in the kinds of companies that account for much of America's job growth." Small-business enthusiasts add that besides stimulating a sluggish economy the provisions could also invigorate the market for initial public offerings.

DEFENDING THE PLAN

The Treasury Department, now moving to sell the budget accord to a skeptical Congress, insists that concerns over abuse of the new proposal are ill-founded. "Some people see any tax incentive as a tax shelter," says Roger Bolton, assistant Treasury secretary for public affairs. "This is clearly a tax incentive."

He says that the law creating these new tax breaks, still being drafted, will prevent abuse. Regulators who will draft the fine print of the law will do likewise. "The incentives will do what they are intended to do," Mr. Bolton says. "They will direct new investment to small companies that are growing and creating jobs."

The most generous of the proposed tax incentives—and the one that caught even close budget observers by surprise—is a provision that would allow investors to deduct 25% of their investment in newly issued stock in eligible small companies, up to a maximum deduction of $50,000. In other words, an investor who sinks $200,000 into an eligible company would get an immediate tax break of about $14,000.

Investors in a stunning 2.3 million corporations would qualify, representing 63% of all companies in the U.S., according to the Treasury. These would be distinctly small businesses on the whole, however; they together they hold only 4% of the assets in the U.S.

MORE INCENTIVES

Additional tax breaks would become available when the share were sold. Although the text of the bipartisan agreement carefully avoids describing these as a capital-gains tax break, that's what they are. If an investor holds the shares for five years, he or she would be permitted to choose the more favorable of the following two choices:

Pay tax at the ordinary tax rate—28% for the highest-income taxpayers—on exactly half of the sales price, regardless of the amount of the initial investment;

Pay tax at the ordinary rate on the investment profit, adjusted for inflation as well as for initial deduction.

The Treasury says this option would be offered not only to investors who buy newly issued stock, but to investors trading in the secondary market—shares that have been issued in the past. But congressional aides say this particular point wasn't settled by the budget negotiators and remains to be resolved.

Eligible companies are those with paid-in capital and retained earnings of less than $50 million—except finance, insurance, securities, real-estate and personal service companies.

The fabled computer start-up would be covered, of course. So would more prosaic enterprises—cleaners, restaurants and boutiques, for instance. Investors in General Motors Corp, and International Business Machines Corp. wouldn't benefit. Indeed, one risk is that the plan would draw money away from big companies and shift it to smaller ones without increasing the capital available to business as a whole.

Treasury officials and congressional tax staffers swear that several potential loopholes would be closed before the provision is enacted. They say, for instance, that they will prevent big companies from setting up small affiliates to reap the small-business tax breaks. They also say they will prevent bigger companies and takeover artists from

subdividing big companies into smaller ones to capitalize on the new incentives.

But some outside tax specialists are skeptical. "How they're going to police it has got to be one of the most serious concerns," says James Gould, a former staff director of the Senate Finance Committee now at the law firm of Vinson & Elkins.

"There's no question that this will provide work for legions of accountants and lawyers to find out how to structure the deals and find out how to deal with the IRS and Treasury in so doing," he adds.

The entire package of incentives was all but an afterthought in the $500 billion, five-year deficit-reduction accord.

Congressional staffers say the portfolio of tax incentives surfaced only Saturday as the Bush administration struggled to find a substitute for the broad capital-gains tax cuts. When the administration concluded it was unable to win a lower capital-gains tax cut for all investments, Treasury Secretary Nicholas Brady explains, it decided, "Why not shift the incentive to those companies who produce the most growth?"

Although pieces of the proposal were drawn from initiatives floating around for years, the package was assembled so hastily that administration negotiators didn't initially have anything put down on paper to show the Democrats. Kenneth Gideon, the Treasury's top tax official, rushed to the talks to explain the incentives. "They were air-dropped in," says a congressional aide.

As a result, details were still fuzzy even yesterday, 24 hours after the agreement was announced. Some specifics won't be clear until congressional tax-writing committees turn the proposals into legislative language.

Tax experts say that a clever investor with a sharp accountant could borrow money to make the initial investment, deduct the interest, deduct 25% of his investment on top of that and then later benefit from the favorable tax treatment when he or she sells the stock.

Even House Majority Leader Richard Gephardt, the Missouri Democrat who served on the eight-member team that put together Sunday's budget package, expressed concerns about the effects. "I am worried about what is finally written and whether it can be abused and used as tax shelters," he said.

Some tax experts say the law and regulations can be written tightly enough to prevent a tax-shelter boondoggle. "I really don't think it's going to open up any stampede of tax shelters," says William Raby, an accounting professor at Arizona State University in Tempe.

And the Treasury promises the rules will keep abuse to a minimum. The agreement states, for instance, the estate of anyone who dies within two years of taking this new deduction will have to pay it back, an attempt to prevent deathbed tax dodges.

But history suggests that lawyers and accountants always find loopholes no matter how tough the rule-writers think they are being. "You never really know all the things people will think up to get around your rules," says Randall Weiss, a former deputy chief of staff at the Joint Tax Committee and now at the accounting firm of Deloitte & Touche.

And even if the abuse is kept to a minimum, others say, the tax break is extremely liberal—particularly the provision that allows an immediate, up-front deduction for investing in eligible companies.

Even Sen. Dale Bumpers, the Arkansas Democrat who chairs the Senate Small Business Committee, is taken aback. "This is a gigantic incentive for people to invest in small business," he says. "It's going to be a bonanza. The question is: Is it too generous?

"It ain't peanuts," he adds.

But Treasury Secretary Brady says that was exactly the point. "We are trying to make it forceful enough so that it has some effect on the economy," he explained.

The Treasury estimates that the new deduction would reduce tax revenues by about $7.3 billion over the next five years, about one-third the cost of Mr. Bush's earlier proposal to slash the top capital-gains tax rate to 15% from the current 33%. Overall, the administration estimates that the package of growth incentives outlined in the budget agreement would cost $12.1 billion over five years.

The costs could rise substantially, undercutting the deficit-reduction goals of the agreement, should investors, accountants, tax lawyers and syndicators exploit the new tax breaks more than the administration figures anticipate.

Clearly, the debate over the little-understood elements in the deficit-reduction plan is just beginning.

"The administration needs to show us that this is more than just expensive window dressing and that it won't open the door to abuse—the sheltering of income for purposes that are either nonproductive or would have occurred anyway," says Rep. Sander Levin, Democrat of Michigan, a member of the House Ways and Means Committee.

And the committee's chairman, Dan Rostenkowski, Democrat of Illinois, says that the plan would be "devastating" to the tax code—a hint that the plan may be altered before it reaches the House floor.

But supporters of the package dismiss the hand-wringing over rip-offs and tax breaks as so much rhetoric, saying it misses the point of these new incentives.

Robert Pavey, a partner in Morgenthaler Ventures of Cleveland and president of the National Venture Capital Association, says the incentives "will provide significant encouragement for early investment by individuals in the new enterprises that make the U.S. more competitive." The American Business Conference, comprising chief executives of successful, fast-growing companies, hails the tax breaks and says they "will spur creation of a whole new generation" of similar companies.

And Secretary Brady says he is convinced that assisting small business is vital to the economy. "The purity that is always alluded to in the Tax Reform Act of 1986 doesn't exactly exist," he says. "I don't think we ought to get hung up over that argument while we try to do something to stimulate the economy, which we absolutely think this will. I believe in the small-businessmen of this country."

The PRESIDING OFFICER (Mr. ROBB). Who seeks recognition?

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The period for morning business is now closed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1990

Mr. DIXON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 697, S. 1379, a bill to authorize and amend the Defense Production Act.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. Mr. President, reserving the right to object, and I do not intend to object, would my friend and colleague from Illinois be good enough to respond to a question?

Mr. DIXON. Yes.

Mr. METZENBAUM. Is it my understanding that it is the intention of the manager of the bill to pass it as is without amendment?

Mr. DIXON. We have a manager's amendment that deletes the provision my friend from Ohio is concerned about and will satisfy his objections, as I understand it.

Mr. METZENBAUM. I thank my friend from Illinois. That is my concern and, under those circumstances, I have no objection.

Mr. DIXON. I thank my friend from Ohio.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? If not, without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1379) to reauthorize and amend the Defense Production Act of 1950, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Defense Production Act Amendments of 1990".

(b) TABLE OF CONTENTS.—

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Defense Production Act of 1950 (50 U.S.C. App. 2061 et seq.) provides essential authority for—

(A) preserving and enhancing the defense industrial and technology base of the United States during peacetime; and

(B) mobilizing the Nation's productive capacity for national defense during periods of national emergency; and

(2) amendments to such Act are needed to—

(A) improve its utility to effectively sustain and develop the efficiency of the Nation's existing productive capacity necessary to meet national defense requirements;

(B) establish a revolving fund for improved management of the resources dedicated to defense industrial preparedness and the conduct of the programs authorized under the Act;

(C) facilitate use of such Act to foster the development of emerging technologies and advanced processes by providing appropriate protections for joint undertakings in research, development, and production; and

(D) eliminate outdated provisions that detract from the Act's usefulness as a primary set of authorities for the maintenance and enhancement of the defense industrial and technology base of the United States.

TITLE I—AMENDMENTS TO THE DEFENSE PRODUCTION ACT OF 1950

PART A—DECLARATION OF POLICY

SEC. 101. DECLARATION OF POLICY.

Section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

"The vitality of the industrial and technology base of the United States is a foundation of national security. It provides the industrial and technological capabilities employed to meet national defense requirements, in peacetime and in time of national emergency. In peacetime, the health of the industrial and technology base contributes to the technological superiority of our defense equipment, which is a cornerstone of our national security strategy, and the efficiency with which defense equipment is developed and produced. In times of crisis, a healthy industrial base will be able to effectively provide the graduated response needed to effectively meet the demands of the emergency.

"To meet these requirements, this Act affords to the President an array of authorities to shape defense preparedness programs and to take appropriate steps to maintain and enhance the defense industrial and technology base.".

PART B—AMENDMENTS TO TITLE I OF THE DEFENSE PRODUCTION ACT

SEC. 111. LIMITATION ON ACTIONS WITHOUT CONGRESSIONAL AUTHORIZATION.

Section 104 of the Defense Production Act of 1950 (50 U.S.C. App. 2074) is amended to read as follows:

"SEC. 104. LIMITATION ON ACTIONS WITHOUT CONGRESSIONAL AUTHORIZATION.

"No provision of this Act shall be interpreted as providing for the imposition of wage or price controls without the prior authorization of such action by a joint resolution of Congress.".

SEC. 112. LIMITATIONS ON THE USE OF AUTHORITY OF THE DEFENSE PRODUCTION ACT.

Title I of the Defense Production Act of 1950 is amended by adding at the end the following new section:

"SEC. 104. CHEMICAL OR BIOLOGICAL WARFARE.

"No provision of this Act shall be exercised or interpreted to require action or compliance by any private person to assist in any way in the production of or other involvement in chemical or biological warfare capabilities except—

"(1) in time of war, or

"(2) in time of national emergency (A) as declared by joint resolution of Congress, or (B) upon the written authorization of the President, which power to authorize may not be delegated.".

PART C—AMENDMENTS TO TITLE III OF THE DEFENSE PRODUCTION ACT

SEC. 121. EXPANDING THE REACH OF EXISTING AUTHORITIES UNDER TITLE III.

(a) GUARANTEE AUTHORITY.—Section 301 of the Defense Production Act of 1950 (50 U.S.C. App. 2091) is amended—

(1) in subsection (a)(1), by striking "to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense" and inserting "to expedite or expand production and deliveries or services under Government contracts for the procurement of industrial resources or a critical technology item for the national defense";

(2) by amending subsection (a)(3)(A) to read:

"(A) the guaranteed contract or operation is for industrial resources or a critical technology item which is essential to the national defense;";

(3) in subsection (a)(3)(B), by striking "the capability for the needed material or service" and inserting "the needed industrial resources or critical technology item";

(4) in subsection (e)(1)(A), by striking "Except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in subparagraph (D)";

(5) in subsection (e)(1)(C), by striking "$25,000,000" and inserting "$50,000,000"; and

(6) by adding at the end of subsection (e)(1) the following new subparagraph:

"(D) The requirements of subparagraphs (A), (B), and (C) may be waived during periods of national emergency declared by Congress or the President or upon a determination made by the President, on a nondelegable basis, that a specific guarantee must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(b) LOANS TO PRIVATE BUSINESS ENTERPRISES.—Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092) is amended—

(1) in subsection (a), by striking "for the procurement of materials or the performance of services for the national defense" and inserting "for the procurement of industrial resources or a critical technology item for the national defense";

(2) in subsection (c)(1), by striking "No such loans may be made under this section, except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in paragraph (4), no loans may be made under this section";

(3) in subsection (c)(3), by striking "$25,000,000" and inserting "$50,000,000"; and

(4) in subsection (c), by adding at the end the following new paragraph:

"(4) The requirements of paragraphs (1), (2), and (3) of this subsection may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific guarantee must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(c) PURCHASES AND PURCHASE COMMITMENTS.—

(1) Section 303(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)) is amended to read as follows:

"(a)(1) To assist in carrying out the objectives of this Act, the President may make provision—

"(A) for purchases of or commitments to purchase an industrial resource or a critical technology item, for Government use or resale; and

"(B) for the encouragement of exploration, development, and mining of critical and strategic materials, and other materials.

"(2) Purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial use or stockpiling.

"(3) No commodity purchased under this subsection shall be sold at less than—

"(A) the established ceiling price for such commodity, except that minerals, metals, and materials shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower, or

"(B) if no ceiling price has been established, the higher of the following: (i) The current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427).

"(4) No purchase or commitment to purchase any imported agricultural commodity shall specify a delivery date which is more than one year after the expiration of this section.

"(5) Except as provided in paragraph (7), the President may not execute a contract under this subsection unless the President determines that—

"(A) the industrial resource or critical technology item is essential to the national defense;

"(B) without Presidential action under authority of this section, United States industry cannot reasonably be expected to provide the capability for the needed industrial resource or critical technology item in a timely manner;

"(C) purchases, purchase commitments, or other action pursuant to this section are the most cost-effective, expedient, and practical alternative method for meeting the need; and

"(D) the United States national defense demand for the industrial resource or critical technology item is equal to, or greater than the output of domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the purchase, purchase commitment, or other action.

"(6) Except as provided in paragraph (7), the President shall take no action under this section unless the industrial resource shortfall which such action is intended to correct has been identified in the Budget of the United States or amendments thereto, submitted to the Congress and accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of the preceding sentence. Any such action may be taken only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to the preceding sentence. If the taking of any action or actions under this section to correct an industrial resource shortfall would cause the aggregate outstanding amount of all such actions for such industrial resource shortfall to exceed $50,000,000, any such action or actions may be taken only if specifically authorized by law.

"(7) The requirements of paragraphs (1) through (6) may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific purchase or purchase commitment must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(2) Section 303(b) of such Act is amended by striking "September 30, 1995" and inserting "a date that is not more than 10 years from the date such purchase, purchase commitment, or sale was initially made".

SEC. 122. SALES OR TRANSFERS OF EXCESS INDUSTRIAL RESOURCES.

Section 303(f) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(f)) is amended to read as follows:

"(f) Industrial resources acquired pursuant to the provisions of this section which, in the judgment of the President, are in excess of the needs of programs under this Act, shall be sold for industrial use pursuant to such other Federal Government programs as are authorized by law or transferred to the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.), when the President deems such action to be in the public interest. Sales or transfers made pursuant to this subsection shall be charged against or reimbursed from funds appropriated to such other Federal Government programs or the National Defense Stockpile to which such resources were sold or transferred, at the current domestic market price for such industrial resources. For the purposes of subsection (c)(2), such sales or transfers shall be considered transactions entered into pursuant to the authority of subsection (a).".

SEC. 123. DEFENSE PRODUCTION ACT FUND.

(a) IN GENERAL.—Section 304 of the Defense Production Act of 1950 (50 U.S.C. App. 2094) is amended to read as follows:

"SEC. 304. DEFENSE PRODUCTION ACT FUND.

"(a) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a separate fund to be known as the Defense Production Act Fund (hereinafter referred to as 'the Fund').

"(b) MONEYS IN FUND.—The following monies shall be credited to the Fund:

"(1) All monies appropriated hereafter for the Fund, as authorized by section 711(c).

"(2) All monies received hereafter on transactions entered into pursuant to section 303.

"(c) USE OF FUND.—The Fund shall be available to carry out the provisions and purposes of this title, subject to the limitations set forth in this Act and in appropriations Acts.

"(d) DURATION OF FUND.—Monies in the Fund shall remain available until expended.

"(e) FUND BALANCE.—The Fund balance at the close of each fiscal year shall not exceed $250,000,000, excluding any monies appropriated to the Fund during that fiscal year. If at the close of any fiscal year the Fund balance exceeds such amount, the amount in excess of $250,000,000 shall be paid into the general fund of the Treasury.

"(f) FUND MANAGER.—The Secretary of the Treasury shall designate a Fund manager. The duties of the Fund manager shall include—

"(1) determining the liability of the Fund in accordance with subsection (g);

"(2) ensuring the visibility and accountability of transactions engaged in through the Fund to the Secretaries of Defense, Treasury, and Commerce, and to the Congress; and

"(3) reporting to Congress each year regarding fund activities during the previous fiscal year.

"(g) LIABILITIES AGAINST FUND.—

"(1) IN GENERAL.—When any agreement hereafter entered into pursuant to this title imposes contingent liabilities upon the United States, such liability shall be considered an obligation against the Fund. The amount of such obligation shall be determined for each fiscal year in accordance with paragraph (2).

"(2) DETERMINATION OF LIABILITY.—For purposes of paragraph (1), the amount of obligations against the Fund shall be equal to the aggregate outlays required by purchase or purchase commitment contracts or financing agreements less (A) the anticipated aggregate receipts from resale of materials purchased with moneys from the Fund, and (B) the anticipated receipts from the direct sale of materials by the producer to customers. Anticipated receipts and anticipated reductions in purchase commitments shall be included under the preceding sentence only if a written plan for sale of materials has been developed, specifying probable customers, amount, time of the sales, and sales price.".

(b) CAPITALIZATION OF FUND.—There shall be transferred to the Defense Production Act Fund, established by subsection (a) of this section, the sum of $200,000,000 from the unobligated balance of the National Defense Stockpile Transaction Fund.

SEC. 124. OFFSET POLICY.

Section 309 of the Defense Production Act of 1950 (50 U.S.C. App. 2099) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively; and

(2) by adding a new subsection (a) as follows:

"(a) OFFSET POLICY.—

"(1) IN GENERAL.—Recognizing that certain offsets for military exports are economically inefficient and market distorting, and mindful of the need to minimize the adverse effects of offsets in military exports while ensuring that the ability of United States

firms to compete for military export sales is not undermined, it shall be the policy of the United States Government that—

"(A) no agency of the United States Government shall encourage, enter directly into, or commit United States firms to any offset arrangement in connection with the sale of defense goods or services to foreign governments;

"(B) United States Government funds shall not be used to finance offsets in security assistance transactions except in accordance with policies and procedures that were in existence as of the date of enactment of this Act;

"(C) nothing in this section shall prevent agencies of the United States Government from fulfilling obligations incurred through international agreements entered into prior to the enactment of this Act;

"(D) the decision whether to engage in offsets, and the responsibility for negotiating and implementing offset arrangements, resides with the companies involved; and

"(E) any exceptions to the policy stated by this section shall be approved by the President after receiving the recommendation of the National Security Council.

"(2) CONSULTATION.—The Secretary of Defense, in coordination with the Secretary of State, shall lead an interagency team to consult with foreign nations on limiting the adverse effects of offsets in defense procurement. The Secretary of Defense shall report annually on the the date of enactment of this Act, on the results of these consultations to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.".

SEC. 125. ANNUAL REPORT ON IMPACT OF OFFSETS.

Section 309 of the Defense Production Act of 1950 (50 U.S.C. App. 2099) (as amended by section 124 of this Act) is amended—

(1) in subsection (b)—

(A) by striking "(b) Not later" and inserting:

"(b) ANNUAL REPORT ON IMPACT OF OFFSETS.—

"(1) REPORT REQUIRED.—Not later";

(B) by striking the second sentence; and

(C) by adding at the end the following new paragraph:

"(2) DUTIES OF THE SECRETARY OF COMMERCE.—The Secretary of Commerce shall—

"(A) prepare the report required by paragraph (1);

"(B) consult with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative in preparation of such report; and

"(C) function as the President's Executive Agent for carrying out the requirements of this section.";

(2) by amending subsection (c) to read as follows:

"(c) INTERAGENCY STUDIES AND RELATED DATA.—

"(1) PURPOSE OF REPORT.—Each report required under subsection (a) shall identify the cumulative effects (indirect as well as direct) of offset agreements on—

"(A) the full range of domestic defense productive capability (with special attention to the firms serving as lower-tier subcontractors or suppliers); and

"(B) the domestic defense technology base as a consequence of the technology transfers associated with such offset agreements.

"(2) USE OF DATA.—Data developed or compiled by any agency while conducting any interagency study or other independent study or analysis shall be made available to the Secretary of Commerce to facilitate the Secretary in executing his responsibilities with respect to trade offset and countertrade policy development."; and

(3) by adding at the end the following new subsections:

"(d) NOTICE OF OFFSET AGREEMENTS.—

"(1) IN GENERAL.—If a United States firm enters into a contract for the sale of a weapon system or defense-related item to a foreign country or foreign firm and such contract is subject to an offset agreement exceeding $5,000,000 in value, such firm shall furnish to the official designated in the regulations promulgated pursuant to paragraph (2) information concerning such sale.

"(2) REGULATIONS.—The information to be furnished shall be prescribed in regulations promulgated by the Secretary of Commerce. Such regulations shall provide protection from public disclosure for such information, unless public disclosure is subsequently specifically authorized by the firm furnishing the information. Nothing in this paragraph authorizes the withholding of such information from the Congress.

"(e) CONTENTS OF REPORT.—

"(1) IN GENERAL.—Each report under subsection (b) shall include—

"(A) a net assessment of the elements of the industrial base and technology base covered by the report;

"(B) recommendations for appropriate remedial action under the authorities provided by this Act, or other law or regulations;

"(C) a summary of the findings and recommendations of any interagency studies conducted during the reporting period under subsection (c);

"(D) a summary of offset arrangements concluded during the reporting period for which information has been furnished pursuant to subsection (d); and

"(E) a summary and analysis of any bilateral and multilateral negotiations relating to use of offsets completed during the reporting period.

"(2) ALTERNATIVE FINDINGS OR RECOMMENDATIONS.—Each report shall include any alternative findings or recommendations offered by any departmental Secretary, agency head, or the United States Trade Representative to the Secretary of Commerce.

"(f) UTILIZATION OF ANNUAL REPORT IN NEGOTIATIONS.—The findings and recommendations of the reports required by subsection (b), and any interagency reports and analyses shall be considered by representatives of the United States during bilateral and multilateral negotiations to minimize the adverse effects of offsets.".

SEC. 126. ASSESSMENT OF SUBCONTRACTOR AND SUPPLIER BASE.

Title III of the Defense Production Act of 1950 is amended by adding at the end the following new section:

"SEC. 310. ASSESSMENT OF SUBCONTRACTOR AND SUPPLIER BASE.

"(a) IN GENERAL.—

"(1) REPORT REQUIRED.—At the intervals prescribed by subsection (b), the President shall issue a report of an assessment of those subsectors of the economy of the United States which have been identified as being critical to the development and production of components required for the production of weapons systems and other items of military equipment, and the provision of services, essential to the national defense. The report may provide specific policy recommendations to correct deficiencies identified in the assessment, which would help to strengthen domestic sources.

"(2) MATTERS TO BE CONSIDERED.—The assessment shall consider—

"(A) capacity of domestic sources, especially commercial firms, to fulfill peacetime requirements and graduated mobilization requirements for various items of supply and services;

"(B) trends relating to the capabilities of domestic sources to meet such peacetime and mobilization requirements;

"(C) extent of foreign dependencies for various items of military materiel; and

"(D) reasons for the decline of the capabilities of selected sectors of the United States economy necessary to meet peacetime and mobilization requirements, including stability of defense requirements, acquisition policies, vertical integration of various segments of the industrial base, superiority of foreign technology and production efficiencies, foreign government support of nondomestic sources, and offset arrangements.

"(b) TIME FOR ISSUANCE.—(1) The report required by subsection (a) shall be issued not later than July 1 of each odd-numbered year, based upon data from the prior fiscal year and such prior fiscal years as may be appropriate.

"(2) The first report under this section shall be issued by July 1, 1993.".

PART D—AMENDMENTS TO TITLE VII OF THE DEFENSE PRODUCTION ACT

SEC. 131. SMALL BUSINESS.

Section 701 of the Defense Production Act of 1950 (50 U.S.C. App. 2151) is amended to read as follows:

"SEC. 701. SMALL BUSINESS.

"(a) PARTICIPATION.—Small business concerns shall be given the maximum practicable opportunity to participate as contractors, and subcontractors at various tiers, in all programs to maintain and strengthen the Nation's industrial base and technology base undertaken pursuant to this Act.

"(b) ADMINISTRATION OF ACT.—In administering the programs, implementing regulations, policies, and procedures under this Act, requests, applications, or appeals from small business concerns shall, to the maximum extent practicable, be expeditiously handled.

"(c) ALLOCATIONS UNDER SECTION 101.—Whenever the President invokes the power to allocate any material pursuant to section 101 of this Act, small business concerns shall be accorded, so far as practicable, a fair share of such material, in proportion to the share received by such business concerns under normal conditions, giving such special consideration as may be possible to new small business concerns or individual firms facing undue hardship.".

SEC. 132. DEFINITIONS.

Section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152) is amended to read as follows:

"SEC. 702. DEFINITIONS.

As used in this Act—

"(1) CRITICAL COMPONENT.—The term 'critical component' shall include such components, subsystems, systems, and related special tooling and test equipment essential to the production, repair, maintenance, or operation of weapon systems or other items of military equipment as are identified by the Secretary of Defense as being essential to the execution of the national security strategy of the United States.

"(2) CRITICAL TECHNOLOGY.—The term 'critical technology' shall include a technology that is included in one or more of the plans submitted pursuant to section 2508 of title 10, United States Code, unless subsequently deleted, or such other emerging or dual use

technology as may be designated by the President. The President shall cause an unclassified list of critical or emerging technologies to be maintained and published at least annually in the Federal Register.

"(3) CRITICAL TECHNOLOGY ITEM.—The term 'critical technology item' shall mean materials directly employing, derived from, or utilizing a critical technology.

"(4) DEFENSE CONTRACTOR.—The term 'defense contractor' means any person who enters into a contract with the United States to furnish materials, industrial resources, or a critical technology, or to perform services for the national defense.

"(5) DOMESTIC SOURCE.—The term 'domestic source' means a business entity—

"(A) that performs in the United States or Canada substantially all of the research and development, engineering, manufacturing, and production activities required of such firm under a contract with the United States relating to a critical component or a critical technology item, and

"(B) that procures from entities described in subparagraph (A) substantially all of the components and assemblies required under a contract with the United States relating to a critical component or critical technology item.

"(6) FACILITIES.—The term 'facilities' includes all types of buildings, structures, or other improvements to real property (but excluding farms, churches or other places of worship, and private dwelling houses), and services relating to the use thereof.

"(7) INDUSTRIAL RESOURCES.—The term 'industrial resources' means materials, services, processes, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) needed to establish or maintain an efficient and modern national defense industrial capacity.

"(8) MATERIALS.—The term 'materials' shall include raw materials (including minerals, metals, and advanced processed materials), commodities, articles, components (including critical components), products, items of supply, and such technical information or services ancillary to the use thereof.

"(9) NATIONAL DEFENSE.—The term 'national defense' means programs for military and energy production or construction, military assistance to any foreign nation, stockpiling, space, and directly related activity.

"(10) NONDOMESTIC SOURCE.—The term 'nondomestic source' means a business entity other than a 'domestic source'.

"(11) PERSON.—The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative thereof, or any State or local government or agency thereof.

"(12) SERVICES.—The term 'services' includes any effort that is needed or incidental to—

"(A) the development, production, processing, distribution, delivery, or use of an industrial resource or a critical technology item, or

"(B) the construction of facilities.".

SEC. 133. DELEGATION OF AUTHORITY; APPOINTMENT OF PERSONNEL.

Section 703 of the Defense Production Act of 1950 (50 U.S.C. App. 2153) is amended to read as follows:

"SEC. 703. DELEGATION AND CIVILIAN PERSONNEL.

"(a) DELEGATION OF AUTHORITY.—Except as otherwise specifically provided, the President may—

"(1) delegate any power or authority conferred upon him by this Act to any civilian officer of the Government appointed by and with the advice and consent of the Senate;

"(2) except with regard to title I, authorize redelegation by that officer to an officer or employee of that officer who—

"(A) if a member of the armed forces, is a general or flag officer; or

"(B) if a civilian, is serving in a position in the grade GS-16 or above (or in a comparable or higher position under any other schedule for civilian officers or employees); and

"(3) establish such new agencies as may be necessary to manage Federal emergency preparedness programs.

"(b) CIVILIAN PERSONNEL.—Any officer or agency head may appoint civilian personnel without regard to section 5331(b) of title 5, United States Code, and without regard to the provisions of such title governing appointments in the competitive service, and may fix the rate of basic pay for such personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule, as the President deems appropriate to carry out the provisions of this Act.".

SEC. 134. RULES, REGULATIONS, AND ORDERS.

Section 704 of the Defense Production Act of 1950 (50 U.S.C. App. 2154) is amended to read as follows:

"SEC. 704. RULES, REGULATIONS, AND ORDERS.

"The President may make such rules, regulations, and orders as he deems appropriate to carry out the provisions of this Act. This authority shall be exercised in conformity with section 709 of this Act.".

SEC. 135. ANTITRUST PROTECTIONS FOR VOLUNTARY AGREEMENTS INITIATED BY THE PRESIDENT.

Section 708 of the Defense Production Act of 1950 (50 U.S.C. App. 2158) is amended—

(1) in subsection (a), by striking "subsection (j) of section 708A" and inserting "subsection (i) of section 708A";

(2) by striking subsection (b) and inserting the following:

"(b) As used in this section, the term—

"(1) 'antitrust laws' means—

"(A) the Sherman Act (15 U.S.C. 1 et seq.);

"(B) the Clayton Act (15 U.S.C. 12 et seq.);

"(C) the Federal Trade Commission Act (15 U.S.C. 41 et seq.);

"(D) sections 73 and 74 of the Wilson Tariff Act (15 U.S.C. 8 and 9);

"(E) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a); and

"(F) the Webb-Pomerene Act (15 U.S.C. 61-65).

"(2) 'plan of action' means any of one or more documented methods adopted by participants in an existing voluntary agreement to implement that agreement.";

(3) in subsection (c)(1)—

(A) by striking "Except as otherwise provided in section 708A(o), upon" and inserting in lieu thereof "Upon"; and

(B) by inserting "and plans of action" after "voluntary agreements";

(4) in subsection (c)(2), by striking out the last sentence;

(5) in subsection (d)(1), by striking ", and the meetings of such committees shall be open to the public." in the second sentence thereof the inserting in lieu thereof ". Meetings of such committees shall be open to the public unless the individual designated by the President in subsection (c)(2) finds that the matter or matters to be discussed at such meetings fall within the purview of matters described in subsection (b)(1), (b)(3), or (b)(4) of section 552 of title 5, United States Code.";

(6) in subsection (d)(2), by striking out "section 552 (b)(1) and (b)(3)" and inserting in lieu thereof subsections (b)(1), (b)(3), and (b)(4) of section 552";

(7) in subsection (e)(1), by inserting "and plans of action" after "voluntary agreements";

(8) in subsection (e)(3)—

(A) in subparagraph (D), by striking out "subsection (b)(1) or (b)(3) of section 552" and inserting in lieu thereof "subsection (b)(1), (b)(3), or (b)(4) of section 552"; and

(B) in subparagraph (G), by striking out "subsections (b)(1) and (b)(3) of section 552" and inserting in lieu thereof "subsection (b)(1), (b)(3), and (b)(4) of section 552";

(9) in subsections (f) and (g)—

(A) by inserting "or plan of action" after "voluntary agreement" each place it appears; and

(B) by inserting "or plan" after "the agreement" each place it appears;

(10) in subsection (h)—

(A) by inserting "and plans of action" after "voluntary agreements";

(B) by inserting "or plan of action" after "voluntary agreement" each place it appears;

(C) in subsection (h)(3) by striking out "subsections (b)(1) and (b)(3) of section 552" and inserting in lieu thereof "subsections (b)(1), (b)(3), and (b)(4) of section 552"; and

(D) in subsections (h)(7) and (h)(8) by striking out "subsection (b)(1) or (b)(3) of section 552" and inserting in lieu thereof "subsections (b)(1), (b)(3), or (b)(4) of section 552";

(11) by striking subsection (j) and inserting the following:

"(j)(1) There shall be available as a defense for any person to any civil or criminal action brought under the antitrust laws (or any similar law of any State) with respect to any action taken to develop or carry out any voluntary agreement or plan of action under this section (provided that such action was not taken for the purpose of injuring competition) that—

"(A) such action was taken—

"(i) in the course of developing either a voluntary agreement, the making of which was initiated by the President, or a plan of action adopted thereunder, or

"(ii) to carry out either a voluntary agreement authorized and approved in accordance with this section, the making of which was initiated by the President, or a plan of action adopted thereunder, and

"(B) such person complied with the requirements of this section and the rules promulgated hereunder, and acted in accordance with the terms of the voluntary agreement or plan of action.

"(2) Except in the case of actions taken to develop a voluntary agreement or plan of action, the defense provided in this subsection shall be available only if and to the extent that the person asserting the defense demonstrates that the action was specified in, or within the reasonable contemplation of an approved voluntary agreement the making of which was initiated by the President or any approved plan of action adopted thereunder.

"(3) Persons interposing the defense provided by this subsection shall have the burden of proof upon the elements of the defense, except that the burden shall be on the person against whom the defense is asserted with respect to whether the action was taken for the purpose of injuring competition.";

(12) in subsection (k), by inserting "and plans of action" after "voluntary agreements" each place it appears;

(13) in subsection (l), by inserting "or plan of action" after "voluntary agreement"; and

(14) by adding a new subsection (o), as follows:

"(o) In any action in any Federal or State court for breach of contract, there shall be available as a defense that the alleged breach of contract was caused predominantly by action taken during an emergency to carry out a voluntary agreement or plan of action authorized and approved in accordance with this section.".

SEC. 136. INFORMATION ON THE DEFENSE INDUSTRIAL BASE.

Title VII of the Defense Production Act is amended by inserting after section 705 the following:

"SEC. 705A. INFORMATION ON THE DEFENSE INDUSTRIAL BASE.

"(a) IN GENERAL.—The President shall implement a systematic, continuous procedure to collect and analyze information necessary to evaluate the adequacy of industrial capacity and capability in items and technologies essential to the execution of the national security strategy of the United States. Information generated by such procedure shall constitute a basis for decisions made with respect to the use of authority under title III and shall be integrated into the decisionmaking process pertaining to the use of such authority.

"(b) SOURCES OF INFORMATION.—

"(1) CONSULTATION REGARDING THE CENSUS OF MANUFACTURERS.—The Bureau of the Census shall consult with the Office of the Secretary of Defense and the Federal Emergency Management Agency with a view to improving the application of information derived from the Census of Manufacturers to the purposes of this section. Such consultations shall address improvements in the level of detail, timeliness and availability of input/output analyses derived from the Census of Manufacturers necessary to facilitate the purposes of this section.

"(2) ADDITIONAL DATA.—The President shall implement a systematic, continuous procedure to collect and analyze information regarding the extent of foreign dependence in industrial parts, components and technologies essential to defense production. Such procedure shall address defense production with respect to the operations of prime contractors and at least the first two tiers of subcontractors. To the extent feasible and appropriate, the President shall build upon existing methods of data collection and analysis and shall integrate information available from intelligence agencies with respect to industrial and technological conditions in foreign countries. In establishing such procedure, the Secretary may place initial emphasis on the production of parts and components relating to priority lists such as the Commanders' in Chief Critical Items List and the technologies identified as critical in the annual defense critical technologies plan submitted pursuant to section 2508 of title 10, United States Code.

"(c) AUTHORIZATION.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.".

SEC. 137. ANTITRUST PROTECTIONS FOR INDUSTRY CONSORTIA.

Section 708A of the Defense Production Act of 1950 (50 U.S.C. App. 2158a) is amended to read as follows:

"SEC. 708A. INDUSTRY CONSORTIA.

"(a) ANTITRUST PROTECTION.—The President may authorize the establishment of industry consortia, in accordance with subsection (e), to provide industrial resources or critical technology items required for the preservation or enhancement of the industrial or technology base of the United States essential to the execution of the national security strategy of the United States. Except as provided in subsection (i) of this section, no action may be brought under the antitrust laws against any participant in an industry consortium for good faith activities conducted in determining whether to establish, in establishing such a consortium, or in undertaking an action if the action is within the scope of the charter of the consortium.

"(b) DEFINITIONS.—As used in this section—

"(1) The term 'antitrust laws' means—

"(A) the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies and for other purposes', approved July 2, 1890, commonly referred to as the 'Sherman Act' (15 U.S.C. 1 et seq.);

"(B) the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes', approved October 15, 1914, commonly referred to as the 'Clayton Act' (15 U.S.C. 12 et seq.);

"(C) the Federal Trade Commission Act (15 U.S.C. 41 et seq.);

"(D) sections 73 and 74 of the Act entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes', approved August 27, 1894, commonly referred to as the 'Wilson Tariff Act' (15 U.S.C. 8 and 9);

"(E) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a);

"(F) the Act entitled 'An Act to promote export trade and for other purposes', approved April 10, 1918, commonly referred to as the 'Webb-Pomerene Act' (15 U.S.C. 61-65); and

"(G) similar laws enacted by the several States.

"(2) The term 'flexible manufacturing network' means a specified program relating to the joint development, engineering, and production of one or more products by the network's participants for their common benefit, including—

"(A) the coordination of the individual engineering, purchasing, manufacturing, quality assurance, inventory control, and other activities by the participants reasonably required to attain the network's specified program objectives, or the joint undertaking of such activities by two or more of the network's participants;

"(B) the collection and sharing of information among the network's participants relating to manufacturing capacity, production costs, and distribution capabilities for potential markets for the specified products to be produced by such network reasonably required to attain the network's specified program objectives; and

"(C) the collection and sharing of such other technical or business information as may be reasonably required to undertake the network's specified program.

"(3) The term 'industry consortium' means an arrangement among two or more persons for the purpose of undertaking a specific program of basic research, research and development, production, or any specified combination of the foregoing activities, or a flexible manufacturing network, relating directly to industrial resources or critical technology items required for the preservation or enhancement of the industrial or technology base of the United States essential to the execution of the national security strategy of the United States. Such persons may include for-profit business concerns, not-for-profit entities, and educational institutions.

"(c) FORMATION OF INDUSTRY CONSORTIUM.—(1) Except as provided in paragraph (4), persons in the private sector interested in forming an industry consortium may make application to the Attorney General in a form and containing such information as required by the regulations issued pursuant to subsection (g).

"(2) Promptly after an application is received, the Attorney General shall publish a notice in the Federal Register announcing that an application for the establishment of an industry consortium has been submitted, identifying each participating person, describing the activities to be undertaken by such consortium, and providing such other information as may be required by the regulations issued pursuant to subsection (g).

"(3) A copy of the application shall be transmitted by the Attorney General to the Chairman of the Federal Trade Commission.

"(4) Two or more small business concerns shall be deemed to have formed a flexible manufacturing network or other industry consortia conforming to the requirements of subsection (d) of this section, if—

"(A) the aggregate of the total number of employees (or the 3-year annual gross receipts) of each small business concern participating in the network or consortia does not exceed the smallest numerical size standard for an individual small business concern established by the Small Business Administration pursuant to section 3(a) of the Small Business Act (15 U.S.C. 632(a)) for the Standard Industrial Classification which includes the activities to be undertaken by such network or consortia;

"(B) notice has been given to the Attorney General in a form and containing such information as required by the regulations issued pursuant to subsection (g) within 10 calendar days of any meeting at which such small business concerns established such flexible manufacturing network or industry consortia; and

"(C) the Attorney General has not given notice to such small business flexible manufacturing network or industry consortia to cease operations for failure to have established a network or consortia meeting the requirements of subsection (d) or for failure to comply with the regulations issued pursuant to subsection (g).

"(d) CRITERIA FOR APPROVING CONSORTIUM.—(1) A proposed consortium may be approved by the President if it is determined that such consortium—

"(A) will provide at least one domestic source for industrial resources or critical technology items required for the preservation or enhancement of the industrial or technology base essential to the execution of the national security strategy of the United States,

"(B) will not constitute unfair competition or a substantial restraint of trade with respect to other persons within the United States who may be sources of the same industrial resources or critical technology items, and

"(C) will not unreasonably increase, stabilize, or depress prices for the industrial resources or critical technology items that are the subject matter of such consortium's proposed activities.

"(2) Such application for the establishment of an approved industry consortium shall be reviewed by the Attorney General, the Chairman of the Federal Trade Commission, and such other officers of the Executive as may be designated by the President in accordance with the requirements of paragraph (1) and such other evaluation criteria as may be specified in the regulations promulgated pursuant to subsection (g).

"(3) Not later than 90 calendar days after the receipt of an application in accordance with subsection (c)(2) and not earlier than 30 calendar days after the publication of the notice required by subsection (c)(2), the application shall be approved or disapproved. The reasons for any disapproval shall be specified in writing.

"(4) Approval of an application shall be evidenced by the issuance of a charter which shall specify any special terms, conditions, or limitations which are deemed necessary by the President to assure compliance with the requirements of the section.

"(5) Upon approval of an industry consortium, the President shall designate a Federal official as the principal liaison to such consortium.

"(e) CONSORTIUM ADVISORY COUNCIL.—An industry consortium is authorized to organize an advisory council, specifying the membership, functions, and operating procedures of such council in its application.

"(f) CHARTER.—

"(1) MODIFICATION.—The charter of an industry consortium may be modified during its term. A request for a modification to the charter shall be considered in the same manner as an original charter application. An approved charter modification shall be implemented by the consortium within 30 calendar days of the receipt of a notice of such modification, or the consortium shall lose its protections under subsection (a).

"(2) TERMINATION.—(A) An industry consortium may be terminated by the President upon a finding that the industry consortium is no longer conducting its activities in conformity with this section or the terms of the consortium's charter. Such notice shall specify the reasons for the determination to terminate the consortium, and afford the consortium at least 30 calendar days to respond, in accordance with appeal procedures specified in the regulations promulgated pursuant to subsection (g).

"(B) An industry consortium may voluntarily terminate its charter upon providing notice of termination (including an effective date) to the Federal official assigned as the principal liaison to the consortium. Upon the effective date of the termination of its charter, the consortium shall lose its protections under subsection (a).

"(g) REGULATIONS.—(1) The President shall promulgate regulations to implement this section. The preparation of such regulations, and modifications thereto, shall include the participation of the Attorney General, the Chairman of the Federal Trade Commission, and such other officers of the Federal Government as the President may deem appropriate.

"(2) In addition to regulations required by this section and such matters as the President deems appropriate for the effective administration of the program, the regulations required by paragraph (1) shall address the following matters:

"(A) Except as provided in subsection (c)(4), persons interested in establishing an industry consortium shall furnish to the Attorney General and the Chairman of the Federal Trade Commission—

"(i) a notice within 5 calendar days of initiating discussions among the prospective participants in the consortium,

"(ii) a notice of and the opportunity for representatives of the Attorney General and the Chairman of the Federal Trade Commission to participate in all subsequent meetings, and

"(iii) a transcript of the proceedings of each such meeting.

"(B) Opportunity shall be provided for designated Government representatives to attend any meeting sponsored by such consortium.

"(C) Opportunity for public attendance in such consortium meetings shall be provided, unless the matters to be discussed at such meetings fall within a category described in paragraph (1), (3), or (4) of section 552(b) of title 5, United States Code.

"(D) Access shall be provided for inspecting and copying, at reasonable times and upon reasonable notice, the records of the industry consortium by representatives of the Attorney General, the Chairman of the Federal Trade Commission, and the Federal official designated as the principal liaison to such industry consortium, pursuant to subsection (d)(5).

"(E) Public access shall be provided to the Government's records relating to the establishment or conduct of an industry consortium, subject to the limitations of paragraphs (1), (3), and (4) of section 552(b) of title 5, United States Code.

"(h) EXEMPTION FROM FEDERAL ADVISORY COMMITTEE ACT.—The activities of an industry consortium (including any advisory council established by such consortium) are exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.), and the regulations promulgated thereunder, if such activities are conducted in compliance with this section, the regulations promulgated pursuant to subsection (g), and the terms of the consortium's charter.

"(i) REMEDIES.—(1) An industry consortium found to be operating outside the scope and limitations of its charter issued pursuant to this section shall be subject to criminal or civil actions under the antitrust laws as defined in subsection (b) of this section.

"(2) Any person who is aggrieved with respect to any act or failure to act committed in connection with the formation or operation of an industry consortium may bring a civil action for injunctive relief if—

"(A) such act or omission occurred—

"(i) in the course of forming an industry consortium pursuant to subsection (c), or

"(ii) while undertaking the activities of the consortium pursuant to its charter, and

"(B) the person committing such act or omission failed to comply with the scope and limitations of its charter or the requirements of this section.

"(3) A person injured as a result of an act or omission described in paragraph (2) may be awarded—

"(A) actual damages, including interest on such damages, and

"(B) in the case of any successful action to enforce liability under this section, the costs of such action together with reasonable attorney's fees.

"(4) Any action commenced under this subsection shall proceed as if it were an action commenced under section 4 or section 16 of the Clayton Act, except that the standards applicable to the industry consortium shall be the requirements of this section, the regulations promulgated pursuant to subsection (g) and the charter of such consortium. The remedies provided in this subsection shall be the exclusive remedies available to a plaintiff.

"(5) Any action under paragraph (2) shall be brought within 2 years of the discovery of the facts giving rise to the course of action, but not later than 4 years from the date the cause of action arises.

"(6) In any action brought under this subsection, if the court finds that the challenged conduct was undertaken by the industry consortium within the scope and limitations of its charter and the requirements of this section and that the action was brought for purposes of harassment or was otherwise without merit, the court may award to the person against whom the action is brought all costs of defending such action (including reasonable attorney's fees).".

SEC. 138. INTELLIGENCE STUDY.

(a) IN GENERAL.—In order to assist the Congress in its oversight responsibilities with respect to section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170), the Central Intelligence Agency jointly with the Federal Bureau of Investigation shall complete and furnish to the Congress within one year after the date of enactment of this section and upon the expiration of every 4 years thereafter a report which—

(1) evaluates whether there is credible evidence of a coordinated strategy by one or more countries or companies to acquire United States companies involved in research, development, or production of critical technologies for which the United States is a leading producer; and

(2) evaluates whether there are industrial espionage activities directed by foreign governments against private United States companies aimed at obtaining commercial secrets related to critical technologies;

(b) DEFINITION.—For purposes of this section, the term "critical technologies" means technologies identified under title VI of the National Science and Technology Policy, Organization, and Priorities Act of 1976 or other critical technology, critical components, or critical technology items essential to national defense identified pursuant to section 705A of the Defense Production Act.

(c) RELEASE OF UNCLASSIFIED STUDY.—The report required by this section may be classified. An unclassified version of the report shall be available to the public.

SEC. 139. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

Section 709 of the Defense Production Act of 1950 (50 U.S.C. App. 2159) is amended to read as follows:

"SEC. 709. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

"Any rule, regulation, order, or amendment thereto issued under the authority of this Act shall not be subject to the requirements of sections 551 through 559 of title 5, United States Code. Each proposed rule or regulation, and each amendment thereto, shall be published for public comment in the Federal Register in conformity with the requirements of section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b) and chapter 6 of title 5, United States Code.".

PART E—TECHNICAL AMENDMENTS

SEC. 141. PRIORITIES IN CONTRACTS AND ORDERS.

Section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071) is amended—

(1) in subsection (a)(2) by striking "materials and facilities" and inserting "materials, services, and facilities";

(2) in subsection (c)(1) by striking "supplies of materials and equipment" and in-

serting "materials, equipment, and services";

(3) by striking paragraphs (2) and (3) and inserting the following new paragraph:

"(2) The authority granted by this subsection may not be used to require priority performance of contracts or orders, or to control the distribution of any supplies of materials, service, and facilities in the marketplace, unless the President finds that—

"(A) such materials, services, and facilities are scarce, critical, and essential—

"(i) to maintain or expand exploration, production, refining, transportation,

"(ii) to conserve energy supplies; or

"(iii) to construct or maintain energy facilities; and

"(B) maintenance or expansion of exploration, production, refining, transportation, or conservation of energy supplies or the construction and maintenance of energy facilities cannot reasonably be accomplished without exercising the authority specified in paragraph (1) of this subsection."; and

(d) by redesignating paragraph (4) as paragraph (3).

SEC. 142. LOAN GUARANTEES.

Section 301(e)(2)(B) of the Defense Production Act of 1950 (50 U.S.C. App. 2091(e)(2)(B)) is amended by striking "and to the Committees on Banking and Currency of the respective Houses" and inserting "and to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives".

SEC. 143. INVESTIGATIONS; RECORDS; REPORTS; SUBPOENAS.

Section 705 of the Defense Production Act of 1950 (50 U.S.C. App. 2155) is amended—

(1) in subsection (a), by striking "subpena" and inserting "subpoena";

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively;

(3) in subsection (c) (as redesignated by paragraph (2)), by striking "$1,000" and inserting "$10,000"; and

(4) in subsection (d) (as redesignated by paragraph (2)), by striking all after the first sentence.

SEC. 144. EMPLOYMENT OF PERSONNEL.

Section 710 of the Defense Production Act of 1950 (50 U.S.C. App. 2160) is amended—

(1) in subsection (b), by striking paragraph (6) and inserting the following:

"(6)(A) The Secretary of the Department or head of the agency making the appointment shall publish a notice in the Federal Register including the name of the appointee, the employing department or agency, the title of the position to which such individual is being appointed, the name of such individual's employer when selected for appointment, and a statement that the individual has made a filing in accordance with subparagraph (B) which is available for inspection.

"(B) Each individual selected for appointment under the authority of this subsection shall furnish to the departmental Secretary or agency head making the appointment—

"(i) a list of the names of each corporation, partnership, or other business in which such individual has an interest, and

"(ii) a list of any financial interest such individual had during the 60-day period preceding such appointment, including any office or directorship held in a corporation.

"(C) Each individual shall submit the information described in subparagraph (B) annually on the anniversary of such individual's appointment.";

(2) in paragraph (7) of subsection (b)—

(A) by striking "Chairman of the United States Civil Service Commission" and inserting "Director of the Office of Personnel Management";

(B) by striking "and the Joint Committee on Defense Production"; and

(3) in paragraph (8) of subsection (b), by striking "transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes and regular places of business pursuant to such appointment" and inserting "reimbursement for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions for which they were appointed in the same manner as persons employed intermittently in the Federal Government are allowed expenses under section 5703 of title 5, United States Code".

SEC. 145. AUTHORIZATION OF APPROPRIATIONS.

Section 711(a)(1) of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended by striking "Bureau of the Budget" and inserting "Office of Management and Budget".

PART F—REPEALERS AND CONFORMING AMENDMENTS

SEC. 151. SYNTHETIC FUEL ACTION.

Section 307 of the Defense Production Act of 1950 (50 U.S.C. App. 2097) is repealed.

SEC. 152. AUTHORIZATION OF APPROPRIATIONS.

Section 711 of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended—

(1) by striking subsection (b),

(2) by striking "(a)(1) Except as provided in paragraph (2) and paragraph (4)" and inserting "(a) Except as provided in subsection (c)",

(3) by striking in subsection (a) in the parenthetical "and for the payment of interest under subsection (b) of this section", and

(4) by striking paragraph (2) and redesignating paragraph (3) as subsection (b), and

(5) by striking subparagraph (B) of paragraph (4) and redesignating paragraph (4)(A) as subsection (c).

SEC. 153. JOINT COMMITTEE ON DEFENSE PRODUCTION.

Section 712 of the Defense Production Act of 1950 (50 U.S.C. App. 2162) is repealed.

SEC. 154. PERSONS DISQUALIFIED FOR EMPLOYMENT.

Section 716 of the Defense Production Act of 1950 (50 U.S.C. App. 2165) is repealed.

SEC. 155. FEASIBILITY STUDY ON UNIFORM COST ACCOUNTING STANDARDS; REPORT SUBMITTED.

Section 718 of the Defense Production Act of 1950 (50 U.S.C. App. 2167) is repealed.

SEC. 156. NATIONAL COMMISSION ON SUPPLIES AND SHORTAGES.

Section 720 of the Defense Production Act of 1950 (50 U.S.C. App. 2169) is repealed.

PART G—REAUTHORIZATION OF SELECTED PROVISIONS

SEC. 161. AUTHORIZATION OF APPROPRIATIONS.

Section 711(c) of the Defense Production Act of 1950 (as amended by section 143 of this Act) is amended to read as follows:

"(c) There are authorized to be appropriated for fiscal years 1991, 1992, and 1993 not to exceed $250,000,000 to carry out the provisions of sections 301, 302, and 303 of this Act.".

SEC. 162. SUNSET.

Section 717 of the Defense Production Act of 1950 (50 U.S.C. App. 2166) is amended to read as follows:

"SEC. 717. SUNSET.

"(a) IN GENERAL.—The following provisions of this Act shall terminate at the close of September 30, 1993:

"(1) Title I of this Act, and all authority conferred thereunder.

"(2) Sections 301, 302, 303, and 304 of this Act, and all authority conferred thereunder.

"(3) Sections 701, 702, 703, 704, 705, 706, 707, 708, and 711 of this Act, and all authority conferred thereunder.

"(b) EXPIRED PROVISIONS.—The following provisions of this Act terminate at the close of June 30, 1953:

"(1) Title II and title VI of this Act, and all authority conferred thereunder.

"(2) Title IV and title V of this Act, and all authority conferred thereunder.

"(c) CONTINUOUS EFFECT.—Except as otherwise provided, all other provisions of this Act, and all authority conferred thereunder, shall remain in effect.

"(d) SAVINGS PROVISION.—The termination of any section of this Act, or any agency or corporation utilized under this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act, or the taking of any action (including the making of new guarantees) determined by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions considered necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection.".

TITLE II—ADDITIONAL PROVISIONS TO IMPROVE INDUSTRIAL PREPAREDNESS

PART A—INDUSTRIAL CAPABILITY AND NATIONAL SECURITY

SEC. 201. INDUSTRIAL CAPABILITIES ASSESSMENT.

(a) POLICY.—The national security of the United States would benefit from greater integration of national economic policies (including tax and trade) and national security policies.

(b) CONDUCT ASSESSMENT.—The President shall promptly conduct, through such means as may be appropriate, an Industrial Capabilities Assessment as described in subsection (c).

(c) MATTERS TO BE ASSESSED.—The assessment required by subsection (b) shall include:

(1) An analysis, on an ongoing basis, of the demands to be placed upon industry by the national defense plans and industry's capabilities to fulfill those expectations in peacetime as well as in time of war or national emergency.

(2) A review of major Government policies and their impact on the defense industrial and technology base.

(3) A process for periodic industry-wide assessment of technological advancement and production capabilities in relation to national security objectives.

(4) A review of existing industrial policy objectives, laws, and regulations, and recommendations to the President for their modification to foster industrial innovation, modernization, and productivity.

(5) Proposals for selectively expanding national defense production to respond to graduated levels of mobilization.

(6) One or more exercises to assess the capability of the defense industry's capability to respond to increased demands for defense materiel and services under various graduated mobilization response conditions.

PART B—ENCOURAGING IMPROVEMENT OF THE DEFENSE INDUSTRIAL BASE

SEC. 211. RECOGNITION OF MODERNIZED PRODUCTION SYSTEMS AND EQUIPMENT IN CONTRACT AWARD AND ADMINISTRATION.

(a) IN GENERAL.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy requiring, to the maximum extent practicable, that the acquisition plan for any major system acquisition, or any other acquisition program designated by the Secretary or agency head responsible for such acquisition, provide for contract solicitation provisions which encourage competing offerors to acquire for utilization in the performance of the contract modern industrial facilities and production systems (including hardware and software), and other modern production equipment, that increase the productivity of the offerors and reduce the costs of production.

(b) AUTHORIZED SOLICITATION PROVISIONS.—Contract solicitation provisions referred to in subsection (a) may include any of the following provisions:

(1) An evaluation advantage in making the contract award determination.

(2) An increase of not more than 10 percent in the amount which would otherwise be reimbursable to a contractor as the Government's share of costs incurred for the acquisition of production special tooling, production special test equipment, and production special systems (including hardware and software) for use in the performance of the contract.

(3) A provision for the contractor to share in any demonstrated cost savings that are attributable to increased productivity resulting from the following contractor actions not required by the contract—

(A) the acquisition and utilization of modern industrial facilities and production systems (including hardware and software), and other modern production equipment, for the performance of the contract; or

(B) the utilization of other manufacturing technology improvements in the performance of the contract.

SEC. 212. PROCUREMENT OF CRITICAL COMPONENTS OR CRITICAL TECHNOLOGY ITEMS.

(a) SUBCONTRACTING.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy requiring that any solicitation for the procurement of critical components or critical technology items shall—

(1) specify the minimum percentage of the total estimated value of the contract that is to be performed by one or more domestic firms;

(2) provide for the attainment of such requirement by the firm as prime contractor, or by subcontractors pursuant to a subcontracting plan submitted with the prime contractor's offer;

(3) specify that a source selection factor relating to the requirement specified in paragraph (1) shall accord—

(A) such source selection factor a value not to exceed 10 percent of the total evaluation points for all source selection factors specified in the solicitation; and

(B) such evaluation points in proportion to the extent to which each offer meets or exceeds the specified percentage;

(4) provide that attainment of the percentage specified in the offer of the firm receiving the award shall be a material element of contractual performance; and

(5) require the contractor to—

(A) identify, at the conclusion of contract performance, each subcontractor whose performance is to be counted toward attainment of the contractual requirement specified pursuant to paragraph (1); and

(B) provide prompt notice to the contracting officer after replacing any such subcontractor.

(b) CRITICAL COMPONENTS AND CRITICAL TECHNOLOGY ITEMS.—The President, acting through the Secretary of Defense, shall—

(1) determine the components or items that are critical components or critical technology items; and

(2) publish a list of such critical components and critical technology items in the Federal Acquisition Regulation.

(c) DEFINITIONS.—For the purpose of this section—

(1) the term "domestic firm" has the same meaning as the term "domestic source" in section 702 of the Defense Production Act of 1950; and

(2) the terms "critical components" and "critical technology items" have the same meanings as in section 702 of the Defense Production Act of 1950.

SEC. 213. SENSE OF THE CONGRESS REGARDING ENCOURAGEMENT OF INVESTMENT.

It is the sense of the Congress that, in order to encourage investment to maintain our Nation's technological leadership, to preserve the strength of our industrial base, and to encourage contractors to invest in advanced manufacturing technology, advanced production equipment, and advanced manufacturing processes, the Secretary of Defense as part of his study of the defense acquisition process under the Defense Management Review shall consider—

(1) the full cost allowability of independent research and development/bid and proposal; and

(2) an increase in the progress payment rate on defense contracts.

PART C—MISCELLANEOUS

SEC. 221. GAO STUDY OF STATE FOREIGN INVESTMENT INCENTIVE PROGRAMS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of State incentive programs used to attract foreign investment. In conducting such study, the Comptroller General shall evaluate the costs and benefits of such programs, including job creation and economic growth, as well as potential adverse economic effects on United States firms, and recommend what measures the States might take, if any, to ensure that the economic benefits of such programs warrant the costs.

(b) REPORT.—Not later than 12 months after the date of enactment of this Act, the Comptroller General shall transmit to the Congress a report on the study under subsection (a).

SEC. 222. DISCOURAGING UNFAIR TRADE PRACTICES.

(a) SUSPENSION OR DEBARMENT AUTHORIZED.—A finding that a contractor has engaged in an unfair trade practice, as defined in subsection (b), shall indicate a lack of business integrity or business honesty that seriously and directly affects the responsibility of the contractor to perform any contract awarded by the Federal Government or perform a subcontract under such a contract. Such contractor may be subject to suspension and debarment in accordance with subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation).

(b) DEFINITIONS.—For purposes of this section, the term "unfair trade practice" means the commission of any of the following acts by a contractor:

(1) An unfair trade practice, as determined by the International Trade Commission, for a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337).

(2) A violation of any agreement of the Coordinating Committee on Export Controls or any similar bilateral export control agreement, as determined by the Secretary of Commerce.

(3) A knowingly false statement regarding a material element of a certification concerning the foreign content of an item of supply, as determined by the Secretary of the department or the head of the agency to which such certificate was furnished.

TITLE III—AMENDMENT TO RELATED LAWS

SEC. 301. DEFENSE PRODUCTION ACT FUND PROJECTS.

Section 2502 of title 10, United States Code, is amended by adding at the end the following:

"(d) DEFENSE PRODUCTION ACT FUND PROJECTS.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, shall review and approve projects recommended for support through the Defense Production Act Fund pursuant to the authorities provided by title III of the Defense Production Act of 1950.".

TITLE IV—FAIR TRADE IN FINANCIAL SERVICES

SEC. 401. SHORT TITLE.

This title may be cited as the "Fair Trade in Financial Services Act of 1990".

SEC. 402. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR BANKS AND BANK HOLDING COMPANIES.

The International Banking Act of 1978 (12 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"NATIONAL TREATMENT

"SEC. 15. (a) PURPOSES.—This section is intended to—

"(1) encourage foreign countries to accord national treatment to United States banks and bank holding companies that operate or seek to operate in those countries; and

"(2) seek an end to discrimination against United States banks and bank holding companies.

"(b) ANNUAL REPORTS REQUIRED.—For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(1) identifying each foreign country—

"(A) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States banks and bank holding companies; and

"(B) with respect to which no determination under subsection (d)(1) is in effect;

"(2) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(3) describing the results of negotiations conducted pursuant to subsection (c)(1).

"(c) NEGOTIATIONS REQUIRED.—

"(1) IN GENERAL.—The Secretary of the Treasury shall initiate negotiations with any foreign country described in subparagraphs (A) and (B) of subsection (b)(1) to ensure that that country accords national treatment to United States banks and bank holding companies.

"(2) NEGOTIATIONS NOT REQUIRED.—Paragraph (1) does not require the Secretary of

the Treasury to initiate negotiations with a foreign country if the Secretary—

"(A) determines that such negotiations would be fruitless or would impair national economic interests; and

"(B) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

"(d) DISCRETIONARY SANCTIONS.—

"(1) IN GENERAL.—A Federal banking agency may, in consultation with the Secretary of the Treasury, deny any application, and disapprove any notice, filed by a person of a foreign country if the Secretary has published in the Federal Register (and has not rescinded) a determination that the foreign country does not accord national treatment to United States banks and bank holding companies.

"(2) REVIEW.—The Secretary of the Treasury shall annually review any determination under paragraph (1) and decide whether that determination should be rescinded.

"(e) PREVENTING EXISTING ENTITIES FROM BEING USED TO EVADE THIS SECTION.—

"(1) IN GENERAL.—If a determination under subsection (d)(1) is in effect with respect to a foreign country, no bank, foreign bank described in section 8(a), branch, agency, commercial lending company, or other affiliated entity that is a person of that country shall, without prior approval pursuant to paragraph (3) or (4), directly or indirectly, in the United States—

"(A) commence any line of business in which it was not engaged as of the date on which that determination was published in the Federal Register; or

"(B) conduct business from any location at which it did not conduct business as of that date.

"(2) EXCEPTION.—Paragraph (1) shall not apply with respect to transactions under section 2(h)(2) of the Bank Holding Company Act of 1956.

"(3) STATE-SUPERVISED ENTITIES.—

"(A) This paragraph shall apply if—

"(i) the entity in question is an uninsured State bank or branch, a State agency, or a commercial lending company;

"(ii) the State requires the entity to obtain the prior approval of the State bank supervisor before engaging in the activity described in subparagraph (A) or (B) of paragraph (1); and

"(iii) no other provision of Federal law requires the entity to obtain the prior approval of a Federal banking agency before engaging in that activity.

"(B) The State bank supervisor shall consult about the application with the appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act). If the State bank supervisor approves the application, the supervisor shall notify the appropriate Federal banking agency and provide the agency with a copy of the record of the application. During the 45-day period beginning on the date on which the appropriate Federal banking agency receives the record, the agency may, after consultation with the State bank supervisor, issue an order disapproving the activity in question. The period for disapproval under the preceding sentence may, in the agency's discretion, be extended for not more than 45 days.

"(4) FEDERAL APPROVAL.—If the transaction is not described in paragraph (3)(A), the entity in question shall obtain the prior approval of the appropriate Federal banking agency.

"(5) INFORMING STATE SUPERVISORS.—The Secretary of the Treasury shall inform State bank supervisors of any determination under subsection (d)(1).

"(6) EFFECT ON OTHER LAW.—Nothing in this subsection shall be construed to relieve the entity in question from any otherwise applicable requirement of Federal law.

"(f) NATIONAL TREATMENT DEFINED.—A foreign country accords national treatment to United States banks and bank holding companies if it offers them the same competitive opportunities (including effective market access) as are available to its domestic banks and bank holding companies.

"(g) PERSON OF A FOREIGN COUNTRY DEFINED.—A person of a foreign country is a person that—

"(1) is organized under the laws of that country;

"(2) has its principal place of business in that country;

"(3) in the case of an individual—

"(A) is citizen of that country, or

"(B) is domiciled in that country; or

"(4) is directly or indirectly controlled by a person described in paragraphs (1), (2), or (3).

"(h) EXERCISE OF DISCRETION.—In exercising discretion under this section—

"(1) the Secretary of the Treasury and the Federal banking agencies shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(2) the Federal banking agencies, in consultation with the Secretary of the Treasury—

"(A) shall consider, with respect to a bank, foreign bank, branch, agency, commercial lending company, or other affiliated entity that is a person of a foreign country and is already operating in the United States—

"(i) the extent to which that foreign country has a record of according national treatment to United States banks and bank holding companies; and

"(ii) whether that country would permit United States banks and bank holding companies already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's banks and bank holding companies; and

"(B) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this section.".

SEC. 403. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR SECURITIES BROKERS AND DEALERS.

Section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) is amended by adding at the end the following new paragraph:

"(11) NATIONAL TREATMENT.—(A) This paragraph is intended to encourage foreign countries to—

"(i) accord national treatment to United States brokers and dealers that operate or seek to operate in those countries; and

"(ii) seek an end to discrimination against United States brokers and dealers.

"(B) For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(i) identifying each foreign country—

"(I) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States brokers and dealers; and

"(II) with respect to which no determination under subparagraph (D)(i) is in effect;

"(ii) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(iii) describing the results of negotiations conducted pursuant to subparagraph (C)(i).

"(C)(i) The Secretary of the Treasury shall initiate negotiations with any foreign country described in subclauses (I) and (II) of subparagraph (B)(i) to ensure that that country accords national treatment to United States brokers and dealers.

"(ii) Clause (i) does not require the Secretary of the Treasury to initiate negotiations with a foreign country if the Secretary—

"(I) determines that such negotiations would be fruitless or would impair national economic interests; and

"(II) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Energy and Commerce of the House of Representatives.

"(D) The following provisions shall apply if the Secretary of the Treasury has published in the Federal Register (and has not rescinded) a determination that a foreign country does not accord national treatment to United States brokers and dealers:

"(i) The Commission may, in consultation with the Secretary of the Treasury—

"(I) deny any application for registration under this subsection filed by a person of that foreign country; and

"(II) prohibit any person of that foreign country from acquiring control of a registered broker or dealer, irrespective of when the acquisition was initiated.

"(ii) No person of that foreign country, acting directly or indirectly, shall acquire control of any registered broker or dealer unless—

"(I) the Commission has been given notice 45 days in advance of the acquisition, in such form as the Commission shall prescribe by rule; and

"(II) the Commission has not prohibited the acquisition.

"(iii) The Commission may, by order, extend the notice period with respect to any particular acquisition for not more than 60 days.

"(iv) The Secretary of the Treasury shall annually review any determination under this subparagraph and decide whether that determination should be rescinded.

"(E) A foreign country accords national treatment to United States brokers and dealers if it offers them the same competitive opportunities (including effective market access) as are available to its domestic brokers and dealers.

"(F) A person of a foreign country is a person that—

"(i) is organized under the laws of that country;

"(ii) has its principal place of business in that country;

"(iii) in the case of an individual—

"(I) is a citizen of that country, or

"(II) is domiciled in that country; or

"(iv) is directly or indirectly controlled by a person described in clause (i), (ii), or (iii).

"(G) In exercising discretion under this paragraph—

"(i) the Secretary of the Treasury and the Commission shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(ii) the Commission, in consultation with the Secretary of the Treasury—

"(I) shall consider, with respect to a broker or dealer that is a person of a foreign country and is already operating in the United States—

"(aa) the extent to which that foreign country has a record of according national treatment to United States brokers and dealers; and

"(bb) whether that country would permit United States brokers or dealers already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's brokers or dealers; and

"(II) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this paragraph.".

SEC. 404. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR INVESTMENT ADVISERS.

Section 203 of the Investment Advisers Act of 1940 (12 U.S.C. 80b-3) is amended by adding at the end the following new subsection:

"(i) NATIONAL TREATMENT.—

"(1) PURPOSES.—This subsection is intended to encourage foreign countries to—

"(A) accord national treatment to United States investment advisers that operate or seek to operate in those countries; and

"(B) seek an end to discrimination against United States investment advisers.

"(2) ANNUAL REPORTS REQUIRED.—For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(A) identifying each foreign country—

"(i) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States investment advisers; and

"(ii) with respect to which no determination under paragraph (4) is in effect;

"(B) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(C) describing the results of negotiations conducted pursuant to paragraph (3)(A).

"(3) NEGOTIATIONS REQUIRED.—(A) The Secretary of the Treasury shall initiate negotiations with any foreign country described in clauses (i) and (ii) of paragraph (2)(A) to ensure that that country accords national treatment to United States investment advisers.

"(B) Subparagraph (A) does not require the Secretary of the Treasury to initiate negotiations with a foreign country if the Secretary—

"(i) determines that such negotiations would be fruitless or would impair national economic interests; and

"(ii) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Energy and Commerce of the House of Representatives.

"(4) DISCRETIONARY SANCTIONS.—The following provisions shall apply if the Secretary of the Treasury has published in the Federal Register (and has not rescinded) a determination that a foreign country does not accord national treatment to United States investment advisers:

"(A) The Commission may, in consultation with the Secretary of the Treasury, deny any application, and disapprove any notice, filed pursuant to this title by a person of that foreign country.

"(B) The Commission may, in consultation with the Secretary of the Treasury, prohibit any person of that foreign country from acquiring control of a registered investment adviser, irrespective of when the acquisition was initiated.

"(C) No person of that foreign country, acting directly or indirectly, shall acquire control of any registered investment adviser unless—

"(i) the Commission has been given notice 45 days in advance of the acquisition, in such form as the Commission shall prescribe by rule; and

"(ii) the Commission has not prohibited the acquisition.

"(D) The Commission may, by order, extend the notice period with respect to any particular acquisition for not more than 60 days.

"(E) The Secretary of the Treasury shall annually review any determination under this paragraph and decide whether that determination should be rescinded.

"(5) NATIONAL TREATMENT DEFINED.—A foreign country accords national treatment to United States investment advisers if it offers them the same competitive opportunities (including effective market access) as are available to its domestic investment advisers.

"(6) PERSON OF A FOREIGN COUNTRY DEFINED.—A person of a foreign country is a person that—

"(A) is organized under the laws of that country;

"(B) has its principal place of business in that country;

"(C) in the case of an individual—

"(i) is a citizen of that country, or

"(ii) is domiciled in that country; or

"(D) is directly or indirectly controlled by a person described in subparagraphs (A), (B), or (C).

"(7) EXERCISE OF DISCRETION.—In exercising discretion under this subsection—

"(A) the Secretary of the Treasury and the Commission shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(B) the Commission, in consultation with the Secretary of the Treasury—

"(i) shall consider, with respect to an investment adviser that is a person of a foreign country and is already operating in the United States—

"(I) the extent to which that foreign country has a record of according national treatment to United States investment advisers; and

"(II) whether that country would permit United States investment advisers already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's investment advisers;

"(ii) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this subsection.".

SEC. 405. CONFORMING AMENDMENTS SPECIFYING THAT NATIONAL TREATMENT INCLUDES EFFECTIVE MARKET ACCESS.

(a) QUADRENNIAL REPORTS ON FOREIGN TREATMENT OF UNITED STATES FINANCIAL INSTITUTIONS.—Section 3602 of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5352) is amended—

(1) in paragraph (3), by striking "and securities companies" and inserting ", securities companies, and investment advisers"; and

(2) by adding at the end the following: "For purposes of this section, a foreign country denies national treatment to United States entities unless it offers them the same competitive opportunities (including effective market access) as are available to its domestic entities.".

(b) NEGOTIATIONS TO PROMOTE FAIR TRADE IN FINANCIAL SERVICES.—Section 3603(a)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5353(a)(1)) is amended by inserting "effective" after "banking organizations and securities companies have".

(c) PRIMARY DEALERS IN GOVERNMENT DEBT INSTRUMENTS.—Section 3502(b)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5342) is amended—

(1) by striking "does not accord to" and inserting "does not offer";

(2) by inserting "(including effective market access)" after "the same competitive opportunities in the underwriting and distribution of government debt instruments issued by such country"; and

(3) by striking "as such country accords to" and inserting "as are available to".

TITLE V—EFFECTIVE DATES

SEC. 501. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this Act shall take effect on August 10, 1990.

(b) SPECIAL RULES.—(1) Title IV of this Act takes effect on the date of enactment of this Act.

(2) The acquisition policies required by title II of this Act shall be incorporated as part of the Federal Acquisition Regulation within 270 days after enactment. Such policies shall apply to solicitations issued 60 days after such regulations are issued.[S03OC0-V1][S14440-issued.

PRIVILEGE OF THE FLOOR

Mr. DIXON. I ask unanimous consent that Mr. Charles Schneider be given the privilege of the floor during the consideration of S. 1379.

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

AMENDMENT NO. 2925

Mr. DIXON. Mr. President, I send an amendment to the desk on behalf of the distinguished chairman and ranking member of the committee, Senators RIEGLE and GARN, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois [Mr. DIXON], for Mr. RIEGLE (for himself and Mr. GARN), proposes an amendment numbered 2925.

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

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

The amendment is as follows:

On page 59, line 8, strike "and".

On page 59, between lines 11 and 12, insert the following:

(C) responding to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including energy, and which would adversely affect the national defense preparedness of the United States; and

On page 69, line 9, strike "(a) IN GENERAL.—".

On page 71, strike lines 18 through 22.

On page 85, strike lines 13 through 15 and insert the following:

(1) in subsection (a), by striking "and subsection (j) of section 708A";

Beginning with page 92, line 11, strike all through page 103, line 25.

On page 104, line 11, strike "countries" and insert "foreign governments".

On page 104, line 15, before the semicolon insert the following: "and assesses the extent and character of any such strategy".

On page 104, line 19, strike the semicolon and insert the following: "and assesses the extent and character of any such activities.".

On page 110, between lines 5 and 6, insert the following:

SEC. 152. VOLUNTARY AGREEMENTS.

Section 708A of the Defense Production Act of 1950 (50 U.S.C. App. 2158a) is repealed.

On page 115, strike lines 6 through 9 and insert the following:

(a) IN GENERAL.—The single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be amended to specify the circumstances under which an acquisition plan for any major

On page 115, line 12, after the comma insert "shall".

Beginning with page 115, line 23, strike all thorugh page 116, line 3.

On page 116, line 4, strike "(3)" and insert "(2)".

Beginning with page 116, line 16, strike all through page 118, line 15, and insert the following:

SEC. 212. PROCUREMENT OF CRITICAL COMPONENTS OR CRITICAL TECHNOLOGY ITEMS.

(a) ACQUISITION REGULATIONS REQUIRED.—Within 180 days of the date of enactment of this Act, the single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be modified to provide for the solicitation, award, and administration of contracts for the procurement of critical components or critical technology items in accordance with provisions of this section.

(b) REQUIRED SOLICATION PROVISIONS.—Except as provided in subsection (c), any solicitation for the procurement of critical components or critical technology items shall—

(1) specify the minimum percentage of the total estimated value of the contract that is to be performed by one or more domestic firms;

(2) provide for the attainment of such requirement by the firm as prime contractor, or by subcontractors pursuant to a subcontracting plan submitted with the prime contractor's offer,

(3) specify that a source selection factor relating to the requirement specified in paragraph (1) shall accord—

(A) such source selection factor a value not to exceed 10 percent of the total evaluation points for all source selection factors specified in the solicitation; and

(B) such evaluation points in proportion to the extent to which each offer meets or exceeds the specified percentage;

(4) provide that attainment of the percentage specified in the offer of the firm receiving the award shall be a material element of contractual performance; and

(5) require the contractor to—

(A) identify each subcontractor whose performance is to be counted towards attainment of the contractual requirement specified pursuant to paragraph (1); and

(B) provide prompt notice to the contracting officer after replacing any such subcontractor.

(c) WAIVER OF SOLICITATION PROVISIONS.—(1) The regulations required by subsection (a) may specify circumstances under which the solicitation provisions required by subsection (b) may be waived with respect to a specific solicitation upon a determination by the contracting officer that the use of such solicitation provisions is likely to result in a significant adverse impact on the national interest of the United States.

(2) The contracting officer's determination shall be—

(A) supported by specific written findings which justify such determination; and

(B) approved by the senior procurement executive of the department or agency (designated pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)) or a designee of such officer.

(3) Copies of waiver determinations approved pursuant to subsection (b) (including the supporting written justifications and approvals) shall be made available upon request to—

(A) the public, consistent with the provisions of section 552 of title 5, or

(B) any member, or duly constituted committee, of the Congress.

(d) CRITICAL COMPONENTS AND CRITICAL TECHNOLOGY ITEMS.—The President, acting through the Secretary of Defense, shall—

(1) determine the components or items that are critical components or critical technology items; and

(2) publish a list of such critical components and critical technology items in the Federal Acquisition Regulation.

(e) DEFINITIONS.—For the purpose of this section—

(1) the term "domestic firm" has the same meaning as the term "domestic source" in section 702 of the Defense Production Act of 1950; and

(2) the terms "critical components" and "critical technology items" have the same meanings as in section 702 of the Defense Production Act of 1950.

Beginning with page 118, line 16, strike all through page 119, line 4, and insert the following:

SEC. 213. SUSTAINING INVESTMENT.

It is the sense of the Congress that, in order to encourage investment to maintain our Nation's technological leadership, to preserve the strength of our industrial base, and to encourage contractors to invest in advanced manufacturing technology, advanced production equipment, and advanced manufacturing processes, the Secretary of Defense as part of his implementation of changes to defense acquisition policies pursuant to the Defense Management Review shall consider—

(1) full allowability of independent research and development/bid and proposal costs;

(2) appropriate regulatory changes to increase the progress payment rates payable under contracts; and

(3) an increase of not more than 10 percent in the amount which would otherwise be reimbursable to a contractor as the Government's share of costs incurred for the acquisition of production special tooling, production special test equipment, and production special systems (including hardware and software) for use in the performance of the contract.

Beginning with page 119, line 22, strike through page 120, line 6, and insert the following:

(a) SUSPENSION OR DEBARMENT AUTHORIZED.—Subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation) shall be amended to specify the circumstances under which a contractor, who has engaged in an unfair trade practice, as defined in subsection (b), may be found to presently lack such business integrity or business honesty that seriously and directly affects the responsibility of the contractor to perform any contract awarded by the Federal Government or perform a subcontract under such a contract.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2925) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. DIXON. Mr. President, the principal purpose of this bill is to modernize and strengthen the Defense Production Act of 1950 to meet today's challenges, and to extend the President's authorities under the act through September 30, 1993. Today's events convince me that the Senate needs to give prompt and favorable consideration to this legislation.

During its 40-year history, the Defense Production Act has provided to the President an array of authorities with which to mobilize the Nation's productive capacities for national defense purposes, especially during times of national emergency. Provisions of the act are used during peacetime to give priority to contracts for essential national defense requirements. The demands of Operation Desert Shield have once again vividly displayed the importance of the authorities provided by the Defense Production Act. It is being frequently used on a daily basis today to be certain that our forces deployed in the Middle East have the equipment that they will need to successfully confront and overcome any aggression using conventional or

chemical weapons. The bill continues and enhances these important authorities, while offering amendments designed to assure that the use of these significant powers will only be delegated to senior officials of the executive branch.

To preserve and enhance the capacities and capabilities of those segments of the Nation's overall industrial base and technology base essential to the national defense, the Defense Production Act also provides authorities to support private sector initiatives to bring technology advances to production or to demonstrate how existing productive capacities may be made more efficient. These authorities have only been used very sparingly in peacetime during most of the act's 40-year history. The findings of a broad array of assessments of the condition of the Nation's defense industrial base conduct since the 1970's by Congress, the General Accounting Office, the Department of Defense, and various private sector groups suggest that steps must be taken to encourage investment by industry. During the late 1980's, the same concerns began to be voiced about the Nation's technology base supporting national defense, only recently perceived to be virtually unchallenged in its dominance. Through proposed enhancement to current Defense Production Act authorities, and the other provisions aimed at encouraging investment by industry in production modernization and technology advancement, the committee believes that this bill provides a valuable array of stronger tools for use by the President.

S. 1379 is the product of much thorough work spanning a period of almost 2 years. Several discussion drafts of the proposed bill were circulated for informal comment. Discussions were held with various segments of industry, representing small business as well as the leading firms of the aerospace industry. Similarly, informal comments were obtained from individuals in Government who had hands-on experience with the implementation of the Defense Production Act. Discussions were also held with representatives of private and governmental organizations that had conducted some of the most recent reviews of the current state of the defense industrial and technology base.

Mr. President, these informal dialogs continued through most of the committee's deliberations on the bill. We didn't always agree, but everyone had their views heard and carefully considered.

It is also important to note that throughout the committee's deliberations, S. 1379 has enjoyed bipartisan support. My good friend the senior Senator from Pennsylvania [Mr. HEINZ] is the bill's principal cosponsor. We were joined by several of our colleagues from the committee on both sides of the aisle, including Senators SHELBY, WIRTH, and D'AMATO. Although initially approaching many of the bill's provisions from quite different perspectives, an openminded, cooperative spirit generally prevailed under the leadership of the committee's chairman, Senator RIEGLE, and our ranking minority member, Senator GARN. Spirited debates on various issues took place during the hearings and at the markup, but in the end S. 1379 was reported without a dissenting vote.

The bill before the Senate also had the benefit of 6 days of especially thorough hearings before the committee. I will not recite the full litany of experienced and thoughtful witnesses from industry and Government, since it is fully presented in the committee's report. Suffice it to say, Mr. President, the committee had the benefit of many thoughtful comments on the overall health of the Nation's industrial and technology base, suggestions on techniques to strengthen it, the importance of the Defense Production Act, and the provisions of S. 1379.

S. 1379 is ready for action by the Senate. It has been modified in many important respects to address the concerns of various individual Senators and other committees, such as the Committee on Armed Services, on which I also serve. I believe that several of these provisions, deleted from the bill for jurisdictional and other reasons, still have merit. I may well pursue them further in the next Congress.

Mr. President, I ask unanimous consent that a summary of the managers' amendment which was peviously adopted be printed in the RECORD. These amendments make further changes to address additional concerns expressed since the committee reported the bill on May 24.

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

SUMMARY OF MODIFICATIONS TO S. 1379, THE DEFENSE PRODUCTION ACT AMENDMENTS OF 1990 MADE BY THE MANAGER'S AMENDMENT

1. SECTION 2—CONGRESSIONAL FINDINGS

The amendment restores a finding presently in current law that the authorities of the Defense Production Act are available to respond to shortages of strategic and critical materials, including energy, which would adversely affect defense preparedness.

2. SECTION 123—DEFENSE PRODUCTION ACT FUND

The amendment deletes subsection (b) which had provided that the DPA Fund established by Section 123 would be initially capitalized through the transfer of $200 million from the unobligated balance of the National Defense Stockpile Transaction Fund.

3. SECTION 137—ANTITRUST PROTECTIONS FOR INDUSTRY CONSORTIA

The amendment deletes this section. It also makes purely technical changes to Sections 135 and 152 required by the deletion of Section 137.

4. SECTION 138—INTELLIGENCE STUDY

The amendment makes minor technical changes to this section to clarify its purposes.

5. SECTION 211—RECOGNITION OF MODERNIZED PRODUCTION SYSTEMS AND EQUIPMENT IN CONTRACT AWARD AND ADMINISTRATION

The amendment modifies Section 211 to provide that it should be implemented on a government-wide basis through the Federal Acquisition Regulations. It also modifies and transfers to Section 213 provisions relating to reimbursement of costs for the acquisition of production special tooling and test equipment.

6. SECTION 212—PROCUREMENT OF CRITICAL COMPONENTS OR CRITICAL TECHNOLOGY ITEMS

The amendment deletes Section 212 of S. 1379 and replaces it with a new version that assures consistent government-wide implementation of its provisions by mandating changes to the Federal Acquisition Regulations. To provide flexibility in implementation, a waiver provision has been included.

7. SECTION 213—SUSTAINING INVESTMENT

The amendment adds to Section 213 a slightly modified version of the provision previously found in Section 211 relating to reimbursement of costs for the acquisition of production special tooling and test equipment.

8. SECTION 222—DISCOURAGING UNFAIR TRADE PRACTICES

The amendment modifies Section 222 to require that the government-wide Federal Acquisition Regulations be amended to specify the circumstances under which a contractor or subcontractor may be suspended or debarred from contracting with the government for having committed an unfair trade practice as defined in the section.

Mr. RIEGLE. Mr. President, I rise in support of S. 1379, the Defense Production Act Amendments of 1990, which the Senate Banking Committee reported on May 24, 1990. The Defense Production Act [DPA] has been called a "statutory cornerstone of our country's national security." Currently, the DPA gives the President the authority to require priority performance of contracts which have been determined to be necessary for the national defense. This is an authority the President is using right now in regard to Operation Desert Shield to ensure that our forces in the Persian Gulf have the equipment they need to do their job.

Let me read to you from a letter the Deputy Secretary of Defense sent to the majority leader on September 24:

The DPA enables the Nation's industry to give priority to weapons and military equipment production to meet defense needs under the Defense Priorities and Allocations System established pursuant to Title I of the Act. The Department has found it necessary to invoke this authority hundreds of times each year to ensure that the Armed Forces have the items they need when they need them.

The authority granted by the DPA is essential to keep the Armed Forces supplied with spare and consumable items, such as

aviation fuel, munitions, chemical protective suits, and combat meals because the Department's supplies would otherwise be unable to obtain the necessary inputs on a priority basis to produce these products. Since operation "Desert Shield" began, DPA authority has been necessary to procure missile containers used to ship and store missiles, electronic countermeasure pods and radomes for Marine and Air Force tactical aircraft, secure computer workstations, and various components of the Bradley Fighting Vehicle.

Admiral Matthews, the Secretary of Energy wrote to me on September 26 and stated:

The bill to reauthorize the Defense Production Act of 1950 (DPA) reported by the Committee, S. 1379, contains two provisions that could be extremely helpful in addressing the energy aspects of the current situation in the Middle East. Specifically, section 135 of S. 1379 would amend section 708 of the DPA to enhance the use of "voluntary agreements" in responding to serious national emergencies, and section 141 of the bill would clarify that the DPA section 101 contract priority rating authority applies to "services" contracts such as for standby emergency repair of Strategic Petroleum Reserve pipelines.

The Deputy Secretary of Commerce, Mr. Murrin, wrote to me on September 27 and stated:

I strongly urge the Congress to extend the authorities of the DPA and, if possible, to enact those energy-related provisions noted in Secretary Watkins' recent letter you, to ensure that the Federal Government can continue to support Operation Desert Shield.

So, it is very important that we proceed to the consideration of this bill without delay and get it enacted so we can go to a conference with the House. The House has already sent us a bill to amend and extend the DPA.

Aside from title I authorities needed for Operation Desert Shield, the DPA gives the President a broad range of economic authorities in the form of purchase agreements, loan guarantees, and loans to help maintain and expand the industrial base supporting national defense. To encourage joint undertakings by industry to improve industrial preparedness, the act also permits such undertakings pursuant to voluntary agreements initiated by the President. Operations under such agreements give companies a defense against suits brought under antitrust laws. The act also gives the President authority to suspend or prohibit the acquisition, merger, or takeover of a domestic firm by a foreign firm if such action by a foreign firm would threaten or impair national security.

S. 1379, a five title bill, significantly amends the Defense Production Act of 1950 and reauthorizes it until September 30, 1993. The bill institutes measures to improve information on the loss of industrial and technological capabilities in areas critical to national defense and begins to formulate methods for the Nation to respond to the continuing erosion of our defense industrial base. Such erosion must be reversed in order to alleviate our growing dependency on foreign suppliers for certain key components and technology items critical to U.S. national security.

Title IV of S. 1379, entitled "Fair Trade in Financial Services," does not amend the defense Production Act. Instead it amends banking and securities statutes in order to encourage foreign countries to offer U.S. financial institutions that operate or seek to operate in them de facto national treatment. Let me first discuss the titles which amend the Defense Production Act before addressing that important title.

Over the last 18 months the Banking Committee has held 12 hearings during which it heard testimony from many expert industry and Government witnesses regarding the declining health of the U.S. industrial and technology base, and global economic trends significant to our Nation's future. Two major themes emerged during these hearings: First, we are experiencing a decline in the ability of U.S. industry to meet our national defense needs; and second, we are also experiencing a growing degree of U.S. dependence on foreign suppliers for the procurement of technologies critical to national security.

The committee's hearings suggested that U.S. industrial competitiveness is being outpaced by the gains of foreign counterparts and that as our productivity growth has lagged, our technological edge is diminishing. One of our many expert private sector witnesses, Norman Augustine, chairman and CEO of Martin Marietta Corp., emphasized this point by stating that, "Our industrial base is being seriously eroded. Productivity growth has lagged, our technological edge is diminishing."

The United States faces stiff industrial and commercial competition from many determined and well-organized foreign counterparts in nearly every major public or private industry undertaking. At the committee's February 28 hearing, the Office of Technology Assessment (OTA) released its report entitled, "Making Things Better: Competing in Manufacturing." The report emphasizes that while American manufacturers have recognized the need for improvements in quality and productivity, it is not enough. According to that same OTA report, our ablest competitors are moving faster than we are, and it will take cooperative efforts on both the part of domestic manufacturers and the U.S. Government to stay competitive in the international marketplace.

The competitive standing of many industries vital to our military-industrial base is in decline. Since 1982, two-thirds of the contractors who sell manufactured goods to the Department of Defense [DOD] have left as suppliers to the DOD. In 1982, there were more than 118,000 companies providing goods to the DOD in relevant defense sectors. In 1987, only 38,000 companies in those sectors provided such goods. This shrinkage is even more remarkable in light of the fact that the defense procurement budget increased almost twofold during the same 5-year period.

The result of the departure of so many suppliers from the defense business combined with quality and productivity deficiencies in our industrial sector have made us increasingly dependent on foreign suppliers for the procurement of parts, components, and systems critical to U.S. national security. Former Secretary of Defense Frank Carlucci emphasized this point during his July 11, 1989, testimony before the committee by stating, "One could single out any number of areas where the Department of Defense is dependent on foreign imports for critical components."

It is my belief that growing dependence on foreign suppliers for critical defense components could be detrimental to the national security of the United States, since it raises the risk that foreign interests may gain undue influence over U.S. foreign and domestic policy by leveraging our need for their products and technology against their policy objectives.

Of equal concern is our ignorance regarding the extent of U.S. dependence on foreign suppliers. Although a great number of American industry and Government leaders believe the United States is dependent in certain defense-related industries, there is no precise knowledge of what those areas are or the extent to which we are dependent on foreign suppliers for key technologies. There is no single Governmentwide, or for that matter DOD-wide, system for gathering data that systematically reflects the extent to which defense contractors are dependent on materials provided by foreign sources. Our current knowledge is based on anecdotal information or on ad hoc studies of the defense industrial base by Government and non-Government organizations. This is not acceptable and the provisions of this bill attempt to deal with it.

The amendments to the Defense Production Act in S. 1379 address the problems I have just outlined. To improve the competitive position of domestic defense suppliers, the act provides the President authority to undertake peacetime projects to preserve and enhance the capacity and capabilities of segments of the Nation's overall industrial and technology base essential to the national defense. To achieve this end, S. 1379 establishes a separate revolving fund to act as a stable source of funding for eligible projects which foster development or

utilization of "critical technologies." Throughout the committee's hearings, the establishment of a revolving fund received strong support from both public and private sector witnesses. This fund is seen as an effective mechanism for reversing a long history of anemic and erratic funding for industrial resource projects.

S. 1379 also modifies the act's current offset reporting requirements. Section 309 of current law requires the President to annually prepare and submit a report on the impact of offsets on defense preparedness, industrial competitiveness, employment, and trade to the House and Senate Banking Committees.

Section 125 of this bill requires that a notice be furnished regarding any offset agreement exceeding $5 million. The notice requirement is not a prior approval requirement and any information submitted pursuant to this provision is accorded protection from public disclosure. The provision is merely designed to improve data gathering procedures so that such reports will better address the effects of offsets on our defense industrial base and nondefense industry sectors, including the effects resulting from technology transfers.

In order to better identify and analyze areas of growing U.S. dependence on foreign suppliers for critical defense components and technology items, which I discussed earlier, the bill establishes a continuous data collection and analysis system with respect to the operations of defense contractors and subcontractors. Such a system has become increasingly necessary as technology development and manufacturing have globalized during the 1980's. To the extent the United States builds down its defense posture in response to the thawing of the cold war, our national security will rely increasingly on contingent military capabilities such as our existing industrial and technological potential. It is imperative that we know where our strengths and weaknesses lie in areas of the industrial base that would have to be mobilized to meet a national emergency.

S. 1379 also calls for better integration of national security policy, national economic policy, and industrial capabilities planning. In addition, the bill includes provisions designed to encourage investment in modernized production systems and equipment so as to improve the defense industrial base.

The amendments to the Defense Production Act take an important step toward preserving and enhancing the defense industrial base by enlisting the help of the U.S. Government. Government support can play a crucial role in ensuring that critical technologies make it past the conceptual stage and into the development and production stages. In these latter stages such technologies can attain widespread defense and commercial applicability. They can then become more competitive with emerging foreign technologies which have long had government support.

I do not pretend that these amendments to the DPA will, by themselves, reverse the decline of our defense industrial base. That will take a much larger national effort and will require strong Presidential leadership. But these amendments will start a process of addressing this problem. President Kennedy used to say that a journey of a thousand miles begins with the first step. These amendments to the DPA constitute a first step in the long journey we must make as a nation to reverse our industrial base problems. It is for this reason that I strongly urge my colleagues to support them.

Now let me turn to title IV of S. 1379, Fair Trade in Financial Services, which was reported by the Banking Committee with broad bipartisan support on May 24, 1990. These provisions, which amend the International Banking Act of 1978, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940, are designed to give Department of Treasury officials new leverage in their negotiations to obtain competitive access to foreign banking and securities markets such as those in Japan.

Section 3602 of the Omnibus Trade and Competitiveness Act of 1988 already requires the Treasury to identify and report to Congress every 4 years on countries that do not grant full national treatment to U.S. banking and securities firms. The first report under that provision is due on December 1, 1990.

The Fair Trade in Financial Services Act amends section 3602 to specify that national treatment includes "effective market access." This is designed to address situations where U.S. firms abroad may receive de jure national treatment—equality according to the letter of the law—but not de facto national treatment—equality of opportunity to compete in actual practice. The fair trade bill further provides that if foreign countries do not provide de facto national treatment to our financial firms, the Treasury Department should negotiate to obtain it.

To strengthen the Treasury's hand in any negotiations, the bill permits our banking and securities regulators, in consultation with the Treasury, to deny applications for regulatory approval filed by banking and securities firms from countries that discriminate against U.S. firms. Any denials would not force foreign financial firms to shrink their existing operations but could limit their opportunities for future expansion.

Before regulators could exercise their authority, however, the Secretary of the Treasury would have to publish in the Federal Register a determination that discrimination against U.S. financial institutions is taking place in a given foreign country. Let me stress that no action is mandated by this legislation. The Treasury Secretary and the regulators have discretion under it whether to use the grant of authority being given to them.

Let me explain why I feel so strongly about enacting the Fair Trade in Financial Services Act. During the 1950's and 1960's, U.S. banks dominated the global banking scene as they helped American companies finance their expanding export markets and funded the growth of overseas subsidiaries. In the 1970's, as the economies of Europe and Japan fully recovered from the war, many foreign banks also began to do business in the United States as companies from their countries expanded their export markets here. This was a direct result of the efforts our country made in the 1950's and 1960's to encourage the economic growth of Europe and Japan.

America, however, had no national policy dealing with the regulation of foreign banks in this country. As a result American banks rightfully began complaining that foreign banks actually enjoyed competitive advantages in their operations here. For example, foreign banks could branch and take deposits nationwide while the McFadden Act prohibited their American competitors from doing likewise.

The Congress responded by passing the International Banking Act of 1978, which established the rules under which foreign banks operate in America. That law was designed to establish a level playing field between American and foreign banks in this country. It did not discriminate against foreign banks and even grandfathered some of the competitive advantages they enjoyed. The Senate Banking Committee's 1978 report on that statute stated:

> Foreign chartered banks are accorded operating privileges in the United States which enable them to compete in the United States on terms which equal or exceed the domestic operating privileges of our own domestically chartered banks.

The report went on to state that with enactment of the International Banking Act of 1978:

> The United States has more than abided by the principles of national treatment for foreign banks operating here * * *. In contrast, our domestic banks operating abroad have not always received equal treatment in foreign countries with their host country competitors.

While Congress was concerned in 1978 about the inconsistency between our national treatment policy and the differing policies of some of our competitors, it hoped these matters could be resolved by U.S. negotiators with-

out further congressional action. It did require the Treasury Department to report to Congress by 1980 on the extent to which American banks were denied national treatment in their banking operations abroad.

In 1978, when the International Banking Act was passed, U.S. banks were still among the largest in the world and controlled the largest share of the international banking market. Two of the three largest banks in the world were American, and U.S. banks made over 30 percent of all international loans. But in 1988, U.S. banks did less than 15 percent of cross-border lending compared to 38 percent for Japan and 31 percent in Europe. Now the largest U.S. bank ranks 24th in the world in size.

Foreign banking institutions currently control over 25 percent of all banking assets booked in the United States. Japanese banks alone have 14 percent of all such assets. In some markets, such as California, Japanese banks have 25 percent of total assets. Furthermore, foreign bank loans in the United States are growing three times faster than domestic bank loans. In contrast, banking assets held by American and all other foreign banks in Japan have continued to decline. In recent years, the United States share of the Japanese market has declined from 3 percent to 1 percent. Foreign banks as a whole have less than a 3-percent share of the Japanese market and that is also declining.

I'm not arguing that a denial of market access for U.S. financial institutions in key foreign markets is the chief cause behind this trend in declining competitiveness of U.S. financial institutions. Certainly, America's macro-economic policies, along with our chronic current account deficits and low savings rates have fueled the growth of foreign banks in this country and have contributed to the new problems U.S. banks now face. However, the lack of competitive opportunity in certain important financial markets has contributed to the decline of the competitive position of U.S. financial institutions in the global marketplace. In fact, U.S. banks are finding it increasingly difficult to compete with foreign banks operating in the United States in part because they are often denied fair access to foreign capital markets that offer lower cost capital than is available in U.S. markets. If access by our financial firms to such markets is limited or denied, the access of U.S. borrowers to such lower cost funds becomes restricted as well. In addition, if foreign banks make use of such lower cost funds to penetrate the U.S. market, they will enjoy a unilateral competitive advantage.

We received testimony in the Banking Committee that the higher profits Japanese banks enjoy in their protected home market gives them the ability to offer lower spreads and lower fees in this country. Therefore, the United States Government must be more aggressive in ensuring that U.S. financial institutions are not discriminated against in Japanese or other foreign markets.

The provisions of this title are designed to give our officials the authorities they need to negotiate aggressively on these matters. I urge my colleagues to read report 101-367, the report filed by the Banking Committee on S. 2028 on July 13, 1990. It gives a fuller explanation of this important piece of legislation.

If we continue to allow unfair trade practices to exist in the international financial services sector, we undermine the profitability, safety, and soundness of U.S. financial institutions at a time when we need to do more to ensure their continued strength and stability. This matter becomes increasingly important because the strength of U.S. financial institutions is critical to the health of the U.S. economy. I strongly agree with the thoughts expressed by Deputy Secretary of State Lawrence Eagleburger in a cable recently sent to U.S. diplomatic posts around the world:

> We as a Government and as a society are going to have to acknowledge that our economic health and our ability to trade competitively on the world market may be the single most important component of our national security as we move into the next century.

I want to particularly commend Senator DIXON for his outstanding work on this legislation, as well as Senators GARN, HEINZ, and all the members of the Banking Committee for the bipartisan manner in which our committee worked to develop the bill being presented to the Senate today.

Making significant improvements to the DPA has been a high priority in the Banking Committee this session. The bill before the Senate achieves the priority we set for ourselves. I urge my Senate colleagues to pass it so we can begin our conference with the House and complete this legislation to renew and reform the Defense Production Act before it expires on October 5 of this year.

Mr. GARN. Mr. President, today I join Senator DIXON in supporting passage of S. 1379, the Defense Production Act Amendments of 1990. It is vital that the Congress act quickly to extend DPA authorities at this time. While I have always felt that the act is vitally needed even in peacetime situations, its authorities are now being used to support Operation Desert Shield. In particular, title I authority is being used to ensure adequate and timely supply of—

Missile shipping containers;

Radio and amplifier systems for satellite communications;

Lap top computers for battlefield use; and

Defense electronic countermeasure pods for Navy and Air Force aircraft.

It would be the height of irresponsibility on the part of the Congress to permit such vital authorities to lapse in a crisis situation.

I should add that my support for the bill goes beyond simple extension of basic authorities. Most importantly, S. 1379 makes several changes that the Department of Energy badly needs to deal with possible disruptions of world energy supplies if the gulf crisis intensifies. These provisions must be added to the law and I would expect to make further modifications needed by the Department that are contained in the House bill when we go to conference.

The bill is modified by a managers' amendment that addresses concerns raised by the administration and by members of the Armed Services and the Judiciary Committees. These changes will remove amendments to our antitrust laws and a shift of receipts from the stockpile fund to a new fund for critical technologies created by the bill that faced strong objections. With these changes, two of the administration's major concerns are eliminated.

Finally, I strongly support title 4 of the bill which incorporates the Fair Trade in Financial Services Act that I introduced with Senator RIEGLE. This legislation is intended to give the Treasury negotiating leverage to open up markets for U.S. financial services companies where they are now being denied national treatment, or equal market access.

Throughout my time in the Senate, I have been a strong proponent of the national treatment standard both as U.S. financial policy and as the international standard to be pursued in negotiations for foreign market access. This notion of equal treatment under domestic law promises fair treatment for all sides, without challenging the right of governments to establish the regulatory framework they judge appropriate within their own borders.

This bill strengthens the standard by including within its definition effective market access. This addition emphasizes that equal treatment must occur in practices as well as in statute. I believe this is a vitally important issue for U.S. competitiveness in world markets. It does not close our markets. Instead, it puts others on notice that we will not wait forever to receive fair play. Nearly identical language has passed the Senate twice before.

I have been disappointed with the administration for its unwillingness to accept even discretionary authority of this kind of pursue market liberalization. I am now happy to report that on further consideration the Treasury has decided that it can accept the pro-

vision with minor additional modifications. While we have only just received their suggestions, I hope to accommodate then in conference on this issue as well.

This bill is good legislation. We must pass it and move on to conference. I recognize that there are provisions of the House bill that must be changed if we are to get useful legislation that the President will sign. I hope to achieve that objective and urge my colleagues to pass this legislation so that we can do so.

Mr. SANFORD. Mr. President, I rise today in support of S. 1379, the Defense Production Amendments Act of 1990. I want to commend the bill's sponsor, Senator DIXON, for drafting this legislation and for his efforts and those of Senator RIEGLE, in illustrating for the committee the effects the declining defense industrial base has had on our entire national economy and our national security.

As the hearings began on the DPA in the Banking Committee last summer, the members of the committee were brought face to face with the inadequacies of the defense industrial base and the declining state of our national competitiveness posture in world markets. We heard testimony from industry representatives stressing the need for the United States to develop policies which would encourage them to undertake joint efforts in developing emerging technologies. And we have heard from government representatives citing numerous studies which show the erosion of U.S. leadership in high technology industries which have become vital to our national defense.

The Defense Production Act was originally adopted in 1950, in the early part of the cold war, and provided the President with an array of authorities to mobilize defense production, especially in times of national emergency. The legislation before us today expands the reach of the DPA and adapts it to reflect the changes that have occurred in the industry due to the reliance upon critical technologies that form the basis of defense industries as well as domestic industries.

At issue with this legislation is the sentiment that the defense industrial base and the civilian industrial base have become indistinguishable and that the United States no longer maintains its leadership in producing dual use technologies. As industry representatives have testified before the Senate Banking Committee, our industries today have come to rely increasingly upon foreign sources to supply key industrial products and we have "lost the indigenous capacity to produce key components of weapons systems essential to national defense." Provisions within S. 1379 offer support for American industries to foster new technologies and expand production capabilities.

The competitiveness problems our Nation faces with respect to both defense and civilian industries are critical to the stability of our national economy. The Office of Technology Assessment examined the issue and laid bare the steps we need to take before we see improvements. Those steps include getting out Federal deficit under control; investing in human resources—improving education, training the modern work force, stimulating research at universities; and shifting the focus away from short-term investments to long-term investments. Most of us recognize the need to improve in these areas, but we must not allow ourselves to be satisfied with the small accomplishments we may make in legislation today. We can no longer continue to mask the Federal deficit and get by with the appearances of improving the debt problem. We can no longer continue to make small contributions in the education of our children, offering them our support in name only. We can no longer continue our shortsighted investment practices.

Although S. 1379 does little to remedy our overall competitiveness situation, it has served to highlight the problem and establishes such issues as a priority for future legislation.

I support S. 1379 and the purposes for which it was drafted. I hope that we may build upon it as we work to improve our overall competitiveness position in the world market.

Mr. HEINZ. Mr. President, the procurement of critical components and critical technology items from onshore contractors is essential to the well-being of the U.S. defense industrial base, which is, in turn, an integral part of the entire manufacturing base.

Yet this critical relationship is confronted increasingly with the effects of economic globalization, which have thrown our manufacturing and technology sectors into the ring against foreign competition. The result has been our increasing reliance on offshore subcontractors at the expense of domestic suppliers. This increased dependence on foreign competitors also weakens our entire defense industrial base and in so doing undermines our ability to protect U.S. national interests around the globe. A study released in May 1989 by the Center for Strategic and International Studies, states:

> Some products no longer have more than one domestic provider, including nuclear projectiles, depth charge components, parachute recovery systems, some specialized marine vessels, tanks, several types of machinery, rope, nonmetallic pipe, piezoelectric crystals, and various textile and clothing products.

The semiconductor industry in particular is one which has been a growing source of concern to defense experts. The semiconductor is an American invention; however, its future in the United States is in serious jeopardy. Some of the most strategic weapons employed by the United States are solely dependent on foreign microchips. These include the Global Positioning System (satellites), Defense Satellite Communication System, F-16 Fighting Falcon, AIM-7 Sparrow air-to-air missile, M-1 Abrams MBT, and the FIA-18 Hornet. If in time of war, microchips for these items are needed in large supply on short notice, the United States would be highly vulnerable to the threat of a foreign power delaying or preventing the importation of such supplies into the United States.

The Banking Committee has taken the view that we have been complacent about this problem for loo long. The time has come to strengthen our manufacturing base, not add to its deterioration, and that is precisely what the bill before us would do. Former Under Secretary of Defense for Acquisition, Dr. Robert B. Costello, made the dependency point clear:

> The Department of Defense is becoming increasingly dependent on foreign-sourced hardware and technology in the acquisition of the technologically superior weapon systems that are fundamental to our strategy of offsetting numerical inferiority with technological superiority.

We cannot reasonably expect to offset potential adversaries' numerical superiority with only technological equivalence. The United States is rapidly losing its technological superiority to countries that have destroyed our capability to be self-sufficient in critical technology. For example, the November 1989 report of the National Advisory Committee on Semiconductors, "A Strategic Industry at Risk," refers to the notorious publication by Sony Chairman Akio Morita and former Japanese Minister Shintaro Ishihara, "The Japan That Can Say No." These two men suggest that the changes in the world of high technology:

> Highlights the growing issue of Japan's pivotal role in developing leading-edge military electronics technology that contributes to the United States-Soviet balance of power. They argue that because Japan has such dramaticallly advanced production skills, their semiconductors have achieved a level of sophistication unmatched anywhere. As a result, they contend the United States (where the semiconductor was originally developed) could become almost totally dependent on Japan to supply chips for its weapon systems. They go on to point out that if the supply of advanced Japanese chips to the United States were interrupted, and if Japan were to make these chips available to the Soviet Union instead, the balance of power could change dramatically.

While the prospect of Japan delivering quantities of chips to the Soviet Union may be remote—or no longer as

much a source of concern as it used to be—Japan's slowness in contributing to the United Nations' efforts against Iraq when it is the chief beneficiary of stability in the Middle East should make us think long and hard about the likelihood of timely support from our allies in other situations in the future. It is perhaps sad, but certainly true, that nations do what is good for them, not what is good for us.

We hope in cases like the Persian Gulf that many nations' interests will coincide, and we do our best to persuade everyone of that fact. But in the final analyses, national governments will decide for themselves, and we will have to live with the consequences. If we are dependent on foreign sources for critical defense items—as we are—then those consequences could be devastating indeed.

As Bernard Schwartz, chairman and chief executive officer of Loral Corp. has noted:

> Shipments could be cut off in a protracted crisis or war, either directly or through political pressure on the source nation, crippling this country's ability to sustain its defense effort.

Thus, the good health of American subcontractors at the heart of defense production is fundamental, especially during any protracted war; yet our at home surge capacity for rapid response during emergency buildups is seriously handicapped. The Department of Defense currently has no meaning of determining the full extent to which our defense forces rely upon foreign made components and parts. A report to the Secretary of Defense from his Under Secretary in July 1988 states,

> The Department of Defense does not know the extent to which foreign sourced parts and components are incorporated in the systems it acquires. Preliminary indications show that foreign dependencies are increasing. In a national emergency, the consequences of extensive dependence on foreign sources could be extreme.

Historically, other countries have suffered greatly by overreliance on other countries for critical components. In his study, "The Globalization of America's Defense Industries, Managing the Threat of Foreign Dependencies," Theodore H. Moran of Georgetown University states, "All of the major European powers have experienced the agony of dependence on companies and technologies controlled from abroad."

Starving countries of critical components in times of strife is nothing new—the oil crisis of 1973 proved this beyond any doubt. As I mentioned with respect to Japan, the uncertainties currently surrounding the world's oil supply have led us to question the reliability of some of our allies. Tepid reaction by Japan and Germany demonstrates that we may not be able to rely firmly on anyone. Our own industrial well-being will determine our ultimate fate. If a full scale war does break out in the Middle East, the United States could be held ransom by the very nations it depends on.

Fears of critical component shortages are not only confined to times of crisis. A report prepared by the Air Force Association states:

> The United States has depended for years on uncertain sources overseas for raw minerals. Now it is increasingly dependent on other nations for manufactured goods as well. The domestic industrial base is losing its capability to meet defense needs even in peacetime.

Having a healthy defense industrial base is crucial to U.S. national security and is a primary component of the strategy of deterrence, because increasingly in today's world, a nation's strength is defined in economic terms rather than simply military terms. Our ability to project our interests in far corners of the globe is directly related to others' perceptions of our strength, and that strength is defined in economic and technological terms. From that perspective strength means computers and semiconductors as much as it means tanks and missiles. Maintaining a technological advantage is fundamental to the continuation of our status as a world leader.

If our technological edge erodes, our entire security posture will weaken. A recent article in the New York Times states:

> Our national security is based upon a strategy of deterrence. * * * Deterrence is measured by the strength and competitiveness of our industrial base * * * When our industrial strength comes into question, our ability to deter potential aggressors is diminished and the threat of war increases.

The steady erosion of the U.S. industrial base has raised serious doubts as to whether or not it can meet the criteria for deterrence. In 1988 Under Secretary of Defense Costello stated:

> * * * the vitality of our manufacturing economy in general ultimately determines the war-fighting power of our nation's force structure. The economy's latent capability to enhance current forces in response to strategic threats is a critical element of our deterrence strategy.

The solution lies in nurturing the Defense Industrial Base. Dr. Allan Bromley, Director of the Office of Science and Technology Policy in the White House, put it like this:

> What is happening today is that the relatively small U.S. companies in the semiconductor industry and other high technology industries are competing with their Japanese counterparts that reside in large, vertically integrated corporations. It is an unequal competition.

"Deterrence in Decay," the report from CSIS, calls for the availability of selective incentives for firms in industries that are particularly disadvantaged in globally competitive critical defense markets or for industries in which a domestic production base is vital.

An Air Force Association study reported that many science and technology leaders experienced what they called a seat of the pants feeling that the U.S. technology shelf was not as full as it had been in the past. They contended that the United States could no longer inventory current technology and put together a superior weapon system. Now they said, "It's a challenge."

Import penetration of the defense industrial base has forced dependency on foreign suppliers for critical materiel which would not be available during time of crisis. The CSIS report notes that a 1986 Department of Defense exercise identified 17 critical items that could not be produced at required levels for a certain operational contingency of low-level conflict, even given an 18-month mobilization period of three shifts operating around the clock, with no constraints on funding or skilled production staff. The critical showstoppers were key parts, machine tools, raw materials, and test equipment that came from foreign suppliers that possibly would not be available in time of crisis.

A 1986 report from the Defense Department joint logistics commanders found foreign dependencies in eight of the 13 front-line weapons systems which were investigated. They found severe dependencies in six of them. The actual term "foreign dependency" can be defined as "an immediate serious logistics support problem that affects combat capability of the United States because of the unavailability of a foreign sourced item."

All of the following systems rely on at least one critical foreign part; most rely on several foreign parts.

Sidewinder missiles;
Sparrow air-to-air missile;
Phoenix air-to-air missile;
HARM-air-launched antiradiation missile;
Harpoon antiship missile;
Tomahawk C sea/or sub-launched missile;
Standard sea-to-air missile;
Mark 46 torpedo antisubmarine;
GBU 15 air-to-ground missile;
IR Maverick air-to-ground missile;
Laser Maverick air-to-ground;
Skipper air-to-ship or ground missile;
Copperhead artillery round, antiarmor weapon;
Tow antiarmor missile;
Hellfire helicopter launched antiarmor missile;
Patriot ground-to-air missile; and
Stinger ground-to-air missile.

The most vulnerable are the seeker missiles and designated target equipment missiles. Infra-red, sonar, optical laser systems are highly dependent on foreign parts.

The CSIS report also states that:

> The greatest import penetration in the defense industrial base is in the components

and subassemblies tier, with nearly 19 percent of domestic consumption coming from foreign sources in 1986.

The defense industrial base shrunk dramatically during the 1980's. According to Gen. Alfred G. Hansen, commander, Air Force Logistics Command, U.S. Air Force.

There were 118,000 vendors who sold products to the military in 1982. Within five years, that number had dropped to less than 40,000.

In a recent report released by Ernst and Young concerning the key issues for the 1990's, a majority of industry and Government representatives agreed that conscious efforts must be made to prevent foreign suppliers from becoming predominant on the component/subcontractor level. There was general agreement among all respondents that conscious efforts must be made to "prevent foreign future domination of the industry." The problem of insufficient domestic productivity in the face of foreign manufacturers has reached a crisis point and as a result of "onshore" subcontractors, a smaller and weaker industrial base is evident.

The U.S. Government's support of domestic subcontractors pales in comparison with the investments rendered to foreign manufacturers by their respective governments. Japanese companies are encouraged to use the money alloted to them for specifically targeted research and development, thus cutting out any redundancy. The report, "A Strategic Industry at Risk" says that despite high investment rates relative to other United States industries, the United States microchip industry is being substantially outspent by its major Japanese competitors in research and development and the gap is growing larger. In 1988, Japanese capital spending in the semiconductor industry was almost $2 billion more than in the United States. The low levels of research and development in the United States as opposed to that abroad is robbing the entire defense industrial base of its competitive future.

The consequences are severe for the entire U.S. industrial base, not only the U.S. defense base. Jeff Faux of the Economic Policy Institute has said, "If we fail to become competitive in the next generation of electronic communications technologies, we will undercut the living standards of the next generation of Americans."

In an article published by the New York Times in January 1990 Prof. Susan Sanderson of the Rensselaer Polytechnic Institute's School of Management noted that American companies had gradually decided to pull out of consumer electronics manufacturing at the same time that foreign companies were making a long-term commitment to improving their design and production.

The time has come to support our domestic subcontractors over both the long and short term, to bolster our ailing industrial defense base and restore it to its previous status.

By providing incentives for prime contractors to nurture a domestic subcontractor base, section 212 of the bill, which is modeled after legislation I introduced early in this Congress, S. 495, will help restore our manufacturing competitiveness.

The global environment has changed dramatically over the last two decades, and the place of the United States in that environment is at risk as it never has been before. Our continued ability to lead depends on a strong and viable defense industrial base. That base in turn depends on strong subcontractors and components manufacturers. We need to act now to alleviate our current decline, and section 212 represents an important step in that direction. For that reason I commend it to my colleagues.

Mr. DIXON. Mr. President, I would like to recognize several members of the staff who worked very hard on this bill. They are Bill Mattae, my legislative director, and Charles Smith, my legislative assistant for defense.

From the Banking Committee staff, I would like to recognize our senior counsel, Patrick Mulloy and Chuck Schneider, a Presidential management intern serving with the committee.

Very valuable contributions to S. 1379 were also made by Ric Samans, senior legislative assistant on Chairman RIEGLE's personal staff.

Finally, I want to recognize and thank Bill Montalto, procurement policy counsel to the Committee on Small Business. He served as the principal staff draftsman on the Defense Production Act Amendments of 1990.[S03OC0-V2]{S14447}of 1990.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

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

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

Mr. DIXON. Mr. President, I ask unanimous consent that the Senate now proceed to Calendar No. 882.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 486) to amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States, and for other purposes.

Mr. DIXON. Mr. President, I ask unanimous consent that all after the enacting clause be stricken and the text of S. 1379, as amended, be inserted in lieu thereof; that the bill be read for the third time and passed; and that the motion to reconsider be laid upon the table.

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

So the bill (H.R. 486), as amended, was passed, as follows:

Resolved, That the bill from the House of Representatives (H.R. 486) entitled "An act to amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States, and for other purposes" do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Defense Production Act Amendments of 1990".

(b) TABLE OF CONTENTS.—

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Defense Production Act of 1950 (50 U.S.C. App. 2061 et seq.) provides essential authority for—

(A) preserving and enhancing the defense industrial and technology base of the United States during peacetime;

(B) mobilizing the Nation's productive capacity for national defense during periods of national emergency;

(C) responding to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including energy, and which would adversely affect the national defense preparedness of the United States; and

(2) amendments to such Act are needed to—

(A) improve its utility to effectively sustain and develop the efficiency of the Nation's existing productive capacity necessary to meet national defense requirements;

(B) establish a revolving fund for improved management of the resources dedicated to defense industrial preparedness and the conduct of the programs authorized under the Act;

(C) facilitate use of such Act to foster the development of emerging technologies and advanced processes by providing appropriate protections for joint undertakings in research, development, and production; and

(D) eliminate outdated provisions that detract from the Act's usefulness as a primary set of authorities for the maintenance and enhancement of the defense industrial and technology base of the United States.

TITLE I—AMENDMENTS TO THE DEFENSE PRODUCTION ACT OF 1950

PART A—DECLARATION OF POLICY

SEC. 101. DECLARATION OF POLICY.

Section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

"The vitality of the industrial and technology base of the United States is a foundation of national security. It provides the industrial and technological capabilities employed to meet national defense requirements, in peacetime and in time of national emergency. In peacetime, the health of the industrial and technology base contributes to the technological superiority of our defense equipment, which is a cornerstone of our national security strategy, and the efficiency with which defense equipment is developed and produced. In times of crisis, a healthy industrial base will be able to effectively provide the graduated response needed to effectively meet the demands of the emergency.

"To meet these requirements, this Act affords to the President an array of authorities to shape defense preparedness programs and to take appropriate steps to maintain and enhance the defense industrial and technology base.".

PART B—AMENDMENTS TO TITLE I OF THE DEFENSE PRODUCTION ACT

SEC. 111. LIMITATION ON ACTIONS WITHOUT CONGRESSIONAL AUTHORIZATION.

Section 104 of the Defense Production Act of 1950 (50 U.S.C. App. 2074) is amended to read as follows:

"SEC. 104. LIMITATION ON ACTIONS WITHOUT CONGRESSIONAL AUTHORIZATION.

"No provision of this Act shall be interpreted as providing for the imposition of wage or price controls without the prior authorization of such action by a joint resolution of Congress.".

SEC. 112. LIMITATIONS ON THE USE OF AUTHORITY OF THE DEFENSE PRODUCTION ACT.

Title I of the Defense Production Act of 1950 is amended by adding at the end the following new section:

"SEC. 104. CHEMICAL OR BIOLOGICAL WARFARE.

"No provision of this Act shall be exercised or interpreted to require action or compliance by any private person to assist in any way in the production of or other involvement in chemical or biological warfare capabilities except—

"(1) in time of war, or

"(2) in time of national emergency (A) as declared by joint resolution of Congress, or (B) upon the written authorization of the President, which power to authorize may not be delegated.".

PART C—AMENDMENTS TO TITLE III OF THE DEFENSE PRODUCTION ACT

SEC. 121. EXPANDING THE REACH OF EXISTING AUTHORITIES UNDER TITLE III.

(a) GUARANTEE AUTHORITY.—Section 301 of the Defense Production Act of 1950 (50 U.S.C. App. 2091) is amended—

(1) in subsection (a)(1), by striking "to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense" and inserting "to expedite or expand production and deliveries or services under Government contracts for the procurement of industrial resources or a critical technology item for the national defense";

(2) by amending subsection (a)(3)(A) to read:

"(A) the guaranteed contract or operation is for industrial resources or a critical technology item which is essential to the national defense;";

(3) in subsection (a)(3)(B), by striking "the capability for the needed material or service" and inserting "the needed industrial resources or critical technology item";

(4) in subsection (e)(1)(A), by striking "Except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in subparagraph (D)";

(5) in subsection (e)(1)(C), by striking "$25,000,000" and inserting "$50,000,000"; and

(6) by adding at the end of subsection (e)(1) the following new subparagraph:

"(D) The requirements of subparagraphs (A), (B), and (C) may be waived during periods of national emergency declared by Congress or the President or upon a determination made by the President, on a nondelegable basis, that a specific guarantee must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(b) LOANS TO PRIVATE BUSINESS ENTERPRISES.—Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092) is amended—

(1) in subsection (a), by striking "for the procurement of materials or the performance of services for the national defense" and inserting "for the procurement of industrial resources or a critical technology item for the national defense";

(2) in subsection (c)(1), by striking "No such loans may be made under this section, except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in paragraph (4), no loans may be made under this section";

(3) in subsection (c)(3), by striking "$25,000,000" and inserting "$50,000,000"; and

(4) in subsection (c), by adding at the end the following new paragraph:

"(4) The requirements of paragraphs (1), (2), and (3) of this subsection may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific guarantee must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(c) PURCHASES AND PURCHASE COMMITMENTS.—

(1) Section 303(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)) is amended to read as follows:

"(a)(1) To assist in carrying out the objectives of this Act, the President may make provision—

"(A) for purchases of or commitments to purchase an industrial resource or a critical technology item, for Government use or resale; and

"(B) for the encouragement of exploration, development, and mining of critical and strategic materials, and other materials.

"(2) Purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial use or stockpiling.

"(3) No commodity purchased under this subsection shall be sold at less than—

"(A) the established ceiling price for such commodity, except that minerals, metals, and materials shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower, or

"(B) if no ceiling price has been established, the higher of the following: (i) The current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427).

"(4) No purchase or commitment to purchase any imported agricultural commodity shall specify a delivery date which is more than one year after the expiration of this section.

"(5) Except as provided in paragraph (7), the President may not execute a contract under this subsection unless the President determines that—

"(A) the industrial resource or critical technology item is essential to the national defense;

"(B) without Presidential action under authority of this section, United States industry cannot reasonably be expected to provide the capability for the needed industrial resource or critical technology item in a timely manner;

"(C) purchases, purchase commitments, or other action pursuant to this section are the most cost-effective, expedient, and practical alternative method for meeting the need; and

"(D) the United States national defense demand for the industrial resource or critical technology item is equal to, or greater than the output of domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the purchase, purchase commitment, or other action.

"(6) Except as provided in paragraph (7), the President shall take no action under this section unless the industrial resource shortfall which such action is intended to correct has been identified in the Budget of the United States or amendments thereto, submitted to the Congress and accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of the preceding sentence. Any such action may be taken only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to the preceding sentence. If the taking of any action or actions under this section to correct an industrial resource shortfall would cause the aggregate outstanding amount of all such actions for such industrial resource shortfall to exceed $50,000,000, any such action or actions may be taken only if specifically authorized by law.

"(7) The requirements of paragraphs (1) through (6) may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific purchase or purchase commitment must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(2) Section 303(b) of such Act is amended by striking "September 30, 1995" and inserting "a date that is not more than 10 years from the date such purchase, purchase commitment, or sale was initially made".

SEC. 122. SALES OR TRANSFERS OF EXCESS INDUSTRIAL RESOURCES.

Section 303(f) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(f)) is amended to read as follows:

"(f) Industrial resources acquired pursuant to the provisions of this section which, in the judgment of the President, are in excess of the needs of programs under this Act, shall be sold for industrial use pursuant to such other Federal Government programs as are authorized by law or transferred to the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.), when the President deems such action to be in the public interest. Sales or transfers made pursuant to this subsection shall be charged against or reimbursed from funds appropriated to such other Federal Government programs or the National Defense Stockpile to which such resources were sold or transferred, at the current domestic market price for such industrial resources. For the purposes of subsection (c)(2), such sales or transfers shall be considered transactions entered into pursuant to the authority of subsection (a).".

SEC. 123. DEFENSE PRODUCTION ACT FUND.

Section 304 of the Defense Production Act of 1950 (50 U.S.C. App. 2094) is amended to read as follows:

"SEC. 304. DEFENSE PRODUCTION ACT FUND.

"(a) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a separate fund to be known as the Defense Production Act Fund (hereinafter referred to as 'the Fund').

"(b) MONEYS IN FUND.—The following monies shall be credited to the Fund:

"(1) All monies appropriated hereafter for the Fund, as authorized by section 711(c).

"(2) All monies received hereafter on transactions entered into pursuant to section 303.

"(c) USE OF FUND.—The Fund shall be available to carry out the provisions and purposes of this title, subject to the limitations set forth in this Act and in appropriations Acts.

"(d) DURATION OF FUND.—Monies in the Fund shall remain available until expended.

"(e) FUND BALANCE.—The Fund balance at the close of each fiscal year shall not exceed $250,000,000, excluding any monies appropriated to the Fund during that fiscal year. If at the close of any fiscal year the Fund balance exceeds such amount, the amount in excess of $250,000,000 shall be paid into the general fund of the Treasury.

"(f) FUND MANAGER.—The Secretary of the Treasury shall designate a Fund manager. The duties of the Fund manager shall include—

"(1) determining the liability of the Fund in accordance with subsection (g);

"(2) ensuring the visibility and accountability of transactions engaged in through the Fund to the Secretaries of Defense, Treasury, and Commerce, and to the Congress; and

"(3) reporting to Congress each year regarding fund activities during the previous fiscal year.

"(g) LIABILITIES AGAINST FUND.—

"(1) IN GENERAL.—When any agreement hereafter entered into pursuant to this title imposes contingent liabilities upon the United States, such liability shall be considered an obligation against the Fund. The amount of such obligation shall be determined for each fiscal year in accordance with paragraph (2).

"(2) DETERMINATION OF LIABILITY.—For purposes of paragraph (1), the amount of obligations against the Fund shall be equal to the aggregate outlays required by purchase or purchase commitment contracts or financing agreements less (A) the anticipated aggregate receipts from resale of materials purchased with moneys from the Fund, and (B) the anticipated receipts from the direct sale of materials by the producer to customers. Anticipated receipts and anticipated reductions in purchase commitments shall be included under the preceding sentence only if a written plan for sale of materials has been developed, specifying probable customers, amount, time of the sales, and sales price.".

SEC. 124. OFFSET POLICY.

Section 309 of the Defense Production Act of 1950 (50 U.S.C. App. 2099) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively; and

(2) by adding a new subsection (a) as follows:

"(a) OFFSET POLICY.—

"(1) IN GENERAL.—Recognizing that certain offsets for military exports are economically inefficient and market distorting, and mindful of the need to minimize the adverse effects of offsets in military exports while ensuring that the ability of United States firms to compete for military export sales is not undermined, it shall be the policy of the United States Government that—

"(A) no agency of the United States Government shall encourage, enter directly into, or commit United States firms to any offset arrangement in connection with the sale of defense goods or services to foreign governments;

"(B) United States Government funds shall not be used to finance offsets in security assistance transactions except in accordance with policies and procedures that were in existence as of the date of enactment of this Act;

"(C) nothing in this section shall prevent agencies of the United States Government from fulfilling obligations incurred through international agreements entered into prior to the enactment of this Act;

"(D) the decision whether to engage in offsets, and the responsibility for negotiating and implementing offset arrangements, resides with the companies involved; and

"(E) any exceptions to the policy stated by this section shall be approved by the President after receiving the recommendation of the National Security Council.

"(2) CONSULTATION.—The Secretary of Defense, in coordination with the Secretary of

State, shall lead an interagency team to consult with foreign nations on limiting the adverse effects of offsets in defense procurement. The Secretary of Defense shall report annually on the the date of enactment of this Act, on the results of these consultations to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.".

SEC. 125. ANNUAL REPORT ON IMPACT OF OFFSETS.

Section 309 of the Defense Production Act of 1950 (50 U.S.C. App. 2099) (as amended by section 124 of this Act) is amended—

(1) in subsection (b)—

(A) by striking "(b) Not later" and inserting:

"(b) ANNUAL REPORT ON IMPACT OF OFFSETS.—

"(1) REPORT REQUIRED.—Not later";

(B) by striking the second sentence; and

(C) by adding at the end the following new paragraph:

"(2) DUTIES OF THE SECRETARY OF COMMERCE.—The Secretary of Commerce shall—

"(A) prepare the report required by paragraph (1);

"(B) consult with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative in preparation of such report; and

"(C) function as the President's Executive Agent for carrying out the requirements of this section.";

(2) by amending subsection (c) to read as follows:

"(c) INTERAGENCY STUDIES AND RELATED DATA.—

"(1) PURPOSE OF REPORT.—Each report required under subsection (a) shall identify the cumulative effects (indirect as well as direct) of offset agreements on—

"(A) the full range of domestic defense productive capability (with special attention to the firms serving as lower-tier subcontractors or suppliers); and

"(B) the domestic defense technology base as a consequence of the technology transfers associated with such offset agreements.

"(2) USE OF DATA.—Data developed or compiled by any agency while conducting any interagency study or other independent study or analysis shall be made available to the Secretary of Commerce to facilitate the Secretary in executing his responsibilities with respect to trade offset and countertrade policy development."; and

(3) by adding at the end the following new subsections:

"(d) NOTICE OF OFFSET AGREEMENTS.—

"(1) IN GENERAL.—If a United States firm enters into a contract for the sale of a weapon system or defense-related item to a foreign country or foreign firm and such contract is subject to an offset agreement exceeding $5,000,000 in value, such firm shall furnish to the official designated in the regulations promulgated pursuant to paragraph (2) information concerning such sale.

"(2) REGULATIONS.—The information to be furnished shall be prescribed in regulations promulgated by the Secretary of Commerce. Such regulations shall provide protection from public disclosure for such information, unless public disclosure is subsequently specifically authorized by the firm furnishing the information. Nothing in this paragraph authorizes the withholding of such information from the Congress.

"(e) CONTENTS OF REPORT.—

"(1) IN GENERAL.—Each report under subsection (b) shall include—

"(A) a net assessment of the elements of the industrial base and technology base covered by the report;

"(B) recommendations for appropriate remedial action under the authorities provided by this Act, or other law or regulations;

"(C) a summary of the findings and recommendations of any interagency studies conducted during the reporting period under subsection (c);

"(D) a summary of offset arrangements concluded during the reporting period for which information has been furnished pursuant to subsection (d); and

"(E) a summary and analysis of any bilateral and multilateral negotiations relating to use of offsets completed during the reporting period.

"(2) ALTERNATIVE FINDINGS OR RECOMMENDATIONS.—Each report shall include any alternative findings or recommendations offered by any departmental Secretary, agency head, or the United States Trade Representative to the Secretary of Commerce.

"(f) UTILIZATION OF ANNUAL REPORT IN NEGOTIATIONS.—The findings and recommendations of the reports required by subsection (b), and any interagency reports and analyses shall be considered by representatives of the United States during bilateral and multilateral negotiations to minimize the adverse effects of offsets.".

SEC. 126. ASSESSMENT OF SUBCONTRACTOR AND SUPPLIER BASE.

Title III of the Defense Production Act of 1950 is amended by adding at the end the following new section:

"SEC. 310. ASSESSMENT OF SUBCONTRACTOR AND SUPPLIER BASE.

"(a) IN GENERAL.—

"(1) REPORT REQUIRED.—At the intervals prescribed by subsection (b), the President shall issue a report of an assessment of those subsectors of the economy of the United States which have been identified as being critical to the development and production of components required for the production of weapons systems and other items of military equipment, and the provision of services, essential to the national defense. The report may provide specific policy recommendations to correct deficiencies identified in the assessment, which would help to strengthen domestic sources.

"(2) MATTERS TO BE CONSIDERED.—The assessment shall consider—

"(A) capacity of domestic sources, especially commercial firms, to fulfill peacetime requirements and graduated mobilization requirements for various items of supply and services;

"(B) trends relating to the capabilities of domestic sources to meet such peacetime and mobilization requirements;

"(C) extent of foreign dependencies for various items of military materiel; and

"(D) reasons for the decline of the capabilities of selected sectors of the United States economy necessary to meet peacetime and mobilization requirements, including stability of defense requirements, acquisition policies, vertical integration of various segments of the industrial base, superiority of foreign technology and production efficiencies, foreign government support of nondomestic sources, and offset arrangements.

"(b) TIME FOR ISSUANCE.—(1) The report required by subsection (a) shall be issued not later than July 1 of each odd-numbered year, based upon data from the prior fiscal year and such prior fiscal years as may be appropriate.

"(2) The first report under this section shall be issued by July 1, 1993.".

PART D—AMENDMENTS TO TITLE VII OF THE DEFENSE PRODUCTION ACT

SEC. 131. SMALL BUSINESS.

Section 701 of the Defense Production Act of 1950 (50 U.S.C. App. 2151) is amended to read as follows:

"SEC. 701. SMALL BUSINESS.

"(a) PARTICIPATION.—Small business concerns shall be given the maximum practicable opportunity to participate as contractors, and subcontractors at various tiers, in all programs to maintain and strengthen the Nation's industrial base and technology base undertaken pursuant to this Act.

"(b) ADMINISTRATION OF ACT.—In administering the programs, implementing regulations, policies, and procedures under this Act, requests, applications, or appeals from small business concerns shall, to the maximum extent practicable, be expeditiously handled.

"(c) ALLOCATIONS UNDER SECTION 101.—Whenever the President invokes the power to allocate any material pursuant to section 101 of this Act, small business concerns shall be accorded, so far as practicable, a fair share of such material, in proportion to the share received by such business concerns under normal conditions, giving such special consideration as may be possible to new small business concerns or individual firms facing undue hardship.".

SEC. 132. DEFINITIONS.

Section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152) is amended to read as follows:

"SEC. 702. DEFINITIONS.

As used in this Act—

"(1) CRITICAL COMPONENT.—The term 'critical component' shall include such components, subsystems, systems, and related special tooling and test equipment essential to the production, repair, maintenance, or operation of weapon systems or other items of military equipment as are identified by the Secretary of Defense as being essential to the execution of the national security strategy of the United States.

"(2) CRITICAL TECHNOLOGY.—The term 'critical technology' shall include a technology that is included in one or more of the plans submitted pursuant to section 2508 of title 10, United States Code, unless subsequently deleted, or such other emerging or dual use technology as may be designated by the President. The President shall cause an unclassified list of critical or emerging technologies to be maintained and published at least annually in the Federal Register.

"(3) CRITICAL TECHNOLOGY ITEM.—The term 'critical technology item' shall mean materials directly employing, derived from, or utilizing a critical technology.

"(4) DEFENSE CONTRACTOR.—The term 'defense contractor' means any person who enters into a contract with the United States to furnish materials, industrial resources, or a critical technology, or to perform services for the national defense.

"(5) DOMESTIC SOURCE.—The term 'domestic source' means a business entity—

"(A) that performs in the United States or Canada substantially all of the research and development, engineering, manufacturing, and production activities required of such firm under a contract with the United States relating to a critical component or a critical technology item, and

"(B) that procures from entities described in subparagraph (A) substantially all of the components and assemblies required under a contract with the United States relating to

a critical component or critical technology item.

"(6) FACILITIES.—The term 'facilities' includes all types of buildings, structures, or other improvements to real property (but excluding farms, churches or other places of worship, and private dwelling houses), and services relating to the use thereof.

"(7) INDUSTRIAL RESOURCES.—The term 'industrial resources' means materials, services, processes, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) needed to establish or maintain an efficient and modern national defense industrial capacity.

"(8) MATERIALS.—The term 'materials' shall include raw materials (including minerals, metals, and advanced processed materials), commodities, articles, components (including critical components), products, items of supply, and such technical information or services ancillary to the use thereof.

"(9) NATIONAL DEFENSE.—The term 'national defense' means programs for military and energy production or construction, military assistance to any foreign nation, stockpiling, space, and directly related activity.

"(10) NONDOMESTIC SOURCE.—The term 'nondomestic source' means a business entity other than a 'domestic source'.

"(11) PERSON.—The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative thereof, or any State or local government or agency thereof.

"(12) SERVICES.—The term 'services' includes any effort that is needed or incidental to—

"(A) the development, production, processing, distribution, delivery, or use of an industrial resource or a critical technology item, or

"(B) the construction of facilities.".

SEC. 133. DELEGATION OF AUTHORITY; APPOINTMENT OF PERSONNEL.

Section 703 of the Defense Production Act of 1950 (50 U.S.C. App. 2153) is amended to read as follows:

"SEC. 703. DELEGATION AND CIVILIAN PERSONNEL.

"(a) DELEGATION OF AUTHORITY.—Except as otherwise specifically provided, the President may—

"(1) delegate any power or authority conferred upon him by this Act to any civilian officer of the Government appointed by and with the advice and consent of the Senate;

"(2) except with regard to title I, authorize redelegation by that officer to an officer or employee of that officer who—

"(A) if a member of the armed forces, is a general or flag officer; or

"(B) if a civilian, is serving in a position in the grade GS-16 or above (or in a comparable or higher position under any other schedule for civilian officers or employees); and

"(3) establish such new agencies as may be necessary to manage Federal emergency preparedness programs.

"(b) CIVILIAN PERSONNEL.—Any officer or agency head may appoint civilian personnel without regard to section 5331(b) of title 5, United States Code, and without regard to the provisions of such title governing appointments in the competitive service, and may fix the rate of basic pay for such personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule, as the President deems appropriate to carry out the provisions of this Act.".

SEC. 134. RULES, REGULATIONS, AND ORDERS.

Section 704 of the Defense Production Act of 1950 (50 U.S.C. App. 2154) is amended to read as follows:

"SEC. 704. RULES, REGULATIONS, AND ORDERS.

"The President may make such rules, regulations, and orders as he deems appropriate to carry out the provisions of this Act. This authority shall be exercised in conformity with section 709 of this Act.".

SEC. 135. ANTITRUST PROTECTIONS FOR VOLUNTARY AGREEMENTS INITIATED BY THE PRESIDENT.

Section 708 of the Defense Production Act of 1950 (50 U.S.C. App. 2158) is amended—

(1) in subsection (a), by striking "and subsection (j) of section 708A";

(2) by striking subsection (b) and inserting the following:

"(b) As used in this section, the term—

"(1) 'antitrust laws' means—

"(A) the Sherman Act (15 U.S.C. 1 et seq.);

"(B) the Clayton Act (15 U.S.C. 12 et seq.);

"(C) the Federal Trade Commission Act (15 U.S.C. 41 et seq.);

"(D) sections 73 and 74 of the Wilson Tariff Act (15 U.S.C. 8 and 9);

"(E) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a); and

"(F) the Webb-Pomerene Act (15 U.S.C. 61-65).

"(2) 'plan of action' means any of one or more documented methods adopted by participants in an existing voluntary agreement to implement that agreement.";

(3) in subsection (c)(1)—

(A) by striking "Except as otherwise provided in section 708A(o), upon" and inserting in lieu thereof "Upon"; and

(B) by inserting "and plans of action" after "voluntary agreements";

(4) in subsection (c)(2), by striking out the last sentence;

(5) in subsection (d)(1), by striking ", and the meetings of such committees shall be open to the public." in the second sentence thereof the inserting in lieu thereof ". Meetings of such committees shall be open to the public unless the individual designated by the President in subsection (c)(2) finds that the matter or matters to be discussed at such meetings fall within the purview of matters described in subsection (b)(1), (b)(3), or (b)(4) of section 552 of title 5, United States Code.";

(6) in subsection (d)(2), by striking out "section 552 (b)(1) and (b)(3)" and inserting in lieu thereof subsections (b)(1), (b)(3), and (b)(4) of section 552";

(7) in subsection (e)(1), by inserting "and plans of action" after "voluntary agreements";

(8) in subsection (e)(3)—

(A) in subparagraph (D), by striking out "subsection (b)(1) or (b)(3) of section 552" and inserting in lieu thereof "subsection (b)(1), (b)(3), or (b)(4) of section 552"; and

(B) in subparagraph (G), by striking out "subsections (b)(1) and (b)(3) of section 552" and inserting in lieu thereof "subsection (b)(1), (b)(3), and (b)(4) of section 552";

(9) in subsections (f) and (g)—

(A) by inserting "or plan of action" after "voluntary agreement" each place it appears; and

(B) by inserting "or plan" after "the agreement" each place it appears;

(10) in subsection (h)—

(A) by inserting "and plans of action" after "voluntary agreements";

(B) by inserting "or plan of action" after "voluntary agreement" each place it appears;

(C) in subsection (h)(3) by striking out "subsections (b)(1) and (b)(3) of section 552" and inserting in lieu thereof "subsections (b)(1), (b)(3), and (b)(4) of section 552"; and

(D) in subsections (h)(7) and (h)(8) by striking out "subsection (b)(1) or (b)(3) of section 552" and inserting in lieu thereof "subsections (b)(1), (b)(3), or (b)(4) of section 552";

(11) by striking subsection (j) and inserting the following:

"(j)(1) There shall be available as a defense for any person to any civil or criminal action brought under the antitrust laws (or any similar law of any State) with respect to any action taken to develop or carry out any voluntary agreement or plan of action under this section (provided that such action was not taken for the purpose of injuring competition) that—

"(A) such action was taken—

"(i) in the course of developing either a voluntary agreement, the making of which was initiated by the President, or a plan of action adopted thereunder, or

"(ii) to carry out either a voluntary agreement authorized and approved in accordance with this section, the making of which was initiated by the President, or a plan of action adopted thereunder, and

"(B) such person complied with the requirements of this section and the rules promulgated hereunder, and acted in accordance with the terms of the voluntary agreement or plan of action.

"(2) Except in the case of actions taken to develop a voluntary agreement or plan of action, the defense provided in this subsection shall be available only if and to the extent that the person asserting the defense demonstrates that the action was specified in, or within the reasonable contemplation of an approved voluntary agreement the making of which was initiated by the President or any approved plan of action adopted thereunder.

"(3) Persons interposing the defense provided by this subsection shall have the burden of proof upon the elements of the defense, except that the burden shall be on the person against whom the defense is asserted with respect to whether the action was taken for the purpose of injuring competition.";

(12) in subsection (k), by inserting "and plans of action" after "voluntary agreements" each place it appears;

(13) in subsection (l), by inserting "or plan of action" after "voluntary agreement"; and

(14) by adding a new subsection (o), as follows:

"(o) In any action in any Federal or State court for breach of contract, there shall be available as a defense that the alleged breach of contract was caused predominantly by action taken during an emergency to carry out a voluntary agreement or plan of action authorized and approved in accordance with this section.".

SEC. 136. INFORMATION ON THE DEFENSE INDUSTRIAL BASE.

Title VII of the Defense Production Act is amended by inserting after section 705 the following:

"SEC. 705A. INFORMATION ON THE DEFENSE INDUSTRIAL BASE.

"(a) IN GENERAL.—The President shall implement a systematic, continuous procedure to collect and analyze information necessary to evaluate the adequacy of industrial capacity and capability in items and tech-

nologies essential to the execution of the national security strategy of the United States. Information generated by such procedure shall constitute a basis for decisions made with respect to the use of authority under title III and shall be integrated into the decisionmaking process pertaining to the use of such authority.

"(b) SOURCES OF INFORMATION.—

"(1) CONSULTATION REGARDING THE CENSUS OF MANUFACTURERS.—The Bureau of the Census shall consult with the Office of the Secretary of Defense and the Federal Emergency Management Agency with a view to improving the application of information derived from the Census of Manufacturers to the purposes of this section. Such consultations shall address improvements in the level of detail, timeliness and availability of input/output analyses derived from the Census of Manufacturers necessary to facilitate the purposes of this section.

"(2) ADDITIONAL DATA.—The President shall implement a systematic, continuous procedure to collect and analyze information regarding the extent of foreign dependence in industrial parts, components and technologies essential to defense production. Such procedure shall address defense production with respect to the operations of prime contractors and at least the first two tiers of subcontractors. To the extent feasible and appropriate, the President shall build upon existing methods of data collection and analysis and shall integrate information available from intelligence agencies with respect to industrial and technological conditions in foreign countries. In establishing such procedure, the Secretary may place initial emphasis on the production of parts and components relating to priority lists such as the Commanders' in Chief Critical Items List and the technologies identified as critical in the annual defense critical technologies plan submitted pursuant to section 2508 of title 10, United States Code.

"(c) AUTHORIZATION.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.".

SEC. 137. INTELLIGENCE STUDY.

(a) IN GENERAL.—In order to assist the Congress in its oversight responsibilities with respect to section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170), the Central Intelligence Agency jointly with the Federal Bureau of Investigation shall complete and furnish to the Congress within one year after the date of enactment of this section and upon the expiration of every 4 years thereafter a report which—

(1) evaluates whether there is credible evidence of a coordinated strategy by one or more foreign governments or companies to acquire United States companies involved in research, development, or production of critical technologies for which the United States is a leading producer and assesses the extent and character of any such strategy; and

(2) evaluates whether there are industrial espionage activities directed by foreign governments against private United States companies aimed at obtaining commercial secrets related to critical technologies and assesses the extent and character of any such activities.

(b) DEFINITION.—For purposes of this section, the term "critical technologies" means technologies identified under title VI of the National Science and Technology Policy, Organization, and Priorities Act of 1976 or other critical technology, critical components, or critical technology items essential to national defense identified pursuant to section 705A of the Defense Production Act.

(c) RELEASE OF UNCLASSIFIED STUDY.—The report required by this section may be classified. An unclassified version of the report shall be available to the public.

SEC. 138. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

Section 709 of the Defense Production Act of 1950 (50 U.S.C. App. 2159) is amended to read as follows:

"SEC. 709. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

"Any rule, regulation, order, or amendment thereto issued under the authority of this Act shall not be subject to the requirements of sections 551 through 559 of title 5, United States Code. Each proposed rule or regulation, and each amendment thereto, shall be published for public comment in the Federal Register in conformity with the requirements of section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b) and chapter 6 of title 5, United States Code.".

PART E—TECHNICAL AMENDMENTS

SEC. 141. PRIORITIES IN CONTRACTS AND ORDERS.

Section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071) is amended—

(1) in subsection (a)(2) by striking "materials and facilities" and inserting "materials, services, and facilities";

(2) in subsection (c)(1) by striking "supplies of materials and equipment" and inserting "materials, equipment, and services";

(3) by striking paragraphs (2) and (3) and inserting the following new paragraph:

"(2) The authority granted by this subsection may not be used to require priority performance of contracts or orders, or to control the distribution of any supplies of materials, service, and facilities in the marketplace, unless the President finds that—

"(A) such materials, services, and facilities are scarce, critical, and essential—

"(i) to maintain or expand exploration, production, refining, transportation,

"(ii) to conserve energy supplies; or

"(iii) to construct or maintain energy facilities; and

"(B) maintenance or expansion of exploration, production, refining, transportation, or conservation of energy supplies or the construction and maintenance of energy facilities cannot reasonably be accomplished without exercising the authority specified in paragraph (1) of this subsection."; and

(d) by redesignating paragraph (4) as paragraph (3).

SEC. 142. LOAN GUARANTEES.

Section 301(e)(2)(B) of the Defense Production Act of 1950 (50 U.S.C. App. 2091(e)(2)(B)) is amended by striking "and to the Committees on Banking and Currency of the respective Houses" and inserting "and to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives".

SEC. 143. INVESTIGATIONS; RECORDS; REPORTS; SUBPOENAS.

Section 705 of the Defense Production Act of 1950 (50 U.S.C. App. 2155) is amended—

(1) in subsection (a), by striking "subpena" and inserting "subpoena";

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively;

(3) in subsection (c) (as redesignated by paragraph (2)), by striking "$1,000" and inserting "$10,000"; and

(4) in subsection (d) (as redesignated by paragraph (2)), by striking all after the first sentence.

SEC. 144. EMPLOYMENT OF PERSONNEL.

Section 710 of the Defense Production Act of 1950 (50 U.S.C. App. 2160) is amended—

(1) in subsection (b), by striking paragraph (6) and inserting the following:

"(6)(A) The Secretary of the Department or head of the agency making the appointment shall publish a notice in the Federal Register including the name of the appointee, the employing department or agency, the title of the position to which such individual is being appointed, the name of such individual's employer when selected for appointment, and a statement that the individual has made a filing in accordance with subparagraph (B) which is available for inspection.

"(B) Each individual selected for appointment under the authority of this subsection shall furnish to the departmental Secretary or agency head making the appointment—

"(i) a list of the names of each corporation, partnership, or other business in which such individual has an interest, and

"(ii) a list of any financial interest such individual had during the 60-day period preceding such appointment, including any office or directorship held in a corporation.

"(C) Each individual shall submit the information described in subparagraph (B) annually on the anniversary of such individual's appointment.";

(2) in paragraph (7) of subsection (b)—

(A) by striking "Chairman of the United States Civil Service Commission" and inserting "Director of the Office of Personnel Management";

(B) by striking "and the Joint Committee on Defense Production"; and

(3) in paragraph (8) of subsection (b), by striking "transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes and regular places of business pursuant to such appointment" and inserting "reimbursement for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions for which they were appointed in the same manner as persons employed intermittently in the Federal Government are allowed expenses under section 5703 of title 5, United States Code".

SEC. 145. AUTHORIZATION OF APPROPRIATIONS.

Section 711(a)(1) of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended by striking "Bureau of the Budget" and inserting "Office of Management and Budget".

PART F—REPEALERS AND CONFORMING AMENDMENTS

SEC. 151. SYNTHETIC FUEL ACTION.

Section 307 of the Defense Production Act of 1950 (50 U.S.C. App. 2097) is repealed.

SEC. 152. VOLUNTARY AGREEMENTS.

Section 708A of the Defense Production Act of 1950 (50 U.S.C. App. 2158a) is repealed.

SEC. 153. AUTHORIZATION OF APPROPRIATIONS.

Section 711 of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended—

(1) by striking subsection (b),

(2) by striking "(a)(1) Except as provided in paragraph (2) and paragraph (4)" and inserting "(a) Except as provided in subsection (c)",

(3) by striking in subsection (a) in the parenthetical "and for the payment of interest under subsection (b) of this section", and

(4) by striking paragraph (2) and redesignating paragraph (3) as subsection (b), and

(5) by striking subparagraph (B) of paragraph (4) and redesignating paragraph (4)(A) as subsection (c).

SEC. 154. JOINT COMMITTEE ON DEFENSE PRODUCTION.

Section 712 of the Defense Production Act of 1950 (50 U.S.C. App. 2162) is repealed.

SEC. 155. PERSONS DISQUALIFIED FOR EMPLOYMENT.

Section 716 of the Defense Production Act of 1950 (50 U.S.C. App. 2165) is repealed.

SEC. 156. FEASIBILITY STUDY ON UNIFORM COST ACCOUNTING STANDARDS; REPORT SUBMITTED.

Section 718 of the Defense Production Act of 1950 (50 U.S.C. App. 2167) is repealed.

SEC. 157. NATIONAL COMMISSION ON SUPPLIES AND SHORTAGES.

Section 720 of the Defense Production Act of 1950 (50 U.S.C. App. 2169) is repealed.

PART G—REAUTHORIZATION OF SELECTED PROVISIONS

SEC. 161. AUTHORIZATION OF APPROPRIATIONS.

Section 711(c) of the Defense Production Act of 1950 (as amended by section 143 of this Act) is amended to read as follows:

"(c) There are authorized to be appropriated for fiscal years 1991, 1992, and 1993 not to exceed $250,000,000 to carry out the provisions of sections 301, 302, and 303 of this Act.".

SEC. 162. SUNSET.

Section 717 of the Defense Production Act of 1950 (50 U.S.C. App. 2166) is amended to read as follows:

"SEC. 717. SUNSET.

"(a) IN GENERAL.—The following provisions of this Act shall terminate at the close of September 30, 1993:

"(1) Title I of this Act, and all authority conferred thereunder.

"(2) Sections 301, 302, 303, and 304 of this Act, and all authority conferred thereunder.

"(3) Sections 701, 702, 703, 704, 705, 706, 707, 708, and 711 of this Act, and all authority conferred thereunder.

"(b) EXPIRED PROVISIONS.—The following provisions of this Act terminate at the close of June 30, 1953:

"(1) Title II and title VI of this Act, and all authority conferred thereunder.

"(2) Title IV and title V of this Act, and all authority conferred thereunder.

"(c) CONTINUOUS EFFECT.—Except as otherwise provided, all other provisions of this Act, and all authority conferred thereunder, shall remain in effect.

"(d) SAVINGS PROVISION.—The termination of any section of this Act, or any agency or corporation utilized under this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act, or the taking of any action (including the making of new guarantees) determined by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions considered necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection.".

TITLE II—ADDITIONAL PROVISIONS TO IMPROVE INDUSTRIAL PREPAREDNESS

PART A—INDUSTRIAL CAPABILITY AND NATIONAL SECURITY

SEC. 201. INDUSTRIAL CAPABILITIES ASSESSMENT.

(a) POLICY.—The national security of the United States would benefit from greater integration of national economic policies (including tax and trade) and national security policies.

(b) CONDUCT ASSESSMENT.—The President shall promptly conduct, through such means as may be appropriate, an Industrial Capabilities Assessment as described in subsection (c).

(c) MATTERS TO BE ASSESSED.—The assessment required by subsection (b) shall include:

(1) An analysis, on an ongoing basis, of the demands to be placed upon industry by the national defense plans and industry's capabilities to fulfill those expectations in peacetime as well as in time of war or national emergency.

(2) A review of major Government policies and their impact on the defense industrial and technology base.

(3) A process for periodic industry-wide assessment of technological advancement and production capabilities in relation to national security objectives.

(4) A review of existing industrial policy objectives, laws, and regulations, and recommendations to the President for their modification to foster industrial innovation, modernization, and productivity.

(5) Proposals for selectively expanding national defense production to respond to graduated levels of mobilization.

(6) One or more exercises to assess the capability of the defense industry's capability to respond to increased demands for defense materiel and services under various graduated mobilization response conditions.

PART B—ENCOURAGING IMPROVEMENT OF THE DEFENSE INDUSTRIAL BASE

SEC. 211. RECOGNITION OF MODERNIZED PRODUCTION SYSTEMS AND EQUIPMENT IN CONTRACT AWARD AND ADMINISTRATION.

(a) IN GENERAL.—The single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be amended to specify the circumstances under which an acquisition plan for any major system acquisition, or any other acquisition program designated by the Secretary or agency head responsible for such acquisition, shall provide for contract solicitation provisions which encourage competing offerors to acquire for utilization in the performance of the contract modern industrial facilities and production systems (including hardware and software), and other modern production equipment, that increase the productivity of the offerors and reduce the costs of production.

(b) AUTHORIZED SOLICITATION PROVISIONS.—Contract solicitation provisions referred to in subsection (a) may include any of the following provisions:

(1) An evaluation advantage in making the contract award determination.

(2) A provision for the contractor to share in any demonstrated cost savings that are attributable to increased productivity resulting from the following contractor actions not required by the contract—

(A) the acquisition and utilization of modern industrial facilities and production systems (including hardware and software), and other modern production equipment, for the performance of the contract; or

(B) the utilization of other manufacturing technology improvements in the performance of the contract.

SEC. 212. PROCUREMENT OF CRITICAL COMPONENTS OR CRITICAL TECHNOLOGY ITEMS.

(a) ACQUISITION REGULATIONS REQUIRED.—Within 180 days of the date of enactment of this Act, the single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be modified to provide for the solicitation, award, and administration of contracts for the procurement of critical components or critical technology items in accordance with provisions of this section.

(b) REQUIRED SOLICITATION PROVISIONS.—Except as provided in subsection (c), any solicitation for the procurement of critical components or critical technology items shall—

(1) specify the minimum percentage of the total estimated value of the contract that is to be performed by one or more domestic firms;

(2) provide for the attainment of such requirement by the firm as prime contractor, or by subcontractors pursuant to a subcontracting plan submitted with the prime contractor's offer;

(3) specificy that a source selection factor relating to the requirement specified in paragraph (1) shall accord—

(A) such source selection factor a value not to exceed 10 percent of the total evaluation points for all source selection factors specified in the solicitation; and

(B) such evaluation points in proportion to the extent to which each offer meets or exceeds the specified percentage;

(4) provide that attainment of the percentage specified in the offer of the firm receiving the award shall be a material element of contractual performance; and

(5) require the contractor to—

(A) identify each subcontractor whose performance is to be counted towards attainment of the contractual requirement specified pursuant to paragraph (1); and

(B) provide prompt notice to the contracting officer after replacing any such subcontractor.

(c) WAIVER OF SOLICITATION PROVISIONS.—(1) The regulations required by subsection (a) may specify circumstances under which the solicitation provisions required by subsection (b) may be waived with respect to a specific solicitation upon a determination by the contracting officer that the use of such solicitation provisions is likely to result in a significant adverse impact on the national interests of the United States.

(2) The contracting officer's determination shall be—

(A) supported by specific written findings which justify such determination; and

(B) approved by the senior procurement executive of the department or agency (designated pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)) or a designee of such officer.

(3) Copies of waiver determinations approved pursuant to subsection (b) (including the supporting written justifications and approvals) shall be made available upon request to—

(A) the public, consistent with the provisions of section 552 of title 5, or

(B) any member, or duly constituted committee, of the Congress.

(d) CRITICAL COMPONENTS AND CRITICAL TECHNOLOGY ITEMS.—The President, acting through the Secretary of Defense, shall—

(1) determine the components or items that are critical components or critical technology items; and

(2) publish a list of such critical components and critical technology items in the Federal Acquisition Regulation.

(e) DEFINITIONS.—For the purpose of this section—

(1) the term "domestic firm" has the same meaning as the term "domestic source" in section 702 of the Defense Production Act of 1950; and

(2) the terms "critical components" and "critical technology items" have the same meanings as in section 702 of the Defense Production Act of 1950.

SEC. 213. SUSTAINING INVESTMENT.

It is the sense of the Congress that, in order to encourage investment to maintain our Nation's technological leadership, to preserve the strength of our industrial base, and to encourage contractors to invest in advanced manufacturing technology, advanced production equipment, and advanced manufacturing processes, the Secretary of Defense as part of his implementation of changes to defense acquisition policies pursuant to the Defense Management Review shall consider—

(1) full allowability of independent research and development/bid and proposal costs;

(2) appropriate regulatory changes to increase the progress payment rates payable under contracts; and

(3) an increase of not more than 10 percent in the amount which would otherwise be reimbursable to a contractor as the Government's share of costs incurred for the acquisition of production special tooling, production special test equipment, and production special systems (including hardware and software) for use in the performance of the contract.

PART C—MISCELLANEOUS

SEC. 221. GAO STUDY OF STATE FOREIGN INVESTMENT INCENTIVE PROGRAMS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of State incentive programs used to attract foreign investment. In conducting such study, the Comptroller General shall evaluate the costs and benefits of such programs, including job creation and economic growth, as well as potential adverse economic effects on United States firms, and recommend what measures the States might take, if any, to ensure that the economic benefits of such programs warrant the costs.

(b) REPORT.—Not later than 12 months after the date of enactment of this Act, the Comptroller General shall transmit to the Congress a report on the study under subsection (a).

SEC. 222. DISCOURAGING UNFAIR TRADE PRACTICES.

(a) SUSPENSION OR DEBARMENT AUTHORIZED.—Subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation) shall be amended to specify the circumstances under which a contractor, who has engaged in an unfair trade practice, as defined in subsection (b), may be found to presently lack such business integrity or business honesty that seriously and directly affects the responsibility of the contractor to perform any contract awarded by the Federal Government or perform a subcontract under such a contract.

(b) DEFINITIONS.—For purposes of this section, the term "unfair trade practice" means the commission of any of the following acts by a contractor:

(1) An unfair trade practice, as determined by the International Trade Commission, for a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337).

(2) A violation of any agreement of the Coordinating Committee on Export Controls or any similar bilateral export control agreement, as determined by the Secretary of Commerce.

(3) A knowingly false statement regarding a material element of a certification concerning the foreign content of an item of supply, as determined by the Secretary of the department or the head of the agency to which such certificate was furnished.

TITLE III—AMENDMENT TO RELATED LAWS

SEC. 301. DEFENSE PRODUCTION ACT FUND PROJECTS.

Section 2502 of title 10, United States Code, is amended by adding at the end the following:

"(d) DEFENSE PRODUCTION ACT FUND PROJECTS.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, shall review and approve projects recommended for support through the Defense Production Act Fund pursuant to the authorities provided by title III of the Defense Production Act of 1950.".

TITLE IV—FAIR TRADE IN FINANCIAL SERVICES

SEC. 401. SHORT TITLE.

This title may be cited as the "Fair Trade in Financial Services Act of 1990".

SEC. 402. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR BANKS AND BANK HOLDING COMPANIES.

The International Banking Act of 1978 (12 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"NATIONAL TREATMENT

"SEC. 15. (a) PURPOSES.—This section is intended to—

"(1) encourage foreign countries to accord national treatment to United States banks and bank holding companies that operate or seek to operate in those countries; and

"(2) seek an end to discrimination against United States banks and bank holding companies.

"(b) ANNUAL REPORTS REQUIRED.—For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(1) identifying each foreign country—

"(A) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States banks and bank holding companies; and

"(B) with respect to which no determination under subsection (d)(1) is in effect;

"(2) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(3) describing the results of negotiations conducted pursuant to subsection (c)(1).

"(c) NEGOTIATIONS REQUIRED.—

"(1) IN GENERAL.—The Secretary of the Treasury shall initiate negotiations with any foreign country described in subparagraphs (A) and (B) of subsection (b)(1) to ensure that that country accords national treatment to United States banks and bank holding companies.

"(2) NEGOTIATIONS NOT REQUIRED.—Paragraph (1) does not require the Secretary of the Treasury to initiate negotiations with a foreign country if the Secretary—

"(A) determines that such negotiations would be fruitless or would impair national economic interests; and

"(B) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

"(d) DISCRETIONARY SANCTIONS.—

"(1) IN GENERAL.—A Federal banking agency may, in consultation with the Secretary of the Treasury, deny any application, and disapprove any notice, filed by a person of a foreign country if the Secretary has published in the Federal Register (and has not rescinded) a determination that the foreign country does not accord national treatment to United States banks and bank holding companies.

"(2) REVIEW.—The Secretary of the Treasury shall annually review any determination under paragraph (1) and decide whether that determination should be rescinded.

"(e) PREVENTING EXISTING ENTITIES FROM BEING USED TO EVADE THIS SECTION.—

"(1) IN GENERAL.—If a determination under subsection (d)(1) is in effect with respect to a foreign country, no bank, foreign bank described in section 8(a), branch, agency, commercial lending company, or other affiliated entity that is a person of that country shall, without prior approval pursuant to paragraph (3) or (4), directly or indirectly, in the United States—

"(A) commence any line of business in which it was not engaged as of the date on which that determination was published in the Federal Register; or

"(B) conduct business from any location at which it did not conduct business as of that date.

"(2) EXCEPTION.—Paragraph (1) shall not apply with respect to transactions under section 2(h)(2) of the Bank Holding Company Act of 1956.

"(3) STATE-SUPERVISED ENTITIES.—

"(A) This paragraph shall apply if—

"(i) the entity in question is an uninsured State bank or branch, a State agency, or a commercial lending company;

"(ii) the State requires the entity to obtain the prior approval of the State bank supervisor before engaging in the activity described in subparagraph (A) or (B) of paragraph (1); and

"(iii) no other provision of Federal law requires the entity to obtain the prior approval of a Federal banking agency before engaging in that activity.

"(B) The State bank supervisor shall consult about the application with the appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act). If the State bank supervisor approves the application, the supervisor shall notify the appropriate Federal banking agency and provide the agency with a copy of the record of the application. During the 45-day period beginning on the date on which the appropriate Federal banking agency receives the record, the agency may, after consultation with the State bank supervisor, issue an order disapproving the activity in question. The period for disapproval under the preceding sentence may, in the agency's discretion, be extended for not more than 45 days.

"(4) FEDERAL APPROVAL.—If the transaction is not described in paragraph (3)(A), the entity in question shall obtain the prior approval of the appropriate Federal banking agency.

"(5) INFORMING STATE SUPERVISORS.—The Secretary of the Treasury shall inform State bank supervisors of any determination under subsection (d)(1).

"(6) EFFECT ON OTHER LAW.—Nothing in this subsection shall be construed to relieve the entity in question from any otherwise applicable requirement of Federal law.

"(f) NATIONAL TREATMENT DEFINED.—A foreign country accords national treatment to United States banks and bank holding companies if it offers them the same competitive opportunities (including effective market access) as are available to its domestic banks and bank holding companies.

"(g) PERSON OF A FOREIGN COUNTRY DEFINED.—A person of a foreign country is a person that—

"(1) is organized under the laws of that country;

"(2) has its principal place of business in that country;

"(3) in the case of an individual—

"(A) is citizen of that country, or

"(B) is domiciled in that country; or

"(4) is directly or indirectly controlled by a person described in paragraph (1), (2), or (3).

"(h) EXERCISE OF DISCRETION.—In exercising discretion under this section—

"(1) the Secretary of the Treasury and the Federal banking agencies shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(2) the Federal banking agencies, in consultation with the Secretary of the Treasury—

"(A) shall consider, with respect to a bank, foreign bank, branch, agency, commercial lending company, or other affiliated entity that is a person of a foreign country and is already operating in the United States—

"(i) the extent to which that foreign country has a record of according national treatment to United States banks and bank holding companies; and

"(ii) whether that country would permit United States banks and bank holding companies already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's banks and bank holding companies; and

"(B) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this section.".

SEC. 403. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR SECURITIES BROKERS AND DEALERS.

Section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) is amended by adding at the end the following new paragraph:

"(11) NATIONAL TREATMENT.—(A) This paragraph is intended to encourage foreign countries to—

"(i) accord national treatment to United States brokers and dealers that operate or seek to operate in those countries; and

"(ii) seek an end to discrimination against United States brokers and dealers.

"(B) For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(i) identifying each foreign country—

"(I) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States brokers and dealers; and

"(II) with respect to which no determination under subparagraph (D)(i) is in effect;

"(ii) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(iii) describing the results of negotiations conducted pursuant to subparagraph (C)(i).

"(C)(i) The Secretary of the Treasury shall initiate negotiations with any foreign country described in subclauses (I) and (II) of subparagraph (B)(i) to ensure that that country accords national treatment to United States brokers and dealers.

"(ii) Clause (i) does not require the Secretary of the Treasury to initiate negotiations with a foreign country if the Secretary—

"(I) determines that such negotiations would be fruitless or would impair national economic interests; and

"(II) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Energy and Commerce of the House of Representatives.

"(D) The following provisions shall apply if the Secretary of the Treasury has published in the Federal Register (and has not rescinded) a determination that a foreign country does not accord national treatment to United States brokers and dealers:

"(i) The Commission may, in consultation with the Secretary of the Treasury—

"(I) deny any application for registration under this subsection filed by a person of that foreign country; and

"(II) prohibit any person of that foreign country from acquiring control of a registered broker or dealer, irrespective of when the acquisition was initiated.

"(ii) No person of that foreign country, acting directly or indirectly, shall acquire control of any registered broker or dealer unless—

"(I) the Commission has been given notice 45 days in advance of the acquisition, in such form as the Commission shall prescribe by rule; and

"(II) the Commission has not prohibited the acquisition.

"(iii) The Commission may, by order, extend the notice period with respect to any particular acquisition for not more than 60 days.

"(iv) The Secretary of the Treasury shall annually review any determination under this subparagraph and decide whether that determination should be rescinded.

"(E) A foreign country accords national treatment to United States brokers and dealers if it offers them the same competitive opportunities (including effective market access) as are available to its domestic brokers and dealers.

"(F) A person of a foreign country is a person that—

"(i) is organized under the laws of that country;

"(ii) has its principal place of business in that country;

"(iii) in the case of an individual—

"(I) is a citizen of that country, or

"(II) is domiciled in that country; or

"(iv) is directly or indirectly controlled by a person described in clause (i), (ii), or (iii).

"(G) In exercising discretion under this paragraph—

"(i) the Secretary of the Treasury and the Commission shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(ii) the Commission, in consultation with the Secretary of the Treasury—

"(I) shall consider, with respect to a broker or dealer that is a person of a foreign country and is already operating in the United States—

"(aa) the extent to which that foreign country has a record of according national treatment to United States brokers and dealers; and

"(bb) whether that country would permit United States brokers or dealers already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's brokers or dealers; and

"(II) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this paragraph.".

SEC. 404. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR INVESTMENT ADVISERS.

Section 203 of the Investment Advisers Act of 1940 (12 U.S.C. 80b-3) is amended by adding at the end the following new subsection:

"(i) NATIONAL TREATMENT.—

"(1) PURPOSES.—This subsection is intended to encourage foreign countries to—

"(A) accord national treatment to United States investment advisers that operate or seek to operate in those countries; and

"(B) seek an end to discrimination against United States investment advisers.

"(2) ANNUAL REPORTS REQUIRED.—For each calendar year beginning on or after January 1, 1991, the Secretary of the Treasury shall, not later than May 1 of the following calendar year, submit to the Congress a report—

"(A) identifying each foreign country—

"(i) that, according to the most recent report submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988, does not accord national treatment to United States investment advisers; and

"(ii) with respect to which no determination under paragraph (4) is in effect;

"(B) explaining why the Secretary has not made, or has rescinded, such a determination with respect to that country; and

"(C) describing the results of negotiations conducted pursuant to paragraph (3)(A).

"(3) NEGOTIATIONS REQUIRED.—(A) The Secretary of the Treasury shall initiate negotiations with any foreign country described in clauses (i) and (ii) of paragraph (2)(A) to ensure that that country accords national treatment to United States investment advisers.

"(B) Subparagraph (A) does not require the Secretary of the Treasury to initiate negotiations with a foreign country if the Secretary—

"(i) determines that such negotiations would be fruitless or would impair national economic interests; and

"(ii) gives written notice of that determination to the chairman and ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Energy and Commerce of the House of Representatives.

"(4) DISCRETIONARY SANCTIONS.—The following provisions shall apply if the Secretary of the Treasury has published in the Federal Register (and has not rescinded) a determination that a foreign country does not

accord national treatment to United States investment advisers:

"(A) The Commission may, in consultation with the Secretary of the Treasury, deny any application, and disapprove any notice, filed pursuant to this title by a person of that foreign country.

"(B) The Commission may, in consultation with the Secretary of the Treasury, prohibit any person of that foreign country from acquiring control of a registered investment adviser, irrespective of when the acquisition was initiated.

"(C) No person of that foreign country, acting directly or indirectly, shall acquire control of any registered investment adviser unless—

"(i) the Commission has been given notice 45 days in advance of the acquisition, in such form as the Commission shall prescribe by rule; and

"(ii) the Commission has not prohibited the acquisition.

"(D) The Commission may, by order, extend the notice period with respect to any particular acquisition for not more than 60 days.

"(E) The Secretary of the Treasury shall annually review any determination under this paragraph and decide whether that determination should be rescinded.

"(5) NATIONAL TREATMENT DEFINED.—A foreign country accords national treatment to United States investment advisers if it offers them the same competitive opportunities (including effective market access) as are available to its domestic investment advisers.

"(6) PERSON OF A FOREIGN COUNTRY DEFINED.—A person of a foreign country is a person that—

"(A) is organized under the laws of that country;

"(B) has its principal place of business in that country;

"(C) in the case of an individual—

"(i) is a citizen of that country, or

"(ii) is domiciled in that country; or

"(D) is directly or indirectly controlled by a person described in subparagraph (A), (B), or (C).

"(7) EXERCISE OF DISCRETION.—In exercising discretion under this subsection—

"(A) the Secretary of the Treasury and the Commission shall act in a manner consistent with the obligations of the United States under a bilateral or multilateral agreement governing financial services entered into by the President and approved and implemented by the Congress; and

"(B) the Commission, in consultation with the Secretary of the Treasury—

"(i) shall consider, with respect to an investment adviser that is a person of a foreign country and is already operating in the United States—

"(I) the extent to which that foreign country has a record of according national treatment to United States investment advisers; and

"(II) whether that country would permit United States investment advisers already operating in that country to expand their activities in that country even if that country determined that the United States did not accord national treatment to that country's investment advisers;

"(ii) may further differentiate between entities already operating in the United States and entities that are not already operating in the United States, insofar as such differentiation is consistent with achieving the purposes of this subsection.".

SEC. 405. CONFORMING AMENDMENTS SPECIFYING THAT NATIONAL TREATMENT INCLUDES EFFECTIVE MARKET ACCESS.

(a) QUADRENNIAL REPORTS ON FOREIGN TREATMENT OF UNITED STATES FINANCIAL INSTITUTIONS.—Section 3602 of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5352) is amended—

(1) in paragraph (3), by striking "and securities companies" and inserting ", securities companies, and investment advisers"; and

(2) by adding at the end the following: "For purposes of this section, a foreign country denies national treatment to United States entities unless it offers them the same competitive opportunities (including effective market access) as are available to its domestic entities.".

(b) NEGOTIATIONS TO PROMOTE FAIR TRADE IN FINANCIAL SERVICES.—Section 3603(a)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5353(a)(1)) is amended by inserting "effective" after "banking organizations and securities companies have".

(c) PRIMARY DEALERS IN GOVERNMENT DEBT INSTRUMENTS.—Section 3502(b)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5342) is amended—

(1) by striking "does not accord to" and inserting "does not offer";

(2) by inserting "(including effective market access)" after "the same competitive opportunities in the underwriting and distribution of government debt instruments issued by such country"; and

(3) by striking "as such country accords to" and inserting "as are available to".

TITLE V—EFFECTIVE DATES

SEC. 501. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this Act shall take effect on August 10, 1990.

(b) SPECIAL RULES.—(1) Title IV of this Act takes effect on the date of enactment of this Act.

(2) The acquisition policies required by title II of this Act shall be incorporated as part of the Federal Acquisition Regulation within 270 days after enactment. Such policies shall apply to solicitations issued 60 days after such regulations are issued.[S03OC0-V3][S14456issued.

Mr. DIXON. I further ask unanimous consent, Mr. President, that the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Without objection, the Chair will be authorized to appoint conferees.

The Parliamentarian informs the Chair conferees have not been suggested.

Mr. DIXON. I understand, Mr. President. They will be submitted shortly.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KOHL. I ask unanimous consent that I be allowed to speak as if in morning business.

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

EFFICIENCY IN GOVERNMENT

Mr. KOHL. Mr. President, I wanted to speak for just a few minutes about the budget package, our deficit, and that problem which is so severe that we are facing in our country today. I would like to speak about all the anger and dissatisfaction that we are hearing in Washington from our constituents, a well-deserved anger that they do have about the sacrifice we are asking them to make in behalf of our country.

The President was on television last night and suggested this was a program that had to be enacted; that if we would enact this program, we would be well on our way toward having a balanced budget and this would be the pain and the suffering we would necessarily have to inflict on the citizens of our country in order to get it done.

I come from private enterprise, as some of my colleagues know, and in private enterprise if you do not run an efficient business, sooner or later you lose. Sooner or later you go out of business because more efficient, more effective competitors simply take away your enterprise.

The U.S. Government, on the one hand, is the largest enterprise in the world. On the other hand, it has no competition in our country. We do have competition, however, all around the world from competing economies, whether it is Japan or Germany, and all of us understand how serious that problem is in our country, how our inefficiency costs us jobs, a better standard of living, and all those things that are so precious to us.

In the process of costing us, all must understand that if there is to be warfare in the future between countries, it is mostly going to be economic warfare. People in this country are concerned about whether or not we are prepared to wage that economic warfare which relates to what we are being asked to do today by our President, by our Congress, myself, yourself, and our congressional leaders.

I have not heard anyone talk about the efficiency of our Government or lack thereof and what we intend to do at the same time we are asking the American people to endure pain and sacrifice. What are we prepared to do here? I did not hear the President talk—and frankly in our discussions between ourselves as Congress people, Senators and Representatives, there has not been one serious discussion that I have heard—what action we are prepared to take to assure the American people that all the money they are sending to Washington and the pain we are asking them to endure by way

of cuts in service is going to be well used in their behalf.

As we know, people feel that the money they send to Washington to a large extent is not being used efficiently and effectively, and they do not want to send any more money because they feel we do not use it efficiently, we do not use it effectively.

I want to talk about just one aspect on the budget this morning, and I would like to hear from somebody at OMB or our President or congressional leaders, uncollected taxes in this country, something that everybody understands.

The uncollected taxes in this country, corporate and personal, are $100 billion a year. I am not talking about underworld taxes that vanish. I am talking about normally due taxes that people just are not paying for whatever reason—people and corporations, $100 billion a year. Do we have a right to go to the American people and ask them to pony up all the money we are asking from them because we have a budget deficit when a significant part of that deficit is nothing more than uncollected taxes for which we are totally responsible? If we cannot provide the answer to that question, among all the other inefficiencies that exist in our Government, how can we go to the American people and ask them to endure all the pain and suffering we are asking of them? If, in fact, as I have heard, the real deficit is not just $400 billion or $300 billion, we are going to have to go back to the American people next year and the following year and tell them, as we told them in the past, we underestimated the problem—it is not $400 billion; it is $600 billion; it is $800 billion or as I heard this morning from the head of the GAO, Mr. Bowsher, it may be a trillion dollars.

It would not be surprising, would it, if we had to go back to the American people next year with a reestimate of our deficit, just like the deficit this year, which started out at $100 billion. You will recall that in January, when the President came before the Congress and gave his State of the Union speech, he said our deficit problem is $100 billion this year and it is manageable. How did it grow from $100 billion in January to $300 billion in August or September? What happened? Who is to say that he is not going to come back or we are not going to go back to the country next year with another estimate of half or twice again as big as what it is now?

Is there anybody here who says with a sense of confidence that they know our accounting is right and we know what we are talking about this time or would all of us have to admit to the American public that we do not know what we are saying? I think that is very serious. I think until we are prepared to address that problem, how we are going to assure the American people that we know how to manage this enterprise called the American Government, we have to be very cautious and very reluctant to go out to the American people and say we are going to inflict all kinds of pain and suffering on you if in fact maybe half the reason is because we do not know how to run our business in Washington. They know it and they sense it. That is why they are so upset with us.

So I hope that part of this dialog today and tomorrow, before we vote on the budget, is a dialog that includes the question of management and what we are going to do to assure the American people that their tax dollars are being managed efficiently and effectively in their behalf.

I thank the Chair.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MEASURE INDEFINITELY POSTPONED—S. 1379

Mr. KOHL. Mr. President, I ask unanimous consent that S. 1379 be indefinitely postponed.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

RECESS UNTIL 2:30 P.M.

Mr. KOHL. Mr. President, on behalf of the majority leader, I ask unanimous consent that the Senate stand in recess until 2:30 p.m. this afternoon.

There being no objection, at 11:48 a.m. the Senate recessed until 2:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. ADAMS].

MONEY LAUNDERING ENFORCEMENT ACT AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the pending business is the motion to proceed to the consideration of S. 3037.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Thank you, Mr. President.

Mr. President, the comanager of this bill, the Senator from Utah, is not yet here. I am not sure. I think this came back on to the order somewhat by surprise for some parties. So we are waiting for him to be able to come to the floor.

We had a discussion yesterday at which time there was some delay in our ability to move forward on the motion to proceed. We agreed with the Senator from Idaho [Mr. SYMMS] that we would wait until after the parties both had an opportunity to have a caucus during which time the issues surrounding this bill would be brought up; that subsequently we would hopefully be able to move forward.

The distinguished Senator from Ohio [Mr. METZENBAUM] I know had the possibility of an amendment. He wants to talk with the Senator from Utah. So there are still a few matters to be worked out with respect to this legislation.

What I might do at this point in time while we are waiting for the Senator from Utah to arrive to the floor is to explain further what this legislation is about. I remind colleagues again as I said yesterday that this is not or should not be controversial legislation. A companion bill passed in the House of Representatives 406 to nothing. This bill came out of the Banking Committee unanimously. There were one or two close issues in the Banking Committee which have subsequently been worked out among the parties. Notwithstanding their closeness, I think all parties are at this point prepared to move forward.

Mr. President, this is a bill with several components. The first component is the money laundering enforcement amendments of 1990. There are two parts to that. The third part is the Truth in Savings Act. Then there are some amendments with respect to Expedited Funds Availability Act, the Home Equity Consumer Protection Act, the Counterfeit Deterrence Act, and finally the Coin Redesign Act, all of which are very straightforward.

As I said yesterday, with respect to the money laundering amendments, Mr. President, there is not any question that the vast majority of banks in this country are diligently trying to ferret out money laundering where it occurs. I think that the cash transaction reporting process which has been in place for a number of years has assisted significantly in our ability to be able to do that. But the fact remains that notwithstanding that requirement there is a very significant money laundering business in this country. And because of the nature of the banking system in this modern age outside of this country they work together.

In point of fact, Mr. President, a year or so ago in conjunction with the passage of the drug bill the Senate faced up to this reality when we passed requirements that our Government negotiate with other banks in other countries in order to have them require cash transaction reports.

Today there is a huge loophole in the law whereby an American bank required in the United States to have cash transaction reports actually can have the ability to circumvent that law with an offshore account. And in the offshore account there is not a similar requirement. That is not in this bill.

I do not want to confuse matters here. None of that is in this legislation. It does not address any aspect of it. But what it does underscore is the fact that there are major loopholes in the law today. Money laundering is obviously a key part of the drug trade. We are fond of trying to deal with laws that deter at the street level. We try to aid our police in being able to make arrests. It is appropriate and proper that we do that. We ought to do more of it in fact.

But the reality is that the big launderer, the big money earner, the big kingpin sits distant from the street deal—sits distant from the havoc that is wreaked in our communities, receives the profits, and then plays some very fancy games with that money while it is sent through various corporate shells or other entities; finally winds up back in a bank account laundered, clean, distant from the drug transaction.

In testimony before the Senate Banking Committee just this month William Seidman, the Chairman of the Resolution Trust Corporation talked about "All the clever schemes employed by the scam artists." He was referring to the S&L's. According to Mr. Seidman "The cleverist schemes revolve around what happened to the money after they got hold of it." Mr. Seidman was talking about money laundering and the savings and loan scandal.

I am convinced that both the savings and loan institutions and savings and loan executives have been significantly involved in money laundering. Let me just note a few examples for the record here.

Last year a thrift in Missouri was indicted along with five individuals including the former executive in the thrift's Dallas office for allegedly laundering nearly a quarter of a million dollars through the purchase of money orders.

Another example, in 1987 a former executive vice president at Centennial Savings and Loan Association in Sonoma County, CA, was indicted for laundering tens of thousands of dollars for a west coast drug ring. The indictment alleged that this individual had invested money from the drug dealers in upscale real estate projects in the booming areas just north of San Francisco.

Another example: the U.S. attorney in Baltimore has indicted several businessmen for charges of looting Community Savings of Maryland of $28 million and of laundering those funds in Swiss banks.

Another example: regulators and examiners told the House Banking Committee this year that one of the top executives of the Lincoln Savings and Loan Association may have sheltered as much as $100 million in bank accounts in Switzerland, Panama, and the Bahamas.

There is a lawsuit now by the shareholders and the U.S. Government in an action to try to recover $40 million, and in conjunction with that action our Government issued a temporary cease and desist order restricting individuals from transferring any assets or funds outside the United States. As the Director of the Office of Thrift Supervision, Mr. Tim Ryan said of Mr. Keating himself that he has been saying to the press and public that he is broke. To quote Mr. Ryan "We just don't believe that."

Another example, the U.S. attorneys office in Houston is investigating the failure of Vision Bank Savings in Kingsville, TX. One former executive is identified in Federal law enforcement records as a known money launderer. He is suspected of having wired as much as $40 million to a company on the Isle of Jersey, which is a well-known tax haven in the English Channel.

Mr. President, here we are having listened to the President of the United States last night talking about the need to ask Americans to ante up more tax dollars. Here we are faced with a budget crisis where Americans are being asked to pay more and more money in order to cover the cost of a savings and loan scandal. Yet here we are with knowledge that money laundering could be a very significant, or some, portion of it—that money that has been looted from those banks.

I do not know how you can turn to people in this country and say pay more taxes unless we have taken all the steps necessary to try to deter that kind of activity, and to try to recoup those funds where possible.

It just does not make sense to me that you ask the middle class or the small wage earner of this country to do that, and we sit here knowing that money laundering is going on and not doing enough to stop it.

So, Mr. President, what this does is very simple. It does not cost money, but it gives the appropriate Federal depository institutions and the regulatory agencies the right to revoke the charter, to terminate deposit insurance, or to remove or suspend officers and directors of depository institutions of either a bank, a savings and loan or a credit union, when they are known to have been involved in money laundering or a monetary transaction reporting offense.

Before a charter can be revoked, the regulator has to consider the following factors. This is not just an arbitrary process. The Senator from Utah [Mr. GARN] and others, who are cosponsors of this, Senator HATCH, Senator BOND, Senator DIXON and others on our side, have worked out a process, and the American Banking Association supports this and believes it is fair.

What we would seek is to have a hearing to determine the degree to which a senior management official knew of or was personally involved in the solicitation of criminal funds of the money laundering operation, and you would examine the effect that a revocation would have on the adequacy of the depository or credit services in the local community. You would examine the institution's cooperation with law enforcement authorities. You would examine the potential losses to the Federal deposit insurance funds and the RTC, if there were to be a revocation, and you would examine whether or not the depository institution's compliance and deterrence programs clearly exceeded the programs that were required by law.

What this legislation does is it gives to our law enforcement officials a new tool in the war on drugs and in the effort to put the savings and loan swindlers in jail. It also contains some money laundering provisions, which were originally introduced by the distinguished Senator from New York [Mr. D'AMATO].

That particular section improves cooperation between Federal and State authorities. It improves the oversight and the enforcement of money laundering compliance programs of nonbank financial institutions. And it addresses wire transfer transactions that are currently not monitored by the detection process of money laundering.

Mr. President, in hearings which the Banking Committee held last fall, we received important testimony on the degree to which there are new problems of money laundering that are appearing in the nonbanking financial institutions. What I am talking about, nonbanking financial institutions are your money transmitters, check cashing boutiques, and money exchange houses.

This legislation makes it a Federal felony for these institutions to transmit money without a license, and the legislation also requires the Secretary of Treasury to issue final regulations concerning recordkeeping for international wire transfers.

We have learned in the course of our hearings that once money has been put into the banking system, there are innumerable ways in which that money can be simply wire transferred to become part of a larger pot of money, so much so that the detection process really becomes complicated, if not almost impossible.

According to the Federal Reserve, an estimated one trillion U.S. dollars in international wire transfers occurs each day. But despite this huge volume of transactions, law enforcement authorities believe there is very important information that can be gleaned from having some kind of restraints on those kinds of transactions, so that you can understand exactly how the system is working and where it originates and what the contributory factors may be to one of those large sums of money.

Senator D'AMATO's legislation requires that the Treasury Department, in promulgating regulavtions governing wire transfers, must consider the usefulness of the records in criminal tax or regulatory investigations or proceedings, and that they should factor in those advantages of recordkeeping in the cost and efficiency of the overall payment system.

Title III of the bill was really addressed by the Senator from Connecticut yesterday, and I see no reason, Mr. President, at this point, to go back into that. Title IV of the bill contains the Counterfeit Deterrence Act of 1990 which was drafted by the chairman of the committee, Senator RIEGLE, and by the ranking minority member, Senator GARN. The Counterfeit Deterrence Act simply modifies current law to further define counterfeit deterrence. I will let the Senator from Utah describe that further, if he desires to.

Title V is the design coin legislation, which authorizes the Secretary of Treasury to select and to mint new designs for the reverses of the half dollar, quarter, dime, nickel, and the cent. These will wind up being revenue raisers for the Government and I think are important in both the revenue they will raise, as well as modernizing some coinage of our country.

Mr. President, that is a brief overview of the legislation which is here before us.

I would be delighted at this point in time to yield to the distinguished ranking member, if he has any comments he would like to add to that.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, this bill provides additional penalties for banks that engage in money laundering violations.

It is a good proposal that I cosponsored.

The bill gives the bank regulators the authority to close down a financial institution that has been convicted of a money laundering crime. It does not mandate that any institution be closed, but simply permits the agencies to act.

In making this decision, the agencies are to consider the degree to which senior management was involved in the criminal activity.

The idea behind this bill is to shut down those institutions that are so riddled with corrupt management and officers that simply punishing the individuals involved is not sufficient.

The bill also encourages oversight by shareholders in the institution, whose investment would be put at risk by the illegal activities of the bank officers.

The bill makes it easier to remove corrupt officers, directors, and employees from an institution for violation of currency reporting requirements.

At my suggestion, the bill was modified so that the agencies also have to consider the effect of closing the institution on the provision of credit and depository services in the community. We do not want to punish honest local businesses that depend upon the financial institution, for the crimes of bank officers or directors.

At my suggestion, the bill also requires that the agencies consider whether closing the institution will result in losses to the FDIC or RTC. It does not make sense to close down a bank or savings association in order to punish its officers and directors, if the action will result in losses to the insurance funds. In this case it would be far better to punish the individuals involved than to shut down the institution.

The bill also contains provisions to improve the ability to the Treasury Department to enforce the money laundering laws, and to provide additional penalties for the operation of an illegal money transmitting business.

The money laundering provisions are supported by the Department of the Treasury.

I might also comment on some of the expedited funds availability amendments. These amendments were suggested by the Federal Reserve in a report to Congress about the implementation of the Expedited Funds Availability Act.

They are intended to fix some technical problems with the sweeping, complex funds availability law that we passed in 1987.

The Expedited Funds Availability Act was passed in response to abusive check hold practices at small minority or depository institutions.

It struck me at the time it passed as overkill and the implementation of the law has not changed my view on this issue.

During the markup of the expedited funds availability amendments, the Banking Committee narrowly rejected an amendment I offered to retain the temporary availability period for local checks. The vote on this amendment was 11 to 10, and the closeness of the margin suggested to me that this issue should be revisited when the legislation came to the Senate floor.

I offered the amendment in response to a letter from Federal Reserve Chairman Alan Greenspan. He urged the Banking Committee to retain the 3-day availability for local checks, which was reduced to 2 days on September 1, 1990, when the permanent schedule under the Expedited Funds Availability Act went into effect.

The Board of Governors urged the Banking Committee to adopt the amendment because with the permanent schedule in effect, banks are exposed to fraud losses since they are now compelled to make funds available before they know if checks have cleared.

The letter from the Federal Reserve stated:

The Board is very concerned that depository institutions could be exposed to significant risk of fraud loss under the act's permanent availability schedule for deposits of local checks, which becomes effective in September 1990. Therefore, the Board urges the committee to adopt an amendment to retain the current availability for local checks in the permanent schedule. This affords institutions a reasonable opportunity to learn of the return of an unpaid check before being required to make funds available for withdrawal; the availability required in the permanent schedule provides no such protection.

The Federal Reserve also noted:

More than 75 percent of institutions currently provide availability faster than that required by law, and we expect that they will continue to do so if this amendment is adopted. This amendment is particularly crucial, however, to institutions that are most vulnerable to check fraud, due to the composition of their customer base, and which feel it necessary to place holds on their customers' deposits.

There is compromise language in the managers' amendment which addresses these concerns to some extent. After my amendment was defeated, I asked the Federal reserve for some suggestions for compromise legislation.

Most of the compromise ideas suggested by the Fed were unacceptable to my Democratic colleagues, but we have agreed on the following two provisions in the managers' amendment.

Under current law, the Fed can only suspend the availability schedule for checks if there is an unacceptable level of fraud losses. This amendment gives the Fed authority to modify the availability schedules if there is a significant increase in check fraud losses. This suspension is good for 60 legislative days and the Fed is directed to make recommendations to Congress.

If the Fed were forced to modify the availability schedule, it would be our responsibility here in Congress to act quickly within the 60 legislative days to fix the problem.

The other major provision in the compromise is that the GAO is directed to study the effect of implementation of the permanent schedule on

fraud losses in the industry and recommend changes.

This amendment does not completely alleviate the Fed's concerns or my concerns, but it is an improvement over simply letting the banks incur check fraud losses under the permanent schedule.

We are all concerned about the financial soundness of the banking system; it is vitally important to protect the banks and FDIC fund from losses. I felt that keeping the temporary availability for local checks was a simple and effective way to protect the banking industry from fraud losses without inconveniencing consumers, however, I am pleased that we have been able to reach some accommodation on this issue.

TRUTH IN SAVINGS

Truth in savings has been passed by the House and Senate several times, but never been signed into law. The last time it passed the Senate was in 1988 as title VI of the Proxmire Financial Modernization Act. When Senator DIXON and I reintroduced the Proxmire bill (S. 305) in the 101st Congress, truth in savings was again included.

Senator DODD also introduced a truth in savings bill, S. 307, at the beginning of the 101st Congress. Senator DODD's bill was the basis for this section of S. 3037.

This legislation ensures that consumers will be able to comparison shop for deposit accounts by standardizing the disclosure of the terms and conditions of these accounts.

While I do have some concerns about any legislation that increases the regulatory burden on the banking industry, I do not believe that truth in savings will be terribly onerous for the industry to comply with.

There is a provision in the managers' amendment which responds to a concern raised by the banking industry about a provision in the committee-passed bill which requires banks to mail out statements describing the terms and conditions of the account to all depositors within 6 months. This has been modified in the managers' amendment to require the banks to mail out a notice within 3 months informing their customers that such information is available if they are interested.

My friend from Connecticut, Senator DODD, has worked on truth in savings for many years, and I congratulate him on getting truth in savings through the Senate once again.

FAIR LENDING

An amendment may be offered to include the fair lending enforcement bill on the money laundering bill, although I believe that is probably not going to be the case.

The fair lending bill would mandate that the Comptroller of the Currency, and the other banking agencies, establish a separate consumer compliance program.

The bill would mandate a separate onsite consumer compliance examination of each insured institution at least once every 2 years.

Consumer examinations would be conducted by examiners who must specialize in these exams.

In a time when financial institutions are under stress, it makes no sense to mandate that scarce examination resources be devoted to consumer exams.

The lack of adequate financial safety and soundness examiners has been implicated in the savings and loan problem.

Why should we force the agency to conduct consumer exams at the expense of safety and soundness exams?

I do not believe we should micromanage the agencies. They need the flexibility to deal with all different types of problems and economic circumstances.

Mr. President, all things considered, the accommodations that were made in the committee, as well as in the manager's amendment—although I would like to have seen further changes—I think address at least somewhat most of my concerns and therefore I still support the passage of this bill.

We are in a situation where there have been objections to proceeding and that is why we are still on the motion to proceed and the bill is not before us. I believe that at this time my colleagues should be aware that there does not appear to be any objections to the bill. The reason that some of my colleagues do not want it to pass is that they are concerned about certain amendments, and that is still the case. I would prefer to pass the bill clean and get it over to the House of Representatives but at this time it appears that we cannot move forward until we get some assurance. There are a number of amendments that are possible hanging out there.

Mr. KERRY. Mr. President, I thank the Senator.

The PRESIDING OFFICER. Does the Senator from Utah yield the floor?

Mr. GARN. I yield the floor to the Senator from Massachusetts.

Mr. KERRY. I thank the distinguished Senator from Utah, and I appreciate what he has said, and I have communicated that same thought to colleagues on our side of the aisle. It is my belief that it is possible to try to work this out.

What I would like to do is take a few minutes, if I can, so that we could caucus together and perhaps come to that arrangement and then we could hopefully dispose of this legislation very quickly. So with that purpose in mind, I suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. MIKULSKI.). The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KERRY. Mr. President, I suggest that the order for the quorum call be rescinded.

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

Mr. KERRY. Mr. President, we have been trying to work out an expedited process here by which we can begin to move forward on this legislation. The distinguished Senator from Utah has been most accommodating, and I think would like very much to see this legislation go forward. Both of us agreed we would make an effort on both sides to reach an agreement whereby we would have no amendments on either side other than one group of amendments which had been agreed upon by the managers and by the committee members previously.

We have now cleared on our side of the aisle all amendments. There are no amendments pending on this side of the aisle; none whatsoever.

I am told by the Senator from Utah that he has no amendments that pertain to the money laundering and so forth but there remain some objections on the other side of the aisle to proceeding forward.

I would like to underscore the importance of this legislation. We have had an awful lot of rhetoric in Washington and around the country about the problems of the drug war. We are here now facing a potential budget agreement that involves taxes. We are talking about going back to our constituencies—some, anyway—and asking the average American to ante up money.

Here we have a piece of legislation, 406 to 0, not one objecting vote in the House of Representatives, not one objecting vote in the Banking Committee before it comes to the floor, and this legislation has the ability to raise revenue and to fight crime. Notwithstanding that, we seem to be delayed as people want to raise the ugly head of politics which sometimes gets in the way of doing business around here.

It seems to me, Mr. President, it is in the interests of the country and in the interests of this institution to step over those barriers and produce a piece of legislation that does some good.

We had an awful lot of talk on this floor about General Noriega for a long time. A lot of people do not like to be reminded about General Noriega. There was a period of time when an awful lot of people around here were pretty supportive of that fellow and what he was doing down in Panama. Then all of a sudden we began to discover what General Noriega was doing

with the banking system of this country, a bank in Florida by the name of BCCI which was subsequently indicted. Then we find BCCI, which has been laundering millions of dollars of drug profits, which was General Noriega's bank, situated in Florida, manages to walk away with a $14 million fine.

A lot of people said what is going on here? Are we serious about money laundering or are we not serious about money laundering? So the Banking Committee and others, after a long series of hearings examining the practices, came up with a tool to permit our banks to do a better job and to permit the law enforcement community to protect us against that kind of brazen corporate activity.

What we had in the BCCI case were bankers who, by admission in court, had a corporate policy of seeking out drug money. In point of fact, Mr. President, we have learned in New York and in other places of banks that have a similar policy. They would compete for certificates of deposit where people would put large amounts of cash in and there was competition among the bankers to get a particular drug dealer or dealers to deposit their funds there.

That is as serious an offense, Mr. President, as the drug dealing itself because it facilitates it. Without the safe harbor, without the safe haven for the money it is impossible for people to be able to make the profits or secure those profits advantageously, to launder them through the process and put them into the legitimate private sector.

Mr. President, this legislation has amendments of Senator D'AMATO, it has some important amendments which were put forward by Senator BIDEN on the crime bill previously, and it has some strengthening tools. It attempts to provide the law enforcement community with an important ability: To be able to punish and deter those who engage in that kind of activity.

If we have learned anything over the course of the last few years it is that the level of this particular activity threatens institutions themselves. If we look at what is happening in Colombia, the Colombian people are facing, day to day, devastation in their streets as a consequence of our ugly habit in this country. There is not 1 day that goes by that we do not read about a bank that has been bombed, a newspaper bombed, an editor killed, a Presidential candidate assassinated, children blown up. That happens as a consequence of drug lords who are able to filter their money through banks and hide it.

We are trying to provide a tool to the law enforcement community and the banking community to better police this process. The question has to be asked why it is that such a unanimously passed bill in the House of Representatives, such an unanimously passed bill from the Banking Committee itself, cannot now proceed.

In good faith the Senator from Illinois [Mr. DIXON] has agreed not to bring forward his amendments which were important with respect to fair lending practices. The distinguished Senator from Ohio [Mr. METZENBAUM] has agreed not to bring forward his amendments with respect to check cashing. So there are no amendments on this side of the aisle, Mr. President.

We are prepared with an agreement with Senator GARN to proceed with this, to voice vote it and to move this measure off the floor. I hope colleagues would think twice, and think hard, whether or not we can do that in order to improve the efficiency of the Congress and the efficiency of the Senate, and to produce a good product at this time.

I yield to my colleague from Utah.

The PRESIDING OFFICER (Mr. GRAHAM). The Senator from Utah.

Mr. GARN. Mr. President, I think this bill should be passed. With the amendments that have been made to it, it is a good bill and was passed unanimously by the Senate Banking Committee. Therefore on its merits I believe it should be passed and sent over to the House. It would be helpful in some of these illegal problems we have had in the financial services industry.

I am still hopeful we can clear it for passage this afternoon. There are some objections. That is why I have not been on the floor. I have been trying to work out some of those individuals' problems. I can assure the Senator from Massachusetts that I will continue to try to remove those holds and hope we can move the bill today.

Mr. KERRY. I thank the distinguished Senator from Utah and again I appreciate enormously his good faith efforts here, and I know he very much would like to see this moved forward, as I know Senator D'AMATO would.

There are some Senators who wish to speak, I believe, on the money laundering aspects of this who have told me they will be coming to the floor to do so. It seems to me, Mr. President, perhaps we could work it out in the meantime and proceed.

I am certainly prepared to talk for some period of time about the importance of the war on drugs and the importance of money laundering, particularly with respect to that war.

Needless to say, I have no reason to talk other than to try to press the importance of this bill. I would be delighted not to have to do so, but I am prepared at some considerable length to try to wage an effort to guarantee that legislation that is as straightforward and as important and fundamental to a complete drug war pass.

We have had a long struggle with the drug war in this institution. There was a bill passed a couple of years ago around election time which promised $2.7 billion would be spent on the drug war. Lo and behold, after everybody went home and ballyhooed about the drug war, we found out that only $500 million of that money was being spent.

I know as a prosecutor back in 1975, we were able to prosecute because we had $875 million that came from the Federal Government to assist us through the Law Enforcement Assistance Administation. It was only because of that money that a county like Middlesex County, where I was the first assistant district attorney, was able to, in fact, prosecute people. We were one of the 10 largest counties in America. We had 12,000 backlog cases. So $875 million was available.

Then here we were a year ago with the declaration of the war on drugs and we had only $450 million in 1990 money, one-half the amount of money in real terms but figuring 15 years of inflation, far, far less than that, notwithstanding the war on drugs.

Here we are today talking about a war on drugs. We have only 19 out of 100 addicts who receive treatment, Mr. President—19 out of 100 addicts. Instead of treatment on demand, we have the paucity of treatment to such a degree that people are left out in the streets spreading the word that nobody is serious.

Only 55 percent of the kids in America receive education about drugs, Mr. President. What happens to the other 45 percent? Are they the forgotten? Are they the ones whose addictions and problems are not going to matter at all? Obviously, these are serious questions about the drug war and this is just one part of it. Money laundering is one part of the drug war. If you are going to tell the people in America that we are serious about a drug war, then you have to evenhandedly spread the pain. We have not been spreading it evenhandedly. There are a lot of people who have been able to secure that money in banks, launder it through with impunity, reap the profits of the drug war and walk away, none more so than the few bankers who have engaged in that kind of illicit practice and the few people who have profited by it.

Here we are with a bill that can do something about it; a bill that can put some teeth into what everybody says is such a critical effort. The question is, will the Senate have the good sense to try to move forward on that, or are we going to become mired and sidetracked by other matters?

It is my hope that we will not, Mr. President, because I think that the American people are getting sick and tired of a Congress that postures and a Congress that pontificates but does

not come through and does not talk reality and does not talk the truth. That is what this is about. We can hear it all over the Nation right now, and we can hear it particularly with respect to issues surrounding the budget. God knows we have seen that in Massachusetts recently in the last couple of years.

People want us to do something. They want us to make things happen. They are tired of the petty political games that stop things from happening. When you have a piece of legislation that passes 406 to nothing in the House and unanimously from the Banking Committee and there is no one on the floor to make an amendment but there are these mysterious things that block it, one can only ask: Are people putting something ahead of the interest of the country? Are people putting something ahead of the interest of the drug war?

I suggest the answer to that may be fairly evident. I hope not. I hope we can move forward on this, Mr. President, As I say, I am prepared to talk at considerable length.

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

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

Mr. DANFORTH. Mr. President, are we in morning business?

The PRESIDING OFFICER. We are currently on the motion to proceed to S. 3037.

Mr. DANFORTH. I ask unanimous consent to proceed as though in morning business.

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

THE BUDGET

Mr. DANFORTH. Mr. President, for a part of my Senate career I used to go back to my State and make speeches to Rotary clubs and Kiwanis and the like about the great difficulty of dealing with the Federal budget. After while, I decided that surely there were better subjects to talk about. Every time I would speak about the budget, it was very much like knocking the audience over the head with a club; people would either go to sleep or they would get very angry about the speech. So I decided that there must be better things to talk about than the Federal budget.

That was back maybe 4 or 5 years ago and, of course, matters have become much more urgent since those days. Now, because of the agreement that was reached last weekend among the summiteers, the issue of the budget is necessarily back before the Congress.

Yesterday, at a press conference, Senator BOND and I and Congressman TOM COLEMAN from the northwest corner of our State of Missouri announced that we were going to support the agreement on the budget.

Last night, the President made an appeal to the American people to contact Members of Congress and express their support, and I have received numerous phone calls already today. Total calls to my offices, both in Missouri and Washington as of about an hour or so ago, were 75 calls in support of the President, 280 calls in general opposition to the budget agreement and then, in addition to those 280 calls of general opposition, 233 opposed to any cuts in Medicare benefits, 73 opposed to the gas tax, 34 opposed to any more taxes at all.

About the only constructive suggestions were 4 calls suggesting that we cut congressional pay, and 19 suggested that we cut foreign aid. Of course, if we cut congressional pay to zero—and I am sure that there are a number of my constituents who think that is about what my services are worth—that would be a tiny fraction of 1 percent of the budget deficit. Foreign aid, last time I looked, accounted for something like 1.5 percent of the total budget.

I wish I could tell my constituents that there was some easy way to deal with the budget deficit. After all, politicians like to be popular, and the way to be popular is to tell people what they want to hear. What people want to hear is that we can deal with problems without causing any kind of pain at all. We do not have to raise taxes. We do not have to cut popular programs. All we have to do is cut congressional pay, cut foreign aid, or put in place the Grace Commission reports, which, of course, do amount to very substantial cuts for popular programs—something that does not require anybody to do anything.

I would only say that if there was an easy answer, I would have found it. Like all politicians, I do not relish telling people what they do not want to hear. If there was any easy answer, the budget summiteers would have found the easy answer. They met over a period of 150 days, and finally, literally on the eve of a budget sequester, they came up with their compromise program. Everybody hastens to say, "Well, we hate that program." We do. Everybody does. Nobody likes any part of it.

But if the budget summiteers cannot come up with any better program after 150 days of negotiation, who is going to come up with some better mix now? Are the summiteers supposed to go back to the summit? Are we supposed to write something on the floor of the U.S. Senate? Who has the plan?

The answer is that if it is not this plan, it is not going to be any plan at all, and we are going to be left with two alternatives. One is sequester, and there has been much comment about the practical effects of sequester. If people do not like the budget agreement, just wait until they get sequester.

Or, in the alternative—and I would say this really is the most likely alternative—we end up getting rid of the whole sequester process, finessing that, not putting in place the summit's agreement on the budget, and simply running up the score on the Federal deficit. That, I think, Mr. President, is the most likely thing that we will do.

Will the country collapse if we do that? No, it will not. Will we suddenly see some disaster fall? Well, maybe the stock market will collapse again as it did in 1987. But basically, people will still wake up in the morning and eat their breakfast, go to work, and go to bed at night.

I do not think that a failure to do anything will cause some immediate disaster as though we had fallen off a cliff. But I think if that really is going to be the decision—that anything is too painful, and therefore we should do nothing at all—the effect is that the country is going to get weaker and weaker and weaker and weaker and weaker, that America is no longer going to be a preeminent force in the world, that our economy is going to be shaky month after month, year after year, that job opportunities are not going to be provided for our children, that we are going to become progressively even less competitive with the Japanese or with united Germany or other parts of the world.

Somebody once said that running constant budget deficits is like eating arsenic. It does not kill you all at once; it just makes you weaker and weaker.

Well, we can turn down this budget package, and it may well be that we will. That appears to be the popular thing to do. But it is worth noting that there is a cost for doing so. The cost is that America will be a weaker country in the future than it is today, and our children, instead of inheriting from us a legacy of strength in which they can take great pride, will instead inherit a legacy of debt and a legacy of constant trade imbalances, and a very precarious economic situation in which their prospects for better jobs and better opportunities are much less than they are today.

Mr. BOND. Mr. President, I ask unanimous consent to proceed as if in morning business.

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

Mr. BOND. Mr. President, I want to join my distinguished senior colleague. We have received the same kind of mail, the same kind of response to the

budget agreement. People do not like a lot of things in it. Many people have not been well informed by the media, and a good portion of my calls are objecting to the fact that Social Security COLA's are being cut, and they are not. Some of them complain about taxation of Social Security benefits. That is not being changed in this budget agreement.

But clearly it is not overwhelmingly popular, even though the President went on television last night, and he was joined by our distinguished majority leader, to say why a budget agreement is necessary. When I campaigned for this job in 1986, I told the people of Missouri that somebody had to go to Washington to make some tough votes on the budget, to get the deficit under control, to do something about our continually increasing problem of spending money that we did not have. I told them that there were not any easy answers but that the future of this country and the future that we leave to our children depends upon whether we really can make some tough decisions, whether we can do something about the budget.

I have to tell you that in the 3½ years that I have been here I have been underwhelmed by the ability of this Congress, this body, to do something tough about the budget. We have done a lot of smoke and mirrors. We have ducked the hard choices. As a result, our economy has grown weaker and our Government has been brought closer to the brink of failure. Congress, too often, has been unwilling to make the needed reforms to implement the needed discipline to make sure that we just balance our checkbooks.

Well, finally, after much laboring and much effort, the summit negotiators have come forward with some tough medicine. I can tell you that it is easy to find things that you do not like in it. I am not excited at all about using the gas tax for deficit reduction. I think it should be used for building roads. I do not like to put the burden on seniors who depend on Medicare. I do not think it is right to single out agriculture, prior to a successful GATT negotiation, for a $13 billion cut. And I do not think it is fair to double the tax on beer.

Mr. President, we all know if easy answers would have done the job it would have been done long ago. I do not think this country or our economy can continue to go down this road where we do not exercise some discipline. We cannot stand more months of uncertainty, political paralysis, while we try to find some alternative.

I am not as optimistic as my colleague. I think if we do not do something, we will not only see a significant downturn in the stock market, but we will see interest rates shoot up as the international market has this weekend confirmed one more time if we are not able to balance our budget, and the costs will escalate at an escalating rate that we may never be able to get hold of.

We cannot afford to put off this package any longer to try to make an incremental improvement in it. Sure, you, Mr. President, or I, or any of us could probably write what we would consider to be a much better program. But the fact of the matter remains that, for the first time since I have been here, this plan includes some very tough discipline for the budget process.

Under it the projections are, by 1995 spending will decline, Federal Government spending, by 18.2 percent of our gross national product, the lowest level since 1966. That compares to 22.6 percent today. Under an agreement, for the first time, there will be a budget agreement with absolute spending caps for 5 full years. The OMB, at the direction of the President, will have the authority to cut spending anytime during the year, if Congress should exceed those caps. Any new spending that we adopt—and I am sure there will be new ideas that will come along—can only be adopted if we pay for them at the time we adopt them. Social Security surpluses will no longer be used to mask the size of the deficit, and there will be additional protections against raiding the Social Security funds.

There are those who do not like specific parts of the program. To them I say, if you want to go back to the table, as far as my State is concerned, it would be a lot worse to have a 25-cent gas tax increase; it would be a lot worse to have an 80-cent increase in the beer tax; it would be a lot worse to cut out agricultural programs entirely, and it certainly would be a lot worse to start messing around with Social Security.

On the other hand, if we try to do those things and fail, as I am sure we would, then the cuts that sequester would bring would be, I think, even worse for the people of my State and the people of this country. Farmers would face a 40 percent cut in their deficiency payments, 40 percent in CRP payments, and meat and poultry inspection would be shut down for 140 days. Our war on drugs would grind to a halt, and 1.2 million college students would lose their grants. I would hope that those who decide to fight this package, whether it is for special interests or their own ideas of the interests, realize that these are the real choices and not some utopian package that cuts the budget without any pain.

The people of our State will suffer greatly from continued stalemate and uncertainty. I really do not think our economy can sustain further delay by Congress in dealing with this very real problem.

Last night, I was most impressed that the President went forward, as many of us urged him to do, to sell the package. And he put his prestige on the line on national television. He asked the American people to join him, and he explained it. I think that we will be able here to get the votes on our side of the aisle, but this is a two-way street.

Mr. President, this morning I read in our St. Louis newspaper a headline story about the chairman of the budget negotiations, the one who led the discussions, the man who conducted the negotiations for the deal. He is quoted to have said, "I detest it; I think it is wrong."

Mr. President, when the President is asking Americans to, in a bipartisan effort, sacrifice for their future, and his partner in those negotiations is saying, "I think it is wrong," I think we have to pull together on both sides of the aisle, on both sides of this Capitol, to take the difficult medicine and to adopt the tough measures that we must, to save our economy, to put us on a path or responsible spending, so we can get about solving the many other problems this Nation faces.

I want to commend the budget summiteers. At one time, I would have loved to have been there to have had a say in it. On the other hand, I know how different it was for all of them. They have crafted an ugly duckling, but it is the only duckling around. It is something that we have to take. I join with my colleague in saying that I am committed to supporting it. I hope we can develop the support we need in this body, and in the other body, because it is essential to the future of this country and, more important, to the future of our children.

Mr. President, I yield the floor and suggest the absence of a quorum.

Mr. BUMPERS. Will the Senator withold that?

Mr. BOND. Mr. President, I told the floor managers I would seek a quorum call, and I suggested the absence of a quorum, subject to whatever action the floor managers wish to take.

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

Mr. BUMPERS. Mr. President, I wanted to ask permission to proceed as if in morning business, but I see both floor managers on their feet. I do not want to impede the progress of the bill, if progress is about to be made.

Mr. KERRY. Mr. President, we hope we are still making progress, and the Senator from Arkansas would in no way impede that progress. We look forward to his counsel and wisdom.

The PRESIDING OFFICER. The Senator from Arkansas.

THE BUDGET AGREEMENT

Mr. BUMPERS. Thank you very much, Senator.

There are going to be an awful lot of speeches made on this Senate floor in the next few days, when the budget resolution embodying the budget agreement comes over from the House of Representatives tomorrow or Friday. I will speak further on the resolution at that time but I thought I would seize this opportunity, because I happened to be on the floor, and the pending bill is not making very much progress. I thought I would make a few comments from my own standpoint about the budget agreement.

I speak, obviously, for myself only, as a Senator from the great State of Arkansas.

Mr. President, that brings me to my first point, and that is, how does the budget agreement and the budget resolution affect my State of Arkansas?

Well, first, I would like for my colleagues to know that Arkansas is No. 2 among the 50 States in the percentage of its population over 65. We are just barely behind Florida in that category. We all know what this agreement does to Medicare.

Second, Arkansas is an agricultural State. We are not as dependent on agriculture as we once were, but we still consider ourselves to be an agricultural State. When you include the poultry industry, where my State is No. 1 in the Nation, agriculture is a very big item indeed. It is said in my State that one out of every 10 people in the State work in the poultry industry or some related part of it. We all know what this agreement does to agriculture.

Third, Arkansas holds the distinction—not a proud one—of being the highest consumer of gasoline per vehicle in the Nation. We all know what this agreement does to energy costs, especially gasoline.

Having given you those three statistics, you do not have to be a rocket scientist to know where I am leading in this discussion.

Medicine, agriculture programs and energy costs are the three categories that the budget agreement devastates in my State. A 12-cent gasoline tax, over a 5-year period, will cost Arkansas $1 billion. Mr. President, that is three times the entire budget of the State when I was Governor. It is not now quite enough to run my State for 1 year, but I can tell you that a $1 billion tax increase, for a State that ranks about 47th in per capita income, for gasoline taxes is devastating.

For the roughly 2 to 3 percent of the people in my State who make over $100,000 a year, it will simply be an annoyance, or maybe not even that, maybe not even an inconvenience to pay this tax. But for working people it is about $150 per year.

Senators make $100,000 a year, and I cannot help but notice that in this budget agreement our income category is not asked to make a single sacrifice that we will really feel. The gas tax will affect me, but not like it will affect someone in my State who commutes 60 miles each way into Little Rock to work.

So you are looking at a relatively poor State, and you are saying we want $1 billion in additional taxes from you over the next 5 years. Mr. President, that is a staggering sum of money in my State and it's only one part of this budget agreement.

Then this agreement says that if you receive Medicare, your deductible is going from $75 to $150 and your premiums for part A and part B are going to go up. That increase is $30 billion over 5 years. Think of the impact that has on a State that is relatively poor, but has a very high percentage of elderly people relying on Social Security and Medicare.

We have five rural hospitals in my State just barely hanging on. We have already lost eight hospitals in the last 3 or 4 years, rural hospitals, and we have five more struggling to stay open. The other $30 billion to be saved in the Medicare provisions in the budget agreement come from what they call provider benefits. In other words, we are going to reimburse doctors and hospitals less for the services they provide to Medicare recipients.

Mr. President, the five hospitals in my State that are barely hanging on, if you do not pay them more rather than less, they may go under. But it is almost a certainty that they will go under under the provisions of the budget agreement.

I mentioned agriculture a moment ago, Mr. President. It is now anticipated that the budget resolution will cut Commodity Credit Corporation payments by $13 billion over a 5-year period and that represents 24 percent of the total that would otherwise be spent. If that were the whole story, that would be bad enough. Unhappily, it is only half the story, because the farm bill that the Agriculture Committee is in conference on with the House right now had already provided for a 20-percent cut in those very same programs.

So, Mr. President, if we adopt the conference report that is going to come out of the Agriculture Committees of the two Houses, and the budget agreement you are talking about, a huge, and unprecedented 44 percent cut in agricultural programs. And for a segment of farmers in this country in my State, for example, you cut their agriculture benefits by this amount, and you can just say "adios amigos" to a lot of them. I can tell you it will be devastating to agriculture in my State, and every other State that has a heavy dependency on agriculture.

As I rode to work this morning, I thought, "why is it I am always being asked to sacrifice my values and my principles in the U.S. Senate?"

I want to use that old Patrick Henry quote, "is life so dear or peace so sweet," that I just have to jump in the tank on every compromise that is reached around here hoping that the people won't say "it is Congress' fault."

I want to say to my colleagues on both sides of the aisle the President's finger is longer than anybody's in this town. When it comes to finger pointing. You cannot even stay in the same league with the President when it comes to blame placing. He can command all three networks on a moment's notice. When he walks into the rose garden and coughs, it is front page news. And a Senator can stand on this floor and squeal like a pig under a gate all day long, and you will not see a word of it quoted on the networks or in the press.

Sometimes when I go out and deliver a speech at a political function, somebody will come up to me—I do not mean this to be self-serving Mr. President—and say: "Senator that was a fine speech. You expressed my feelings totally. Why aren't you and other people in the Senate saying that?"

You have to be kidding. That is what I have been saying here for 16 years, at the top of my voice. But there is not one single Senator here, not the majority leader, not the minority leader, the whips, nobody is even in the same league with the President, when it comes to getting the attention of the press and the American people.

When it comes to blame placing, you know, Mr. President, there's a real temptation for the chief executive officer to jump on the legislative body.

When I was Governor, as the presiding officer was also, it was just a given, that any time I wanted to go up in the polls, all I had to do was jump on the legislature. Everybody loved it and I used to do it occasionally, not as often as this President jumps on Congress, but I did it occassionally.

What do you think the American people thought last night after they heard the President's address? No specifics. You did not hear that the deficit is going to go up a trillion dollars more over the next 5 years under this agreement. You heard it said that we are finally dealing with the deficit and this is the final fix. You did not hear, for example, if you make between $20,000 to $50,000 a year, your taxes are going to go up over 3 percent. If you make under $10,000, your taxes go up 7.5 percent. But if you make over $200,000 a year your taxes are going up much less. The New York Times says three-tenths of 1 percent, and others say 1.7 percent. You did not hear that last night.

You heard last night, that if we do not pass this budget agreement, which

supposedly cuts the deficit this year by $40 billion—the year that started Monday, October 1—we face an economic disaster.

Do you want to analyze that a second? Listen. The deficit in 1991, counting Social Security trust funds and other trust funds, is going to be $430 billion. I repeat, $430 billion. That is twice as high as the biggest deficit ever in the history of this country.

Now, if we pass the this budget agreement, the deficit this year will be $390 billion. It's being said that a $40 billion cut in the deficit this year—if we do not reduce the deficit by $40 billion this year, we will have an economic disaster. If you do not reduce the deficit from $430 billion to $390 billion you will have an economic disaster.

That's nonsense. Not that we may not have an economic disaster, but that a $40 billion, or 10 cut will avoid it. The stock market had headed south long before Saddam Hussein invaded Kuwait. The market headed south a long time before that for totally different reasons, the budget deficit being one of the major ones.

Mr. President, let me make one other observation here about this budget resolution. Have you looked at the economic assumptions on which this agreement is based? You ought to look on parge 41 of this budget proposal. I think this table came from the Office of Management and Budget. I am not sure. Here are some of the economic assumptions and I invite you to listen carefully. In order to claim a $500 billion savings over a 5-year period of time, as does this budget resolution, interest rates in 1993 would have to be 4.9 percent, and in that same year the economic growth rate has to be 4 percent. Four percent is a fiery growth rate. Believe you me, I would like to believe we were going to be growing at a 4-percent growth rate with 4.9-percent interest rates. But bear in mind, that if we grow 3 percent, which is also a very respectable growth rate, instead of 4 percent, you can add $38 billion to the deficit figure, or rather reduce the $500 billion reduction in deficits by that amount.

Who here believes that 2 years from now interest rates will be 4.9 percent? How long has it been since you have seen an interest rate like that? The last time was when I bought my little house in Charleston, AR, 28 years ago, when I borrowed money on my home at 5¼ percent.

But in 1994 things are supposed to get even much, much better. Interest rates are going to be 4.4 percent. And the growth rate is going to be 3.7 percent.

I could go on and on with these economic assumptions, but there are not 10 people in this body naive enough to believe those estimates, and the whole agreement is based on them.

Mr. President, getting back to the war between the President and the Congress that seems to never end, sometimes I get asked a question, and I always welcome the question, "Why can you not do this, and why can you not do that, and why did the budget negotiators not do a lot better job?"

Let me ask first, "Why did they not come up with a much greater deficit saving." And, No. 2, "Why did they not tax the wealthy in the country?" How is it that the richest people in this country get off Scot-free under a proposal like this?"

Well, I will tell you how that happens. There are 535 Members of the U.S. Congress and the President only has to have the support of 34 of those 535 Members to get his way on anything he wants. Why? Because it takes a two-thirds majority of both Houses to override a Presidential veto. There are 100 Members of the Senate. Therefore if 34 Senators vote to uphold a Presidential veto, it is upheld. It makes no difference if all 435 Members of the House and 66 Senators have voted to override the veto. As long as 34 good, true, solid Republicans and Democrats in this body vote to sustain the veto, it is a done deal. The President wins.

Our negotiators went to the budget negotiating table because the President said, "Everything is on the table, everything is negotiable." And I must say, there are not 5 men on this side of the aisle in the U.S. Senate who have more respect and administration, at least from this Senator, than our negotiators at the summit. They did the best they could do. These negotiations went on for over 140 days. Then you look at the budget agreement that comes before us and you wonder, where did there idea come from since everything was supposed to be on the table? It seems to me nothing was really on the table, unless the President decided it was on the table.

There is a provision in here that says if you invest $200,000 in a small business—and small is defined as being worth $50 million—you can deduct $50,000 of it that same year. Now I think that provision is going to die regardless of what happens to the budget agreement. It is truly outrageous.

Mr. President, I guess the two things I object to more than anything else, and despite the devastation this agreement would do to my State, the two things that I resent more than anything else about this budget agreement, is its lack of fairness and the failure to deal with the deficit problem.

What kind of nonsense is it, Mr. President, when people who make less than $10,000 a year get zapped with a 7.6-percent tax increase under this proposal, and for the people who make over $200,000 a year, counting even the limitation on their itemized deductions, it is only a 1.7-percent increase. People who make $20,000 to $30,000 a year—and that is typical in my State—get an increase in taxes of 3.3 percent, and U.S. Senators, according to this, get only a 1.9-percent tax increase.

Mr. President, the people in this country who make over $100,000 a year will never know this budget agreement went into effect. If you drink liquor, beer, wine, smoke cigarettes, and you make over $200,000 a year, you are going to keep on smoking and drinking. I can tell you for other people it will make a difference. They won't drive as much, and they will make other lifestyle changes.

But what bothers me is that the people of this country who are best able and can afford to help us reduce this deficit, are called on for virtually nothing.

The second thing that I resent about this budget agreement, Mr. President, is it does not go far enough. We are going to be right here next September making these same speeches, these same arguments, about the terrible deficit crisis. No wonder people are cynical. It is difficult for me to believe that the President said what he did last night, that this agreement is the final solution to the deficit. It is no solution. And such as it is, it is palpably unfair.

Mr. President, I have a lot of other things that I will talk about in the coming days about this agreement. But I can tell you that I agree with a column I saw in the Washington Post this morning by Hobart Rowen. He said he initially thought this agreement was better than nothing. And at first was inclined to agree with him on that. I have really been laboring in my own mind: Is it better to vote for something like this in the knowledge that it will do something, even though it comes out of the hides and skins of the people of this country who can least afford it. Is it better to vote for that and do something, or is it better to cling to your values and your principles and say we can do better? Surely, an alternative can be presented to this body.

I do not believe, Mr. President—I may be wrong—but I do not believe the President when he says "I will veto anything else." There are 16 major points in this document that the summiteers agreed to. We have to have a budget resolution finished here by midnight Friday night or a sequester takes place. The resolution is not amendable. The agreement says their resolution has to be passed exactly the way it came back here from the summit. It is as though 95 of us in the Senate do not have any ideas. We are presented with a fait accompli that

says do not touch it, don't uncross a "t," do not undot an "i," because the President says it has to be his way or not at all. You have about 525 of the 535 Members—who were not negotiating this agreement deficit, who might have a few pretty good ideas on this but they will not get a chance to express them.

And then if we pass the budget resolution, the budget reconciliation process begins and we have to vote on that by October 19. Amendments will be in order then. But then under the 16-point agreement of the summiteers, no matter how good an idea you have, no matter if you want to add another $40 billion in deficit reduction, another $300 billion in deficit reduction over the next 5 years, do not think about it, do not even try it, because the President says he will not accept it. Everything must be exactly the way it came back here where 10 people negotiated it. It cannot be changed one iota, for better or for worse. The reconciliation process, once we adopt the budget resolution, has to conform totally to what the summiteers agreed to or the President will veto it.

I hate to be strident about the President. I just do not understand this. It just absolutely chills me to the marrow of my bones to think about this great country, which I love so much and the future of my children who are absolutely everything to me as they are to you—to believe that this is the best we can do. When the people of Arkansas and America sit around the dinner table in the evening and talk about what they love most, it is not that Mecedes in the driveway, it is not the farm out back, or that posh office downtown, or those two station wagons or a boat in the driveway, it is their children.

If we really love our children and we are concerned about the future of the Nation which we all love and we are concerned about their future, their health, their education, their environment, why do we not do here on the deficit what we know we have to do? Why are we trying to finesse this monumental problem one more year when at least 80 Senators in this body know we will be right back here next year fighting the same battle. What about the President, who told us in January the deficit this coming year would be $64 billion and now it is up to $430 billion? What about Budget Director Dick Darman coming out time and again saying, "We miscalculated." Think of the President's assertion in January that the deficit would be $64 billion in 1991—and now we know it's going to be $430 billion and he says he's tired of Congress' phony figures.

You do not have to be a rocket scientists to read this budget document and know what it does to the country—or, rather, what it does not do for the country.

So, Mr. President, I am hoping that something will happen. I do not know what it will be. Maybe the House will send us a substitute budget resolution and we will get a chance to at least offer the Members of the Senate a chance to really bite the bullet; instead of reducing the deficit next year $40 billion, I think we can double that. And we could balance the budget in just years, but not with deceit and happy talk. Unfair as this budget is, I might find it in my heart to vote for it if there were another $30 billion or $40 billion in there and being paid by people who can afford it. I might support it if we were reducing the deficit by $700 billion or $800 billion over the next 5 years instead of by $500 billion.

You know the old saw about "Oh, you cannot do that because it will shove us into a recession." I am not sure we are not already in one. But that old argument that you cannot tax this and you cannot tax that because you will shove us over the edge and we will go into recession. I concluded a long time ago that is just another saw to keep people from paying higher taxes and absorbing spending cuts.

I can tell my colleagues that we can find a lot more deficit reductions in a lot of places where nobody would be seriously effected. But this resolution asks entirely too much from people who are going to be seriously and adversely effected.

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

The PRESIDING OFFICER (Mr. BINGAMAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MONEY LAUNDERING ENFORCEMENT AMENDMENT

MOTION TO PROCEED

Mr. D'AMATO. I assure my colleagues, I will yield the floor at any time they request. I would like to make a statement as it relates to the money laundering bill, S. 3037

Let me say I rise in strong support of this legislation. This legislation has come about as a result of a number of years—not 1 hearing, not 2 hearings, not 6 hearings, not 10—but a number of years of intensive work. It has been my privilege to have the opportunity to work with Senator KERRY, going back on the money laundering and the problems attendant to that, to the days when Manuel Noriega was having his army help bring millions and millions of dollars into banks. It goes back some years ago. We held exhaustive hearings.

Now it is time to go after those who would use their establishments, their banks, for the same. One of the important elements of this legislation is the fact that banks could have a revocation of their charters after a hearing and after due process.

Title 1 of this bill addresses this. It was a major point, I believe, in attempting to set the record straight that the financial institutions of this country have a very real obligation to do something and not simply say, oh, well, it is too costly, it is too much paperwork, et cetera.

So I commend the Senator for his work, for that section which deals with money laundering as it relates to the financial institutions, and lets them know there are real penalties for that kind of flagrant abuse of the authority they have. And their charters should be revoked. It should not be just a penalty, if they willingly allow these kinds of activities to take place. Mr. President, for too many years we had far too many financial institutions doing just that.

I have spent a good deal of time on this bill because we have billions and billions of dollars today that are being laundered in many of our urban centers—in my great city of New York. There are hundreds and hundreds of money laundering centers. There are the wire transmitter centers, many illegal, because we have not set about to see that there is a sufficient punishment. Indeed, the State laws against not being chartered or properly registered bring about just a misdemeanor and consequently the Federal Government is not going to pursue a case where there is just a misdemeanor. We do not have the resources to do it.

One of the things this legislation does is it establishes this to be a Federal crime, a felony, so consequently maybe it will attract the kind of attention it should. If we want to stop the money laundering, which I think goes right to the heart of the drug problem, get at the money. They say, "Follow the dough." Here is an opportunity to follow it, to get it, and to get those people who are busy transmitting it.

There are sections after sections of this bill that the entire committee has worked on dealing with governments, dealing with wire transmitters.

I read, with incredible amazement, that our colleagues in the House of Representatives just learned through hearings that there are virtually thousands of people who do not follow the money-reporting requirements as they relate to cash transactions. I am amazed they just are finding that out now.

Of course there are certain things we all just find out. Maybe we should commend them for making that admission. Maybe we should say how is it that heretofore there has not been a greater awareness of the kinds of

problems attendant with dealing with the drug epidemic and attacking it. And we attack it by going after the money launderers. That is one of the ways of doing that.

I commend the chairman of the Banking Committee, Senator RIEGLE, for incorporating into the committee bill virtually all of S. 2651, the Money Laundering Enforcement Act, which I introduced on May 17. Why is this bill so important? Because, as the Treasury Department reported on October 31, 1989:

Worldwide gross drug revenues are estimated to be $300 billion. Illegal drug revenues in the United States are estimated to total $110 billion. Estimates are that only 20 percent of the money generated from narcotics trafficking goes to the cost of goods sold, with 80 percent available for profits. These profits are used to finance other narcotics and criminal activities, and acquire legitimate businesses. * * *

Illegal funds are being transferred from or to the United States and "cycled" through intricate money laundering schemes involving international payments, particularly wire transfers.

One recent case shows how extensive and sophisticated—how internationalized—money laundering has become. This case has come to be known as Operation Polar Cap. When the Attorney General and the Secretary of the Treasury announced a new phase in this investigation on April 17, 1990, they stated:

173 banks in 23 States have been ordered to produce records of more than 754 bank accounts into which nearly $400 million in illegal Colombian drug profits were deposited.

Phases I, II, and III of Polar Cap showed that drug sale profits over $1 billion were laundered through New York banks into foreign accounts controlled by the Cartel, mostly in Panama, Uruguay and elsewhere.

Through investigation of these New York and other U.S. accounts, formal requests were made to the governments of Colombia, Panama, Uruguay, Luxembourg, Switzerland, United Kingdom, Canada and Austria for records of accounts believed to be under the control of the Medellin Cartel.

Hearings held by the Senate Banking Committee on November 1, 1989, and May 18, 1990, documented the fact that drug dealers have been laundering billions of dollars not only through our banks, but through illegal storefronts, exchange houses along the United States-Mexico border, and a host of other financial institutions.

The illegal money transmitters operate with complete contempt for the law because the current law enforcement effort is totally inadequate. As one witness testified before the Banking Committee:

There aren't enough of us to go around. And the State Police and the Attorney General's Office basically have the same problem.

We need this bill because, as the director of special investigations for the New York State Banking Department testified before the Banking Committee:

As banks became more sophisticated in reporting currency transactions, drug dealers became more creative and began to rely increasingly on unlicensed and illegal money transmitters, on check cashers, and on money order vendors, all users and sources of huge amounts of cash. * * * It is primarily the unlicensed money transmitter who provides the best means of laundering money and is most often used to structure illegal transactions.

On November 15, 1989, then-Assistant Treasury Secretary for Enforcement Salvatore R. Martoche testified before the House Banking Committee:

Investigations by law enforcement authorities show that wire transfers increasingly are becoming the method of choice to launder money.

In an April 28, 1989, submission to the drug czar, the American Bankers Association stated:

Wire transfers, which are essentially unregulated, have emerged as the primary method by which high volume launderers ply their trade.

A September 25, 1989, article in the New York Times, entitled, "Unassuming Storefronts Believed to Launder Drug Dealers' Profits" quotes State banking regulators as saying that storefront money-transmitting operations are sending billions of dollars to drug dealers in South America and Asia.

As the House Banking Committee notes in its report (No. 101-446) on its money laundering bill:

Certain states have recognized a need for more effective regulation of these businesses, but most states have yet to act. Those who have required some form of licensure usually have little manpower available to properly supervise and monitor the activities of these business establishments.

S. 3037 does not solve these problems completely, but it does very significantly increase the Federal role in combating money laundering, both by wire and other transfers, and by unregulated financial institutions.

I urge my colleagues to give this bill their full support.

DETAILS

Among the bill's key provisions are those that: require Treasury to issue regulations by July 1, 1991 requiring that depository institutions—banks, saving associations, and credit unions—identify their nonbank financial institution customers—money transmitters, check cashers, foreign exchange dealers, issuers and redeemers of traveller's checks, and casinos; provide that Treasury will provide a list of such information to State supervisory agencies for supervisory purposes, because, as many witnesses testified before the Banking Committee:

It is the sharing of information that is crucial in the battle against drug dealing and money laundering;

Makes it a Federal crime to operate a money transmitting business in violation of State law; authorizes Treasury to issue rules requiring financial institutions to have stronger "know your customer" procedures.

While the Treasury Department already has authority to impose special reporting rules on financial institutions in certain geographic areas—for example, they can be required to report cash transactions of less than $10,000—this bill prohibits financial institutions from telling customers they are subject to geographic targeting.

Where the House bill (H.R. 3848) only requires record-keeping regulations for domestic depository institutions making international fund transfers, S. 3037 also requires Treasury to issue record-keeping rules for international fund transfer orders made by money transmitters and check cashers.

S. 3037 permits a Government agency to transfer, without customer notice, financial records to the money laundering investigations divisions within the Treasury Department, including the Financial Crimes Enforcement Network [FINCEN], for criminal or investigative purposes and with a written certification by the transferring agency that the records may be relevant to a violation of Federal criminal law.

S. 3037 also contains an amendment I offered at the Banking Committee markup in July requiring the Treasury Department to report to Congress in 90 days, after consultation with the Department of Justice and Drug Enforcement Administration, on the advantages and disadvantages of changing the size, denominations, or color of U.S. currency, or of providing that the color of U.S. currency in circulation in foreign countries shall be of a different color than currency circulating in the Unites States.

A number of proposals have been suggested in reference to the issue of changing currency.

DRUG ENFORCEMENT ADMINISTRATION PROPOSAL

The DEA, in a December 12, 1989, letter to the Department of Treasury, asked for consideration of printing two distinct forms of currency, one to serve as legal tender exclusively in the United States and the other form for use outside the United States.

The two forms would only be interchangeable at a U.S.-controlled financial institution. The effect on the drug trafficker, according to DEA, could be potentially devastating. Any U.S. currency smuggled out of the United States would be rendered worthless.

DONALD REGAN PROPOSAL

The former Secretary of the Treasury, in a September 18, 1989, New York Times article, advocated a similar idea. His suggestion is as follows: To get at the cash dealings of drug wholesalers, retailers, street pushers, we should print new $50 and $100

bills—either of a different color, or size, than the current ones.

With only a 10-day warning, we should make all $50 and $100 bills obsolete—no longer acceptable as legal tender. Everyone would have to exchange their large bills for new ones.

Banks and other financial institutions would have to keep a record of any cash transactions over $1,000. Reports would be furnished to the Comptroller and IRS by name and taxpayer identification.

Any drug money uncovered could go to financing our war on drugs, including money for treatment of addicts.

Honest, law-abiding citizens would have nothing to fear if we made such changes, but drug dealers and other criminals, who fail to pay billions of dollars in taxes, would find their illegal profits subject to seizure by the Government, because people turning in large amounts of old currency for new bills would have to explain where they got so much cash. Explaining that would be impossible for most drug dealers and other criminals evading taxes.

A LEAP FROM MADMAN TO MADMAN

Mr. D'AMATO. Mr. President, seeing there is no one here who would like to speak, let me take, while we are not in active pursuit of legislation, the opportunity to read into the RECORD a statement which I submitted to one of the great newspapers in our country dealing with the Middle East.

We go from crisis to crisis, but some things never change. I hope maybe things will change.

This piece is entitled, "A Leap From Madman To Madman."

I address this in the form of a narrative, but there is a question.

Don't we ever learn from history? We embraced Saddam Hussein and Iraq in order to stop the Ayatollah Khomeini, following the proverb that "my enemy's enemy is my friend." We turned a blind eye toward Hussein's use of poison gas against Iran and against Iraq's own Kurdish minority.

Are we now prepared to turn a blind eye toward Syrian President Hafez Assad's cries against humanity—and against Americans? Syria hosts the Popular Front for the Liberation of Palestine—General Command, Ahmad Jibril's notorious terrorist group. This group is reportedly the leading suspect in the December 21, 1988, bombing of Pan Am Flight 103. That attack killed 270 innocent people, mostly Americans who were flying home to be with their families during the holidays.

Have we forgotten the terrible 1983 attack against our U.S. Marine Corps barracks in Beirut that killed 241 of our boys? The attack was reportedly carried out with the sponsorship, knowledge, and authority of the Syrians.

Even now, Syria provides safe haven for Alois Brunner, Adolf Eichmann's former secretary, a hunted Nazi war criminal. Brunner was employed as a "security adviser" to Rifaat Assad, the Syrian President's brother. Brunner reportedly smuggles drugs when he is not teaching the finer points of genocide.

Syria, like Iraq, is heavily armed with Soviet weapons and reportedly has poison gas weapons of mass destruction. Assad leads the hard-line Arab "rejectionist front" and has opposed every move toward Middle Eastern peace settlement, while directly confronting Israel along the Golan Heights, posing a constant threat to Israel and Middle East peace.

We must not forget that Assad has laid claim to Lebanon, has more than 50,000 Syrian troops in Lebanon, and would like to annex it. Only Israel's determination has stopped Assad from building his "Great Syria."

We seek Assad's help against Hussein because Iraq invaded and annexed Kuwait. We must not confuse his support with friendship—and repeat the same mistake we made with Hussein. Assad is using our power to help crush an old enemy—and we are using Syrian support to help hold together the Arab coalition against Iraq. We must not, however, confuse the cold calculations of statecraft with friendship—we must not delude ourselves into thinking we can moderate Assad's policies by being his friend.

We can accept Assad's armored divisions, but we must continue to oppose his policies. The American people cannot be asked to make the sacrifices we are now undertaking to prevent Saddam Hussein's aggression, only to give Assad the opportunity to pursue similar goals under the Syrian flag. It is time to develop a more sophisticated policy for dealing with Arab states not leaping from madman to madman.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

UNANIMOUS-CONSENT AGREEMENT—H.R. 5158

Mr. MITCHELL. Mr. President, I ask unanimous consent that the majority leader, after consultation with the Republican leader, may proceed to the consideration of Calendar No. 854, H.R. 5158, the VA-HUD appropriations bill, at any time, notwithstanding the provisions of rule XXII; that the bill be considered under a 30-minute time limitation with the time equally divided and controlled between Senators MIKULSKI and GARN or their designees; that the committee-reported amendments be agreed to, en bloc, as original text for the purpose of further amendment; that the only amendments in order be the following, with 5 minutes on each amendment: An amendment by Senator MIKULSKI for Senators MITCHELL and COHEN dealing with the ASRM project in NASA; an amendment by Senator MIKULSKI for Senators ROBB, WARNER, and SARBANES with respect to the relocation of the NSF; an amendment by Senator GARN for Senator DOLE with respect to a homeless project in Kansas; an amendment by Senator GARN for Senator MCCAIN transferring funding from HUD to VA for a homeless demonstration project; and a managers' technical amendment with respect to HUD; that no motions to recommit be in order; that no points of order be deemed waived and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection?

Mr. KERRY. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I will not object, but I would like to make it very clear, after listening to the amendments that are in there, particularly the ones in Kansas and elsewhere, this Senator, given the difficulties we have had in moving legislation most recently, certainly I think would have some cause to object. I hope that Senators on the other side of the aisle will respond with similar courtesy in an effort to try to see if we cannot move important legislation on the floor. I will withhold an objection with that spirit in mind.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, it is my hope that we will be able to proceed to a vote on the motion to proceed to the money laundering bill. I know that both the distinguished managers, Senator KERRY and Senator GARN, have made statements expressing support for the bill. It is something which I believe the President and the administration support. I see no reason why we cannot proceed to complete action on legislation which, at least all of those who have expressed themselves, have expressed themselves in support of.

So I am shortly going to call up the VA-HUD bill. That will, under the agreement, take a little less than an hour, at which time there will be a vote on that bill. In the meantime, I hope that we can be in a position to get an understanding or a process by which we can at least get on the motion to proceed to the money laundering bill and get on the bill itself so that we can proceed in that regard.

Mr. President, I now ask for the yeas and nays on final passage of the VA-HUD bill.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MITCHELL. Mr. President, just so Senators are aware, I will momentarily exercise the authority granted to me under this consent request. And I believe it has been the subject of discussion with the respective staffs so that it has the clearance of the distinguished Republican leader, that we will then proceed to the VA-HUD ap-

propriations bill. There is a 30-minute time limit on the bill itself and there are four amendments in order, each with a time limit of 5 minutes. If all of that time is used, there will then be 50 minutes and then there will be a vote on the bill. So we are talking about a vote within the next hour.

Then I hope, within that time, we will have been able to work something out with respect to the money laundering bill to which I hope we can proceed at that time.

VETERANS AFFAIRS, HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES, COMMISSIONS, CORPORATIONS, AND OFFICES APPROPRIATION, FISCAL YEAR 1991

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 854, H.R. 5158.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 5158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1991, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; as follows:

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

H.R. 5158

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1991, and for other purposes, namely:

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

For the payment of compensation benefits to or on behalf of veterans as authorized by law (38 U.S.C. 107, chapters 11, 13, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 412, 777, and 806, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198), $15,684,551,000, to remain available until expended.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 21, 30, 31, 34-36, 39, 51, 53, 55, and 61), $502,500,000, to remain available until expended: *Provided, That, funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98-77, as amended.*

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by law (38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487), $15,410,000, to remain available until expended.

LOAN GUARANTY REVOLVING FUND

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to carry out loan guaranty and insurance operations, as authorized by law (38 U.S.C. chapter 37, except administrative expenses, as authorized by section 1824 of such title), $670,200,000, to remain available until expended.

During 1991, the resources of the loan guaranty revolving fund shall be available for expenses for operations related to property acquisition, disposition, and other loan guaranty and insurance operations as authorized by law (38 U.S.C. chapter 37, except administrative expenses, as authorized by section 1824 of such title): *Provided,* That the unobligated balances, including retained earnings of the direct loan revolving fund, shall be available, during 1991, for transfer to the loan guaranty revolving fund in such amounts as may be necessary to provide for the timely payment of obligations of such fund, and the Secretary of Veterans Affairs shall not be required to pay interest on amounts so transferred after the time of such transfer.

During 1991, within the resources available, gross obligations for direct loans and total commitments to guarantee loans are authorized in such amounts as may be necessary to carry out the purposes of the "Loan guaranty revolving fund".

GUARANTY AND INDEMNITY FUND

For purposes of making the credits to the Guaranty and Indemnity Fund authorized by law (38 U.S.C. 1825 and 1829), such sums as may be necessary to remain available until expended.

DIRECT LOAN REVOLVING FUND

During 1991, within the resources available, not to exceed $1,000,000 in gross obligations for direct loans are authorized for specially adapted housing loans (38 U.S.C. chapter 37).

VETERANS HEALTH SERVICE AND RESEARCH ADMINISTRATION

MEDICAL CARE

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department of Veterans Affairs, and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in Department of Veterans Affairs facilities; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department of Veterans Affairs, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); aid to State homes as authorized by law (38 U.S.C. 641); and not to exceed $2,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 5010(a)(5); [$12,310,490,000] *$12,227,066,000,* plus reimbursements: *Provided,* [That of the sum appropriated, $7,904,000,000 is available only for expenses in the personnel compensation and benefits object classifications: *Provided further,*] That of the funds made available under this heading, $278,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1991, and pursuant to section 202(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, this action is a necessary (but secondary) result of a significant policy change.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by law, to remain available until September 30, 1992, [$216,795,000] *$226,537,000,* plus reimbursements: *Provided, That of the sum appropriated, $1,000,000 is available only for a survey and evaluation of the scientific evidence relating to dioxin and other toxic herbicides.*

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

For payment of Health Professional Scholarship Program grants, as authorized by law, to students who agree to a service obligation with the Department of Veterans Affairs at one of its medical facilities, and for related administrative expenses, $10,606,000.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law, [$52,047,000] *$37,123,000,* plus reimbursements.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

For payment to the Republic of the Philippines of grants, as authorized by law (38 U.S.C. 632), for assisting in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of the Veterans Memorial Medical Center, $484,000, to remain available until September 30, 1992.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor, as authorized by law; not to exceed [$7,000] *$25,000* for official reception and representation expenses; cemeterial expenses as authorized by law; purchase of four passenger motor vehicles, for use in cemeterial operations, and hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; [$902,514,000] *$865,415,000*[, including $616,658,000 for the Veterans Benefits Administration: *Provided,* That, during fiscal year 1991, jurisdictional

average employment shall not be less than 12,550 for the Veterans Benefits Administration]: *Provided, That funds shall be available, and authority granted, to enable the Secretary to enter into enhanced-use agreements under the terms and conditions of S. 2532 (101st Cong., 2d Sess. (1990)), as introduced, with respect to facilities located at the Department of Veterans Affairs Medical Center, Baltimore, Maryland (Loch Raven).*

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$26,859,000] *$24,859,000.*

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 1004, 1006, 5002, 5003, 5006, 5008, 5009, and 5010 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, and site acquisition, where the estimated cost of a project is $3,000,000 or more or where funds for a project were made available in a previous major project appropriation, [$575,456,000] *$522,459,000,* to remain available until expended: *Provided,* That, except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: *Provided further,* That funds provided in this appropriation for fiscal year 1991, for each approved project shall be obligated (1) by the awarding of a working drawings contract by September 30, 1991, and (2) by the awarding of a construction contract by September 30, 1992: *Provided further,* That the Secretary shall promptly report in writing to the Comptroller General and to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above; and the Comptroller General shall review the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344): *Provided further,* That no funds from any other account except the "Parking garage revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only: *Provided further,* That prior to the issuance of a bidding document for any construction contract for a project approved under this heading (excluding completion items), the director of the affected Department of Veterans Affairs medical facility must certify that the design of such project is acceptable from a patient care standpoint: *Provided further,* That not to exceed $3,300,000 of the funds available shall be used for the settlement of contractor claims arising from the modernization of a hospital at the Department of Veterans Affairs Medical Center, New Orleans, LA: *Provided further,* That not to exceed $3,100,000 of the funds available shall be used for the settlement of contractor claims arising from the construction of outpatient improvements at the Department of Veterans Affairs Medical Center, Pittsburgh, PA.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, and site acquisition, or for any of the purposes set forth in sections 1004, 1006, 5002, 5003, 5006, 5008, 5009, and 5010 of title 38, United States Code, where the estimated cost of a project is less than $3,000,000, [$146,140,000] *$130,640,000,* to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than $3,000,000: *Provided,* That not more than $44,420,000 shall be available for expenses of the Office of Facilities, including research and development in building construction technology: *Provided further,* That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department of Veterans Affairs which are necessary because of loss or damage caused by any natural disaster or catastrophe, and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING GARAGE REVOLVING FUND

For the parking garage revolving fund as authorized by law (38 U.S.C. 5009), [$28,900,000] *$18,900,000,* together with income from fees collected, to remain available until expended. Resources of this fund shall be available for all expenses authorized by 38 U.S.C. 5009 except operations and maintenance costs which will be funded from "Medical care".

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist the several States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by law (38 U.S.C. 5031-5037), [$65,000,000] *$70,000,000,* to remain available until September 30, 1993.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veterans cemeteries as authorized by law (38 U.S.C. 1008), $3,946,000, to remain available until September 30, 1993.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

Any appropriation for 1991 for "Compensation and pensions", "Readjustment benefits", "Veterans insurance and indemnities", and the "Loan guaranty revolving fund" may be transferred to any other of the mentioned appropriations.

Appropriations available to the Department of Veterans Affairs for 1991 for salaries and expenses shall be available for services as authorized by 5 U.S.C. 3109.

No part of the appropriations in this Act for the Department of Veterans Affairs (except the appropriations for "Construction, major projects", "Construction, minor projects" and the "Parking garage revolving fund") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

No part of the foregoing appropriations shall be available for hospitalization or examination of any persons except beneficiaries entitled under the laws bestowing such benefits to veterans, unless reimbursement of cost is made to the appropriation at such rates as may be fixed by the Secretary of Veterans Affairs.

Appropriations available to the Department of Veterans Affairs for fiscal year 1991 for "Compensation and pensions", "Readjustment benefits", "Veterans insurance and indemnities", and the "Loan guaranty revolving fund" shall be available for payment of prior year accrued obligations required to be recorded by law against the aforementioned accounts within the last quarter of fiscal year 1990.

Appropriations account available to the Department of Veterans Affairs for fiscal year 1991 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100-86, 1987, except that if such obligations are from trust fund accounts they shall be payable from "Compensation and pensions".

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

[For assistance under the United States Housing Act of 1937, as amended ("the Act" herein) (42 U.S.C. 1437), not otherwise provided for, $11,625,086,000, to remain available until expended and in addition, to be transferred to and merged under this head, not to exceed $70,000,000 from the reserve fund authorized by section 236(g), notwithstanding section 236 (f)(3) and (g): *Provided,* That of the new budget authority provided herein, $194,468,000 shall be for the development or acquisition cost of public housing for Indian families, including amounts for housing under the mutual help homeownership opportunity program under section 202 of the Act (42 U.S.C. 1437bb); $550,320,000 shall be for the development or acquisition cost of public housing, including major reconstruction of obsolete public housing projects, other than for Indian families; $2,700,000,000 shall be for modernization of existing public housing projects pursuant to section 14 of the Act (42 U.S.C. 1437l), of which $5,000,000 shall be for technical assistance and training under section 20 of the Act (42 U.S.C. 1437r); $890,800,000 shall be for assistance under section 8 of the Act for projects developed for the elderly under section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q) and $186,000,000 for amendments to section 8 contracts for projects developed for the elderly and handicapped under section 202 of the Housing Act of 1959, as amended; $1,767,125,000 shall be for the section 8 existing housing certificate program (42 U.S.C. 1437f) including project-based section 8 assistance to help implement plans of action approved under title II of the Housing and Community Development Act of 1987, of which $65,150,000 shall be for eligible tenants affected by the demolition or disposition of public housing units (including units occu-

pied by Indian families); $1,370,225,000 shall be available for the housing voucher program under section 8(o) of the Act (42 U.S.C. 1437f(o)); $1,883,442,000 for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended, of which $70,000,000 shall be for rental adjustments resulting from the application of an annual adjustment factor in accordance with section 801 of the Department of Housing and Urban Development Reform Act of 1989; up to $1,486,850,000 shall be available for section 8 assistance for property disposition and loan management; and, any amounts of budget authority provided herein that are used for loan management activities under section 8(b)(1) (42 U.S.C. 1437f(b)(1)) shall not be obligated for a contract term that is less than five years: *Provided further,* That of that portion of such budget authority under section 8(o) to be used to achieve a net increase in the number of dwelling units for assisted families, highest priority shall be given to assisting families, who as a result of rental rehabilitation action are involuntarily displaced or who are or would be displaced in consequence of increased rents (wherever the level of such rents exceeds 35 percent of the adjusted income of such families, as defined in regulations promulgated by the Department of Housing and Urban Development): *Provided further,* That those portions of the fees for the costs incurred in administering incremental units assisted in the certificate and housing voucher programs under sections 8(b) and 8(o), respectively, shall be established or increased in accordance with the authorization for such fees in section 8(q) of the Act: *Provided further,* That of the $11,625,086,000 provided herein, $321,762,000 shall be used to assist handicapped families in accordance with section 202(h) (2), (3), and (4) of the Housing Act of 1959, as amended (12 U.S.C. 1701q) and $52,000,000 shall be for amendments to contracts under section 202(h) (2), (3), and (4) of the Housing Act of 1959, as amended (12 U.S.C. 1701q); and $25,000,000, shall be for assistance under the Nehemiah housing opportunity program pursuant to section 612 of the Housing and Community Development Act of 1987 (Public Law 100-242), but such amount shall be obligated under title VI of the Housing and Community Development Act of 1987, notwithstanding the sunset provision in section 613 thereof: *Provided further,* That amounts equal to all amounts of budget authority (and contract authority) reserved or obligated for the development or acquisition cost of public housing (including public housing for Indian families), for modernization of existing public housing projects (including such projects for Indian families), and except as hereinafter provided, for programs under section 8 of the Act (42 U.S.C. 1437f), which are recaptured during fiscal year 1991, shall be rescinded: *Provided further,* That 50 percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100-628, 102 Stat. 3224, 3268) shall not be rescinded, or in the case of cash, shall not be remitted to the Treasury, and such amounts of budget authority or cash shall be used by State housing finance agencies in accordance with such section: *Provided further,* That notwithstanding the 20 percent limitation under section 5(j)(2) of the Act, any part of the new budget authority for the development or acquisition costs of public housing other than for Indian families may, in the discretion of the Secretary, based on applications submitted by public housing authorities, be used for new construction or major reconstruction of obsolete public housing projects other than for Indian families.]

For assistance under the United States Housing Act of 1937, as amended ("the Act" herein) (42 U.S.C. 1437), not otherwise provided for, $10,810,000,000, to remain available until expended: Provided, That of the new budget authority provided herein, $233,361,000 shall be for the development or acquisition cost of public housing for Indian families, including amounts for housing under the mutual help homeownership opportunity program under section 202 of the Act (42 U.S.C. 1437bb); $733,760,000 shall be for the development or acquisition cost of public housing, including major reconstruction of obsolete public housing projects, other than for Indian families; $2,750,000,000 shall be for modernization of existing public housing projects pursuant to section 14 of the Act (42 U.S.C. 1437i), including funds for the comprehensive testing, abatement, and risk assessment of lead, of which $5,000,000 shall be for technical assistance and training under section 20 of the Act (42 U.S.C. 1437r); $1,657,807,200 shall be for the section 8 existing housing certificate program (42 U.S.C. 1437f) including project-based section 8 assistance to help implement plans of action approved under title II of the Housing and Community Development Act of 1987, of which $65,150,000 shall be for eligible tenants affected by the demolition or disposition of public housing units (including units occupied by Indian families) and $48,862,500 shall be for certificates to be used as replacement for units of public housing (including those for Indian families) lost through demolition or disposition; $1,098,516,800 shall be available for the housing voucher program under section 8(o) of the Act (42 U.S.C. 1437(o)); $1,810,442,000 for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended; up to $923,725,000 shall be available for section 8 assistance for property disposition and loan management; and, any amounts of budget authority provided herein that are used for loan management activities under section 8(b)(1) (42 U.S.C. 1437f(b)(i)) shall not be obligated for a contract term that is less than five years: Provided further, That of that portion of such budget authority under section 8(o) to be used to achieve a net increase in the number of dwelling units for assisted families, highest priority shall be given to assisting families, who as a result of rental rehabilitation action are involuntarily displaced or who are or would be displaced in consequence of increased rents (wherever the level of such rents exceeds 35 per centum of the adjusted income of such families, as defined in regulations promulgated by the Department of Housing and Urban Development): Provided further, That those portions of the fees for the costs incurred in administering incremental units assisted in the certificate and housing voucher programs under section 8(b) and 8(o), respectively, shall be established or increased in accordance with the authorization for such fees in section 8(q) of the Act: Provided further, That of the $10,810,000,000 provided herein, $35,000,000 shall be for assistance under the Nehemiah housing opportunity program pursuant to section 612 of the Housing and Community Development Act of 1987 (Public Law 100-242), but such amount shall be obligated under title VI of the Housing and Community Development Act of 1987, notwithstanding the sunset provision in section 613 thereof, and, notwithstanding the language preceeding the first proviso of this paragraph, $50,000,000 shall be used for special grants in accordance with the terms and conditions specified for such grants in the Senate Appropriations Committee report on 1991 appropriations for the Departments of Veterans Affairs and Housing and Urban Development (Senate Report 101-474, pp. 46-47): Provided further, That amounts equal to all amounts of budget authority (and contract authority) reserved or obligated for the development or acquisition costs of public housing (including public housing for Indian families), for modernization of existing public housing projects (including such projects for Indian families), and except as hereinafter provided, for programs under section 8 of the Act (42 U.S.C. 1437f), which are recaptured during fiscal year 1991, shall be rescinded: Provided further, That 50 per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100-628, 102 Stat. 3224, 3268) shall not be rescinded, or in the case of cash, shall not be remitted to the Treasury, and such amounts of budget authority or cash shall be used by State housing finance agencies in accordance with such section: Provided further, That notwithstanding the 20 per centum limitation under section 5(j)(2) of the Act, any part of the new budget authority for the development or acquisition costs of public housing other than for Indian families may, in the discretion of the Secretary, based on applications submitted by public housing authorities, be used for new construction or major reconstruction of obsolete public housing projects other than for Indian families: Provided further, That the paragraph under the Administrative Provisions head in title II of Public Law 101-144 (approved November 9, 1989) (103 Stat. 839, 852-854), setting aside amounts for indemnification with respect to all or parts of claims arising from lead-based paint testing or abatement, is hereby amended by striking out "1992" and inserting "1998".

Of the $10,810,000,000 provided under this head, $586,300,000 shall be used for capital advances for supportive housing for the elderly under section 202 of the Housing Act of 1959, (as amended by section 601 of S. 566 (101st Cong., 2d Sess.), the National Affordable Housing Act (the "bill" in this paragraph)), which provision, and other provisions of the bill cited in this paragraph and the three paragraphs that follow, are deemed as enacted as of the enactment date of this Appropriations Act, of which $60,000,000 shall be for amendments for contracts for projects previously reserved under section 202 (as it existed before the date the bill was deemed enacted), including under section 601(d) of the bill, to remain available until expended: Provided, That to the extent such funds include an amount for a project that does not convert under section 601(c)(1) of the bill to assistance under section 202 (as amended by section 601 of the bill), such amount shall be transferred to the section 202 direct loan account for obligation for

such project; and such account shall be maintained as authorized under section 202(a)(4) of the Housing Act of 1959, as it existed before the date the bill was deemed enacted: Provided further, That to the extent that any funds remain after allocations under section 202(e), (as amended by section 601 of the bill), the Secretary shall make grants for retrofitting housing for the elderly in accordance with section 602 of the bill: Provided further, That the Secretary may transfer for use under this paragraph any funds reserved under section 202 (as it existed before the date the bill was deemed enacted) for which no loan has been executed and recorded, to which the Secretary applies section 202 (as amended by section 601 of the bill), as provided by section 601(c) of the bill, and any funds so transferred shall be added to and merged with the amounts otherwise available under this paragraph: Provided further, That at the election of a sponsor of a project under section 202 (as it existed before the date the bill was deemed enacted), the Secretary shall provide funding for amendments either under section 202 (as it existed before or after the date the bill was deemed enacted) or under section 601(c)(1), and any amount for amendments to be provided under section 202 (as it existed before the date the bill was deemed enacted) shall be transferred to the section 202 direct loan account for obligation for such project: Provided further, That of the amounts available under this paragraph, up to $5,000,000 shall be available for contracts for technical assistance in accordance with section 202(k)(1) (as amended by section 601 of the bill).

Of the amounts made available under this head, $449,619,000 shall be used for project rental assistance for supportive housing for the elderly under section 202 of the Housing Act of 1959, as amended by section 601 of S. 566 (101st Cong., 2d Sess.), the National Affordable Housing Act (the "bill" in this paragraph), of which $186,000,000 shall be for amendments for contracts for projects for the elderly previously reserved under section 202 (as it existed before the date on which the bill was deemed enacted), to remain available until expended: Provided, That to the extent such funds include an amount for a project that does not convert to assistance under section 202 (as amended by section 601 of the bill), such amount shall be for obligation for such project as authorized under section 8 of the United States Housing Act of 1937 (as it existed before the date on which the bill was deemed enacted): Provided further, That the Secretary may transfer for use under this paragraph any funds previously reserved under section 8 of the United States Housing Act of 1937 for assistance for projects for the elderly under section 202 (as it existed before the date on which the bill was deemed enacted), for which no loan has been executed and recorded, to which the Secretary applies section 202 (as amended by section 601 of the bill) as provided by 601(c) of the bill, and any funds so transferred shall be added to and merged with the amounts otherwise available under this paragraph: Provided further, That following the election under section 601(c)(2) of a sponsor of a project under section 202 (as it existed before the date on which the bill was deemed enacted) as to whether the Secretary shall provide funding either under section 202, as it existed before or after the date on which the bill was deemed enacted, any theretofore reserved section 8 amounts that remain shall be transferred and merged with any other amounts available under this paragraph, and made available for other supportive housing for the elderly under section 202 (as amended by the bill).

Of the $10,810,000,000 provided under this head, $117,580,000 shall be used for capital advances under section 611 of S. 566 (101st Cong., 2d Sess.), the National Affordable Housing Act (the "bill" in this paragraph) for supportive housing for persons with disabilities (including 500 units for persons disabled as a result of infection with the human acquired immunodeficiency virus), of which $15,000,000 shall be for amendments for contracts for projects for the handicapped previously reserved under section 202(h) of the Housing Act of 1959 (as it existed before the date on which the bill was deemed enacted), to remain available until expended: Provided, That to the extent such funds include an amount for a project that does not convert under section 611(m)(1) of the bill to assistance under section 611 of the bill, such amount shall be transferred to the section 202 direct loan account for obligation for such project; and such amount shall be maintained as authorized under section 202(a)(4) of the Housing Act of 1959 (as it existed before the date on which the bill was deemed enacted): Provided further, That the Secretary may transfer for use under this paragraph any funds reserved under section 202 or 202(h) (as it existed before the date on which the bill was deemed enacted) for which no loan has been executed and recorded, to which the Secretary applies section 611 of the bill, as provided by section 611(m) of the bill, and any funds so transferred shall be added to and merged with the amounts otherwise available under this paragraph: Provided further, That at the election of a sponsor of a project for housing for the handicapped under section 202 or 202(h) (as it existed before the date on which the bill was deemed enacted), the Secretary shall provide funding for amendments either under section 202 (as it existed before or after the date on which the bill was deemed enacted) or under section 611, and any amount for amendments to be provided under section 202 (as it existed before the date on which the bill was deemed enacted) shall be transferred to the section 202 direct loan account for obligation for such project: Provided further, That of the amounts available under this head, up to $5,000,000 shall be available for contracts for technical assistance in accordance with section 611(j)(1) of the bill.

Of the amounts provided under this head, $156,000,000 shall be used for project rental assistance for supportive housing under section 611 of S. 566 (101st Cong., 2d Sess.), the National Affordable Housing Act (the "bill" in this paragraph) for persons with disabilities (including 500 units for persons disabled as a result of infection with the human acquired immunodeficiency virus), of which $52,000,000 shall be for amendments for contracts for projects previously reserved under section 202(h) of the Housing Act of 1959 (as it existed before the date on which the bill was deemed enacted), to remain available until expended: Provided, That to the extent such funds include an amount for a project for housing for the handicapped that does not convert to assistance under section 611 of the bill, such amount shall be for obligation for such project as authorized under section 8 of the United States Housing Act of 1937 and section 202(h) of the Housing Act of 1959 (as such sections existed before the date on which the bill was deemed enacted): Provided further, That the Secretary may transfer for use under this paragraph any funds previously reserved under section 8 of the United States Housing Act of 1937 and section 202(h) of the Housing Act of 1959 for which no loan has been executed and recorded, to which the Secretary applies section 611 of the bill, as provided by section 611(m) of the bill, and any funds so transferred shall be added to and merged with the amounts otherwise available under this paragraph: Provided further, That following the election under section 611(m)(2) of a sponsor of a project for the handicapped under section 202 (as it existed before the date on which the bill was deemed enacted) as to whether the Secretary shall provide funding either under section 202, as it existed before or after the date on which the bill was deemed enacted, any theretofore reserved amounts under section 8 and section 202(h), (as such sections existed before the date on which the bill was deemed enacted) that remain shall be transferred and merged with any other amounts available for use under this paragraph, and made available for other housing under section 202, as amended by the bill.

ASSISTANCE FOR THE RENEWAL OF EXPIRING SECTION 8 SUBSIDY CONTRACTS

(INCLUDING TRANSFER OF FUNDS)

For assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) not otherwise provided for, for use in connection with expiring section 8 subsidy contracts, $7,734,985,400, to remain available until expended, *of which $3,654,519,750 shall be for existing certificates, $3,102,872,600 shall be for housing vouchers and $977,593,050 shall be for loan management under section 8: Provided,* That funds provided under this paragraph may not be obligated for a contract term that is less than five years: *Provided further, That to the extent that the amount that is appropriated under this head is reduced as a result of sequestration under a final order issued under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(b)), the contract term may also be reduced from five years:* [*Provided further,* That to the extent the amount in this paragraph is insufficient, the Secretary may, from the Annual Contributions for Assisted Housing paragraph, transfer to, add to, and merge with the amounts appropriated under this paragraph up to $300,000,000 to fund such insufficiency, and the $1,883,442,000 earmarked for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, in the Annual Contributions for Assisted Housing paragraph, shall be reduced by an amount equal to the amount transferred:] *Provided further,* That the Secretary may maintain consolidated accounting data for funds disbursed at the Public Housing Agency or Indian Housing Authority or project level for subsidy assistance regardless of the source of the disbursement so as to minimize the administrative burden of multiple accounts.

RENTAL REHABILITATION GRANTS

For the rental rehabilitation grants program, pursuant to section 17(a)(1)(A) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437o), [$135,000,000] *$70,000,000,* to remain available until September 30, 1993.

RENTAL HOUSING ASSISTANCE

(RESCISSION)

The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z-1) is reduced in fiscal year 1991 by not more than $2,000,000 in uncommitted balances of authorizations provided for this purpose in appropriations Acts.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

[In fiscal year 1991, $491,570,000 of direct loan obligations may be made under section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q), utilizing the resources of the fund authorized by subsection (a)(4) of such section, in accordance with paragraph (C) of such subsection: *Provided,* That such commitments shall be available only to qualified nonprofit sponsors for the purpose of providing 100 per centum loans for the development of housing for the elderly or handicapped, with any cash equity or other financial commitments imposed as a condition of loan approval to be returned to the sponsor if sustaining occupancy is achieved in a reasonable period of time: *Provided further,* That the full amount shall be available for permanent financing (including construction financing) for housing projects for the elderly or handicapped: *Provided further,* That 25 per centum of the direct loan authority provided herein shall be used only for the purpose of providing loans for projects for the handicapped, with the mentally ill homeless handicapped receiving priority: *Provided further,* That the Secretary may borrow from the Secretary of the Treasury in such amounts as are necessary to provide the loans authorized herein: *Provided further,* That, notwithstanding any other provision of law, the receipts and disbursements of the aforesaid fund shall be included in the totals of the Budget of the United States Government: *Provided further,* That of the direct loan authority provided under this heading, an amount necessary to provide for 500 dwelling units shall be used only for the purpose of providing dwelling units for persons who have contracted the disease of acquired immune deficiency syndrome: *Provided further,* That, notwithstanding section 202(a)(3) of the Housing Act of 1959, loans made in fiscal year 1991 shall bear an interest rate which does not exceed 9.25 per centum, including the allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program.

[Section 202(h) of the Housing Act of 1959 (12 U.S.C. 1701q(h)) is amended by adding at the end the following new paragraph:

["(5) Notwithstanding section 504 of the Rehabilitation Act of 1973, the Secretary shall provide assistance under this subsection for housing and related facilities for handicapped families for which occupancy is limited to families and persons having acquired immune deficiency syndrome.".]

In fiscal year 1991, direct loan obligations may be made under section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q), using any resources transferred to the fund pursuant to the first proviso of the second paragraph and the first proviso of the fourth paragraph under the head "Annual Contributions for Assisted Housing" in title II of this Act: Provided, That, notwithstanding section 202(a)(3) of the Housing Act of 1959, any such obligations shall bear an interest rate which does not exceed 9.25 per centum, including the allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program.

CONGREGATE SERVICES

For contracts with and payments to public housing agencies and nonprofit corporations for congregate services programs in accordance with the provisions of the Congregate Housing Services Act of 1978, [$7,000,000] *$12,000,000,* to remain available until September 30, 1992.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

For payments to public housing agencies and Indian housing authorities for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), [$2,000,000,000] *$2,001,300,000: Provided, That the Secretary of Housing and Urban Development shall report to the Committees on Appropriations by December 1, 1990, as to whether or not funds provided under this heading are sufficient to satisfy 100 percent of the performance funding system for fiscal year 1991, unadjusted by unrealized or estimated savings.*

HOUSING COUNSELING ASSISTANCE

For contracts, grants, and other assistance, not otherwise provided for, for providing counseling and advice to tenants and homeowners—both current and prospective—with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and meeting the responsibilities of tenancy or homeownership, including provisions for training and for support of voluntary agencies and services as authorized by section 106(a)(1)(iii), and section 106(a)(2), and section 106(c) of the Housing and Urban Development Act of 1968, as amended, [$5,000,000] *$8,000,000.*

FLEXIBLE SUBSIDY FUND

For assistance to owners of eligible multifamily housing projects insured, or formerly insured, under the National Housing Act, as amended, or which are otherwise eligible for assistance under section 201(c) of the Housing and Community Development Amendments of 1978, as amended (12 U.S.C. 1715z-1a), in the program of assistance for troubled multifamily housing projects under the Housing and Community Development Amendments of 1978, as amended, all uncommitted balances of excess rental charges as of September 30, 1990, and any collections and other amounts in the fund authorized under section 201(j) of the Housing and Community Development Amendments of 1978, as amended, during fiscal year 1991, [which are in excess of the $70,000,000 authorized to be transferred to the annual contributions for assisted housing account,] to remain available until expended: *Provided,* That assistance to an owner of a multifamily housing project assisted, but not insured, under the National Housing Act may be made if the project owner and the mortgagee have provided or agreed to provide assistance to the project in a manner as determined by the Secretary of Housing and Urban Development.

FEDERAL HOUSING ADMINISTRATION FUND

For payment to cover losses, not otherwise provided for, sustained by the Special Risk Insurance Fund and General Insurance Fund as authorized by the National Housing Act, as amended (12 U.S.C. 1715z-3(b) and 1735c(f)), $317,366,000, to remain available until expended.

During fiscal year 1991, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the National Housing Act, as amended.

During fiscal year 1991, additional commitments to guarantee loans to carry out the purposes of the National Housing Act, as amended, shall not exceed a loan principal of $75,000,000,000.

During fiscal year 1991, gross obligations for direct loans of not to exceed $151,125,000 are authorized for payments under section 230(a) of the National Housing Act, as amended, from the insurance fund chargeable for benefits on the mortgage covering the property to which the payments made relate, and payments in connection with such obligations are hereby approved.

[NONPROFIT SPONSOR ASSISTANCE

[During fiscal year 1991, within the resources and authority available, gross obligations for the principal amounts of direct loans shall not exceed $1,100,000.]

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

For grants to public housing agencies for use in eliminating drug-related crime in public housing projects authorized by 42 U.S.C. 11901-11908, and for drug information clearinghouse services authorized by 42 U.S.C. 11921-11925, [$100,000,000] *$150,000,000,* to remain available until expended: *Provided,* That $1,000,000 of the foregoing amount shall be available for grants, contracts, or other assistance for technical assistance and training for or on behalf of public housing agencies and resident organizations (including the costs of necessary travel for participants in such training)*: Provided further, That funds made available under this heading, with the exception of the $1,000,000 specified in the previous proviso, shall not be made available until September 1, 1991, and pursuant to section 202(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, this action is a necessary (but secondary) result of a significant policy change.*

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

During fiscal year 1991, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721g), shall not exceed $80,000,000,000 of loan principal.

HOMELESS ASSISTANCE

EMERGENCY SHELTER GRANTS PROGRAM

For the emergency shelter grants program, as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), as amended, [$75,000,000] *$73,164,000* to remain available until expended.

TRANSITIONAL AND SUPPORTIVE HOUSING DEMONSTRATION PROGRAM

For the transitional and supportive housing demonstration program, as authorized under subtitle C of title IV of the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), as amended, [$150,000,000] *$143,592,000,* to remain available until expended.

SUPPLEMENTAL ASSISTANCE FOR FACILITIES TO ASSIST THE HOMELESS

For grants for supplemental assistance for facilities to assist the homeless as authorized under subtitle D of title IV of the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), as amended [$15,000,000] *$11,263,000*, to remain available until expended.

SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY

For assistance under the United States Housing Act of 1937, as amended (42 U.S.C. 1437f), for the section 8 moderate rehabilitation program, to be used to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401), [$100,000,000] *$105,000,000*, to remain available until expended.

[SOLAR ENERGY AND ENERGY CONSERVATION BANK

[ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS

[All funds previously appropriated under this head that are recaptured or that otherwise are or become available for obligation in fiscal year 1991 or thereafter, including all such amounts affected by the order of the United States District Court, Southern District of New York, in Dabney v. Reagan, 82 Civ. 2231-CSH, dated March 20, 1985, shall be withdrawn, pursuant to 31 U.S.C. 1555 et seq.]

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

For grants to States and units of general local government and for related expenses, not otherwise provided for, necessary for carrying out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301), [$3,000,000,000] *$3,200,000,000*, to remain available until September 30, 1993: *Provided*, That *$31,930,000 shall be available for grants to Indian tribes pursuant to section 106(b)(7)(A) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301) and* not to exceed $14,500,000 shall be available for "special purpose grants" pursuant to section 107 of [the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301)] *such Act*: *Provided further*, That not to exceed 20 per centum of any grant made with funds appropriated herein (other than a grant using funds under section 107(b)(3) of such Act or funds set aside in the following [proviso] *provisos*) shall be expended for "Planning and Management Development" and "Administration" as defined in regulations promulgated by the Department of Housing and Urban Development: *Provided further*, That $5,000,000 shall be made available from the foregoing [$3,000,000,000] *$3,200,000,000* to carry out a child care demonstration under section 222 of the Housing and Urban-Rural Recovery Act of 1983, as amended (12 U.S.C. 1701z-6 note): *Provided further, That $2,000,000 shall be made available from the foregoing $3,200,000,000 to carry out a neighborhood development demonstration under section 123 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181): Provided further*, That after September 30, 1990, no funds provided or heretofore provided in this or any other appropriations Act shall be used to establish or supplement a revolving fund under section 104(h) of the Housing and Community Development Act of 1974, as amended, and pursuant to section 202(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, this action is a necessary (but secondary) result of a significant policy change.

During fiscal year 1991, total commitments to guarantee loans, as authorized by section 108 of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301), shall not exceed [$140,000,000] *$250,000,000* of contingent liability for loan principal.

REHABILITATION LOAN FUND

During fiscal year 1991, collections, unexpended balances of prior appropriations (including any recoveries of prior obligations) and any other amounts in the revolving fund established pursuant to section 312 of the Housing Act of 1964, as amended (42 U.S.C. 1452b), after September 30, 1990, are available and may be used for commitments for loans and operating costs and the capitalization of delinquent interest on delinquent or defaulted loans notwithstanding section 312(h) of such Act: *Provided*, That none of the funds in this Act may be used to sell any loan asset that the Secretary holds as evidence of indebtedness under such section 312.

URBAN HOMESTEADING

For reimbursement to the Federal Housing Administration Fund or the Rehabilitation Loan Fund for losses incurred under the urban homesteading program (12 U.S.C. 1706e), and for reimbursement to the Secretary of Veterans Affairs and the Secretary of Agriculture for properties conveyed by the Secretary of Veterans Affairs and the Secretary of Agriculture, respectively, for use in connection with an urban homesteading program approved by the Secretary of Housing and Urban Development pursuant to section 810 of the Housing and Community Development Act of 1974, as amended, and for reimbursement to the Resolution Trust Corporation for properties conveyed by such Corporation for such use, in accordance with section 810(g)(3) of such Act, [$15,000,000] *$13,000,000*, to remain available until expended, and of which not to exceed $250,000 shall be available to provide technical assistance as authorized by section 810(c) of such Act.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, [$30,000,000] *$27,000,000*, to remain available until September 30, 1992.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended, and section 561 of the Housing and Community Development Act of 1987, [$12,200,000] *$12,410,000*, to remain available until September 30, 1992: *Provided*, That not less than [$5,600,000] *$5,810,000* shall be available to carry out activities pursuant to section 561 of the Housing and Community Development Act of 1987 *and the demonstration period authorized in section 561(e) of such Act shall be deemed to be September 30, 1991.*

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

[For necessary administrative and nonadministrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed $7,000 for official reception and representation expenses, $816,466,000, of which $390,342,000 shall be provided from the various funds of the Federal Housing Administration: *Provided*, That during fiscal year 1991, notwithstanding any other provision of law, the Department of Housing and Urban Development shall maintain an average employment of at least 1,396 for Public and Indian Housing Programs.]

For necessary administrative and nonadministrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed $7,000 for official reception and representation expenses, $828,000,000, of which $396,000,000 shall be provided from the various funds of the Federal Housing Administration: Provided, That during fiscal year 1991, notwithstanding any other provision of law, the Department of Housing and Urban Development shall maintain an average field employment of at least 2,000 staff years for multifamily insured mortgage programs and activities: Provided further, That during fiscal year 1991, expenses for travel and transportation of persons under the budget activity "Departmental Management" shall not exceed $283,000, of which not to exceed $100,000 may be expended by the Immediate Office of the Secretary and Under Secretary.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$37,840,000] *$39,283,000*, of which [$8,557,000] *$10,000,000* shall be transferred from the various funds of the Federal Housing Administration.

ADMINISTRATIVE PROVISIONS

[Notwithstanding any other provision of law or other requirement, the City of Lebanon, in the Commonwealth of Pennsylvania, is authorized to retain any land disposition proceeds from the financially closed-out Southside Urban Renewal Project (R-635(C)) not paid to the Department of Housing and Urban Development and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The City of Lebanon shall retain such proceeds in a lump sum and shall be entitled to retain and use, in accordance with this paragraph, all past and future earnings from such proceeds, including any interest.]

That on the date of enactment of this Act, the note or other obligation represented by loan number 070024914 under such section 312, together with any promise to repay the unpaid principal, unpaid interest that has accrued on the note or obligation, and any other fees and charges payable in connection with it, shall be forgiven, and any other term or condition specified by the note or other obligation shall be canceled.

Notwithstanding any other provision of law or other requirement, the City of Nanticoke, the Borough of Plymouth, and the Borough of Forty Fort, all in the County of Luzerne and in the Commonwealth of Penn-

sylvania, are authorized to retain any categorical settlement grant funds, urban renewal grant funds, and land disposition proceeds that remain after the financial closeout of the Lower Broadway Disaster Urban Renewal Project (No. B-79-UR-42-0001) in the City of Nanticoke, the Plymouth Disaster Urban Renewal Project (No. PA-R-617 and No. B-79-UR-42-0007) in the Borough of Plymouth, and the Forty Fort Disaster Urban Renewal Project (No. PA-R-613 and No. B-79-UR-42-0003) in the Borough of Forty Fort, respectively, and to use such funds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The City of Nanticoke, the Borough of Plymouth, and the Borough of Forty Fort shall retain such funds in a lump sum and shall be entitled to retain and use, in accordance with this paragraph, all past and future earnings from such funds, including any interest.

[Notwithstanding any other provision of law or other requirement, the City of Pittsfield in the Commonwealth of Massachusetts, is authorized to retain any land disposition proceeds from the financially closed-out Columbus Urban Renewal Project, Parcel 5 (No. Mass. R-90) not paid to the Department of Housing and Urban Development and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The City of Pittsfield shall retain such proceeds in a lump sum and shall be entitled to retain and use, in accordance with this paragraph, all past and future earnings from such proceeds, including any interest.]

Of the funds heretofore provided in Public Law 99-500 and Public Law 99-591 for grants pursuant to section 17(d)(4)(G) of the United States Housing Act of 1937, $1,450,000 shall be available for obligation for Dunes East Housing Development Grant project, number GA008HG501, through September 30, 1991, notwithstanding section 152 of the Housing and Community Development Act of 1987 and section 17(d)(4)(G) of the United States Housing Act of 1937.

The Secretary of Housing and Urban Development shall transfer title to the repossessed property known as the Roosevelt Homes Project (No. 074-84006) located in Davenport, Iowa, to a nonprofit organization selected by the city of Davenport. Such property shall be used only for the provision of an integrated program of shelter and social services to the homeless, or for other nonprofit uses, for a period of not less than 20 years following the date of the transfer. Use of the transferred property before the expiration of the 20-year period following the date of the transfer for any purpose other than those described herein shall cause title to revert back to the Secretary of Housing and Urban Development. The city of Davenport is released from any liability in connection with such project.

Notwithstanding any other provision of law or other requirement, the city of New Haven, Connecticut, is authorized to retain any land disposition proceeds or urban renewal grant funds that remain after the financial closeout of the Church Street Urban Renewal Project (No. Conn. R-2), and to use such funds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The city of New Haven shall retain such funds in a lump sum and shall be entitled to retain and use, in accordance with this subsection, all past and future earnings from such funds, including any interest.

[Notwithstanding any other provision of law or other requirement, the Borough of East Stroudsburg, in the Commonwealth of Pennsylvania, is authorized to retain any land disposition proceeds from the closed-out Courtland Plaza Urban Renewal Project (No. PA-R-352) not paid to the Department of Housing and Urban Development and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The Borough of East Stroudsburg shall retain such proceeds in a lump sum and shall be entitled to retain and use all past and future earnings from such proceeds, including any interest.]

Notwithstanding any other provision of law or other requirement, the City of Roanoke, in the Commonwealth of Virginia, is authorized to retain any land disposition proceeds from the financially closed-out Downtown East Urban Renewal Project (R-42) not paid to the Department of Housing and Urban Development and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing Community Development Act of 1974. The City of Roanoke shall retain such proceeds in a lump sum and shall be entitled to retain and use, in accordance with this paragraph, all past and future earnings from such proceeds, including any interest.

The Secretary of Housing and Urban Development shall cancel the indebtedness of the Town of Fairmount Heights, Maryland, relating to the public facilities loan (project number MD-18-PFL0003) issued July 1, 1969, under title II of the Housing Amendments of 1955. The Town of Fairmount Heights is relieved of all liability to the Government for the outstanding principal balance on such loan, for the amount of accrued interest on such loan, and for any other fees and charges payable in connection with such loan.

Notwithstanding any other provision of law, the Secretary of Housing and Urban Development shall approve the use by the Housing Authority of the City of Seattle of excess residual reserve receipts from the Bay View Tower (No. 127-38044) and Market House Projects (No. WA19-8023-005) for any purpose which inures to the benefit of the low-income tenants of federally or locally financed projects owned by the Authority. Excess residual receipt funds are those receipts in excess of 25 per centum of the average annual operating costs during the immediately preceding five-year period.

[The $784,000 in the Housing Development Action Grant (HoDAG) funding previously awarded to the City of Santa Cruz, California by the Department of Housing and Urban Development under Section 17 of the U.S. Housing Act of 1937 (42 U.S.C. 1437o), as amended, are hereby restored to the City of Santa Cruz from previously appropriated funds for the construction of low-income housing at the site known as the Alborada project.]

Section 17(f) of the United States Housing Act of 1937 (42 U.S.C. 1437o(f) is amended by inserting after "or State of Vermont" the following: "or State of Maryland or City of West Hollywood, California". This amendment to section 17(f) shall also apply retroactively to any structure assisted under a program of the City of West Hollywood.

Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended by striking "(185 percent during fiscal year 1990)" and inserting the following: "(185 percent during fiscal year 1991)".

[During fiscal year 1991, notwithstanding any other provision of law, average employment in the headquarter's offices of the Department of Housing and Urban Development shall not exceed: (1) 28 staff years for the Immediate Office of the Secretary/Under Secretary, (2) 18 staff years for the Deputy Under Secretary for Field Coordination, (3) 29 staff years for the Office of Public Affairs, (4) 28 staff years for the Office of Legislation and Congressional Relations, (5) 1,117 staff years for the Assistant Secretary for Housing—Federal Housing Commissioner, (6) 148 staff years for the Assistant Secretary for Public and Indian Housing, (7) 271 staff years for the Assistant Secretary for Community Planning and Development, (8) 147 staff years for the Assistant Secretary for Policy Development and Research, (9) 170 staff years for the Assistant Secretary for Fair Housing and Equal Opportunity, and (10) 238 staff years for the Office of General Counsel.]

During fiscal year 1991, notwithstanding any other provision of law, average employment in the headquarter's offices of the Department of Housing and Urban Development shall not exceed: (1) 28 staff years for the Immediate Office of the Secretary/Under Secretary, (2) 18 staff years for the Deputy Under Secretary for Field Coordination, (3) 14 staff years for the Office of Public Affairs, (4) 28 staff years for the Office of Legislation and Congressional Relations, (5) 1,142 staff years for the Assistant Secretary for Housing—Federal Housing Commissioner, of which 25 staff years shall be for data management reform and preservation activities only, (6) 157 staff years for the Assistant Secretary for Public and Indian Housing, (7) 271 staff years for the Assistant Secretary for Community Planning and Development, (8) 137 staff years for the Assistant Secretary for Policy Development and Research, (9) 170 staff years for the Assistant Secretary for Fair Housing and Equal Opportunity, and (10) 224 staff years for the Office of General Counsel of which not more than 15 staff years shall be for the Immediate Office of General Counsel: Provided, That the Office of Drug Free Neighborhoods shall be transferred from the Office of General Counsel to the Assistant Secretary for Public and Indian Housing and included within the staff years provided herein therefor: Provided further, That effective October 1, 1990, the Office of Public Affairs shall be terminated and its functions shall not be reassigned to any other element of the Department: Provided further, That no funds may be used from amounts provided in this or any other Act for details of employees from any organization in the Department of Housing and Urban Development to any organization included under the budget activity "Departmental Management."

Prior to the implementation of any final rule or directive imposing new limitations on the ability of any public housing agency or Indian housing authority to secure general liability and property insurance coverage, or special risk coverage for abatement of hazardous substances such as lead-based paint, from non-profit insurance entities owned by such housing authorities, the Secretary of the Department of Housing and Urban Development shall transmit a report to the appropriate Committees of the Congress detailing (1) the intent and purpose of

any such rule or directive; (2) the legislative authority and administrative precedent for such rule or directive; and (3) an assessment of the potential impact that such rule or directive will have on the ability of such housing authority-owned insurance entities to continue to effectively offer an alternative to other commercially available coverage on a long-term basis.

Section 102(a)(12) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(12)) is amended by inserting after the period at the end the following new sentence: "Where the boundaries for a metropolitan city or urban county used for the 1980 census have changed as a result of annexation, the current population used to compute extent of growth lag shall be adjusted by multiplying the current population by the ratio of the population based on the 1980 census within the boundaries used for the 1980 census to the population based on the 1980 census within the current boundaries.". The amendment made by this paragraph shall apply to the first allocation of assistance under section 106 that is made after the date of the enactment of this Act and to each allocation thereafter.

TITLE III

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; [$15,900,000] *$15,402,000*, to remain available until expended: *Provided*, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby made available for the payment of such allowance: *Provided further*, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as Secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: *Provided further*, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it: *Provided further*, That section 509 of the general provisions carried in title V of this Act shall not apply to the funds provided under this heading: *Provided further*, That not more than $125,000 of the private contributions to the Korean War Memorial Fund may be used for administrative support of the Korean War Veterans Memorial Advisory Board including travel by members of the board authorized by the Commission, travel allowances to conform to those provided by Federal Travel regulations.

COMMISSION ON NATIONAL AND COMMUNITY SERVICE

SALARIES AND EXPENSES

For use in establishing and paying the salaries and expenses of the Commission on National and Community Service under subtitle G of title I of the National and Community Service Act of 1990, $2,000,000.

PROGRAMS AND ACTIVITIES

For use in carrying out the programs, activities and initiatives under subtitles B through F of title I of the National and Community Service Act of 1990, $98,000,000.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18, purchase of nominal awards to recognize non-Federal officials' contributions to Commission activities, and not to exceed $500 for official reception and representation expenses, [$37,109,000] *$36,709,000*: *Provided*, That not more than $365,000 of these funds shall be available for personnel compensation and benefits for the Commissioners of the Consumer Product Safety Commission.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

For necessary expenses for the operation of the U.S. Court of Veterans Appeals as authorized by 38 U.S.C. 4051-4091, [$9,560,000] *$4,127,000*: *Provided*, That such sum shall be available without regard to section 509 of this Act.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, and not to exceed $1,000 for official reception and representation expenses; $12,236,000, to remain available until expended.

ENVIRONMENTAL PROTECTION AGENCY

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; and not to exceed $5,000 for official reception and representation expenses; [$995,000,000] *$949,700,000*: *Provided*, That none of these funds may be expended for purposes of Resource Conservation and Recovery Panels established under section 2003 of the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6913).

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, [$37,000,000] *$33,709,000*, of which [$13,107,000] *$11,941,000* shall be derived from the Hazardous Substance Superfund trust fund and [$575,000] *$524,000* shall be derived from the Leaking Underground Storage Tank Trust Fund.

RESEARCH AND DEVELOPMENT

For research and development activities, [$254,900,000] *$249,000,000*, to remain available until September 30, 1992: [*Provided*, That not more than $11,600,000 of these funds shall be available for procurement of laboratory equipment.] *Provided, That not more than $35,600,000 of these funds shall be available for procurement of laboratory equipment, supplies, and other operating expenses in support of research and development.*

ABATEMENT, CONTROL, AND COMPLIANCE

For abatement, control, and compliance activities, [$1,006,525,000] *$985,300,000*, to remain available until September 30, 1992: *Provided*, That up to $2,800,000 shall be available for grants and cooperative agreements to develop and implement asbestos training and accreditation programs: *Provided further, That notwithstanding any other provision of law, from funds appropriated under this heading, the Administrator is authorized to make grants to "Federally recognized Indian tribes" on such terms and conditions as he deems appropriate for the development of multimedia environmental programs*: *Provided further*, That none of the funds appropriated under this head shall be available to the National Oceanic and Atmospheric Administration pursuant to section 118(h)(3) of the Federal Water Pollution Control Act, as amended: *Provided further*, That none of these funds may be expended for purposes of Resource Conservation and Recovery Panels established under section 2003 of the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6913), or for support to State, regional, local, and interstate agencies in accordance with subtitle D of the Solid Waste Disposal Act, as amended, other than section 4008(a)(2) or 4009 (42 U.S.C. 6948, 6949).

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment for facilities of, or use by, the Environmental Protection Agency, [$34,000,000] *$19,000,000*, to remain available until expended *: Provided, That none of the funds previously appropriated for the design and renovation of a Superfund laboratory at Edison, New Jersey to test and evaluate innovative technologies shall be spent in fiscal year 1991.*

HAZARDOUS SUBSTANCE SUPERFUND

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), including sections 111 (c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), [$1,610,200,000, to be derived from the Hazardous Substance Superfund,] *$1,616,228,000, consisting of $755,328,000 as authorized by section 517(a) of the Superfund Amendments and Reauthorization Act of 1986 (SARA) and $860,900,000 as a payment from general revenues to the Hazardous Substance Superfund as authorized by section 517(b) of SARA,* plus sums recovered on behalf of the Hazardous Substance Superfund in excess of $135,000,000 during fiscal year 1991, with all of such funds to remain available until expended: *Provided*, That funds appropriated under this heading may be allocated to other Federal agencies in accordance with section 111(a) of CERCLA: *Provided further*, That notwith-

standing section 111(m) of CERCLA or any other provision of law, not to exceed [$47,500,000] *$50,000,000* of the funds appropriated under this heading shall be available to the Agency for Toxic Substances and Disease Registry to carry out activities described in sections 104(i), 111(c)(4), and 111(c)(14) of CERCLA and section 118(f) of the Superfund Amendments and Reauthorization Act of 1986: *Provided further*, That none of the funds appropriated under this heading shall be available for the Agency for Toxic Substances and Disease Registry to issue in excess of 40 toxicological profiles pursuant to section 104(i) of CERCLA during fiscal year 1991: *Provided further, That the Administrator of the Environmental Protection Agency shall pay not more than $7,000 in interest to the City of New Brighton, Minnesota: Provided further*, That no more than $233,000,000 of these funds shall be available for administrative expenses.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

For necessary expenses to carry out leaking underground storage tank cleanup activities authorized by section 205 of the Superfund Amendments and Reauthorization Act of 1986, [$75,000,000] *$65,000,000*, to remain available until expended: *Provided*, That no more than $6,000,000 shall be available for administrative expenses.

CONSTRUCTION GRANTS

[For necessary expenses to carry out the purposes of the Federal Water Pollution Control Act, as amended, and the Water Quality Act of 1987, $2,000,000,000, to remain available until expended, of which $1,964,300,000 shall be for title VI of the Federal Water Pollution Control Act, as amended; and $35,700,000 shall be for title V of the Water Quality Act of 1987, consisting of $15,700,000 for section 510 and $20,000,000 for section 513: *Provided*, That the $15,700,000 for section 510 shall be for the United States share of an international wastewater treatment plant in San Diego to treat Tijuana wastewater and these amounts shall only become available upon approval of a Minute of the International Boundary and Water Commission by Mexico and the United States in which Mexico agrees to finance: (1) all operating and maintenance costs of treating Tijuana wastewater at the plant; and (2) all construction, operations, and maintenance costs for any future capacity needed to treat Tijuana wastewater in excess of the 25 million gallon per day capacity to be provided at the international plant: *Provided further*, That, notwithstanding sections 602(b)(6) or 201(g)(1) of the Federal Water Pollution Control Act, as amended, of the funds appropriated in this paragraph, amounts awarded in a capitalization grant to an agency of any State, including funds transferred pursuant to section 205(m), shall be available for providing assistance in that State for the construction of publicly owned treatment works as defined in section 212 of that Act.]

For necessary expenses to carry out the purposes of the Federal Water Pollution Control Act, as amended, and the Water Quality Act of 1987, $2,100,000,000, to remain available until expended, of which $2,083,500,000 shall be for title VI of the Federal Water Pollution Control Act, as amended; and $16,500,000 shall be for making grants authorized under section 104(b)(3) of the Federal Water Pollution Control Act, as amended.

ADMINISTRATIVE PROVISIONS

The Administrator of the Environmental Protection Agency shall, to the fullest extent possible, ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs, including [the] *grants, loans, and* contracts for wastewater treatment and leaking underground storage tanks [grants] *grants*, be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals (within the meaning of section 8(a) (5) and (6) of the Small Business Act (15 U.S.C. 637(a) (5) and (6)), including historically black colleges and universities. For purposes of this section, economically and socially disadvantaged individuals shall be deemed to include women.

Notwithstanding any provision of the Federal Water Pollution Control Act, the Delavan Lake Sanitary District shall be entitled to retain all funds received under EPA construction grants c550549-01 and c550549-02.

[During fiscal year 1991, notwithstanding any other provison of law, average employment in the headquarter's offices of the Environmental Protection Agency shall not exceed: (1) 44 workyears for the Immediate Office of the Administrator, (2) 50 workyears for the Office of Congressional and Legislative Affairs, (3) 64 workyears for the Office of Communications and Public Affairs, (4) 146 workyears for the Office of General Counsel (5) 52 workyears for the Office of International Activities, (6) 35 workyears for the Office of Federal Activities, (7) 257 workyears for the Office of Policy, Planning, and Evaluation, and (8) 1,095 workyears for the Office of Administration and Resources Management.]

During fiscal year 1991, notwithstanding any other provision of law, average employment in the headquarter's offices of the Environmental Protection Agency shall not exceed: (1) 70 workyears for the Immediate Office of the Administrator, including 1 to support the Superfund program; (2) 52 workyears for the Office of Congressional and Legislative Affairs, including 2 to support the Superfund program; (3) 66 workyears for the Office of Communications and Public Affairs, including 3 to support the Superfund program; (4) 169 workyears for the Office of General Counsel, including 12 to support the Superfund program, 11 to support program management, 1 to support the Leaking Underground Storage Tank Trust Fund program, and 1 to support the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act Amendments of 1988; (5) 52 workyears for the Office of International Activities; (6) 35 workyears for the Office of Federal Activities; (7) 245 workyears for the Office of Policy, Planning, and Evaluation, including 13 to support the Superfund program and 1 to support the Leaking Underground Storage Tank Trust Fund program; (8) 1,367 workyears for the Office of Administration and Resources Management, including 263 to support the Superfund program, 9 to support the Leaking Underground Storage Tank Trust Fund program, and 13 to support the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act Amendments of 1988.

The Administrator of the Environmental Protection Agency is required, by November 30, 1990, to issue a final decision on the Sanitation Districts of Los Angeles County's pending 301(h) application.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses of the Council on Environmental Quality and the Office of Environmental Quality, in carrying out their functions under the National Environmental Policy Act of 1969 (Public Law 91-190), the Environmental Quality Improvement Act of 1970 (Public Law 91-224), and Reorganization Plan No. 1 of 1977, including not to exceed $500 for official reception and representation expenses, and hire of passenger motor vehicles, [$2,780,000] *$1,465,000.*

NATIONAL SPACE COUNCIL

For necessary expenses of the National Space Council, including services as authorized by 5 U.S.C. 3109; [$1,000,000] *$1,363,000: Provided*, That the National Space Council shall reimburse other agencies for not less than one-half of the personnel compensation costs of individuals detailed to it.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

For necessary expenses of the Office of Science and Technology Policy, in carrying out the purposes of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, not to exceed $1,500 for official reception and representation expenses, and rental of conference rooms in the District of Columbia, [$3,300,000] *$3,560,000: Provided*, That the Office of Science and Technology Policy shall reimburse other agencies for not less than one-half of the personnel compensation costs of individuals detailed to it.

POINTS OF LIGHT FOUNDATION

For necessary expenses of the President in carrying out title III of the National and Community Service Act of 1990 relating to the Points of Light Foundation's promotion of local problem solving through voluntary community service, $5,000,000: Provided, That not later than 6 months after the date of enactment of this Act, the President shall prepare and submit to the appropriate committees of Congress a report describing the use of funds made available by this appropriation.

FEDERAL EMERGENCY MANAGEMENT AGENCY

[DISASTER RELIEF

[For necessary expenses in carrying out the functions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $100,000,000, to remain available until expended.]

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire and purchase of motor vehicles (31 U.S.C. 1343); uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; expenses of attendance of cooperating officials and individuals at meetings concerned with the work of emergency preparedness; transportation in connection with the continuity of Government program to the same extent and in the same manner as permitted the Secretary of a Military Department under 10 U.S.C. 2632; and not to exceed $2,500 for official reception and representation expenses, [$143,459,000] *$143,000,000.*

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$3,905,000] *$2,751,000.*

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For necessary expenses, not otherwise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 et seq.), the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977, as amended (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.), the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2251 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), section 103 of the National Security Act (50 U.S.C. 404), and Reorganization Plan No. 3 of 1978, [$275,423,000] *$267,042,000.*

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

Of the funds available from the National Flood Insurance Fund for activities under the National Flood Insurance Act of 1968, and the Flood Disaster Protection Act of 1973, $11,078,000 shall, upon enactment of this Act, be transferred to the "Salaries and expenses" appropriation for administrative costs of the insurance and flood plain management programs and $46,023,000 shall, upon enactment of the Act, be transferred to the "Emergency management planning and assistance" appropriation for flood plain management activities, including $4,720,000 for expenses under section 1362 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4103, 4127), which amount shall be available until September 30, 1992. In fiscal year 1991, no funds in excess of (1) $32,000,000 for operating expenses, (2) $183,500,000 for agents' commissions and taxes, and (3) $3,500,000 for interest on Treasury borrowings shall be available from the National Flood Insurance Fund without prior notice to the Committees on Appropriations.

EMERGENCY FOOD AND SHELTER PROGRAM

There is hereby appropriated $134,000,000 to the Federal Emergency Management Agency to carry out an emergency food and shelter program pursuant to title III of Public Law 100-77, as amended: *Provided,* That total administrative costs shall not exceed three and one-half per centum of the total appropriation.

ADMINISTRATIVE PROVISIONS

The Superintendent of the Fire Academy, in exercising the powers and authority provided by section 7 of the Federal Fire Prevention Control Act of 1974, shall be subject to the exclusive direction of the Administrator, United States Fire Administration: Provided, That all funds appropriated by this or any other Act, with respect for any fiscal year, or otherwise made available, for the National Fire Academy in Emmitsburg, Maryland, or any Fire Academy field programs, shall be placed under the exclusive control of the United States Fire Administration.

Chapter 35 of title 5, United States Code, is amended by adding at the end thereof the following new subchapter:

"Subchapter VII—Temporary Reemployment for Emergency Disaster Relief

"§ 3598. Temporary reemployment for emergency disaster relief

"(a) For purposes of this section, the term—

"(1) 'active employee' means an employee within the meaning of section 8331(1) or 8401(11) of this title;

"(2) 'annuitant' means an annuitant within the meaning of section 8331(9) or 8401(2) of this title;

"(3) 'emergency' means a major disaster or emergency declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170);

"(4) 'temporary' means employment in any position—

"(A) not in excess of the lesser of—

"(i) 1-year duration; or

"(ii) a period during which appropriations are available for purposes of the emergency for which an individual is employed; and

"(B) which shall be considered strictly temporary for purposes of any provision of law relating to separations, suspensions, or reductions in rank or compensation, or any other provision of this title;

"(5) 'retired or retainer pay' has the meaning given that term by section 5531(3); and

"(6) 'uniformed services' has the meaning given that term by section 2101(3).

"(b)(1) This section shall apply with respect to service in any temporary position within the Federal Emergency Management Agency relating to an immediate and direct effort concerning an emergency.

"(2) In the administration of the provisions of this section, preference in hiring for the temporary positions described in paragraph (1) shall be given by the Director of the Federal Emergency Management Agency to individuals who are residents of the area of the emergency, as defined in subsection (a)(3).

"(c)(1)(A) subject to the provisions of subparagraph (B), an annuitant who becomes reemployed in a temporary position described in subsection (b)(1) shall, with respect to any period of service in such position, be exempt from section 8344 or 8468 (as otherwise applicable).

"(B) The provisions of this subsection shall not—

"(i) apply with respect to any annuitant who, immediately before being placed in the temporary position, was employed in a Government position in which pay for that annuitant was being reduced under either of the provisions referred to in subparagraph (A);

"(ii) have the effect of exempting a reemployed annuitant from section 8344 or 8468 after the expiration of the period of reemployment under this section; and

"(iii) apply to have the effect of reemploying an annuitant for an emergency who separates from service during the period of such emergency.

"(2) Nothing in this subsection shall have the effect of causing a reemployed annuitant to be treated as an active employee for purposes of any provision of chapter 83 or 84.

"(d)(1) Subject to the provisions of paragraph (2), the retired or retainer pay of a former member of a uniformed service employed in a temporary position described in subsection (b)(1) shall, with respect to any period of service in such position, be exempt from section 5532.

"(2) The provisions of this subsection shall not—

"(A) apply with respect to any former member of a uniformed service if, immediately before being placed in the temporary position, the retired or retainer pay of such former member was being reduced under section 5532 (or would have been reduced but for subsection (d)(2) of such section);

"(B) have the effect of exempting a former member of a uniformed service from section 5532 after the expiration of the period of reemployment under this section; and

"(C) apply to have the effect of reemploying a former member of a uniformed service for an emergency who separates from service during the period of such emergency.

"(3) For purposes of this subsection, the term 'former member of a uniformed service' means a member or former member of a uniformed service.

"(e) An individual may be reemployed under this section as successive appointments for any emergency as declared by the President.

"(f) No individual employed under the provisions of this section may receive pay for such service at a rate in excess of the lesser of—

"(1) the maximum rate of pay (payable at the time of such service) for the highest pay grade of which such individual was employed by the Federal Government or served in the uniformed service; or

"(2) the maximum rate of pay payable for GS-12.".

The table of sections for chapter 35 of title 5, United States Code, is amended by adding at the end thereof the following:

"SUBCHAPTER VII—TEMPORARY REEMPLOYMENT FOR EMERGENCY DISASTER RELIEF

"3598. Temporary reemployment for emergency disaster relief.".

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, $1,540,000, to be deposited into the Consumer Information Center Fund: *Provided,* That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of $5,500,000. Administrative expenses of the Consumer Information Center in fiscal year 1991 shall not exceed $2,172,000. Appropriations, revenues, and collections accruing to this fund during fiscal year 1991 in excess of $5,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

For necessary expenses of the Office of Consumer Affairs, including services authorized by 5 U.S.C. 3109, [$1,889,000] *$1,964,000.*

INTERAGENCY COUNCIL ON THE HOMELESS

SALARIES AND EXPENSES

For necessary expenses of the Interagency Council on the Homeless, not otherwise provided for, as authorized by title II of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11311-11319), as amended, [$1,214,000] *$1,083,000,* to remain available until expended: *Provided,* That the Council shall carry out its duties in the 10 standard Federal regions under section 203(a)(4) of such Act only through detail, on a non-reimbursable basis, of employees of the departments and agencies represented on the

Council pursuant to section 202(a) of such Act.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

[For necessary expenses, not otherwise provided for, including research, development, operations, services, minor construction, maintenance, repair, rehabilitation and modification of real and personal property, and not in excess of $100,000 per project for construction of new facilities and additions to existing facilities, repairs, and rehabilitation and modification of facilities; purchase, lease, hire, maintenance, and operation of aircraft, necessary for the conduct and support of aeronautical and space research and development activities of the National Aeronautics and Space Administration; $7,027,994,000, to remain available until September 30, 1992: *Provided*, That not to exceed $35,000 of the foregoing amount shall be available for scientific consultations or extraordinary expense to be expended upon the approval or authority of the Administrator and his determination shall be final and conclusive.]

For necessary expenses, not otherwise provided for, including research, development, operations, services, minor construction, maintenance, repair, rehabilitation and modification of real and personal property; purchase, hire, maintenance, and operation of other than administrative aircraft, necessary for the conduct and support of aeronautical and space research and development activities of the National Aeronautics and Space Administration; $5,600,000,000, to remain available until September 30, 1992, of which $1,587,400,000 is for the Space Station Freedom.

SPACE FLIGHT, CONTROL AND DATA COMMUNICATIONS

[For necessary expenses, not otherwise provided for, including support of space flight, spacecraft control and communications activities of the National Aeronautics and Space Administration, including operations, production, services, minor construction, maintenance, repair, rehabilitation, and modification of real and personal property, and not in excess of $100,000 per project for construction of new facilities and additions to existing facilities, repairs, and rehabilitation and modification of facilities; tracking and data relay satellite services as authorized by law; purchase, lease, hire, maintenance, and operation of aircraft; $6,530,351,000, to remain available until September 30, 1992: *Provided*, That funds provided under this paragraph, with sums provided for "Research and development", may be utilized for the purchase of one mission management aircraft for replacement only (for which partial payment may be made by exchange of at least one existing mission management aircraft and such other existing aircraft as may be considered appropriate).]

For necessary expenses, not otherwise provided for; in support of space flight, spacecraft control and communications activities of the National Aeronautics and Space Administration, including operations, production, services, minor construction, maintenance, repair, rehabilitation, and modification of real and personal property; tracking and data relay satellite services as authorized by law; purchase, hire, maintenance and operation of other than administrative aircraft; $6,319,132,000, to remain available until September 30, 1992, of which $1,209,732,000 shall be used only for the purpose of reducing all outstanding debt to the Federal Financing Bank.

CONSTRUCTION OF FACILITIES

For construction, repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and for facility planning and design not otherwise provided, for the National Aeronautics and Space Administration, and for the acquisition or condemnation of real property, as authorized by law, [$485,000,000] *$497,900,000*, to remain available until September 30, 1993: *Provided*, That, notwithstanding the limitation on the availability of funds appropriated under this heading by this appropriations Act, when any activity has been initiated by the incurrence of obligations therefor, the amount available for such activity shall remain available until expended, except that this provision shall not apply to the amounts appropriated pursuant to the authorization for repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design: *Provided further*, That no amount appropriated pursuant to this or any other Act may be used for the lease or construction of a new contractor-funded facility for exclusive use in support of a contract or contracts with the National Aeronautics and Space Administration under which the Administration would be required to substantially amortize through payment or reimbursement such contractor investment, unless an appropriations Act specifies the lease or contract pursuant to which such facilities are to be constructed or leased or such facility is otherwise identified in such Act: *Provided further*, That the Administrator may authorize such facility lease or construction, if he determines, in consultation with the Committees on Appropriations, that deferral of such action until the enactment of the next appropriations Act would be inconsistent with the interest of the Nation in aeronautical and space activities.

RESEARCH AND PROGRAM MANAGEMENT

[For necessary expenses for personnel and related costs and for travel expenses, $1,446,212,000.]

For necessary expenses of research in Government laboratories, management of programs and other activities of the National Aeronautics and Space Administration, not otherwise provided for, including uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); awards, lease, hire, maintenance and operation of administrative aircraft; purchase (not to exceed thirty-three for replacement only) and hire of passenger motor vehicles; and maintenance and repair of real and personal property, and not in excess of $100,000 per project for construction of new facilities and additions to existing facilities, repairs, and rehabilitation and modification of facilities; $2,232,900,000: Provided, That contracts may be entered into under this appropriation for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year: Provided further, That not to exceed $35,000 of the foregoing amount shall be available for scientific consultations or extraordinary expense, to be expended upon the approval or authority of the Administrator and his determination shall be final and conclusive.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$10,500,000] *$11,000,000.*

ADMINISTRATIVE [PROVISION] *PROVISIONS*

The NASA Administrator shall, to the fullest extent possible, ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs, including the space station by the time operational status is obtained, be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals (within the meaning of section 8(a) (5) and (6) of the Small Business Act (15 U.S.C. 637(a) (5) and (6)), including historically black colleges and universities. For purposes of this section, economically and socially disadvantaged individuals shall be deemed to include women.

During fiscal year 1991, notwithstanding any other provision of law, average employment in the headquarter's offices of the National Aeronautics and Space Administration shall not exceed: (1) 48 staff years for the Office of the Administrator; (2) 162 staff years for the Headquarters Operations; (3) 41 staff years for the Office of Commercial Programs; (4) 10 staff years for the Office of Explorations; (5) 39 staff years for the Office of General Counsel; (6) 180 staff years for Agency Management; (7) 70 staff years for the Office of External Relations; (8) 27 staff years for the Office of Legislative Affairs; (9) 222 staff years for the Office of Space Science and Applications; (10) 136 staff years for the Office of Aeronautics and Space Technology; (11) 233 staff years for the Office of Space Flight, including Level I activity for the Space Station; (12) 60 staff years for the Office of Space Operations; (13) 111 staff years for the Office of the Comptroller: Provided, That no funds may be used from amounts provided in this or any other Act for details of employees from any organization in the National Aeronautics and Space Administration to any organization included under the budget activity "Research and Program Management".

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

During fiscal year 1991, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795) shall not exceed $600,000,000: *Provided*, That administrative expenses of the Central Liquidity Facility in fiscal year 1991 shall not exceed $893,000.

[NATIONAL INSTITUTE OF BUILDING SCIENCES

[PAYMENT TO THE NATIONAL INSTITUTE OF BUILDING SCIENCES

[For payment to the National Institute of Building Sciences, $250,000.]

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For necessary expenses in carrying out the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880-1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; acquisition of aircraft; [hire of passenger motor vehicles; not to exceed $6,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); rental of conference rooms in the District of Columbia; and reimbursement of the Gener-

al Services Administration for security guard services; $1,854,000,000] *$1,744,650,000*, to remain available until September 30, 1992: *Provided,* [That of the funds appropriated in this Act, or from funds appropriated previously to the Foundation, not more than $100,000,000 shall be available for program development and management in fiscal year 1991: *Provided further,* That contracts may be entered into under the program development and management limitation in fiscal year 1991 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year: *Provided further,*] That receipts for scientific support services and materials furnished by the National Research Centers and other National Science Foundation supported research facilities may be credited to this appropriation: *Provided further,* That to the extent that the amount appropriated is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

ACADEMIC RESEARCH FACILITIES

For necessary expenses in carrying out an academic research facilities program pursuant to the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, [$20,000,000] *$20,478,000*, to remain available until September [20] *30*, 1992.

PROGRAM DEVELOPMENT AND MANAGEMENT

For necessary program development and management expenses in carrying out the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880-1881); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $6,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); rental of conference rooms in the District of Columbia; reimbursement of the General Services Administration for security guard services; $99,000,000, to remain available until September 30, 1992: Provided, That contracts may be entered into under program development and management in fiscal year 1991 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year: Provided further, That none of the funds made available by this or any other Act with respect to any fiscal year may be used to relocate the National Science Foundation headquarters, or any of its staff offices, from its current location.

UNITED STATES ANTARCTIC PROGRAM ACTIVITIES

For necessary expenses in carrying out the research and operational support for the United States Antarctic Program pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875); maintenance and operation of aircraft and purchase of flight services for research and operations support; improvement of environmental practices and enhancements of safety; maintenance and operation of research ships and charter or lease of ships for research and operations support; hire of passenger motor vehicles; not to exceed $2,500 for official reception and representation expenses; $100,000,000, to remain available until expended: *Provided,* That receipts for support services and materials provided for non-Federal activities may be credited to this appropriation.

UNITED STATES ANTARCTIC LOGISTICAL SUPPORT ACTIVITIES

For necessary expenses in reimbursing Federal agencies for logistical and other related activities for the United States Antarctic Program pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875); maintenance, and operation of aircraft and purchase of flight services for research and operations support; improvement of environmental practices and enhancements of safety; maintenance and operation of research ships and charter or lease of ships for research and operations support; hire of passenger motor vehicles; not to exceed $75,000,000, to remain available until expended: *Provided,* That receipts for support services and materials provided for non-Federal activities may be credited to this appropriation.

[SCIENCE EDUCATION ACTIVITIES

[For necessary expenses in carrying out science and engineering education programs and activities pursuant to the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, $285,000,000, to remain available until September 30, 1992: *Provided,* That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.]

EDUCATION AND HUMAN RESOURCES ACTIVITIES

For necessary expenses in carrying out science and engineering education and human resources programs and activities pursuant to the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, $322,350,000, to remain available until September 30, 1992: Provided, That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$3,000,000] *$2,714,000*, to remain available until September 30, 1992.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For payment to the Neighborhood Reinvestment Corporation for use in neighborhood reinvestment activities, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101-8107), [$24,500,000] *$25,554,000*.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by law (5 U.S.C. 4101-4118) for civilian employees; and not to exceed $1,000 for official reception and representation expenses; $26,635,000: *Provided,* That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: *Provided further,* That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States: *Provided further,* That notwithstanding the provisions of 50 U.S.C. App. 460(g), none of the funds appropriated by this Act may be obligated in connection with the preparation of more than one report each year to the Congress covering the operation of the Selective Service System.

TITLE IV

CORPORATIONS

Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Act as may be necessary in carrying out the programs set forth in the budget for 1991 for such corporation or agency except as hereinafter provided: *Provided,* That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

FEDERAL DEPOSIT INSURANCE CORPORATION

FSLIC RESOLUTION FUND

For payment of expenditures, in fiscal year 1991, of the FSLIC Resolution Fund, for which other funds available to the FSLIC Resolution Fund as authorized by Public Law 101-73 are insufficient, [such sums as may be necessary] *$4,398,000,000*: *Provided,* That the Chairman of the Federal Deposit Insurance Corporation shall provide quarterly reports to the Committees on Appropriations beginning November 15, 1989, on the receipts, disbursements, cash balance, estimated Treasury payments required by fiscal year, and total estimated costs to the FSLIC Resolution Fund.

RESOLUTION TRUST CORPORATION

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $10,785,000.

TITLE V

GENERAL PROVISIONS

SECTION 501. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefor in the budget estimates submitted for the appropriations: *Provided,* That this section

shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act; to site-related travel performed in connection with the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended; to site-related travel under the Solid Waste Disposal Act, as amended; to travel performed by the Offices of Inspector General in connection with audits and investigations; or to payments to interagency motor pools where separately set forth in the budget schedules: *Provided further,* That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefor set forth in the estimates in the same proportion.

SEC. 502. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 503. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Resolution Trust Corporation, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1831).

SEC. 504. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 505. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

(B) The expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 506. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any officer or employee authorized such transportation under title 31, United States Code, section 1344.

SEC. 507. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: *Provided,* That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 508. None of the funds provided in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the maximum rate paid for GS-18, unless specifically authorized by law.

SEC. 509. No part of any appropriation contained in this Act for personnel compensation and benefits shall be available for other object classifications set forth in the budget estimates submitted for the appropriations: *Provided,* That this section shall not apply to any part of the appropriations contained in this Act for Offices of Inspector General personnel compensation and benefits.

SEC. 510. None of the funds in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 511. Except as otherwise provided under existing law or under an existing Executive order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are (1) a matter of public record and available for public inspection, and (2) thereafter included in a publicly available list of all contracts entered into within twenty-four months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

SEC. 512. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.) for a contract for services unless such executive agency (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder, and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analyses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning (A) the contract pursuant to which the report was prepared, and (B) the contractor who prepared the report pursuant to such contract.

SEC. 513. Except as otherwise provided in section 506, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 514. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 515. Such sums as may be necessary for fiscal year 1991 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

[SEC. 516. None of the funds appropriated under title II of this Act under the heading entitled Community Planning and Development, Community Development Grants, to any department, agency, or instrumentality of the United States may be obligated or expended to any municipality that fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within the jurisdiction of said municipality against any individuals engaged in nonviolent civil rights demonstrations.]

SEC. 516. After January 1, 1991, and for the duration of fiscal year 1991, within the Department of Housing and Urban Development, the number of noncareer appointees to the Senior Executive Service shall not exceed 13 per centum of the total number of Senior Executive Service positions in such department, unless the Office of Personnel Management approves a waiver to exceed that limitation in accordance with 5 U.S.C. 3134. The Office of Personnel Management, in consultation with the Office of Management and Budget, shall undertake an expedited review of Senior Executive Service positions in the Department of Housing and Urban Development and report its findings, recommendations, and justification for any waiver determination to the Congress by December 15, 1990.

SEC. 517. None of the funds appropriated under title II of this Act, or otherwise available to the Department of Housing and Urban Development, shall be used for first-class travel of any Department official or employee, unless required by medical necessity.

SEC. 518. None of the funds appropriated under title I of this Act, or otherwise available to the Department of Veterans Affairs, shall be used to enter into leases above $50,000, unless specifically provided for in Appropriations Acts.

SEC. 519. Unless otherwise provided for in this Act, no part of any appropriation for the Department of Housing and Urban Development contained in this Act shall be available for any activity in excess of amounts set forth in the budget estimates submitted for the appropriations.

SEC. 520. Funds of the Department of Housing and Urban Development shall be used in accordance with the directives, set asides, tabular material, and reporting requirements included on pages 16 through 39 of House Report 101-556, as modified and added to by the directives, set asides, tabular material and reporting requirements included on pages 35 through 74 of Senate Report 101-474 accompanying this Act, which requirements shall have the force of law, to be modified and added to only by any directives, set asides, tabular materials, and report requirements included in the Joint Explanatory Statement of the Committee on Conference for H.R. 5158.

This Act may be cited as the "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991".

Mr. GARN. Will the majority leader yield?

Mr. MITCHELL. Certainly.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. GARN. I yield such time as is necessary to propound a question to the majority leader. There is an indication on my side that we would like to set a time certain to vote at 6:15. I feel certain we can accomplish it by then.

Mr. MITCHELL. There is absolutely no problem in that regard from my standpoint, if that will be convenient for Senators and for the distinguished manager.

Accordingly, Mr. President, I ask unanimous consent that the vote on final passage of the VA/HUD bill occur at 6:15 p.m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I thank the Chair for the recognition.

I am pleased to bring to the Senate H.R. 5158, the 1991 VA-HUD and independent agencies appropriations bill.

This bill provides $78.6 billion for the VA, HUD, and 22 independent agencies in the Federal Government, about $61 billion of which is discretionary.

H.R. 5158, as reported by the Senate Appropriations Committee, is within the VA-HUD Subcommittee's 302(b) allocation for budget authority and outlays.

The needs of the agencies in this bill are among the most diverse within the Federal Government, and represent 30 percent of all Federal domestic discretionary spending. As a result, we are forced to make tough choices each year, choices that reflect competing priorities between space, basic science, veterans, the environment, housing, and the homeless.

302 (b) ALLOCATION

This year, these choices have been especially difficult because the Senate's VA-HUD 302(b) allocation was $2.1 billion less than House in budget authority, and $630 million in outlays.

We had less to work with because of the Senate Appropriations Committee's lower overall 302(a) allocation for discretionary spending—something which should be partially addressed once there is a reallocation in light of the budget summit agreement.

The net result of the subcommittee 302(b) shortfall is that all programs, in virtually every agency, receive less funds than I, and I know Senator GARN would like. In addition, since the subcommittee's shortfall is most acute on outlays, high outlay programs in the bill, particularly VA medical programs and NASA, face the greatest constraints.

Despite these limits, Senators should know that $3 out of every $4 in new outlays in the bill go to either veterans medical programs or space.

DEPARTMENT OF VETERANS AFFAIRS

For VA, the bill provides about $31 billion, $1.4 billion above last year, $600 million above the President's request, but about $200 million less than House.

VA medical care is funded at the level recommended in the President's budget, about $800 million, or 7 percent above last year.

VA's general operating expenses would receive $865 million, which is $54 million above last year. This is less than we want, it is less than what the veterans deserve, but enough to keep pace with inflation.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The bill includes about $25 billion for HUD, nearly $1.1 billion below the House level, but $3.5 billion above the budget request.

This large increase is somewhat deceiving, since nearly $8 billion of HUD's funds are needed just to renew 300,000 expiring section 8 units. Had it not been for the generosity of the full committee, we could have left 300,000 people homeless because of our failure to meet these obligations

The bill includes funds for 3,000 units of Indian housing, and 12,000 units of elderly and handicapped housing, both in response to the large number of Senators interested in these programs.

In addition, the bill includes $3.2 billion for the CDBG Program, probably HUD's most popular, and certainly one of its most important, programs.

ENVIRONMENTAL PROTECTION AGENCY

For EPA, the bill provides just over $6 billion, $437 million above the President's budget, and almost 10 percent above last year's appropriation.

Sewage treatment grants would receive $2.1 billion, $100 million above the House level and $500 million more than that requested by the President.

The Superfund Program would get an increase of $86 million above last year, and $6 million above the House level—the highest level in the Superfund Program's history.

NATIONAL SCIENCE FOUNDATION

The National Science Foundation would receive an increase of $27 million above the House recommendation, with modest boosts in funds for science education and basic research, above levels proposed in House bill.

It is this Senator's belief that we should do more for the National Science Foundation, but again the constraints of the budget mandate this type of discipline.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Now we turn to NASA. NASA is the one agency in this bill with needs that for exceed what is currently available within our 302(b) allocation.

The bill provides a NASA appropriation of about $13.5 billion, $1.2 billion, or 10 percent above 1990. The committee's recommendation would leave NASA with $1.6 billion less than that requested in the President's budget.

I am a strong supporter of the space program. They have a bit of a rock and roll time, but I know they are developing a navigational chart to take us into the 21st century. In fact, the percentage of new outlays in the bill going to NASA has actually increased from under 30 percent last year to over 33 percent this year.

So it is not that we have not increased funds for space, it is simply that the increase NASA has requested is much larger than what the subcommittee has room for in its current allocation.

In providing funds for NASA, the committee's recommendation tries to preserve NASA's core program:

The space shuttle;

NASA's infrastructure at its field centers; and

Its basic research programs in aeronautics and science.

The space station would be cut $656 million below the House by the bill in its current form. I consider this amount to be too deep to continue to do the station in its current form, but one we must make giving the limits of our 302(b) allocation.

Mr. President, I know our ranking and astronaut member will amplify that, so I will not take the Senate's time, but you should know I support his comments.

It is my desire to provide additional funds for station if and when the subcommittee's 302(b) allocation is enhanced after action on the budget resolution conference report.

CONCLUSION

This appropriations bill does not meet all of our wishes, and it should not. But it does not meet all of our needs, and it should.

It is my hope, that working with our full committee chairman, Senator BYRD, and my ranking member, Senator GARN, we can find ways to more completely address our needs, particularly in the space program.

I want to commend the staff of the subcommittee: on the majority side, Kevin Kelly, the majority clerk, Carrie Apostolou, Jack Durham, Paul Bryant, and Pam Duvall; and for the minority, Stephen Kohashi, the minority clerk, and Paul Brubacher.

Mr. President, I also particularly want to thank the ranking minority member for the comity and civility and thoughtfulness that he brings to this subcommittee's deliberation. I feel confident in what I bring to the Senate because of his advice, counsel, and active participation.

In closing, I urge my colleagues to support the bill as reported by the subcommittee.

Mr. President, I will yield the floor. I know that the ranking minority member has a statement to make.

Mr. GARN. Mr. President, while I rise in support of the legislation before us, as a floor manager, I find myself in the curious position of being strongly opposed to several of its key recommendations. Specifically, levels recommended for the National Aeronautics and Space Administration and for the National Science Foundation are wholly inadequate in terms of making investments critical to our Nation's future leadership, competitiveness, and security.

My concerns in this regard are certainly not new. For years I have protested our unwillingness to adequately fund crucial space and science activities and warned of the consequences. Unfortunately, the annual din of those clamoring for immediate gains and special benefits has virtually swept aside our concerns for investment in activities which promise only future benefits and awards.

What is needed is to ask whether we as a nation are adequately preparing for future needs and concerns.

Sadly, that is a question rarely asked during the consideration of budget measures. All too often we are merely presented with brokered deals reflecting current political demands rather than a balance between current and future needs.

That is the sad failing of the measure before us. Within the severe budgetary constraints imposed on our subcommittee, it was impossible to reach beyond the heavy demands to address the needs of the homeless and poor, medical needs of veterans, and of immediate environmental concerns.

Although substantial sums are recommended for NASA and NSF, the additional amounts needed to carry out these activities in a meaningful and adequate manner were ignored.

Mr. President, it was my original intent to offer an amendment to this bill which would have provided these additional amounts knowing full well that it would breach the subcommittee's budget allocation and be subject to a supermajority waiver vote. I felt strongly that the Senate should be confronted with the question of whether or not the bill adequately addressed the Nation's critical needs in science, space, and technology.

The reason I am not pursuing this course is that, since the bill was reported by the committee, a summit agreement on the budget has been announced which will require the Committees on Appropriations of the House and Senate to produce a new subcommittee budget allocation by next week. Budget caps on discretionary spending in the agreement effectively split the I difference between the lower Senate allocation and that currently used by the House.

I am therefore hopeful that when this bill gets to conference we will have a larger allocation in which to redress shortfalls in the NASA and NSF budgets.

We have been involved in this process long enough to realize that the competition for any additional budgetary resources will be fierce, and we will certainly not get all that we feel we would like or is necessary.

I also know that demands for current social activities are far from satisfied. They will also need to be addressed in conference with the House but I am hopeful that we will better balance these competing demands at that point.

Mr. President, I ask unanimous consent that the amendment that I had originally intended to offer to this bill be printed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. GARN. Mr. President, since the distinguished Senator from Maryland, the chairman of the subcommittee has also summarized the major highlights of the measure, I merely wish at this point to compliment her on her activities, her mastery of this bill in just 2 years. It is a very detailed and complex bill covering the widest variety of services more than any other subcommittee. We deal from Army cemeteries abroad to NASA and NSF, to HUD, EPA, and you name it. We seem to be the catchall.

Under the circumstances of a very difficult and what I think was an unfair budget allocation from the full Appropriations Committee, I think the distinguished Senator from Maryland has done a remarkably good job under those difficult circumstances.

Despite my objections as I have outlined, I urge passage of the bill. It is the best we can do at this time.

EXHIBIT 1

AMENDMENT INTENDED TO BE PROPOSED BY MR. GARN

At the end of the bill, insert the following new section:

SEC. . For an addition amount, to sums otherwise provided by this Act, the following amounts are hereby appropriated for the following accounts and purposes:

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"Research and development", $700,000,000 for the Space Station Freedom, $50,000,000 for CRAF/Cassini, $80,000,000 for space research and technology and preliminary concept analysis of future human space exploratory missions, $25,000,000 for life sciences;

"Space flight, control and data communications", $80,000,000 for space shuttle operations, $40,000,000 for tracking and data communications;

"Research and program management", $20,000,000;

NATIONAL SCIENCE FOUNDATION

"Research and related activities", $25,000,000 for continuing development of the laser interferometer gravitational wave observatory, $25,000,000 for critical technologies research;

"Academic research facilities modernization", $20,000,000;

"Education and human resources activities", $20,000,000 for graduate traineeships in science and mathematics.

Mr. ROBB. Mr. President, as we consider the Veterans Affairs and Housing and Urban Development, and independent agencies appropriations bill for fiscal year 1991, I would like to thank the distinguished Chair of the subcommittee for her commitment to ensuring the American people that they are receiving the greatest value for their tax dollars in the siting and location of Federal agencies. And I would also like to thank the subcommittee chairperson for her help in connection with a relocation request for the National Science Foundation.

National Science Foundation [NSF], consolidation project will improve office automation, satisfy expansion needs, and improve the quality of NSF's facilities. This solicitation was metropolitanwide and initially included 18 sites in Maryland, the District of Columbia, and Virginia. When completed, the consolidation will mean an annual savings of approximately $3.5 million to the Foundation. During this period of Federal budget pressures, any project which can realize savings of this magnitude should be encouraged.

Mr. President, I look forward to working with the subcommittee chairperson to ensure that we continue to improve the process by which Federal agencies are relocated.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, will the distinguished chairman of the subcommittee yield me 3 minutes?

PRIVILEGE OF THE FLOOR

Ms. MIKULSKI. Mr. President, I am happy to yield to the distinguished chairman of the Appropriations Committee. I would like, if the Senator will withhold one second, to ask unanimous consent that Jack Durham, Paul Bryant, and Paul Brubacher of the subcommittee staff have floor privileges during consideration of the VA-HUD bill.

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

The Senator from West Virginia is recognized.

Ms. MIKULSKI. I yield to the distinguished chairman of the subcommittee such time as he may need.

Mr. BYRD. Mr. President, I am grateful to Senator MIKULSKI.

Mr. President, today we are considering H.R. 5158, the VA-HUD and independent agencies appropriations bill for fiscal year 1991. This measure provides the necessary funds for the Department of Veterans Affairs, and the

Department of Housing and Urban Development, and the National Aeronautics and Space Administration, the Environmental Protection Agency, the National Science Foundation, and other independent agencies, boards, commissions, offices, and corporations.

The bill is above the President's request but it is below the House allowance. And with respect to the subcommittee 302(b) allocation, the bill as recommended is within both the budget authority and the outlay ceilings.

I wish to commend Senator MIKULSKI for her thoroughness in handling the bill, for her deep dedication, and for her high sense of purpose. And I state without any reservation whatsoever that she is a hard working, always pleasant, courteous and cooperative chairwoman. It is a pleasure to work with her.

I also wish to compliment the ranking member for his excellent work. The Senate is in the debt of both of these fine Senators for accommodating the priorities of the Senate within the difficult constraints of this budget allocation.

Their work was greatly assisted by the cooperation of their colleagues on the subcommittee. I feel that the kind of work that is done by Senator BARBARA MIKULSKI provides a model which should be emulated where possible by all of the subcommittee chairmen. She is a chairman sui generis.

I also commend the staffs of the subcommittee on both sides of the aisle, Kevin Kelly, Stephen Kohashi, Carolyn Apostolou, Pamela Duvall, and Dona Pate. These professionals have worked tirelessly to help get the measure before the Senate today.

I am exceedingly proud, Mr. President, of the chairman and ranking members of these subcommittees. I cannot express adequately, in my feeble efforts, my admiration and high esteem for the highly professional staff of the entire Appropriations Committee, and all of the subcommittees. They demonstrate a willingness to work at all hours, they are untiring, and they are entirely selfless in giving of themselves and their time to the important work of this great committee.

The managers have explained in greater detail the contents of the measure. I, of course, will not attempt to review those highlights. The bill as reported by the Appropriations Committee deserves the support of the Senate.

Again, my thanks to Senator MIKULSKI and Senator GARN.

Ms. MIKULSKI. I thank the chairman for those most gracious words, Mr. President.

AMENDMENTS NO. 2926

Ms. MIKULSKI. Mr. President, I send five amendments to the desk, and ask unanimous consent that they be considered and agreed to en bloc, and the motion to reconsider the votes be laid upon the table en bloc. All amendments have been cleared on both sides. None affect the bill's 302(b) allocation. The provisions modify the bill with respect to the National Science Foundation, designate funds for a portion of the advanced rocket motor project, and the amendment has a set-aside for $1 million for a soup kitchen in Kansas City. It provides funds for an innovative program to assist homeless veterans and a technical modification to portions of the bill related to HUD. I urge adoption of the amendments en bloc.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maryland [Ms. MIKULSKI] proposes amendments No. 2926, en bloc.

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

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

The amendments are as follows:

On page 42, strike the proviso beginning on line 11 through line 16.

On page 94, strike lines 14 through 18.

On page 18, line 18, before the semicolon insert the following: "; from the foregoing $1,098,516,800 for vouchers, up to $23,208,800 shall be drawn from either or both amounts for demonstration projects for the homeless, as designated by the Department of Veterans Affairs, that shall provide the participants with comprehensive supportive services (from funding sources other than the Department of Housing and Urban Development) to more fully address the special needs of such homeless people and, to the extent that any of the $23,208,000 cannot be utilized for projects designated by the Department of Veterans Affairs, remaining balances may be used for similar demonstration purposes as designated by the Department of Housing and Urban Development".

On page 20, line 5, insert before the colon: "including $1,000,000 for the relocation of the St. Mary's Food Kitchen in Kansas City, Kansas".

On page 75, line 25, before the period insert the following: ": *Provided*, That of the amounts provided herein for development and production of the advanced solid rocket motor, $15,000,000 shall be available without fiscal year limitation only for the competitive award of a second domestic development and production source contract for the carbon/carbon integral throat entrance unless the President certifies to the Congress by January 1, 1991, that such application of funds is not in the best interest of the United States space program on the basis of cost, added assurance of reliable supply, expanded technology base, and technical risk reduction.

At page 82, line 14, strike all after the word "year" through line 18, and insert a period.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Maryland?

Without objection, it is so ordered.

The amendment (No. 2926) was agreed to.

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

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE RISKS OF SPACE LEADERSHIP

Mr. HEFLIN. Mr. President, I rise today to express to this body, to this Nation, my continued support of the unparalleled accomplishments of this country's civilian space program. The National Aeronautics and Space Administration has spent the last 32 years expanding this Nation's frontiers, both spatially and technologically. NASA has spent 32 years discovering the undiscovered, inventing the uninvented, and in the eyes of the world, enhancing the United States' stature among men.

How is it, Mr. President, that we have come to the point that this program of excellence has become the target of those who would always find it easier to criticize than to contribute? Fortunately, the record of our civil space program is one of the openness. NASA has always encouraged an open dialog highlighting the successes and confronting the problems.

Innovation, invention, exploration. and research are a risky business. But that's the business NASA is in. There are no guarantees, no insurance policies. Things do not always go right the first time. And yet, we expect NASA to assemble complex systems which have never been assembled before, put them together with limited time and budget, do it under congressional scrutiny of the minutest technical detail, and do it right, the first time—every time.

We in Congress are telling NASA, in effect, that we want total reliability, total safety, and total premonition of all that could ever transpire, while at the same time, expecting invention and discovery to be equally predictable.

We must give NASA the resources it needs to do its job. NASA's funding has fallen by more than two-thirds since Apollo. At that time, the agency received nearly 4 percent of the budget. Now, it is only 1 percent. If we are to expect Apollo era accomplishments, we must provide the funds. It is impossible for NASA, its contractors and subcontractors, to start and stop major programs based on minor events that affect the budget. It lowers the morale of thousands of employees across America whose labor put us in space, stretched out technologies, and maintained our world position. The starting and stopping adds to our budget deficit and reduces NASA's ability to bring to its work the consist-

ency which is necessary to do the job right.

While recent events, more clearly than ever, tell us to be cautious in the restructuring of our defense priorities, it is certain that some reductions are bound to occur. NASA alone cannot absorb the relocation of all the scientists and engineers likely to be displaced. However, it will be vital to the Nation for NASA to be in an expansion posture to assist in preserving this skilled pool of expertise on behalf of our goals in the civil space program.

For the past 3 months, it has been difficult to read a newspaper or watch a television news program without being subjected to a barrage of what I would call, NASA-bashing. The media are giving the American people the impression that the premier space agency in the world is incompetent, mismanaged, and incapable of doing anything right. I submit, Mr. President, that this is a totally false and misleading picture of the most successful mission oriented agency of the U.S. Government. These news reports are often an unwarranted slander of the most technically competent and capable scientists, engineers, technicians, pilots, and administrators in our Government, and indeed in the world.

Nor do these assaults represent the views of the majority of Americans or the substantial majority of this body. I have here, Mr. President, a letter to the Senator from Maryland [Ms. MIKULSKI], the chair of the Committee on Appropriations Subcommittee on Veterans' Affairs, HUD, and Independent Agencies, which is signed by 64 Senators. Several other Senators strongly support the position outlined in the letter, but due to their committee assignments, felt it would be inappropriate for them to sign it.

I would like to quote a portion of this letter from so many of our distinguished colleagues:

Dear Madam Chair:

We are writing to express our concerns and support for the FY 1991 funding request for NASA and the International Space Station Freedom Program. * * *

Space Station Freedom is the key element of NASA's future space strategy. It will ensure America's continued excellence in space research and technology. The benefits of a robust civil space program are enormous. We use space to ensure our national security, broaden our scientific knowledge, and advance our international competitiveness. * * *

The letter concludes:

We believe that Space Station Freedom and its central role in our civil space program is an important investment in education, technology, and international leadership.

That, Mr. President, is precisely what NASA is all about. Education, technology, and international leadership.

This Nation was clearly the technological leader of the space-faring nations during the past 32 years. Already, the Soviets, the Europeans, and the Japanese are challenging us, and in some cases, have passed the United States in space technology. Clearly, they recognize the imperative nature of space use and exploration.

There are times when we may, as a body, have a spherical aberration like the Hubble space telescope. But, like the telescope, a repair is possible. While we struggle to deal with budget deficits, defense priorities, savings and loan crisis, housing problems, and literally hundreds of other national problems, it is no surprise that, sometimes, we develop a little myopia. Let us focus on the future. We must wisely invest in the growth technologies of the future. The best way to make this investment is to ensure that the Nation's premier science and engineering agency has the funding to avoid cost and scheduling delays of major programs. We can continue to lead the world's space nations, instill that national pride we've all felt before, provide inspiration for the young who want to become engineers and scientists, and, most importantly, keep this Nation's technology base fed with new innovations, permitting the American competitive spirit to soar with the future of NASA.

This year, we have had the opportunity of hearing Vaslav Hovel and Lech Walesa appear before joint sessions of Congress. A playwright and an electrician have come to remind us to believe in the power of ideas and the value of perseverance. The events in Eastern Europe over the past 12 months which arose from these powerful ideas were unpredictable. But, incredibly, in 1951, Wernher von Braun, through the artist and writer, Chesley Bonestell, predicted a future in space with a reusable space vehicle, a space telescope, and a space station. By the early 1980's, we had the shuttle, and in 1990, the space telescope. In 1955-96, the first element launch of the Space Station Freedom will begin our permanent presence in space, more than 10 years after the launch of the Soviet MIR space station. We, as a nation, are committed. We must not hesitate. As Dr. Benjamin Mays once said, "The tragedy of life doesn't lie in not reaching your goal. The tragedy lies in having no goal to reach. It is not a disgrace to reach for the stars, but it is a disgrace to have no stars to reach for." The leadership to achieve space goals will come from NASA visionary people, and not some nameless, faceless commission providing advice compromised by committee-style management.

So, NASA must push science, technology, and space engineering to the limit. It will cost enormous amounts of money, but the payoffs are even more enormous. Studies have repeatedly shown the payback to the economy to be in the 9-1 range, affecting everything down to the wristwatch that you are wearing, and the car that you drive. But how do you measure the value of the lives that can be extended and even saved by microgravity science research in the fields of cancer and other critical health matters? And perhaps as important, space technology has given us the ability to transmit television pictures instantaneously between continents by space satellites, opening up a new world of communication and understanding that is directly related to and in part responsible for the downfall of totalitarian governments in Eastern Europe. The dramatic Middle East events also demonstrate the value of immediate communication throughout the world, brought to the global population by NASA-developed technology.

NASA has a highly successful program which transfers literally thousands of technology advances to the private sector from the space agency. This technology transfer is a hallmark of a healthy, civilian space program, and it reaches all levels of our industrial base. The rapid transfer of NASA developed technologies is a major contributor to our industrial competitiveness. This is an important factor in making America competitive with the rest of the free world.

If NASA is to push the cutting edge of technology in full view of the public, the risk of failure must not deter the resolve of Congress or of NASA or of the American people to press on. Every success and every failure will be played out in full view of the American public, and, in fact, with the world as an audience. Open debate within NASA on the evolution of technical problems identified for engineering solutions is the way it is done in this agency and is a part of the attraction of NASA. How NASA proposes to solve advance technology issues is the real test. We cannot be intimidated by controversy, but must keep our resolve and insist on the same challenging standards and goals which have become the trademark of America's finest and most innovative group of scientists and engineers ever assembled. NASA must be an organization dedicated to accelerating the development of high-risk technologies.

We have had, over the years, some tragedies in the NASA program. Yet, the agency's safety and success records are comparable to the best in the world. The loss of the crew of *Challenger* was a real test of the American public's understanding of the risks of launching humans into space. They do understand that risk and rightfully insist upon maximum possible safety, as does NASA. But the press continues to misinterpret the openness with which NASA deals with the demand-

ing technological aspects of large-systems engineering.

It seems the announcement that NASA's Hubble space telescope could not focus as perfectly as planned and that the shuttle fleet would be grounded to find and fix a hydrogen leak has permitted the media image-makers an opportunity to drive up the negatives of America's premier research and development agency. Many writers began to follow their own path of logic by offering to the public simplistic but serious solutions to NASA's problems as they saw them. Some of these journalistic proposals are poorly founded in fact, others were merely parochial, while some are just outrageous. Efforts to provide balance in reporting often have done just the opposite and have provided a forum to those with educated opinions but no experience in building space hardware or responsibility in managing major programs. Enormous damage to the public perception of NASA is the result. Maybe we need higher standards for those who write well, but have marginal technical depth.

When evaluating journalistic efforts, we should remember the words of London's Fleet Street sage, Lord Northcliffe, who described journalism as a profession "whose business it is to explain to others what it, personally, does not understand." And we have had too much of this kind of writing about the space program recently.

As a nation, we are confronted by momentous and potentially perilous economic decisions. We face foreign competition that has never been more fierce. Congress is under pressure to reduce the budget deficit and find ways to reduce trade imbalance. This effort is long overdue. However, in the attempt to get our national financial house in order once again, we should take care to do it with a sense of meaningful deliberation.

History has proven, time and time again, that those nations which accept the challenge of exploration are the ones that develop and maintain economic and political leadership. Those who don't meet the challenge fade from the scene.

While we debate the budget for NASA projects such as the space station, the Soviet Union is already in space with its MIR space station, threatening to take the technology lead, learning some of the things we should be learning, accomplishing some of the things we should be achieving. And if that isn't enough to provoke us to action, other space-faring nations are also ready to begin their quest for manned orbiting stations.

Congress needs to solve the Nation's budget dilemma, but it needs to be selective and farsighted in doing so. The long-term benefits that NASA programs such as the space station can bring us as a nation should not be overlooked. Inadequate funding today will have the effect of shortchanging us all in the future.

If we want to challenge technology and explore the unknown we must be willing to deal with the discomforts that go with the rewards. As the Greek philosopher, Epicurus, said, "the greater the difficulty, the more glory in surmounting it. Skillful pilots gain their reputation from storms and tempests."

Mr. President, I am confident that NASA will weather this tempest because the NASA people are out there now, working quietly in the background to understand the problems and fix them. They are optimistic, ambitious, and adventuresome. They have a problem-solving record second to none to justify my optimism. They are frontier people, and they are in an environment where skill, experience, dedication, and innovation will guide their course on behalf of this Nation.

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

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

UNITED STATES SENATE,
Washington, DC, July 30, 1990.

Hon. BARBARA A. MIKULSKI,
Chair, Subcommittee on VA-HUD-Independent Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MADAM CHAIR: We are writing to express our concerns and support for the FY 1991 funding request for NASA and the International Space Station Freedom Program. It is with much appreciation that we recognize your outstanding leadership during the FY90 appropriations process and ask for your continued commitment during another critical year.

Space Station Freedom is the key element of NASA's future space strategy. It will ensure America's continued excellence in space research and technology. The benefits of a robust civil space program are enormous. We use space to ensure our national security, broaden our scientific knowledge, and advance our international competitiveness. One of the most important uses of space is to inspire the education of the youth of America and future generations. These national priorities are essential to our country's future economic health. The Space Station Freedom will be a catalyst for advancement in all these important areas.

As you know, the Space Station urgently needs consistent policy and funding support to maintain the program's capabilities and schedule as well as our international commitments.

The challenges facing your Subcommittee in providing for the diverse and important programs under your jurisdiction are considerable. However, we believe that Space Station Freedom and its central role in our civil space program is an important investment in education, technology and international leadership.

Your commitment to the space program has been instrumental in the program's progress to date. With that in mind, we ask for your continued support of the critical funding required to keep the program intact and on schedule. We look forward to working with you to achieve this worthwhile goal.

Sincerely,

Howell Heflin, Trent Lott, Thad Cochran, Chris Dodd, Orrin Hatch, John McCain, Al Gore, Brock Adams, J. Bennett Johnston, Chuck Robb, Bob Graham, Richard Shelby, Wyche Fowler, Jr., Terry Sanford, John B. Breaux, Conrad Burns, Daniel K. Inouye, John Glenn, Lloyd Bentsen, Slade Gorton, David Pryor, Phil Gramm, Dick Lugar, Bill Armstrong, Pete Wilson, Tim Wirth, Bob Dole, Jack Danforth, Steve Symms, Wendell Ford, Daniel K. Akaka, J. James Exon, Joe Lieberman, Jay Rockefeller, Connie Mack, Arlen Specter, Larry Pressler, Alan Cranston, John Warner, Frank R. Lautenberg, Ted Stevens, Tom Harkin, Nancy Landon Kassebaum, Quentin Burdick, Harry Reid, Strom Thurmond, Tom Daschle, Jim McClure, Kent Conrad, Al D'Amato, Dennis DeConcini, Warren Rudman, Don Nickles, Don Riegle, Dan Coats, Jake Garn, David L. Boren, Frank H. Murkowski, Alan J. Dixon, Al Simpson, Malcolm Wallop, Herbert H. Kohl, Rudy Boschwitz, and Bob Kasten.

CHICAGO AIR QUALITY MODEL

Mr. KASTEN. The Clean Air Act which this body overwhelmingly adopted provides for very dramatic sanctions for areas that do not meet air quality standards. Those so-called nonattainment areas could face severe restrictions on permitted development, regulation of transportation modes and other actions that constrain activity within the area.

In some cases, the air pollution may be generated outside of the boundaries of the area where these sanctions apply. For example, along Lake Michigan, there are several States that contribute to the air quality problems of the region.

In my home State of Wisconsin, there is a nonattainment area which I believe receives most of its pollution from outside of the State of Wisconsin. The representatives of those other States, however, may disagree on how much pollution generated in their States contributes to our pollution problem. As is often the case, there is not a conclusive body of scientific evidence on where these sources of pollution are and what transport mechanisms operate in the Lake Michigan Basin.

For that reason, our States have agreed to cooperate on implementing a scientifically based program to reduce emissions. However, that cooperation is predicated on the completion of an EPA regional air shed analysis and model.

I am concerned that the Senate legislation has not included a specific earmark for the Chicago area air quality model. This model is essential to coordinating reductions of air pollution in the air shed.

This earmark is contained in the House legislation. I understand the pressures on the subcommittee, but it is my hope that this issue will be favorably resolved in conference.

Ms. MIKULSKI. The senior Senator from Wisconsin has raised an excellent point. I too am concerned about interstate transport. We also get pollution from outside of my State that contributes to our air quality problems.

The Chicago area is especially complex, and the air movement mechanisms are not well understood. Conventional air models do not appear to be adequate to address that region.

Let me assure the Senator, I understand his concerns, and will work to accommodate them. It is clear that the implementation of several State air programs, as well as Federal action, are dependent on the completion of the Chicago area air quality assessment and model.

Mr. KOHL. The Federal Government recognized its obligation to develop this model in signing on to the consent agreement to settle a law suit between Wisconsin and Illinois, and the EPA. The commitment has been made by the Federal Government to help the States by conducting this regional air assessment. This was a key factor in Wisconsin's decision to settle the law suit because the State believes it will confirm our belief that most of the pollution in southeast Wisconsin is generated in other States.

Therefore I join Senator KASTEN in expressing my hope that this issue will be favorably resolved in conference. The $2.75 million included in the House bill represents the Federal Government's second contribution to this project. The information we learn here will directly benefit our State, as well as other States with interstate transport concerns.

FISCAL YEAR 1991 APPROPRIATIONS FOR NASA

Mr. DECONCINI. Mr. President, I rise today to applaud the distinguished chair of the HUD and Independent Agencies Appropriation Subcommittee for her leadership in putting together a well-balanced budget package for NASA in fiscal year 1991. We all know how difficult it is to set priorities, and balance programs during a time when we need to increase restrictions and controls to balance our national debt.

I realize there are many competing interests in our space program, and we need to set priorities. It is my understanding however, that a project critical to my State of Arizona, and the scientific community, the Comet Rendezvous Astroid Flyby or CRAF, has been significantly reduced in fiscal year 1991 as a result of budget trimming. The CRAF initiative is an important part of the CRAF/Cassini mission designed to gather evidence on the prebiotic molecular evolution of our solar system. It includes a penetrator that will be fired directly into the surface of a comet nucleus to measure it's composition. Data from the penetrator will be transmitted back to an orbiting spacecraft for about a week. The University of Arizona was selected in 1986 to design, build and operate the penetrator. I would like to ask the distinguished chair if funding for the CRAF initiative has been reduced below requested levels in fiscal year 1991?

Ms. MIKULSKI. The distinguished Senator from Arizona is correct. The original request of $148 million in fiscal year 1991 for CRAF/Cassini has been reduced by $50 million.

Mr. DECONCINI. It is my understanding that the $50 million reduction in the program would eliminate the entire CRAF project. Is this also the understanding of the Chair?

Ms. MIKULSKI. Yes, it is. Due to overall program increases it is unlikely that the CRAF mission as originally agreed to, is possible under the Senate-approved funding level. Even the funding level of $148 million provided in the House bill will require significant cutbacks to CRAF.

Mr. DECONCINI. I concur with our need to reduce costs and manage CRAF/Cassini within an agreed budgetary cap. The chair can be assured that the University of Arizona, and this Senator are sensitive to the need for curbing our expenditures. I believe that the CRAF mission, even if it is without the penetrator lander, is important science and the mission should be retained. I strongly urge the Chair to consider supporting the House funding level as recommended for CRAF in the conference.

Ms. MIKULSKI. I will certainly consider the House level for CRAF/Cassini in conference and appreciate the Senator's sincere support for the CRAF mission.

Mr. DECONCINI. On the subject of the penetrator lander, NASA's response to current controversies between the Jet Propulsion Laboratory and the University of Arizona is of great concern to me. I would hope that NASA and University of Arizona administrators will meet formally and review the issue of the penetrator's cost. It is the penetrator that truly defines American leadership in new science for comet investigations, as has been confirmed by many prestigious scientific reviews. Before a cancellation of the penetrator lander occurs, this Senator wants to be convinced that a comprehensive effort has been made in resolving the cost issue. Fair and honest people can, and do, disagree. But, I believe it is crucial that a fair and honest understanding of penetrator costs be established as a basis for any program reductions in the CRAF mission, which must be made within the established scientific priorities.

I am also dismayed that elimination of the penetrator lander from CRAF reduces university involvement to an alarmingly low level. NASA centers are becoming the nearly exclusive providers of spacecraft instruments. If we are to infuse NASA programs with new ideas and technologies, and create the next generation of American scientists, this trend must be reversed. I urge NASA to review this situation and take measures to reverse this negative trend.

Ms. MIKULSKI. I agree with the Senator from Arizona and as chair of this subcommittee will join in urging NASA to take these actions.

Mr. DECONCINI. I thank the distinguished chair for clarifying these issues for me. She has again demonstrated her leadership in this very important area. Our country's space program is very important to me, and my State of Arizona, and will continue to have my utmost support.

Mr. MCCAIN. Mr. President, the amendment that I am offering today is straightforward. It would allow the Department of Veterans Affairs to receive $23 million in section 8 vouchers from HUD so that the VA can establish residential treatment demonstration projects for homeless chronically mentally ill veterans.

The VA and the Department of Housing and Urban Development [HUD] have proposed this joint project to link long-term housing to clinical support services for our Nation's chronically mentally ill veterans.

This VA/HUD legislative proposal would allow Secretary Kemp the authority to set aside 750 section 8 vouchers for VA's use beginning in fiscal year 1991. At an average cost of $6,000 per voucher per year, these vouchers will expand VA's residential treatment capability for homeless chronically mentally ill veterans by $4.5 million per year and by $23 million over a 5-year period.

VA's contribution to this joint initiative includes ongoing case management services and clinical support for homeless mentally ill veterans receiving the section 8 vouchers. In addition, VA will monitor and evaluate the therapeutic and cost-effectiveness of this long-term housing/treatment program.

The VA is still working on a model for their demonstration project. But they felt it was important that the transfer occur so that VA could be assured of use of the vouchers during this fiscal year.

There are some costs VA would incur that are associated with the enactment of this measure—approximately $1.2 million—but I have been informed that these moneys would come from their substance abuse fund.

VA officials have notified me that they will be working closely with Senator MIKULSKI and her staff on this program, as well as Senator GARN and his staff. In addition, VA will coordinate its efforts on this demonstration program with both authorizing committees.

This amendment offers medical/psychiatric and transitional residential treatment for our homeless veterans and I hope it will merit the support of my colleagues.

HUD RELOCATION AND CONSOLIDATION OF THE HEADQUARTERS OF THE NATIONAL SCIENCE FOUNDATION

Mr. WARNER. Mr. President, I thank the distinguished Senator from the State of Maryland for her willingness to work with the two Senators from Virginia to ensure that an impending effort to relocate and consolidate the operations of the National Science Foundation is not interrupted.

This move is very important to the National Science Foundation for several reasons. It would allow them to consolidate the majority of their operations and their Science Resources Studies Division, responsible for gathering data on Federal R&D issues, both of which are currently located in separate downtown Washington sites. The combination of these two important operations will permit the foundation to streamline its administrative and technical overhead.

Furthermore, this move out of the center of Washington, DC will greatly reduce the office space expenses faced by the Foundation. Allowing for over 300,000 square feet of office space in the new headquarters, this move alone will result in an estimated annual rent savings of over $3.5 million.

Mr. President, I look forward to working with my distinguished colleagues from Maryland to ensure that future solicitations for new office space in the Washington, DC metropolitan area continue to be conducted in a fair and equitable manner taking into account the interests of all parties concerned.

Again, I thank the distinguished floor manager for the majority for her willingness to work with us to achieve a goal that is best for the National Science Foundation.

Mr. President, I wish to acknowledge the very professional assistance rendered to me by my staff assistant Andrew Hyde who worked timelessly to negotiate this matter with other staff.

Mr. GORTON. Mr. President, I rise today to laud the committee's fine work on the appropriations for the Department of Housing and Urban Development, the Department of Veteran's Affairs and the independent agencies for which the committee assumes host of responsibility. In this time of extraordinary budgetary restraint, the committee has done a commendable job of assuring that these important domestic programs are maintained at adequate levels.

I am particularly pleased that the committee, in its infinite wisdom, has seen fit to award a special purpose grant for my State of Washington in the amount of $1,500,000 for low-income housing and economic development to be applied in equal amounts to the highpoint neighborhood in Tacoma, WA, and the central area neighborhood in Seattle, WA.

Mr. President, both of these neighborhoods have long fallen victim to high crime rates and illegal drug activity. It is my hope that with the help of this Federal funding, and the commitment of some outstanding community groups, significant progress can be made toward restoring normalcy and security for the families in those neighborhoods.

In addition to those important economic development benefits, the committee also recognized the need for $2,385,000 in planning and site acquisition for a new national cemetery in the Seattle/Tacoma area as part of its allocations for the Department of Veterans Affairs. Further, the committee earmarked an additional $1,000,000 of Environmental Protection Agency moneys to help in the completion of the Spokane aquifer.

Mr. President, as pleased as I am with the committee's recognition of the needs of Washington State, I must register my concern on a broader issue. It is my understanding that the committee has drastically reduced the staffing levels in a number of offices within the Department of Housing and Urban Development. In particular, the Office of Public Affairs and the Office of General Counsel have been diminished or wiped out completely. It seems to me that as HUD and Secretary Kemp try to rebuild an agency once plagued with abuse—and now tarnished by that reputation—both the Office of General Counsel and the Office of Public Affairs will play a critical role in HUD's ability to restore integrity and confidence to its provisions. Mr. President, I hope that these issues wil be favorably addressed in conference with the House.

Mr. BIDEN. Mr. President, the fiscal year 1991 VA-HUD and independent agencies appropriations bill includes $3.2 million for the second phase of the clinical addition project at the Elsmere VA hospital. This funding represents a nearly 20-year struggle to better meet the health care needs of Delaware's veterans.

Back in 1973, the Veterans' Administration proposed dozens of projects that it said were needed to meet the changing needs of America's veterans. Today, 17 years later, over 90 percent of those projects have been completed. The Elsmere clinical addition is one of the few that has not.

Because of turf wars between the VA and the Office of Management and Budget, the clinical addition project has been shelved year after year. Last year, Congressman CARPER in the House and I in the Senate were able to break that administrative logjam with a $1 million appropriation to update the design plans for the clinical additon. Today, we are able to move one step closer to completing this much-needed project. The $3.2 million provided in this bill will help finish the design plans and begin the site preparation. With any luck, the actual construction will begin no later than fiscal year 1993.

This project is extremely important. Consider this: The current Elsmere outpatient facilities, built in 1948, were designed to serve about 25,000 patients; it has now been asked to handle up to 85,000 visits per year. There's more. The surgery unit was built in 1950 and has never been renovated. The laboratory and radiology services are outdated, cramped, and inadequate. And, veterans waiting for medical tests often stand in cramped hallways wearing only their hospital gowns.

Mr. President, this is not the kind of health care we promised our veterans when they risked their lives for our country. This is not the way we should be treating America's heroes. The veterans of Delaware and several surrounding States have earned and deserve the best health care available. A clinical addition at Elsmere is not enough, but it will go a long way to meeting the changing needs of our veterans.

Recent studies have shown that more outpatient care is desperately needed to meet those changing needs. The VA has recognized that fact for years. Delaware's veterans have known it for years. Congressman CARPER and I have been fighting for it for years. Now, at last, we are acting to meet those outpatient needs.

About 4 months ago, Michael Phaup became the new director of the Elsmere VA Hospital. In what little time I've had to speak with him, I know he is committed to our veterans. With the funding provided in this bill, Congress is showing that it, too, is committed to fulfilling a promise made to our men and women in uniform. At Elsmere, a new outpatient facility and a new director signify a new outpatient facility and a new director signify a new direction in veterans health care—a direction toward better and more convenient care, a direction that reverses the downward trend of the past 10 years.

Finally, Mr. President, I would like to thank Senator MIKULSKI and Senator GARN, the chair and ranking member of the VA-HUD Appropriations Subcommittee. Their commitment to this project has been demon-

strated over the past 2 years. On behalf of Delaware's veterans, I thank them for their help and look forward to working with them again in serving our veterans.

Mr. MACK. Mr. President, as we vote on the fiscal year 1991 HUD-VA appropriations, I would like to bring to the attention of my colleagues certain provisions of the bill.

There are numerous objectionable items in this year's appropriations for HUD. I understand the administration strongly opposes many provisions, which have serious implications for the implementation of Secretary Kemp's new housing policies. The Secretary has been a forceful advocate of the redirection of housing policies to focus attention on helping low-income families.

The bill eliminates the Office of Public Affairs; limits of noncareer SES to 13 percent of total HUD SES which cuts by half the number of politically appointed managers and others; limits staff in the Office of General Counsel to 224 staff years and PD&R staff to 137 staff years; incorporates into law all report language, including deadlines and tables; provides 10,000 units of new public housing construction; deletes the $250,000 million for funding for the HOPE Program; and includes $50 million for special projects.

I am told that the President's senior advisers would recommend the veto of this bill if passed in its current form. To avoid a veto of the bill, I strongly urge that the conferees of the bill address these issues with seriousness and diligence in an effort to remove those most objectionable.

I intend to vote against this bill, but I would like to stress that my vote reflects my concerns with these particular issues. It does not reflect my strong support for the renewal of section 8 expiring certificates and vouchers. These are critical programs which need additional appropriations.

On another note, I am pleased to see that my colleague from Idaho, Senator SYMMS, inserted into the RECORD an excellent article from today's Washington Times by Paul Craig Roberts entitled "Numerical Chicanery." This is a very timely and important piece and I commend it to my colleagues.

Ms. MIKULSKI. I yield the remainder of the time and I urge the third reading of the bill.

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

The PRESIDING OFFICER. The question is on the engrossments of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. Under the previous order, pursuant to unanimous-consent request, the vote will occur at 6:15 p.m.

Ms. MIKULSKI. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. SYMMS. Mr. President, I ask unanimous consent that I might proceed as in morning business for 1 minute.

I thank the managers of the bill for the interruption.

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

WASHINGTON TIMES ARTICLES REGARDING THE BUDGET AGREEMENT

Mr. SYMMS. Mr. President, today's commentary section of the Washington Times has what I think are three very, very interesting articles. The articles are entitled: "Lessons From the Duke" by Warren Brookes; "Creatures From the Budget Deep" by Paul Craig Roberts; "Bubba Takes the Tax Hit" by Patrick Buchanan.

I ask unanimous consent that all three articles be printed in the RECORD, along with a chart attached by Warren Brookes.

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

LESSONS FROM THE DUKE

(By Warren Brookes)

Instead of trying to rally his Republican congressional delegation around the alleged deficit reduction, $134 billion tax-increase plan, President Bush would do well to remember who won the 1988 election, and observe what happened to the man he defeated.

While the pundits had a field day with the Sept. 18 political upset in Massachusetts by Boston University president and political neophyte John Silber, who won the Democratic nomination for governor over the party's endorsed candidate, former Attorney General Frank Bellotti, they have largely ignored the real target of that voter backlash, Gov. Michael Dukakis.

At the Democratic party "unity" meeting on Sept. 19, Mr. Dukakis was neither invited nor allowed to say anything. The man who came within 7 points of becoming president has now become the biggest albatross in that state's pungent political history.

While Mr. Silber is indeed an attractively fresh new face and voice for a national party that has sold its soul to every pleading and bleeding special interest, his support came as much or more from people voting against the well-known Dukakis/Bellotti axis as it did from those attracted to Mr. Silber's shocking candor.

To put it bluntly, what happened on Sept. 18 in Massachusetts was a revolution of contempt for the political establishment because of the fiscal nightmare into which Mr. Dukakis and his legislative cronies have led the people of Massachusetts, who have been hit with more than $2 billion in higher taxes and fees since the 1988 presidential campaign started.

Yet, despite those massive tax increases (or because of them?) the state is headed for its fifth straight budget deficit in fiscal 1991, and Mr. Dukakis is threatening to close old soldiers' homes to scare voters against supporting the Citizens for Limited Taxation ballot initiative calling for the rollback of those taxes.

The blatant cynicism of that effort explains why the taxpayers may now hate Mr. Dukakis and all incumbents enough not only to pass the potent CLT petition but throw still more "ins" out.

WHY MASSACHUSETTS IS IN FISCAL CRISIS

[In percent]

	Spending trends		Revenue trends		Cash flow deficit/surplus	
	Mass.	All States	Mass.	All States	Mass.	All States
1984	8.9	8.8	12.6	10.9	+3.7	+2.1
1985	9.4	9.2	13.4	10.1	+4.0	+0.9
1986	12.0	8.6	16.6	9.3	+4.6	+0.7
1987	12.8	6.8	8.6	5.3	−4.2	−1.5
1988	8.3	6.9	2.1	6.0	−6.2	−0.9
1989	11.2	7.8	5.2	7.4	−7.0	−0.3
1990	10.4	8.1	2.3	7.7	−12.8	−0.4
1984–90 average	10.4	8.0	9.6	8.2	−2.2	+1.6

Sources: State Budget Data—Massachusetts Civic Interest Council—U.S. Commerce Department.

As the Boston Globe's liberal columnist Mike Barnicle admitted more than a year ago, "hate is not too strong a word to use because the worst thing you can do to the public is regard the people as morons, incapable of figuring out truth and reality. And that is precisely what Dukakis has done: treat citizens like fools . . . and show contempt for those who cough up hard-earned money to float a fat, untouched bureaucracy."

Last week, even as the entire political establishment was warning that CLT would destroy government services, the public found out the state's bloated payrolls had dropped less than 1 percent since last June, and were still nearly 15,000 higher than when Gov. Edward King left office in 1982.

This news came while the Boston Globe was running a five-part investigative series showing a supposedly overburdened municipal court system in which judges with fat payrolls and pensions were routinely working only three- and four-hour days, while moonlighting lawyer/legislators on House and Senate judiciary committees were trading favors to judges for lenient treatment of drunk-driving clients.

All this, while state spending continues to rise well above the rate of inflation despite repeated alleged "spending cuts." In fiscal 1990, ending last June 30, state spending rose 10.4 percent over fiscal 1989, which in turn had risen 11.2 percent over fiscal '88. Yet in both of those fiscal years, Mr. Dukakis and the Legislature had supposedly "slashed services" to the bone. (See Table.)

Tax-cut guru Barbara Anderson, responding to the charge that her petition "went too far," told her fellow CLT members: "I'll tell what's 'too far.' A 92 percent increase in spending over the last seven years with inflation up 25 percent. That's too far. A per capita tax burden that is sixth-highest in the nation, while we're rated third-worst managed state; that's too far!"

In fact, since fiscal 1983, state spending has risen nearly 100 percent, more than triple the total consumer price index in that period (about 30 percent). Massachusetts spending has consistently averaged 20 to 30 percent faster growth than the average for all states. Had the state merely held its spending growth to the average for all states, it would now have a substantial budget surplus *without* the $2 billion in taxes enacted since 1988. This means CLT is merely retroactive fiscal prudence.

Instead, the state chose to outspend even its own incredibly strong revenues, which have grown nearly 20 percent faster than the national average for all states. While Massachusetts revenue growth from 1983-1989 averaged 9.6 percent, spending growth was 10.4 percent.

The predictable result is that a $600 million funds surplus in fiscal 1986 had become an effective $2 billion funds deficit by fiscal 1990 when state spending outraced revenues by $1.4 billion, which then had to be "bonded" in the way normally reserved for capital investments. Even after that bonding, serious observers agree the state is still at least $1 billion or more in the hole.

Yet, when Mr. Dukakis inherited the state in 1983, its economy was indeed in a miraculous turnaround. Its personal income growth in 1983 was third-fastest in the nation, compared with third-worst in 1978. Its total tax burden had fallen from 10 percent above the nation to 5 percent below it, a nearly 20 percent drop. Yet its revenues from 1983 to 1987 grew nearly 13 percent a year, 30 percent faster than all states' average.

But instead of using that "miracle-driven" revenue growth to reinforce the state's trend to lower taxes and a stronger economy, it all went to build a massive political machine. The huge tax and fee increases since 1988, supposedly to balance the budget, have merely kept that machine running, fueled spending growth and *increased* the deficits in a now Depression-style economy.

There's a message in there somewhere. Who's listening?

[From the Washington Times, Oct. 3, 1990]

CREATURE FROM THE BUDGET DEEP

NUMERICAL CHICANERY

(By Paul Craig Roberts)

The budget deal serves the needs of the handful of Washington insiders who put it together, but it totally ignores the needs of the economy.

Moreover, the agreement is a fraud, pure and simple. In fact, it is outrageously shameful, and it's easy to see why. The numbers reveal it. Do you believe that budget outlays in 1995 will only be $25 billion higher than in 1991-the equivalent of a five-year budget freeze? Over the previous five years (1987-1991) budget outlays rose by $380 billion.

Do you believe that the federal government is going to spend fewer dollars in 1993, 1994 and 1995 than it spends in 1992? Do you believe that the congressional budget negotiators, President Bush and budget director Richard Darman, believe that dollar outlays in 1994 will be $50 billion below the amount the government spends in 1992?

The outlay and revenue numbers agreed upon by the budget dealmakers show that federal outlays for the next five years peak in 1992—an election year—and that revenues are up $100 billion in 1992 over the adjusted base revenue path in 1991. There you have what the budget deal is about—buying the 1992 reelection.

The savings are based on the assumption that spending in absolute dollar terms in 1993, 1994 and 1995 is below the level of 1992. In other words, the savings are based on the assumption of three years of budget cuts that individually are more severe than the threatened 1991 budget sequester, the fear of which has allegedly driven Congress and the White House to a budget deal.

Do you believe that politicans, who fear a sequester that would still allow a spending increase in 1991, are going to implement a budget plan that actually cuts spending, not in relation to some projected growth figure but in relation to a previous year's spending?

And that's not the half of it. Consider the economic assumptions that underlie these "savings." There is no recession in the forecast, which assumes a 3.8 percent average rate of real economic growth over the four years 1992-1995.

We have here a "rosy scenario" with a tax increase! In 1981, when the Reagan administration, with a major tax rate reduction, forecast less real growth than had occurred over the previous five years, it was greeted by critics with hoots of "rosy scenario." Now the government is proposing comparable real growth numbers, but this time they will result from a tax increase.

But the government knows that this is not really true. It has secret paths for outlays and revenues that adjust the figures in the budget summit agreement of Sept. 30, 1990, for revisions in the economic assumptions showing slower growth in 1990 and 1991 than previously projected.

These revisions show that spending will be $75 billion higher than the advertised "agreed" amount for the 1991-95 period, while receipts for the five-year period will be only $8 billion above the previous baseline path. In other words, the economic slowdown eats up all but $8 billion of the $133.8 billion tax increase!

These adjustments reduce the claimed five-year savings from $500 billion to $300 billion, and that's with all the tricks and no recession.

This makes it clear that a progrowth budget would do far more to reduce the deficit than the absurd budget agreement that is before us. If the economy and the budget are to survive, Mr. Bush must quickly find a budget director with a pro-growth budget.

It remains to be seen whether the Reaganite-Kemp-populist members of Congress will allow this fraud against the public, or whether they will demand the resignations of Mr. Darman and the congressional leadership who together concocted this absurd collection of numbers.

Reporters no longer report. They just print whatever tricksters like Mr. Darman hand them. The Wall Street Journal, the New York Times, and The Washington Post all had front page stories on Monday emphasizing that the deal would "soak up $500 billion in federal red ink over five years." Not a single story revealed the unbelievable agreed outlay path that makes this claim ludicrous.

Mr. Darman succeeded in deflecting attention to the claimed deficit reduction and the various features of the proposed new taxes. "Bush May Be Winner in the Long Run" is a headline straight from Mr. Darman's office.

The fraudulent budget agreement is so blatant that it shows the government's total disrespect for the public. The national press' complicity in the fraud shows the media will perpetuate any lie in behalf of a tax increase. It would be a light sentence if the budget negotiators and the reporters were tarred and feathered and run out of town.

BUBBA TAKES THE TAX HIT

(By Patrick Buchanan)

A man defines himself by the choices he makes.

In breaking his pledge of "no new taxes," in surrendering his capital-gains tax cut for a budget "deal" imposing new taxes on the people who elected him, President Bush has defined himself. He is a Big Government man all the way.

What was the alternative to $134 billion in new taxes?

The federal government would have had to accept $85 billion in spending cuts Monday. To Mr. Bush, this was as intolerable as it was to liberal Democrats. He simply could not face the "chaos."

Inescapable conclusion: Mr. Bush believes that the U.S. government, which takes a fifth of America's income in taxes, and spends closer to a fourth, must grow. It cannot be reduced in size. Political conclusion: No major party in America still believes in reducing the size of government.

After this "deal" takes hold, the higher taxes will become a permanent fixture. Yet, somehow, the budget cuts will be restored, lest they result in "hardship." As Ronald Reagan, who called the 1982 budget deal the worst mistake of his presidency, learned, the $100 billion in new taxes he accepted proved permanent; the $300 billion in cuts he thought he had locked in proved illusory.

The Democrats were gracious in victory, as befits champions who have just humiliated their rivals on the field. They talked of what a hard-fought game it had been. But, everyone knows the real score. After a decade of dealing with Reaganite Republicans, the city is rid of them. We were routed, horse, foot and dragoons; George Bush, Big Government Republican, is prince of the city.

Who gets hit? Bubba gets hit. The fellow who was ready to vote Democratic in '88, until he got a look at the Little Duke's record on taxes and prison furloughs, on Willie Horton and gun control, on the American Civil Liberties Union and Pledge of Allegiance.

The price of Bubba's smokes is going up; the price of his Lone Star Beer is going up; the price of the Texaco he needs to commute 80 miles a day is going up. The price of Sunday at the Legion Hall watching Joe Montana lead the 'Niners to glory is going way up. Why? Because our congressional incorrigibles are unable to hold federal spending to that 20 percent of GNP they annually consume in taxes. And because Mr. Bush has thrown in with them. If Bubba takes a walk on the GOP next time out, who can blame him?

Our most successful citizens face an added income tax wallop of $18 billion. Washington is going to skim off the cream of America's investment capital from the individuals who earned it, so Teddy Kennedy and the Democratic Congress can invest the money more wisely. Good Republican doctrine, eh?

There is no modern economic theory—Keynesian, Friedmanite, supply-side—that argues for hitting an economy that is tottering on recession with new taxes. But there is a Republican precedent for what Mr. Bush has done: Herbert Hoover, rest his soul.

Mr. Bush's party has forfeited a grand opportunity. The mortgage interest deduction, the charitable deduction and the deduction for state and local taxes could have been traded in—for a reduction in the top rate on federal income taxes to 20 percent and the bottom rate to 12 percent. Add a 60 percent exclusion on capital gains and interest income—to promote saving and investment—and the Moynihan cut in Social Security taxes to bring along Democrats, and we could have left House Speaker Tom Foley and Senate Majority Leader George Mitchell out there sucking wind. The United States would have become again the most attractive investment bargain in the world; we could have blown Japan's doors off. Instead, we have a tax bill drafted by the firm of Scrooge & Marley.

In the television age, a party is defined in the minds of voters by its leader, and the policies he adopts. Consider, then, the GOP in 1990.

It stands for continued growth in social spending—paid for by cuts in defense—and higher taxes on working folks. It stands for sharpened oversight of business so the private sector does not behave bigotedly toward blacks, women or the handicapped. It stands for owls against loggers, feminists against Virginia Military Institute. It stands beside the Big Spenders and against the conservatives. It stands for a New World Order, where our wealth is spread around the globe through foreign aid and institutions like the United Nations and the World Bank.

Jack Kemp was right when he said in South Carolina that, if Mr. Bush were nominated, the Reagan Revolution would be over. Not only has the Democratic Congress taken the GOP into camp, it has persuaded Mr. Bush to provide political cover for tax increases and a huge congressional pay raise. President Michael Dukakis never could have gotten away with this. The GOP would have raised the roof, stopped him cold, routed the Democrats in '90, as prelude to a total government takeover in '92.

Where are the conservatives? Some are battling bravely in the House. Others, however, have stacked arms. They need the money the Big Man can raise; they need those presidential visits; they need the committee assignments GOP Hill leaders pass out to those who go along. They like going to White House socials, sitting in the president's box at the Kennedy Center. They love it here; they don't want to leave; and they don't want to be left outside in the cold.

Anybody got a fishing trip lined up for Election Day?

Mr. SYMMS. Mr. President, I yield the floor, and 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. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

VETERANS AFFAIRS, HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES, COMMISSIONS, CORPORATIONS, AND OFFICES APPROPRIATION, FISCAL YEAR 1991

The Senate continued with the consideration of the bill.

Mr. BUMPERS. Mr. President, I would like to engage the distinguished chairman of the subcommittee on three or four items, and I will be very brief. But there are three or four things in this bill that I'd like to ask about—I am not offering an amendment to take them out.

I regret that I did not spend more time in analyzing some of these programs. But I wanted to ask the distinguished floor manager if she could tell me how much money, if any, is in this bill for the so-called Moon-Mars Mission that President Bush has been talking about?

Ms. MIKULSKI. I will be happy to answer the questions of the Senator from Arkansas. First, the President of the United States really actively, along with his Vice President, urged a Moon-Mars project initially that would have encompassed an expenditure of $360 million.

Mr. BUMPERS. Three hundred and sixty million?

Ms. MIKULSKI. Three hundred and sixty-one million. That would have been this year. And our committee was gravely concerned about that because of our skimpy allocation that we had to work with and needed programs. We were concerned about the fact that this program could mushroom into $500 billion. But at the same time we tried to see what could strengthen our future human exploration of space. So we proposed $33.9 million for propulsion technology work in two programs which were worked on NASA Shuttle C and the advanced on to Mars system which we need anyway for our manned space program.

We do not believe we can afford any more, given our current allocation. And we have discussed the manned mission back to the Moon or on to Mars with both NASA and the President saying we needed a sustainable revenue source and a clear navigational chart about what exactly this program would entail.

Mr. BUMPERS. I want to commend the Senator for that very clear and precise answer. The reason I asked the question is precisely the reason she has just pointed out as to why the subcommittee decided to cut back on this $361 million request. When we are embarking on something that could cost $500 billion, these programs, which, in my opinion, are highly desirable but not necessarily affordable, have a tendency in this body to take on a life of their own. The first thing you know, you have $5, $10, $20 billion invested and then the argument becomes that we have so much invested we cannot quit.

So this is also to say that I am going to be—I do not mean just for myself—but I personally am going to be looking at this closely, given what is going on in the country right now and what we are all preoccupied with here now, namely, the budget. In my opinion this is no time to be taking on a $500 billion mission to Mars, as desirable as that might be.

I know the projected cost of the space station has risen very dramatically over the last 3 or 4 years. As a matter of fact, I think the first figure I ever saw on the space station—and I want the Senator to correct me if I am wrong—was $11 or $12 billion. I understand that that program is now projected to cost well over $30 billion.

So my questions are, No. 1, are those statements accurate, and, No. 2, how much is in this budget for the space station?

Ms. MIKULSKI. The original estimate of the space station was $8 billion. It is now estimated that the cost of the station will be $33 billion. To this date, the U.S. Government has spent approximately $4 billion on the development of a space station, and it continues to be at the design stage. What this committee did was fund the space station at the level of $1.6 billion. The President's figure was $2.4 billion. So we are below the President's for the space station.

Mr. BUMPERS. That is also a very clear and cogent answer. I started to say that my recollection was that the original estimate of the cost of the space station was $8 billion, but I thought since it now up to $33 billion that I must be wrong about that. But in any event, what year was that $8 billion projection made?

Ms. MIKULSKI. Our records indicate that that was a 1984 budget estimate.

Mr. BUMPERS. So in a period of 6 years the cost has gone up about 400 percent, is that correct?

Ms. MIKULSKI. That is correct.

Mr. BUMPERS. A little over 400 percent, as a matter of fact.

Ms. MIKULSKI. It is 400 percent plus $1 billion.

Mr. BUMPERS. So the cost estimates of the space stations have gone up about 70 percent a year.

Mr. GARN. Would the Senator yield for a comment?

Mr. BUMPERS. Yes.

Mr. GARN. My distinguished classmate of 1974. First of all, I think we need to put these figures in perspective. You cannot just run from $8 billion to $33 billion without factoring in inflation because, if we want to start playing those kinds of numbers, I can talk about the explosion of Senate staff and the payroll around this place or most any other budgets. You have

to at least take out the inflation factor and not leave the impression that it is all increased cost, and you also have to consider the fact that you have had delays and that if we had had provided more money up front.

One more point, because we are almost out of time. I do not know how you can place a value on certain things. I look back at arguments that were made against parts of the space program earlier, and a heart pacemaker came out of space research and development. I do not know how you place a value on a human life. There are tens of thousands of people walking around with pacemakers who are alive because of that development.

Now, I think when you talk about a space station, it is unfortunate that we are cutting the President's budget by $800,000, because we will save lives, we will have development out of that space station that will benefit every man, woman, and child on the face of this Earth, in curing disease, Mission to Planet Earth, ozone levels, global warming, all of that sort of thing. We make a terrible mistake if we do not proceed with that program.

Mr. BUMPERS. If the Senator will permit, I yielded for that observation, which is a perfectly good one. I want to make two comments and then we will go ahead and vote. I fully agree that this space station is a very laudable undertaking. But when you consider the cost of the space station, when you consider the cost of the Moon-Mars mission, you have to ask yourself, are those really that critical when we are running these kinds of deficits and this country is faced with this kind of budgetary trauma?

Second, let me just say we are putting $1.6 billion in the space station this year, and the Senator makes a perfectly cogent point about the medical experiments that can be conducted in space. But I would also point out that right here in Washington, DC, where the National Institutes of Health are located, the number of research grants that we have been able to make, good grants, has declined from about 35 percent of the grants submitted which are deemed worthy of funding. The Presiding Officer, who chairs the subcommittee that funds that operation, the National Institutes of Health, knows that this is correct. The number of grants we can fund has been declining steadily for 5, 6, 7 years. And if we were to put $1.6 billion into NIH, I submit we might get a lot more lives saved than we will on this program.

I yield the floor, Mr. President.

The PRESIDING OFFICER. Under the previous order the hour of 6:15 having arrived, the question is on final passage. The question is, Shall the bill, H.R. 5158, pass? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Louisiana [Mr. JOHNSTON] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from California [Mr. WILSON] is necessarily absent.

The result was announced—yeas 90, nays 8, as follows:

[Rollcall Vote No. 260 Leg.]

YEAS—90

Adams	Durenberger	McCain
Akaka	Exon	McClure
Baucus	Ford	McConnell
Bentsen	Fowler	Metzenbaum
Biden	Garn	Mikulski
Bingaman	Glenn	Mitchell
Bond	Gore	Moynihan
Boren	Gorton	Murkowski
Boschwitz	Graham	Nickles
Bradley	Gramm	Nunn
Breaux	Grassley	Packwood
Bryan	Harkin	Pell
Bumpers	Hatch	Pressler
Burdick	Hatfield	Pryor
Burns	Heflin	Reid
Byrd	Heinz	Riegle
Chafee	Hollings	Robb
Coats	Inouye	Rockefeller
Cochran	Jeffords	Rudman
Cohen	Kassebaum	Sanford
Conrad	Kennedy	Sarbanes
Cranston	Kerrey	Sasser
D'Amato	Kerry	Shelby
Danforth	Kohl	Simon
Daschle	Lautenberg	Simpson
DeConcini	Leahy	Specter
Dixon	Levin	Stevens
Dodd	Lieberman	Thurmond
Dole	Lott	Warner
Domenici	Lugar	Wirth

NAYS—8

Armstrong	Kasten	Symms
Helms	Mack	Wallop
Humphrey	Roth	

NOT VOTING—2

Johnston	Wilson

So, the bill (H.R. 5158), as amended, was passed.

Ms. MIKULSKI. Mr. President, I move to reconsider the vote by which the bill, as amended, was passed.

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

The motion to lay on the table was agreed to.

Ms. MIKULSKI. Mr. President, I move that the Senate insist upon its amendments to H.R. 5158 and request a conference with the House on the disagreeing votes of the two Houses and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore [Mr. BRYAN] appointed Ms. MIKULSKI, Mr. LEAHY, Mr. JOHNSTON, Mr. LAUTENBERG, Mr. FOWLER, Mr. KERREY, Mr. BYRD, Mr. GARN, Mr. D'AMATO, Mr. GRASSLEY, Mr. NICKLES, Mr. GRAMM, and Mr. HATFIELD conferees on the part of the Senate.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. MITCHELL. Mr. President and Members of the Senate, there will be no further rollcall votes this evening. I will be discussing with the distinguished Republican leader and the managers the best way to proceed with respect to the pending legislation, and we will have an announcement later this evening as to the schedule for tomorrow. But there will be no more rollcall votes this evening.

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

The ACTING PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. FORD. Mr. President, I ask unanimous consent I might proceed for 5 minutes as if in morning business.

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

VOTING RIGHTS OF MILITARY PERSONNEL

Mr. FORD. Mr. President, I have received a number of inquiries about what is being done to assure that our service men and women stationed abroad, and especially those now serving in the Middle East, will be able to vote in the elections next month. Today I asked my staff to meet with Henry Valentino, Director, and Phyllis Taylor, Deputy Director, of the Federal Voting Assistance Program in the Department of Defense to determine just what steps that office was taking to protect the voting rights of our military personnel and their dependents.

I am pleased to advise the Senate that the Federal Voting Assistance Program appears to have the situation well organized to make sure that all service men and women who wish to vote will be able to do so. Mr. President, I ask that a copy of the material provided me entitled "Summary of Military Voting Actions" and a copy of a letter sent to every Secretary of State advising them as to how they may be of assistance in this program be printed in the RECORD. I believe that this information will answer most of the inquiries about this matter.

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

FEDERAL VOTING ASSISTANCE PROGRAM, OFFICE OF THE SECRETARY OF DEFENSE,

Washington, DC.

SUMMARY OF MILITARY VOTING ACTIONS

The week of August 27 was Armed Forces Voters Week. During that week, commanders at all levels of command held a training session on the importance of voting and handed a Federal Post Card Application (FPCA) form to each member of their command. Additional forms were also given to eligible dependents.

Special distribution of FPCA's has been made to Desert Shield units in the event the FPCA was not submitted before deployment. In addition, 200,000 Federal Write-In Absentee Ballots have been pre-positioned with Desert Shield units.

In order to minimize the possibility that reservists who are called to active duty may be disenfranchised because of the timing of the callup, the following actions have been implemented:

Each reservist called to active duty is advised of his or her right to vote and how to do it. Any reservist who can register and vote before reporting to active duty is advised to do so.

The reservist is given an FPCA and provided assistance to register and/or request an absentee ballot.

If orders to report to active duty appear to disenfrancise a reservist, i.e. he/she has no time to register and vote or deadlines have passed to request a regular absentee ballot, the command has been instructed to provide the Federal Voting Assistance Program (FVAP) office immediately with the reservist's name, SSN, and legal residence address, to attempt to resolve the problem.

In order to expedite mail handling in the Middle East the military postal service has added 40 APO/FPO facilities. All units currently have daily mail service. Special instructions have been issued to all military postal clerks to expedite handling of voting materials which have the standardized markings prescribed by FVAP. All voting materials will receive priority handling in loading return mail, i.e. the mail pouch with voting materials will be loaded on the plane first.

We have arranged to use the Desert Fax service recently announced by AT&T so that in an emergency we can fax a ballot to an individual in Saudi Arabia who could then vote it and return it by mail to the local election official. We are also trying to arrange special phone circuits so military in the Middle East can access the DoD Voting Information Center for messages from candidates.

We have asked the States:

To be sure absentee ballots are mailed in a timely manner.

Accept the Federal Write-In Absentee Ballot for statewide offices, at least for Governor. Presently it can only be used to vote for federal offices.

Accept the Federal Write-In Absentee Ballot as a combination registration and actual ballot—waive the requirement for previous registration and request for a regular absentee ballot.

Accept a signed facsimile of an absentee ballot, or a preferred alternative, accept and count an electronic transmission of a voted vallot.

Allow the counting of ballots for all offices where they now allow late counting for federal offices. Some States count absentee ballots received after the election, but only for federal offices, this request would expand it to include all offices.

FEDERAL VOTING ASSISTANCE PROGRAM, OFFICE OF THE SECRETARY OF DEFENSE,

Washington, DC, September 17, 1990.

The Honorable SECRETARY OF STATE.

DEAR ——: The deployment of military units as a part of the Desert Shield operation in the Middle East and the callup of reservists to active duty, have prompted numerous questions pertaining to voting by these citizens. I want you to be aware of the specific actions we have taken and ask your assistance in possible alternatives to ensure these members of the military have the opportunity to vote and that their votes will be received in sufficient time to be counted.

This week of August 27 was Armed Forces Voters Week. During that week, commanders at all levels of command held a training session on the importance of voting and handed a Federal Post Card Application (FPCA) form to each member of their command. Additional forms were also given to eligible dependents.

Special distribution of FPCA's has been made to Desert Shield units in the event the FPCA was not submitted before deployment. In addition, 200,000 Federal Write-In Ballots have been pre-positioned with Desert Shield units.

In order to minimize the possibility that reservists who are called to active duty may be disenfranchised because of the timing of the callup, the following actions have been implemented:

Each reservists called to active duty is advised of his or her right to vote and how to do it. Any reservist who can register and vote before reporting to active duty is advised to do so.

The reservist is given an FPCA and provided assistance to register and/or request an absentee ballot.

The return address used for the reservist is where he/she will be during the first part of October. If that is unknown, arrangements will be made to forward election materials expeditiously to the individual. Spouses or dependents have been advised how to forward mail to the reservist.

If orders to report to active duty appear to disenfranchise a reservist, i.e. he/she has no time to register and vote or deadlines have passed to request a regular absentee ballot, the command has been instructed to provide this office immediately with the reservist's name, SSN, and legal residence address, and we will attempt to resolve the problem.

In order to expedite mail handling in the Middle East the military postal service has added 40 additional APO/FPO facilities. All units currently have daily mail service. Special instructions have been issued to all military postal clerks to expedite handling of voting materials which have the standardized markings prescribed by this office. All voting materials will receive priority handling in loading return mail, i.e. the mail pouch with voting materials will be loaded on the plane first.

We are trying to arrange for the availability of fax service so that in an emergency we might be able to fax a ballot to an individual who could then vote it and return it by mail to the local election official. I don't know if we can have this ready in time for the general election. We are also trying to arrange special phone circuits so they can access the DoD Voting Information Center for messages from candidates and incumbents.

The following are actions you can take to help:

Please make sure your absentee ballots are mailed in a timely manner. We will be monitoring the mailing dates and while we have allowed some flexibility in the past, we plan to seek court action if there are delays. We need at least 35 days ballot transit time. Be sure the proper envelopes are used.

In those states where there are statewide offices on the ballot, consider accepting the Federal Write-In Absentee Ballot for these offices, at least for Governor.

Consider accepting the Federal Write-In Ballot as a combination registration and actual ballot—waive the requirement to have been registered and have requested a regular absentee ballot.

Accept a signed facsimile of an absentee ballot which is returned by mail, or a preferred alternative, accept and count an electronic transmission of a voted ballot.

Those states that count, for federal offices, absentee ballots received after the election if mailed from overseas, allow the ballot to be counted for all offices.

Use the time slot allocated to you in the Voting Information Center to communicate special information for military from your state. If you haven't recorded your message, now is the time to do it. If you have a message in the system, check it to be sure it is timely. Enclosed are the procedures to follow to record messages. We are averaging about 100 calls a day now and this will increase as election day approaches.

You have always been most cooperative in facilitating absentee voting by military, their dependents and overseas citizens. I'm sure you realize that with Desert Shield we have a unique situation that may require special exceptions. I am confident that you will do everything within your resources to ensure citizens from your state who are a part of Desert Shield will not be disenfranchised. Please do not hesitate to contact me if you have any comments or suggestions. I can be reached at (202) 695-9330 or fax (202) 693-5507. We appreciate your continued support.

Sincerely,

HENRY VALENTINO,
Director.

A GIFT TO CONGRESS

Mr. FORD. Mr. President, one of my constituents, a Mr. Lowell Howard of Middlesboro, KY, recently presented me with a gift that I would like to share with my distinguished colleagues at this time.

At a time when the public's perception of Congress seems to be at an all-time low, the sentiments expressed by Mr. Howard—both in his letter to me and the poem he has written in honor of the U.S. Congress—should function as a reminder to us all of our purpose in being here.

I ask unanimous consent that Mr. Howard's letter and poem be printed in the CONGRESSIONAL RECORD.

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

MIDDLESBORO, KY, *September 27, 1990.*

DEAR SENATOR FORD: This is one of two letters, the other is to Senator Byrd. I have much respect for you and Senator Byrd. I feel that you and Senator Byrd have done much for our wonderful Nation. I also wish to thank you for the things you've done for our great State of Kentucky. We are lucky to have a man such as yourself in Washington.

Sir, the reason I'm writing is to ask a great favor. I would like to show my appreciation not only to you, but to the Congress as a whole. I love this land and thank God that he has blessed it so.

I have enclosed to you, a poem I would like to present to Congress. I know Congress has been given many honored gifts, by people far more important than myself, for I'm just an ordinary citizen of this great land wishing to show my appreciation to its lawmakers.

As I told Senator Byrd, I will leave it up to your judgment as to if it would be possible to present this poem to Congress. No matter what your judgment I would like you to have it with my sincere thanks, and in closing it is my hope that God shall continue to bless our great land and may all decisions be weighed in the scales of the mutual comprehension of the ideal of true liberty, that our liberties and the Constitution that gives us these unparalleled freedoms shall only be enhanced.

Respectfully yours,

LOWELL HOWARD.

THESE VENERATE HALLS

(By Lowell Howard)

You are a chosen few that walk these venerate halls,
You walk by portraits of great men before,
That hang upon this building's walls.
Throughout our country's history,
You've helped to shape a nation.
Sometimes you've had our scorn,
Other times our admiration.
You are but mortal men and women,
We hold in high esteem.
The laws you make they shape our lives,
For good or bad they effect a people's dreams.
In times of peace, in times of war,
You've done the best you can.
In many matters perhaps you've been guided
By an unseen hand.
We've put our trust in you, that you'll do your best,
Our Nation is still standing, its stood the winds of change, this shows you've passed the test.
When others after you shall walk these venerate halls,
They may look and see your portraits hanging on its walls.
Knowing they are walking in footprints that shall be hard to fill.
But with the help of God, they will do their best upon Capitol Hill.

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

The ACTING PRESIDENT pro tempore. The absence of a quorum haveing been suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. 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 BUDGET AGREEMENT

Mr. CRANSTON. Mr. President, as the Senator from California, the State with more voters than any other State in the Union, I want to second President Bush's call for public support of the budget agreement which he and Congress worked so hard and long to achieve. I urge all Californians, I urge all Americans to phone your Senator and your Congressman to support this do or die budget.

This budget agreement is part of a $500 billion deficit reduction plan which we must approve if we are to avoid dire economic consequences. Hardly anybody likes this budget in its entirety. It calls for tax increases, which nobody likes. It calls for spending cuts in many important Government programs, programs which I, and many Members of Congress, strongly support. But while hardly anybody likes this budget, almost everybody hates the alternative, if they understand what that alternative is. As the President said, this is George Bush, "If we fail to enact this agreement, our economy will falter, markets may tumble, and recession will follow."

If that were to happen, everybody would lose. With this budget agreement, at least we have a chance to win, but only if we resist the temptation to pick the agreement apart and kick it around for political purposes; only if we resist the temptation to insist on protecting our own special interest; and only if we face up to making difficult choices among competing needs and priorities.

We face an all-or-nothing alternative. We either support this budget or we end up with something that probably almost surely will be far, far worse for everybody. We must all make sacrifices if we are to succeed in balancing the budget and reducing the deficit. Personally, I would have crafted a very different budget which would have better reflected our country's priorities and needs.

But the budget negotiators deserve a world of credit. They did the best they could to avert national disaster. But now the Congress as a whole must act.

If Congress fails to adopt a budget agreement and sequester ensues that means across-the-board sharp, heavy reductions, public health and safety could be compromised, social programs could be slashed, and our Nation's economy could severely suffer.

Clearly the most important aspect of the agreement is to the projected $500 billion deficit reduction. If the projected savings occur we will have taken a significant step toward bringing our vast national debt under control. By working together we will ensure a brighter future for all of Americans.

Mr. President, what I have heard around the Senate today is that more calls are coming in against the agreement than for the agreement. That is true in my case in calls from California. Now is the time for those that understand what is at stake and to put the general interest of the whole country and the avoidance of recession, the avoidance of very heavy meat-ax approaches in cutting many programs that millions of people depend upon. If those people will call in to say we do not like the program totally but we think that all in all it is the best that can be done now and the alternative is terrible, then we will have a better chance of passing this vitally necessary budget agreement. So now is the time to phone your Senator and your Congressman or women and tell them you will stand behind them if they support this deficit reduction budget.

I yield the floor.

MORNING BUSINESS

Mr. CRANSTON. Mr. President, I ask unanimous consent that there be a period for morning business with Senators permitted to speak therein.

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

SENATE CONCURRENT RESOLUTION 147

Mr. AKAKA. Mr. President, I join with my colleagues in approving President Bush's decisive action in sending U.S. military forces into the Persian Gulf. This action was needed as an immediate deterrent against any possible continuation of a march by Iraq from Kuwait through Saudia Arabia and beyond.

Mr. President, I have completed a review of the events and circumstances which led to the introduction of U.S. troops into the area. I feel the President had little alternative but to act in the manner that he did. There is no question that this action was necessary and appropriate in the face of Iraq's Hitler-like invasion and occupation of neighboring Kuwait. Such unprovoked aggression by any nation cannot be tolerated in a world governed by laws. The respect for international boundaries is fundamental to the maintenance of world peace.

It is for these reasons, Mr. President, that I am supporting the passage of Senate Concurrent Resolution 147.

It is important to note that Senate Concurrent Resolution 147 in no way authorizes the use of force against Iraq. It merely expresses support for the actions taken by the President to date and specifically endorses the resolutions that have been adopted by the U.N. Security Council with respect to economic sanctions against Iraq.

Mr. President, as a veteran of World War II, I believe militay force should be used only if absolutely necessary. The presence of multinational forces in the region have already discouraged Iraq from invading Saudi Arabia, and with time on our side, the economic embargo should result in Iraq's withdrawal from Kuwait.

Again, Mr. President, I want to make clear that nothing in this resolution authorizes President Bush to initiate offensive actions in the Persian Gulf region. Our presence at this point in time is solely for the purpose of defense and deterrence.

If circumstances change, I anticipate that President Bush will follow the guidelines set forth in the War Powers Resolution which was passed by Congress in 1973 to insure that both Congress and the President share in making decisions that may involve the United States in war.

Mr. President, there is one further point I would like to pursue concerning the involvement of U.S. military forces in the Persian Gulf region. It has to do with the emergence of the United Nations as a positive force in pursuing a peaceful resolution of the problems at hand.

Perhaps the time has come to give serious consideration to the creation of an effective peace-keeping force under the auspices of the United Nations. With the end of the cold war, it's time to explore collective security through the United Nations. The establishment of such a force would strengthen our position in the Persian Gulf. And the longer the time, the greater the strength we gain from relying on the United Nations to settle this matter.

For the first time in its history, Mr. President, I believe the United Nations has the capacity to play a pivotal role in fostering peace and securing justice not just in the Persian Gulf, but throughout the world.

GERMAN REUNIFICATION

Mr. AKAKA. Mr. President, on September 12 the four World War II powers that defeated Nazi Germany signed a treaty with the two Germanys sanctioning their unification. This action heralded the return of full sovereignty to the German people.

Today, Mr. President, the two Germanys become one. This is truly a historic event.

It is even more remarkable because this event occurs just 1 year and 1 day after thousands of East Germans in Leipzig participated in antigovernment demonstrations. These demonstrations led to the opening of the Berlin Wall and the subsequent collapse of 40 years of Communist rule.

The political unification of the two Germanys is just the first step in an integration and restructuring that will profoundly affect the entire world community. The deep wounds left in the aftermath of World War II have mostly healed. I sense the time is right to embark upon a new beginning.

The events which led to reunification prove that fundamental political and economic changes can occur under responsible leadership within the framework of a democratic process. Divided Germany was the focus of the cold war playing host to a collection of the most destructive weapons we know. The reunited Germany creates a new frontier as we pursue tolerance, understanding and a world at peace.

Mr. President, it saddens me to note, however, that the process leading to the reunification of Germany stands in stark contrast to the deplorable events we see occurring in the Persian Gulf. As a veteran, I know the human pain and devastating anguish families the world over suffer when armed conflicts occur. Resources that otherwise might be devoted to humanitarian activities are needlessly wasted on the acquisition of military hardware and the buildup and maintenance of an armed forces to be used for other than defensive purposes.

And so Mr. President, it is for these reasons that I welcome the unification of Germany, and I look forward to the practical impact it will have on the community of nations. I also look forward to a reduction of U.S. Armed Forces stationed in Europe; I look forward to an expansion of cultural and economic activity throughout the entire region; I look forward to emerging new governments focused on meeting basic human needs as the first order of business; and most of all Mr. President, I look forward to a new political order which accepts the concept of participatory democracy as its fundamental driving force.

It is, indeed, a pleasure for me to welcome the new Germany, the reunited Germany into the community of nations. I am confident, moreover, that our Government's support of this action has enabled us to take one giant step toward achieving lasting world peace.

Today Mr. President, we can all stand shoulder to shoulder with the German people and declare: "Ich bin eine Berliner."

THE NATIONAL CENTER FOR ATMOSPHERIC RESEARCH

Mr. WIRTH. Mr. President, I rise to point out a continuing problem I have had regarding the National Science Foundation and its allocation of funding to the National Center for Atmospheric Research. In constant 1982 dollars, NCAR's budget from NSF has declined by 11.6 percent during the past 5 fiscal years. Over the same time, the NSF budget has increased by 11.5 percent.

During that period, NCAR has lost 23 PhD. scientists—lured away by institutions with stable or expanding research programs. Most troubling, the team of researchers from different disciplines is breaking apart.

While this has been happening, the Nation's program for atmospheric research has been growing rapidly. Concerns about global warming and environmental degradation has spawned a massive Federal program to understand how our planet's environmental systems work. In this effort, there is no finer institution that we should be turning to than the National Center for Atmospheric Research. Don't take my word for it, listen to what the President's Science Adviser told me earlier this year. He said:

> The NCAR group is recognized worldwide as among the leaders, if not indeed the leaders, in the development of the large-scale general circulation models that require enormous mathematical investment. . . . It is one of the leading centers worldwide.

When he made that statement, the President's science adviser said that he, too, was extremely concerned about NCAR's funding problems. He told me that he would do something to help correct this situation. Dr. Bromley said that he could see the possibility of the Department of Energy support for NCAR and pledged to contribute to such a cooperative relationship.

I have also met with the Department, with OMB, and with others about developing a cooperative relationship among DOE and NCAR. My impression has always been that these officials thought this was a good idea. But nothing has happened and one of the Nation's research treasures is slowly but surely eroding.

NCAR is highly dependent on funding from the National Science Foundation—an agency that has numerous priorities and numerous demands. I can't say that I agree with all of NSF's funding priorities, but I respect the right of these experts to make the allocations. I could ask my colleagues to earmark NSF funds for NCAR, but that is bad policy and bad science.

I bring this up, Mr. President, not because I intend to insist on bad policy by offering an amendment to earmark funds for NCAR. Rather, I raise this issue to let it be known that President's Global Change Program is a sham if we are not fully funding the programs at the National Center for Atmospheric Research. I intend to follow this issue, and I can tell you that if this situation does not turn around, I'm going to ask that we convene some oversight hearings on this subject. I'm learning more and more about the Nation's investment in global change research, and at least some of those investments are highly questionable.

In conclusion, Mr. President, let me just say that it is nonsensical that NCAR is hemorrhaging at a time when the entire world wants to know more about atmospheric and global climate systems. I intend to continue doing all that I can to turn this situation around. And I want to say publicly that I intend to make sure this issue is discussed openly next year when we go through this process again.

NATIONAL WOMEN VETERANS RECOGNITION WEEK

Mr. CRANSTON. Mr. President, on Friday, September 27, the Senate passed Senate Joint Resolution 307, a joint resolution which I sponsored designating November 11 through 17, 1990, as National Women Veterans Recognition Week. The measure is substantively the same as House Joint Resolution 543, which was introduced in the House by Representative BILIRAKIS on April 4.

Because of my commitment to women veterans, I have, for the past 6 years, sponsored legislation designating a week near Veterans Day as National Women Veterans Recognition Week. I am proud to have sponsored this legislation for so many years and am equally proud of the strong support it has received from my colleagues in the Senate.

The goals of designating a week to honor these courageous women are twofold: To make the public more aware of the contributions of women veterans, and to make women veterans more aware of the many benefits available to them because of their service. These women, who served with honor and dedication, are a group of veterans who have too often been underestimated, forgotten, or ignored. For far too long, the term "veteran" has meant "male veteran". The American people have been quick to praise male combat veterans, but have been slow to acknowledge the valuable support provided by women who have served as medical and supply personnel in noncombat positions, for example, as medical and supply personnel. We must continue our efforts to change this distorted perception and to acknowledge the contributions women veterans make to our national defense. Women are performing a wider range of tasks in the Armed Forces than ever before, as demonstrated by the participation of women in the recent military action in Panama and in the current Operation Desert Shield.

Women veterans comprise approximately 4.2 percent of the total veteran population, a percentage that is growing as the percentage of women in the active military and in the reserves continues to grow. At the present time, 11 percent of active duty service personnel are women.

Many women veterans are not aware of the various benefits and services for which they are eligible, such as health care, home loans, and educational and employment assistance. We have a responsibility to inform them of these benefits and services, in order to ensure that they use them to at least the same extent as male veterans. We must ensure that they are provided equal and appropriate services, particularly in the area of health care, where there are important differences between the needs of men and women veterans. In response to that concern, I have requested that the General Accounting Office review VA's followup efforts regarding implementation of the recommendations for improving women veterans' access to VA health care which GAO made in its 1982 report.

Mr. President, the joint resolution designating the week of November 11 as National Women Veterans Recognition Week will continue the momentum built over the last 6 years to call attention to this important but often overlooked group of veterans. I want to thank my colleagues once again for supporting this joint resolution and women veterans.

GERMAN REUNIFICATION

Mr. DASCHLE. Mr. President, today marks a historic and happy occasion. The events of the past 24 hours signify the triumph of the forces of freedom, democracy, and progress. We have witnessed the birth of a new nation, perhaps I should say, the rebirth of an old, historic nation as we have witnessed the reunification of Germany.

This is a time to reminisce in our celebrations because this achievement marks the close of one of the turbulent chapters of World War II and the beginning of a new, more hopeful one.

We must never forget the lessons of World War II. But today's events highlight the opportunity we now have to move beyond that terrible time.

Closed also is another chapter in what we hope are the final days of the cold war—a war that has threatened a generation with the end of civilization. A divided Germany has been in the middle of a long twilight struggle that has seen the Berlin airlift, the Berlin Wall, and a young American President standing in front of that wall and declaring that all free people are citizens of Berlin. "Freedom is indivisible," President Kennedy proclaimed that day, "and when one man is enslaved, all are not free."

This is a time for celebration. The reunification of Germany will help restore the economic and political stability of Europe, as well as lift the curtain that once fell from Stettin in the Baltic to Trieste in the Adriatic. Families will be reunited. Divided cities as well as divided countries will be whole again.

It is a time for celebration because this reunification illustrates that wars are not always won with guns, but with ideas, perseverance, hope, and dedication to the causes of freedom and the right of people to choose their own leaders and destinies.

While this is a time for reminiscing and celebrating, this is also a time for looking toward the future. Reunification will be a crucial step in the rebuilding of Eastern Europe. For the United States, it provides an opportunity to strengthen our trade and cultural relations with Europe while reducing our military commitment there.

Toward that end, I am proud to say that the people of South Dakota have initiated their own efforts. Earlier this year the city of Sioux Falls signed a historic sister city agreement with Potsdam to strengthen the growing ties between the United States and Germany and to show their solidarity with the German people who have won the struggle for freedom.

"Real, lasting peace in Europe," proclaimed President Kennedy, "can never be assured as long as one German out of four is denied the elementary right of free men, and that is to make a free choice." This is a time to look forward because this historic event will help bring peace and prosperity to a world that has not seen enough of either.

TERRY ANDERSON

Mr. MOYNIHAN. Mr. President, I rise to inform my colleagues that today marks the 2,027th day that Terry Anderson has been held captive in Beirut.

On Sunday, September 30, family and friends from Fishkill to Beacon welcomed Robert Polhill home. Treatment of Mr. Polhill's throat cancer delayed the reunion by 5 months. But, in his wife Ferial's words, the ceremony on Sunday demonstrated that "Robert was not forgotten."

Mr. President, I rise today with the hope that Terry Anderson and the other hostages still in Lebanon will not be forgotten. I ask unanimous consent that an Associated Press article recounting Sunday's Parade be included in the RECORD.

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

TOWN WELCOMES FORMER HOSTAGE ROBERT POLHILL HOME

(By Michael Hill)

BEACON, NY.—Fluttering flags and yellow ribbons marked Robert Polhill's return home after 39 months as a hostage in the Middle East and five months fighting throat cancer.

Looking gaunt but happy, Polhill waved to well-wishers Sunday during a parade.

"The warmth of your welcome overwhelms me," Polhill, who was unable to speak, said in a statement read by his wife, Ferial. "I regret that I am not sufficiently fluent to greet you myself."

Telephone poles and signposts were festooned with ribbons along the eight-mile parade route from Fishkill, about 50 miles north of New York City, to Beacon. People held balloons, waved American flags and wore yellow ribbons.

"I'm overwhelmed with all these people," said Polhill's mother, Ruth, who lives in Fishkill. "It was a remarkable greeting."

Polhill, 56, was an accountant and assistant business professor at Beirut University in Lebanon when he and three other faculty members were captured by Moslem extremists on Jan. 24, 1987.

He was released April 22 but was hospitalized for diabetes and malnutrition. At Walter Reed Army Medical Center in Washington, a growth removed from his vocal cords was found to be cancerous. Polhill's voice box was removed during the operation.

The original homecoming plan this spring was scuttled while Polhill received treatment at Walter Reed, living in housing on the hospital grounds.

Folk singer Pete Seeger dedicated "God Bless America" to Polhill on Sunday. Police flanked the route, and fire trucks and a small band joined the procession, which was held in conjunction with Spirit of Beacon Day.

"It makes me happy to see that Robert was not forgotten," said Ferial Polhill. "Forgetfulness would have been easy and understandable."

Asked if he felt like a hero, Polhill shook his head.

"I don't care what he thinks. In my eyes he's a hero," his wife said.

EXTENSION OF PERIOD FOR MAXIMUM EFFICIENT RATE PRODUCTION OF THE NAVAL PETROLEUM RESERVES MESSAGE FROM THE PRESIDENT—PM 148

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Armed Services:

To the Congress of the United States;

In accordance with section 201(3) of the Naval Petroleum Reserves Production Act of 1976 (10 U.S.C. 7422(c)(2)), I wish to inform you of my decision to extend the period of maximum efficient rate production of the naval petroleum reserves for a period of 3 years from April 5, 1991, the expiration date of the currently authorized period of production.

I am transmitting herewith a copy of the report investigating the necessity of continued production of the reserves as required by section 201(3)(c)(2)(B) of the Naval Petroleum Reserves Production Act of 1976. In light of the findings contained in that report, I hereby certify that continued production from the naval petroleum reserves is in the national interest.

GEORGE BUSH.

THE WHITE HOUSE, *October 3, 1990.*

MESSAGES FROM THE HOUSE

At 2:35 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the bill (S. 1511) to amend the Age Discrimination on Employment Act of 1967 to clarify the protections given to older individuals in regard to employee benefit plans, and for other purposes, without amendment.

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

H.R. 3134. An act for the relief of Mrs. Joan R. Daronco;

H.R. 3139. An act to amend title 5, United States Code, to authorize portability of benefits for employees of nonappropriated fund instrumentalities of the Department of Defense when such employees convert to the civil service system;

H.R. 3618. An act to authorize the lease of lands on the Mille Lacs Indian Reservation for a term not to exceed 99 years;

H.R. 3703. An act to authorize the Rumsey Indian Rancheria to convey a certain parcel of land;

H.R. 3954. An act to authorize the establishment of a memorial on Federal land in the District of Columbia or its environs to honor service in the Peace Corps;

H.R. 4131. An act to ensure that executive agencies have adequate authority to review the performance of foreign contractors and subcontractors under certain procurement contracts, and for other purposes;

H.R. 4205. An act to authorize appropriations for fiscal year 1991 for the Maritime Administration, and for other purposes;

H.R. 4299. An act to authorize a study of the fishery resources of the Great Lakes, and for other purposes;

H.R. 4593. An act to transfer to the Secretary of the Interior the administration of the surface rights in certain lands presently within the boundaries of the San Carlos Indian Reservation, AZ, and managed by the Forest Service as part of the Coronado National Forest, and for other purposes;

H.R. 5007. An act to designate the facility of the United States Postal Service located at 100 South John F. Kennedy Drive, Carpentersville, IL, as the "Robert McClory Post Office Building";

H.R. 5209. An act to amend title 39, United States Code, to make nonmailable any unsolicited sample of a drug of other hazardous household substance which does not meet child-resistant packaging requirments, and for other purposes;

H.R. 5235. An act to designate the Owens Finance Station of the United States Postal Service in Cleveland, Ohio, as the "Jesse Owens Building of the United States Postal Service";

H.R. 5390. An act to prevent and control infestations of the coastal inland waters of the United States by the zebra mussel and other nonindigenous aquatic nuisance species, to reauthorize the National Sea Grant College Program, and for other purposes;

H.R. 5409. An act to designate the post office building at 222 West Center Streat in Orem, Utah, as the "Arthur V. Watkins Post Office Building";

H.R. 5450. An act to amend title 5, United States Code, to ensure adequate verification of computer matching information that affects individuals eligibility for Federal benefits;

H.J. Res. 602. Joint resolution designating October 1990 as "National Domestic Violence Awareness Month"; and

H.J. Res. 610. Joint resolution designating October 1990 as "Ending Hunger Month."

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker has signed the following enrolled bills and joint resolutions:

S. 1230. An act to authorize the acquisition of additional lands for inclusion in the Knife Rive Indian Villages National Historic Site;

S. 1974. An act to require new televisions to have built in decoder circuitry;

HR. 1243. An act to require the Secretary of Energy to establish Centers for Metal Casting Competitiveness Research;

H.R. 2372. An act to provide jurisdiction and procedures for claims for compassionate payments for injuries due to exposure to radiation from nuclear testing;

H.R. 3657. An act to amend the Securities Exchange Act of 1934 to strengthen regulatory oversight of the United States securities market, improve supervision of financial market participants, and improve the safety and efficiency of market mechanisms, and for other purposes;

H. R. 3897. An act to authorize appropriations for the Administrative Conference of the United States for fiscal years 1991, 1992, 1993, and 1994, and for other purposes;

S.J. Res. 181. Joint resolution to establish calendar year 1992 as the "Year of Clean Water";

H.J. Res. 398. Joint resolution to commemorate the centennial of the creation of Congress of Yosemite National Park;

H.J. Res. 469. Joint resolution to designate October 6, 1990, as "German-American Day"; and

H.J. Res. 603. Joint resolution to designate the month of October 1990 as "Country Music Month."

The enrolled bills and joint resolutions were subsequently signed by the President pro tempore [Mr. BYRD].

At 6:19 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the bill (S. 247) to amend the Energy Policy and Conservation Act to increase the efficiency and effectiveness of State energy conservation programs carried out pursuant to such act, and for other purposes; with an amendment, in which it requests the concurrence of the Senate.

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

H.R. 1330. An act to transfer a parcel of land located in the Los Padres National Forest, California;

H.R. 2071. An act for the relief of Cathernine Anne Bardole aka Kathleen Bardole and her minor children, Lisa Anne Farley, and Elaine Mary Farley;

H.R. 2863. An act for the relief of Michael Wu;

H.R. 2961. An act for the relief of Sonanong Poonpipat (Latch);

H.R. 4174. An act to establish a comprehensive personnel system for employees of the Administrative Office of the United States Courts, and for other purposes;

H.R. 5001. An act for the relief of Norman Ricks; and

H.R. 5759. An act to amend the Age Discrimination in Employment Act of 1967 to clarify the application of such Act to employee group health plans.

MEASURES REFERRED

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

H.R. 1330. An act to transfer a parcel of land located in the Los Padres National Forest, CA; to the Committee on Energy and Natural Resources.

H.R. 2071. An act for the relief of Catherine Anne Bardole aka Kathleen Bardole, and her minor children, Lisa Anne Farley, and Elaine Mary Farley; to the Committee on the Judiciary.

H.R. 2863. An act for the relief of Michael Wu; to the Committee on the Judiciary.

H.R. 2921. An act for the relief of Sonanong Poonpipat (Latch); to the Committee on the Judiciary.

H.R. 3134. An act for the relief of Mrs. Joan R. Daronco; to the Committee on the Judiciary.

H.R. 3618. An act to authorize the lease of lands on the Mille Lacs Indian Reservation for a term not to exceed 99 years; to the Select Committee on Indian Affairs.

H.R. 3703. An act to authorize the Rumsey Indian Rancheria to convey a certain parcel of land; to the Select Committee on Indian Affairs.

H.R. 3954. An act to authorize the establishment of a memorial on Federal land in the District of Columbia or its environs to Honor service in the Peace Corps; to the Committee on Energy and Natural Resources.

H.R. 4131. An act to ensure that executive agencies have adequate authority to review the performance of foreign contractors and subcontractors under certain procurement contracts, and for other purposes; to the Committee on Governmental Affairs.

H.R. 5001. An act for the relief of Norman R. Ricks; to the Committee on the Judiciary.

H.R. 5235. An act to designate the Owens Finance Station of the United States Postal Service in Cleveland, OH, as the "Jesse Owens Building of the United States Postal Service"; to the Committee on Governmental Affairs.

H.R. 5409. An act to amend to designate the post office building at 222 West Center Street in the Orem, UT, as the Arthur V. Watkins Post Office Building"; to the Committee on Governmental Affairs.

H.R. 5450. An act to amend title 5, United States Code, to ensure adequate verification of computer matching information that affects individuals eligibility for Federal benefits; to the Committee on Governmental Affairs.

H.R. 5759. An act to amend the Age Discrimination in Employment Act of 1967 to clarify the application of such act to employee group health plans; to the Committee on Labor and Human Resources.

H.J. Res. 602. Joint resolution designating October 1990 as "National Domestic Violence Awareness Month"; to the Committee on the Judiciary.

MEASURES PLACED ON THE CALENDAR

The following bills and joint resolution were read the first and second times and placed on the calendar:

H.R. 4205. An act to authorize appropriations for fiscal year 1991 for the Maritime Administration, and for other purposes.

H.R. 4299. An act authorize a study of the fishery resources of the Great Lakes, and for other purposes.

H.R. 5007. An act to designate the facility of the United States Postal Service located at 100 South John F. Kennedy Drive, Carpentersville, IL, as the "Robert McClory Post Office Building."

H.R. 5390. An act to prevent and control infestations of the coastal inland waters of the United States by the zebra mussel and other nonindigenous aquatic nuisance species, to reauthorize the National Sea Grant College Program, and for other purposes.

H.J. Res. 610. Joint resolution designating October 1990 as "Ending Hunger Month."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. INOUYE, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 2850. A bill to authorize demonstration projects in connection with providing health services to Indians (Rept. No. 101-488).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1831. A bill to direct the Secretary of Agriculture to convey certain lands to the town of Taos, NM (Rept. No. 101-489).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 2165. A bill to establish the Glorieta National Battlefield in the State of New Mexico (Rept. No. 101-490).

S. 2262. A bill to designate segments of the Sudbury, Assabet, and Concord Rivers as a study area for inclusion in the national wild and scenic rivers system (Rept. No. 101-491).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, without amendment:

S. 2527. A bill to direct the Secretary of Agriculture to conduct a study to determine the need for a National Forest Information Center and an expanded environmental education program in New Mexico (Rept. No. 101-492).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 2684. A bill to authorize a study of methods to protect and interpret the nationally significant fossil trackways found in the Robledo Mountains near Las Cruces, NM (Rept. No. 101-493).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with amendments:

S. 2804. A bill to amend the Act of May 15, 1965, authorizing the Secretary of the Interior to designate the Nez Perce National Historical Park in the State of Idaho, and for other purposes (Rept. No. 101-494).

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2949. A bill to authorize a study of nationally significant places in American Labor History (Rept. No. 101-495).

H.R. 4111. A bill to amend the Mining and Mineral Resources Research Institute Act of 1984, and for other purposes (Rept. No. 101-496).

By Mr. BIDEN, from the Committee on the Judiciary, with amendments:

S. 3043. A bill for the relief of Nebraska Aluminum Castings, Inc.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. ROTH:

S. 3154. A bill to provide for the establishment and evaluation of performance standards and goals for expenditures in the Federal budget, and for other purposes; to the Committee on Governmental Affairs.

By Mr. RIEGLE:

S. 3155. A bill to extend the expiration date of the Defense Production Act of 1950 to October 20, 1990; considered and passed.

By Mr. CRANSTON (for Mr. JOHNSTON):

S. 3156. A bill to correct a clerical error in Public Law 101-383; considered and passed.

By Mr. PELL (for himself, Mr. KENNEDY, Mrs. KASSEBAUM, Mr. METZENBAUM, Mr. JEFFORDS, Mr. COCHRAN, and Mr. ADAMS):

S.J. Res. 374. Joint resolution to declare it to be the policy of the United States that there should be a renewed and sustained commitment to Federal aid to elementary and secondary education; to the Committee on Labor and Human Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. CRANSTON (for Mr. MITCHELL (for himself and Mr. DOLE)):

S. Res. 333. A resolution to authorize certain appointments; considered and agreed to.

By Mr. AKAKA (for himself and Mr. INOUYE):

S. Con. Res. 151. Concurrent resolution expressing the sense of the Congress of the desirability of promoting energy efficiency and conservation, setting energy efficiency and conservation goals for the United States, and calling an energy summit; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PELL (for himself, Mr. KENNEDY, Mrs. KASSEBAUM, Mr. METZENBAUM, Mr. JEFFORDS, Mr. COCHRAN, and Mr. ADAMS:

S.J. Res. 374. Joint resolution to declare it to be the policy of the United

States that there should be a renewed and sustained commitment to Federal aid to elementary and secondary education; to the Committee on Labor and Human Resources.

COMMITMENT TO FEDERAL AID TO ELEMENTARY AND SECONDARY EDUCATION

● Mr. PELL. Mr. President, I am very proud to introduce this joint resolution in celebration of the 25th anniversary of the landmark Elementary and Secondary Education Act of 1965. This historic legislation has been the major Federal effort devoted to ensuring that our Nation's economically disadvantaged children have access to an education of the finest quality.

I am also proud to have been one of the authors of the original act in 1965, to have helped reshape and improve this critical legislation over the years, and to be the Senate author of its most recent reauthorization legislation.

In 1965, those of us concerned about educational policy rejoiced in the passage of this legislation. No one expressed a greater hope for the potential impact of the ESEA than President Johnson. Words he spoke after signing the ESEA into law have, over the past 25 years, rung true time and time again:

> I will never do anything in my entire life, now or in the future, that excites me more, or benefits the Nation I serve more, or makes the land and all its people better and wiser and stronger, or anything that I think means more to freedom and justice in the world than what we have done with this education bill.

For over the course of the past 25 years, the ESEA has reached out again and again to address the educational needs of an increasing number of needy populations. Over time, the act was amended to serve children who were previously ineligible to receive chapter 1 assistance. This includes specific provisions for migrant children, neglected and delinquent children, and youth in correctional institutions.

The ESEA was amended in 1966 to include the massive Education for all Handicapped Children Act, which later became an independent act. Programs were added in 1968 to provide educational assistance for limited-English-proficient students, particularly the growing number of childern of recent immigrants. Today, that program, the Bilingual Education Act, serves hundreds of thousands of childern. In addition, the ESEA has been amended to include programs for native Americans and Hawaiians.

In serving our Nation's most economically disadvantaged children, the ESEA has helped to advance the education of women and minorities since its inception. In 1978, however, this mission became more targeted with the inclusion of the Women's Educational Equity Act. This important act was created to enforce nondiscrimination requirements of law and to support educational activities which promote educational equity for women and girls in the United States. The Women's Educational Equity Act continues to be a key source of Federal funds for equity projects in elementary, secondary and postsecondary education.

Federal assistance for desegregation efforts through the school systems has also become a strong mission of the ESEA. The current Magnet Schools Assistance Act provides well over $110 million to school districts which have either voluntarily implemented or are under court order to implement desegregation plans. This program uses the carrot of a magnet school offering quality education in a specific field to attract students from diverse racial backgrounds to the same school.

The ESEA has also reached out to address the needs of illiterate adults. The Adult Education Act and the Even Start Act—both part of ESEA—provide critical reading and mathematics skills to adults and to families so that the generational cycles of illiteracy can be eliminated.

As part of the 1988 reauthorization, the ESEA was amended to include the School Dropout Demonstration Assistance Act, the Jacob K. Javits Gifted and Talented Students Education Act, the Basic Skills for Secondary School Students Act and the Drug Free Schools and Communities Act. And, the ESEA also reflects a strong Federal commitment to improve math, science, and foreign language instruction, both through the Education for Economic Security Act and the Star Schools Program.

The FIRST Program was added to the ESEA to improve educational performance; improve teacher certification procedures; strengthen links between schools, families, and the community; and increase the number of minority teachers.

It is readily apparent that the Elementary and Secondary Education Act is really a compendium of targeted educational assistance designed to address the specific needs of special populations, to address areas of critical national interest such as math and science, and to provide leadership and incentives for educational quality and excellence.

The ESEA has assisted so many children, adults, and families in our country in so many ways it is impossible to estimate the many benefits to the Nation and the individual. That work, however, is far from complete. We have yet to reach the goal that all children who are eligible for these critical educational services receive them. We must renew our efforts to see to it that children be they poor, bilingual, handicapped, or minority be afforded the educational opportunities and assistance necessary to overcome the barriers that impede the full development of their talents.

I take great pride in celebrating the 25th anniversary of the passge of this most important legislation, which has made so significant a contribution to the goal of advancing equal opportunity and quality in education in this country.

I commend this resolution to my colleagues, and would ask that its full text be printed following my remarks. I would also ask that this anniversary serve to remind us not only of the importance of this act, but also of the need to fulfill, once and for all, the commitment we made to our children and our Nation a quarter of a century ago.●

ADDITIONAL COSPONSORS

S. 1676

At the request of Mr. PELL, the name of the Senator from Maine [Mr. COHEN] was added as a cosponsor of S. 1676, a bill to strengthen the teaching profession, and for other purposes.

S. 2056

At the request of Mr. HARKIN, the name of the Senator from California [Mr. WILSON] was added as a cosponsor of S. 2056, a bill to amend title XIX of the Public Health Service Act to provide grants to States and implement state health objectives plans, and for other purposes.

S. 2246

At the request of Mr. BRADLEY, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 2246, a bill to amend title XVIII of the Social Security Act to provide improved medicare home health benefits, and for other purposes.

S. 2574

At the request of Mr. CHAFEE, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of S. 2574, a bill to amend the Social Security Act to improve old-age, survivors, and disability insurance benefits and supplemental security income benefits, and for other purposes.

S. 2614

At the request of Mr. GRASSLEY, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 2614, a bill to amend the Public Health Service Act to establish and coordinate research programs for osteoporosis and related bone disorders, and for other purposes.

S. 2729

At the request of Mr. CHAFEE, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S 2729, a bill to amend the Coastal Barrier Resources Act, and for other purposes.

S. 2782

At the request of Mr. WILSON, his name was added as a cosponsor of S. 2782, a bill to amend the Coastal Zone Management Act of 1972 to authorize appropriations for fiscal years 1991 through 1995 and to require State coastal zone management agencies to prepare and submit for the approval of the Secretary of Commerce programs for the improvement of coastal zone water quality, and for other purposes.

S. 2902

At the request of Mr. PRYOR, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 2902, a bill to amend the Internal Revenue Code of 1986 to clarify portions of the Code relating to church and welfare benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits and for other purposes.

S. 3501

At the request of Mr. PRESSLER, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of S. 3051, a bill to reduce the pay of Members of Congress corresponding to the percentge reduction of the pay of Federal employees who are furloughed or otherwise have a reduction of pay resulting from a sequestration order.

S. 3142

At the request of Mr. DOLE, the name of the Senator from Illinois [Mr. DIXON] was added as a cosponsor of S. 3142, a bill to provide for recognition of costs of certain nursing and allied health education programs as allowable direct costs reimbursable to a hospital on a reasonable basis for purposes of payment under title XVIII of the Social Security Act, and for other purposes.

S. 3145

At the request of Mr. AKAKA, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 3145, a bill to amend the Internal Revenue Code of 1986 to permanently extend qualified mortgage bonds and low-income housing credit, and for other purposes.

SENATE JOINT RESOLUTION 263

At the request of Mr. HELMS, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of Senate Joint Resolution 263, a joint resolution to designate October 11, 1990, as "National Society of the Daughters of the American Revolution Centennial Day."

SENATE JOINT RESOLUTION 329

At the request of Mr. KASTEN, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of Senate Joint Resolution 329, a joint resolution to designate the week of June 17, 1990 through June 23, 1990 as "National Week to Commemorate the Victims of the Famine in Ukraine, 1932-1933", and to commemorate the Ukrainian famine of 1932-1933 and the policies of Russification to suppress Ukrainian identity.

SENATE JOINT RESOLUTION 350

At the request of Mr. BYRD, the names of the Senator from North Dakota [Mr. BURDICK], the Senator from Nebraska [Mr. EXON], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Wisconsin [Mr. KOHL], and the Senator from Kentucky [Mr. MCCONNELL] were added as cosponsors of Senate Joint Resolution 350, a joint resolution to designate October 18, 1990, as "National Hardwood Day".

SENATE JOINT RESOLUTION 356

At the request of Mr. DOLE, the names of the Senator from Louisiana [Mr. JOHNSTON], the Senator from Mississippi [Mr. LOTT], the Senator from Ohio [Mr. METZENBAUM], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Hawaii [Mr. AKAKA], the Senator from Montana [Mr. BAUCUS], the Senator from Missouri [Mr. BOND], the Senator from Mississippi [Mr. COCHRAN], the Senator from Illinois [Mr. DIXON], the Senator from Georgia [Mr. NUNN], the Senator from California [Mr. WILSON], the Senator from New York [Mr. D'AMATO], and the Senator from New York [Mr. MOYNIHAN] were added as cosponsors of Senate Joint Resolution 356, a joint resolution designating November 4-11, 1990, as "National Key Club Week."

SENATE JOINT RESOLUTION 364

At the request of Mr. REID, the names of the Senator from North Carolina [Mr. HELMS], the Senator from Nebraska [Mr. EXON], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of Senate Joint Resolution 364, a joint resolution to designate the third week of February, 1991, as "National Parents and Teachers Association Week."

SENATE JOINT RESOLUTION 371

At the request of Mr. PRYOR, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of Senate Joint Resolution 371, a joint resolution to recognize the week of October 1-7, as "National Nursing Home Residents' Rights Week."

SENATE JOINT RESOLUTION 296

At the request of Mr. ROTH, the names of the Senator from Kansas [Mrs. KASSEBAUM] and the Senator from Louisiana [Mr. JOHNSTON] were added as cosponsors of Senate Joint Resolution 296, a resolution to express the sense of the Senate the support of Taiwan's membership in the General Agreement on Tariffs and Trade.

SENATE CONCURRENT RESOLUTION 151—RELATIVE TO ENERGY EFFICIENCY AND CONSERVATION AND SETTING A NATIONAL ENERGY POLICY AND GOALS

Mr. AKAKA (for himself and Mr. INOUYE) submitted the following concurrent resolution; which was referred to the Committee on Energy and Natural Resources:

S. CON. RES. 151

Whereas the United States imported nearly half of the oil it consumed in early 1990;

Whereas the crisis in the Persian Gulf has cut off an important supply of oil to the United States and disrupted the United States' domestic economy;

Whereas the rise in oil prices in the United States resulting from the Iraqi invasion of Kuwait on August 2, 1990, and the subsequent United Nations embargo against Iraq, represents the 3d significant rise in oil and fuel prices in the United States since 1989;

Whereas other significant oil price increases came after the Exxon Valdez ran aground in Alaskan waters in March 1989 and during the severe cold weather of December 1989;

Whereas the United States' dependency on foreign oil could be significantly reduced through energy efficiency and conservation measures;

Whereas energy efficiency is important in ensuring the Nation's economic stability, promoting the national security, ensuring the health and well-being of the people of the United States, and protecting the environment of the Nation and the world;

Whereas the Federal Government's energy efficiency and conservation programs received severe budget cuts throughout the 1980's;

Whereas the Federal Government is a major consumer of the Nation's energy resources;

Whereas programs to promote energy efficiency within the Federal Government and programs undertaken by the Federal Government to encourage and promote energy efficiency throughout the Nation are an integral part of reducing the United States dependency on foreign oil; and

Whereas other industrialized nations have adopted policies aimed at encouraging the efficient use of energy resources: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the legislative and executive branches share the responsibility of developing and overseeing energy efficiency and conservation policies. In furtherance of meeting that responsibility, the Congress—

(1) calls on the President to convene, before the end of 1991, a national energy summit to discuss and formulate new priorities and firm goals for the use of renewable and nonrenewable energy resources in the United States by the year 2000;

(2) urges the President, when convening the national energy summit, to include experts on energy and the environment from the Administration, the private sector, State and local governments, and the Congress;

(3) urges the President to utilize the energy summit to—

(A) explain to the people of the United States the current state of energy supplies

in this Nation and the world, and the rate of energy consumption in the United States;

(B) set goals to be attained for future energy efficiency and consumption;

(C) renew the United States' commitment to a national policy of energy efficiency;

(D) provide information to the people of the United States regarding issues of energy efficiency and conservation;

(E) adopt measures to make the Federal Government among the most efficient consumers of the Nation's energy sources; and

(F) set forth energy efficiency policies and measures that, in the event of an energy crisis, would protect the United States economy from volatile swings in the world energy prices; and

(4) believes the National Energy Strategy, being developed by the Department of Energy, should be an important part of the discussion of the future of energy efficiency and consumption in the United States at the energy summit.

SENATE RESOLUTION 333—AUTHORIZING CERTAIN APPOINTMENTS

Mr. CRANSTON (for Mr. MITCHELL, for himself and Mr. DOLE) submitted the following resolution; which was considered and agreed to:

S. RES. 333

Resolved, That notwithstanding the sine die adjournment of the present session of the Congress, the President of the Senate, the President of the Senate pro tempore, the Majority Leader of the Senate, and the Minority Leader of the Senate be, and they are hereby, authorized to make appointments to commissions, committees, boards, conferences, or interparliamentary conferences authorized by law, by concurrent action of the two Houses, or by order of the Senate.

AMENDMENTS SUBMITTED

DEFENSE PRODUCTION ACT AMENDMENTS

RIEGLE (AND GARN) AMENDMENT NO. 2925

Mr. DIXON (for Mr. RIEGLE, for himself and Mr. GARN) proposed an amendment to the bill (S. 1379) to reauthorize and amend the Defense Production Act of 1950, and for other purposes, as follows:

On page 59, line 8, strike "and".

On page 59, between lines 11 and 12, insert the following:

(C) responding to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including energy, and which would adversely affect the national defense preparedness of the United States; and

On page 69, line 9, strike "(a) IN GENERAL.—".

On page 71, strike lines 18 through 22.

On page 85, strike lines 13 through 15 and insert the following:

(1) in subsection (a), by striking "and subsection (j) of section 708A";

Beginning with page 92, line 11, strike all through page 103, line 25.

On page 104, line 11, strike "countries" and insert "foreign governments".

On page 104, line 15, before the semicolon insert the following: "and assesses the extent and character of any such strategy".

On page 104, line 19, strike the semicolon and insert the following: "and assesses the extent and character of any such activities.".

On page 110, between lines 5 and 6, insert the following:

SEC. 152. VOLUNTARY AGREEMENTS.

Section 708A of the Defense Production Act of 1950 (50 U.S.C. App. 2158a) is repealed.

On page 115, strike lines 6 through 9 and insert the following:

(a) IN GENERAL.—The single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be amended to specify the circumstances under which an acquisition plan for any major

On page 115, line 12, after the comma insert "shall".

Beginning with page 115, line 23, strike all thorugh page 116, line 3.

On page 116, line 4, strike "(3)" and insert "(2)".

Beginning with page 116, line 16, strike all through page 118, line 15, and insert the following:

SEC. 212. PROCUREMENT OF CRITICAL COMPONENTS OR CRITICAL TECHNOLOGY ITEMS.

(a) ACQUISITION REGULATIONS REQUIRED.—Within 180 days of the date of enactment of this Act, the single Government-wide Federal Acquisition Regulation, referred to in section 25(c)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(1)), shall be modified to provide for the solicitation, award, and administration of contracts for the procurement of critical components or critical technology items in accordance with provisions of this section.

(b) REQUIRED SOLICATION PROVISIONS.—Except as provided in subsection (c), any solicitation for the procurement of critical components or critical technology items shall—

(1) specify the minimum percentage of the total estimated value of the contract that is to be performed by one or more domestic firms;

(2) provide for the attainment of such requirement by the firm as prime contractor, or by subcontractors pursuant to a subcontracting plan submitted with the prime contractor's offer,

(3) specify that a source selection factor relating to the requirement specified in paragraph (1) shall accord—

(A) such source selection factor a value not to exceed 10 percent of the total evaluation points for all source selection factors specified in the solicitation; and

(B) such evaluation points in proportion to the extent to which each offer meets or exceeds the specified percentage;

(4) provide that attainment of the percentage specified in the offer of the firm receiving the award shall be a material element of contractual performance; and

(5) require the contractor to—

(A) identify each subcontractor whose performance is to be counted towards attainment of the contractual requirement specified pursuant to paragraph (1); and

(B) provide prompt notice to the contracting officer after replacing any such subcontractor.

(c) WAIVER OF SOLICITATION PROVISIONS.—(1) The regulations required by subsection (a) may specify circumstances under which the solicitation provisions required by subsection (b) may be waived with respect to a specific solicitation upon a determination by the contracting officer that the use of such solicitation provisions is likely to result in a significant adverse impact on the national interest of the United States.

(2) The contracting officer's determination shall be—

(A) supported by specific written findings which justify such determination; and

(B) approved by the senior procurement executive of the department or agency (designated pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)) or a designee of such officer.

(3) Copies of waiver determinations approved pursuant to subsection (b) (including the supporting written justifications and approvals) shall be made available upon request to—

(A) the public, consistent with the provisions of section 552 of title 5, or

(B) any member, or duly constituted committee, of the Congress.

(d) CRITICAL COMPONENTS AND CRITICAL TECHNOLOGY ITEMS.—The President, acting through the Secretary of Defense, shall—

(1) determine the components or items that are critical components or critical technology items; and

(2) publish a list of such critical components and critical technology items in the Federal Acquisition Regulation.

(e) DEFINITIONS.—For the purpose of this section—

(1) the term "domestic firm" has the same meaning as the term "domestic source" in section 702 of the Defense Production Act of 1950; and

(2) the terms "critical components" and "critical technology items" have the same meanings as in section 702 of the Defense Production Act of 1950.

Beginning with page 118, line 16, strike all through page 119, line 4, and insert the following:

SEC. 213. SUSTAINING INVESTMENT.

It is the sense of the Congress that, in order to encourage investment to maintain our Nation's technological leadership, to preserve the strength of our industrial base, and to encourage contractors to invest in advanced manufacturing technology, advanced production equipment, and advanced manufacturing processes, the Secretary of Defense as part of his implementation of changes to defense acquisition policies pursuant to the Defense Management Review shall consider—

(1) full allowability of independent research and development/bid and proposal costs;

(2) appropriate regulatory changes to increase the progress payment rates payable under contracts; and

(3) an increase of not more than 10 percent in the amount which would otherwise be reimbursable to a contractor as the Government's share of costs incurred for the acquisition of production special tooling, production special test equipment, and production special systems (including hardware and software) for use in the performance of the contract.

Beginning with page 119, line 22, strike through page 120, line 6, and insert the following:

(a) SUSPENSION OR DEBARMENT AUTHORIZED.—Subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation)

shall be amended to specify the circumstances under which a contractor, who has engaged in an unfair trade practice, as defined in subsection (b), may be found to presently lack such business integrity or business honesty that seriously and directly affects the responsibility of the contractor to perform any contract awarded by the Federal Government or perform a subcontract under such a contract.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND SUNDRY AGENCIES, COMMISSIONS, CORPORATIONS, AND OFFICES APPROPRIATIONS ACT, FISCAL YEAR 1991

MIKULSKI (AND GARN) AMENDMENT NO. 2926

Ms. MIKULSKI (for herself and Mr. GARN) proposed an amendment to the bill (H.R. 5158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1991, and for other purposes, as follows:

On page 42, strike the proviso beginning on line 11 through line 16.

On page 94, strike lines 14 through 18.

On page 18, line 18, before the semicolon insert the following: "; from the foregoing $1,098,516,800 for vouchers, up to $23,208,800 shall be drawn from either or both amounts for demonstration projects for the homeless, as designated by the Department of Veterans Affairs, that shall provide the participants with comprehensive supportive services (from funding sources other than the Department of Housing and Urban Development) to more fully address the special needs of such homeless people and, to the extent that any of the $23,208,000 cannot be utilized for projects designated by the Department of Veterans Affairs, remaining balances may be used for similar demonstration purposes as designated by the Department of Housing and Urban Development".

On page 20, line 5, insert before the colon: "including $1,000,000 for the relocation of the St. Mary's Food Kitchen in Kansas City, Kansas".

On page 75, line 25, before the period insert the following: ": *Provided*, That of the amounts provided herein for development and production of the advanced solid rocket motor, $15,000,000 shall be available without fiscal year limitation only for the competitive award of a second domestic development and production source contract for the carbon/carbon integral throat entrance unless the President certifies to the Congress by January 1, 1991, that such application of funds is not in the best interest of the United States space program on the basis of cost, added assurance of reliable supply, expanded technology base, and technical risk reduction.

At page 82, line 14, strike all after the word "year" through line 18, and insert a period.

NOTICES OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY. Mr. President, I wish to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will hold a hearing on October 4 at 9:30 a.m. in SR-328A. The purpose of the hearing is to investigate whistleblower problems in the Federal Grain Inspection Service. Senator BAUCUS will preside. For further information, please contact Tamara McCann in the Small Business Committee.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on October 3, 1990, at 10 a.m. on the nomination of Wayne Berman and Craig Helsing to be an Assistant Secretary of Commerce.

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

COMMITTEE ON THE JUDICIARY

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on October 3, 1990, at 10 a.m., to hold a hearing on refugee consultation.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet on Wednesday, October 3, 1990, at 9:30 a.m. to hold a hearing on the subject: OMB's response to government management failures.

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

SUBCOMMITTEE ON TOXIC SUBSTANCES, ENVIRONMENTAL OVERSIGHT, RESEARCH AND DEVELOPMENT

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Subcommittee on Toxic Substances, Environmental Oversight, Research and Development, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Wednesday, October 3, beginning at 9:30 a.m., to conduct a hearing on the OTA report, "Neurotoxicity, Identifying and Controlling Poisons of the Nervous System," and related research and regulatory issues.

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

ADDITIONAL STATEMENTS

POLISH BUILDING TRADES CRAFT TRAINERS—MEMBERS OF SOLIDARITY

● Ms. MIKULSKI. Mr. President, I am delighted to welcome 11 Polish craftsmen from Warsaw, Poland, who came to the United States on September 12, 1990, as a result of an agreement reached between Robert Georgine, president, Building and Construction Trades Department, AFL-CIO and Elizabeth Dole, Secretary of Labor, U.S. Department of Labor. These individuals who are members of Solidarity will learn the latest teaching techniques at the George Meany Center, Silver Spring, MD, and will be instructed in modern U.S. construction techniques in Chicago.

On November 8, 1990, the Polish trainers will return to Warsaw along with five American Polish speaking trainers where they will set up the Pragda Training Center with the latest U.S. equipment and begin teaching other Polish trainers and workers. The skills they learn will enable the Poles to construct housing at a much faster rate which will help reduce the critical housing shortage. At the present time, a Polish family may have to wait 25 to 30 years to procure an apartment.

This Polish initiative is supported by Lane Kirkland, President, AFL-CIO, Lech Walesa, Solidarity, the Polish and American Governments. The five building and construction trades crafts involved in this program are the International Brotherhood of Electrical Workers headed up by President John J. Barry; International Union of Bricklayers & Allied Craftsmen headed up by President John T. Joyce; United Brotherhood of Carpenters & Joiners of America, headed up by President Sigurd Lucassen; International Association of Bridge, Structural & Ornamental Ironworkers headed up by President Jake West and, the United Association of Journeymen & Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada headed up by President Marvin J. Boede.

The 11 Polish trainers are Ryxzard Dabrowski, Leszek Szymanski, Piotr Sosnowski, Jan Bujarski, Czeslaw Nowak, Miroslaw Napiorkowski, Jozef Lecki, Marek Kurowski, Wieslaw Janowski, Jan Szubierajski, Marian Polinski, and Jadwiga Tworek. They visited the Capitol on September 12, 1990, along with Raymond J. Robertson, general vice president of the Ironworkers and chair of the Building Trades Joint Apprenticeship Committee who is coordinating this program along with George Bliss, Plumbers & Pipefitters; Dennis Scott, Carpenters;

Bruce Voss, Bricklayers; and Ken Edwards, Electricians.

I would like to note that, Senator PAUL SIMON, Democrat, Illinois had an opportunity to welcome the Polish delegation and talk with the group for several minutes.●

AVENUE OF THE SAINTS

● Mr. GRASSLEY. Mr. President, today I rise to update my colleagues on the status of a project popularly known in the Midwest as the Avenue of the Saints. This is a major north-south highway which would connect the cities of St. Paul, MN and St. Louis, MO.

The Avenue of the Saints Study Committee, which consisted of the departments of transportation from Iowa, Illinois, Wisconsin, Missouri, and Minnesota as well as the Federal Highway Administration [FHWA], was commissioned to determine the best route for the Avenue of the Saints. After exhaustive study, they determined that the best route would start in St. Louis and pass through the following communities: Hannibal, Keokuk, Mount Pleasant, Iowa City, Cedar Rapids, Waterloo/Cedar Falls, Mason City and up to Minneapolis/St. Paul.

It was expected that the Department of Transportation would support this recommendation by the study committee. In mid-May the DOT submitted its report which was to contain its decision on the best route. Unfortunately, the report was more of a nondecision and did not advocate any specific route. This nondecision opened the door to the possibility of two or more routes being considered for the Avenue of the Saints.

Needless to say, I was not happy with this nondecision. I called Secretary Sam Skinner and voiced my complaint to him personally. I also talked with Tom Larson, Administrator of the FHWA—both by phone and at a public hearing of the Senate Transportation Appropriations Subcommittee—and with Dean Carlson, Executive Director of the FHWA. I followed up these conversations with a formal letter expressing my dismay and requesting that the DOT revisit this issue and render a clear decision as to which route the DOT supported.

My office stayed in almost daily contact with the DOT continuing to lobby for a clear, unequivocal decision from the DOT on the best route for the Avenue of the Saints.

I was very pleased that in late July, Secretary Skinner responded to my lobbying and sent a letter to me stating that the DOT fully supports the Iowa route for the Avenue of the Saints.

Mr. President, I ask that the contents of this letter from Secretary Skinner be placed in the RECORD at this point.

The letter follows:

THE SECRETARY OF TRANSPORTATION,
Washington, DC, July 26, 1990.

Hon. CHARLES E. GRASSLEY,
U.S. Senate,
Washington, DC.

DEAR SENATOR GRASSLEY: Thank you for your letter concerning the proposed Avenue of the Saints. I understand the concern you expressed for this project as you discussed it with Tom Larson at the appropriations hearing and as underscored in your letter to me.

As you pointed out, the Federal Highway Administration (FHWA) was to "* * * include recommendations concerning * * * the best route for such a highway * * *" in the report. In fact, the report did include a recommendation. I am writing to assure you that our recommendation is for Route B, based on the overall benefit/cost ratio in the technical data submitted with the FHWA's report.

What seems to have caused confusion is Tom's timely observation that we do not have an authorized Federal-aid highway program beyond next year. A project such as the Avenue of the Saints is an example of the type of highways to be included in a system of national significance, a Federal highway program envisioned for post-Interstate reauthorization. He also mentioned that this proposed system may include more than just the one route in this important corridor. Let me reinforce Tom's assurance, though, that his observations should not be construed as a lack of support for the development of Route B, such as the Iowa Department of Transportation's present efforts to improve segments of the route.

I hope this clarifies the Department's position. I look forward to working with you as we approach surface transportation reauthorization. I appreciate your dedicated concern for all of America's transportation needs.

Sincerely,

SAMUEL K. SKINNER.

This support will make the job of including the Avenue of the Saints in the 1991 highway bill that much easier. It is important to know that the Bush administration supports the route recommended by the study committee for the Avenue of the Saints.

Now it is up to the U.S. Congress to authorize and appropriate funds in order to make the Avenue of the Saints a reality.

In March, I introduced authorizing legislation for the Avenue of the Saints, S. 2299. This legislation was cosponsored in the Senate by my colleagues Senators BOND, DANFORTH, and BOSCHWITZ. Identical legislation was introduced in the House of Representatives. This legislation authorizes the Avenue of the Saints as a demonstration project.

In the 1987 highway reauthorization bill, there were 149 demonstration projects, so there is precedence for this type of approach. I recognize that this approach is frowned upon by some of my colleagues, especially those on the Environment and Public Works Committee, who are presently dealing with the 1991 highway bill. In fact, Mr. President, I agree with my colleagues that this approach is not the best approach for funding the infrastructure needs of our country. But, if there are going to be demonstration projects as part of this legislation, I would ask my colleagues to please give serious consideration to making the Avenue of the Saints one of those projects.

There are other possible methods to funding the Avenue of the Saints, such as designating it as a "highway system of national significance" and funding it through this category. This idea is not a new one. This concept has been discussed for many years and it is a concept that I support. In fact, during the Senate Transportation Appropriations Subcommittee at which Tom Larson appeared, I discussed this funding option with Mr. Larson at length. This approach to funding the Avenue of the Saints is potentially the best approach to completing this project in the near future. It allows the States the flexibility to fund the projects that are most important to them, instead of those of us in Washington making that decision.

Should my colleagues in the Senate and the House have other innovative legislative vehicles that would authorize and fund the Avenue of the Saints, I will be glad to cosponsor and support these vehicles. My only interest is to get the Avenue of the Saints funded—not in who gets credit for funding it.

I look forward to working with my colleagues on the 1991 highway reauthorization bill, and specifically on approaches to making the Avenue of the Saints a reality. This is the most important transportation project that the Midwest United States has seen in many years. I respectfully ask my colleagues to give it serious consideration.●

THE NEED FOR THOUGHTFUL CONSIDERATION OF OUR NATION'S MINERAL RESOURCE NEEDS

● Mr. McCLURE. Mr. President, in the present-day competition to be known as the best, or at least the most vocal, environmentalist, it would be easy to forget about a few things. I mean things such as jobs, cultural progress, and the continuation of a way of life which human beings have fought and struggled for millennia to achieve. I rise today to remind my colleagues of these precious possessions of the human race and of a few facts in danger of being lost amid increasingly jingoistic rhetoric.

Mr. President, it is possible to regulate ourselves into a box. I see it happening. I see us wringing our hands and painting blame for past environmental indiscretions so vigorously that we are limiting our own vision of

future possibilities. Particularly in the regulation of the minerals and mining industries we are in danger of limiting our future. We have a great and ongoing need for the supplies of civilization which come from the earth. They are ubiquitous in our society and there are no substitutes for them. Yet, incredibly, we are limiting our access to those very ingredients of our progress. I recently came across an article which makes these points very well, and I ask that it be inserted into the RECORD for the benefit of my colleagues who wish to consider all aspects of the so-called "environmental" issue. I am indebted to Mr. David S. Brown of the Bureau of Mines for his skill at summarizing and communicating complex ideas, and to the trade publication "Minerals Today" for publishing his thoughts in its May 1990 issue.

The article follows:

MINERALS IN THE ENVIRONMENTAL DECADE

(By David S. Brown)

No other problem has such a sense of urgency and poses as profound consequences to the quality of life and the creation and distribution of societal wealth as how we protect the environment. Certainly, the environment is the single biggest issue facing mining and mineral activities in the new decade.

The so-called "green issues" raise sharply divergent world views and value judgments. At the heart of the current debate is the relative importance of economic growth and whether that growth is still achievable or even desirable.

On the one hand, there is the view of a profligate world rapidly using up finite resources leaving an increasingly despoiled planet. General economic growth and technologic progress are seen, on balance, as making the world worse, not better. Extractive industries, like mining, are viewed as ecologic pariahs which give nothing worthwhile back to the world.

Counterpoint is the view that sees natural resources being extended through new sophisticated technologies, scientific knowledge and human ingenuity to meet rising expectations for higher standards of living. Economic growth and technology, on balance, are good, because they turn developing nations into developed nations. Modern mining is seen as not only compatible with a quality environment, but necessary for it.

NATURE VERSUS PEOPLE

This is not the first time that limits to the Earth's resources and carrying capacity have been hotly contested. More recently, in the early 70s, the Club of Rome report took a Malthusian-like view, forecasting dire resource depletions and irreversible pollution. While that report's methodologies and Armageddon assumptions were soon discredited, efforts persist to oversimplify the incredibly complex, mysterious world in which we live. There continues to be a preoccupation with the natural environment, to the near exclusion of the human environment. People, and particularly their economic activities and aspirations, are seen as unwarranted intruders on physical nature.

Last July, Newsweek magazine published a special report on the environment entitled "Cleaning up." That report asserted: "In the aftermath of events like the Exxon Valdez oil spill, every reference to the environment is prefaced with the adjective "fragile." Nothing could be further from the truth. The environment is damned near indestructible. It has survived ice ages, bombardments of cosmic radiation, fluctuations of the sun, reversals of the seasons caused by shifts in the planetary axis, collision of comets and meteors bearing far more force than man's doomsday arsenals. Though mischievous human assaults are pinpricks compared with forces of this magnitude, nature is accustomed to resisting."

While the environment itself may persist, there are nevertheless serious, legitimate environment problems that must be addressed if conditions for human life are to be sustained. Newsweek's somewhat interesting observation does suggest, however, that these problems should be approached with a realistic perspective about the natural world itself.

Much is not known or understood about climatic forces, natural earth processes that impact air, water and soils, and the overall ecologic webbing of our world. The physical world's resiliency and ability to regenerate itself from natural and man-made assaults indeed are remarkable. Mankind's knowledge about past and present interplay with the environment is imperfect and, in many ways, rudimentary, particularly as a basis for trying to project the future. In his zeal to protect and preserve the environment from man's impact, man himself cannot be left out of the policy equations, nor denied resources and freedom to improve his material wellbeing.

There should be a reasonableness in how to go about dealing with the natural environment. Public policy making should not be driven by fear or sensationalism. Quick fixes often reap unintended or underestimated results. It is said that when someone comes up with an unduly complicated solution to a problem you have not a solution but a new problem. Before society moves ahead with major policy initivatives, there needs to be a reasonable understanding of the technical and economic consequences of the policy options themselves. Science should not be bent to fit preconceived notions of what is practical or feasible but should be a dynamic source of innovative thought that leads to real progress and effective solutions.

Mankind should strive to balance realistic environmental goals with other competing societal goals, such as creating jobs, homes and hope for the millions in the world who are jobless, homeless, hungry and despairing. The environment cannot be considered in isolation from these kinds of human needs. Nor should a single-minded concentration on health risks of pollution blind decision makers to the health risks associated with joblessness, poverty and despair when economic growth is stymied.

In the White House annual report to the Congress, the President's Council of Economic Advisors states: "Environmental policies that pursue unrealistic goals through inflexible regulation waste the nation's resources. Such poorly designated programs not only slow economic growth and eliminate jobs, their exessive costs also reduce support for the goal of environmental protection."

The Council further observes: "Regulatory targets should be chosen by careful cost-benefit analyses, and the methods of regulation should minimize the cost and disruption of reaching their targets. Cost minimization often requires carefully structuring the incentives faced by the private sector, as well as granting firms and their workers flexibility in meeting regulatory requirements. Government policies should generally be designed to strengthen, not weaken, market forces and, when appropriate, to harness them in the public interest."

The collapse of central planning throughout the world and the increasing embrace of market principles should serve as a reminder. Paternalistic command and control regulations put government in the implausible position of picking and imposing technologies. Such regulations work against innovation and diversity in the marketplace. Government command and control not only imposes greater and greater complexities, but also can lead to industrial concertration and business oligopoly. Flexible, cost-effective, market-oriented regulations can better achieve both a strong economy and a clean environment. For instance, in the case of high-volume, low-hazard mine waste, regulations should be waste-specific, sitespecific and risk-based.

In the final analysis, environmental ethics are a matter of stewardship. As delegated stewards, this generation is expected to leave the created order, and the people who live in it, in better condition than it found them. This means not only cleaner air and cleaner water, but more freedom, more economic opportunity, more market competition, more diversity, and more security from war, disease and famine. These objectives are achievable through market-oriented policies. Good stewardship means making decisions on the use of natural resources for the common good, as well as for resource preservation. President John F. Kennedy once stated: "Our entire society rests upon-and is dependent upon-our water, our land, our forests, and our minerals. How we use these resoures influences our health, security economy and well being."

President George Bush and Interior Secretary Manuel Lujan, Jr., have established a stewardship program that among other things marshals millions of volunteers to help protect and enhance our natural resources so they can be used and enjoyed by this generation and future generations of Americans.

Economic growth provides the wherewithal to protect the environment. Only economically progressive nations can be good stewards of the natural environment. Where there is economic deprivation, environmentally devastating practices abound. Nations where economic growth is supported and innovation encouraged are the most willing and able to allocate significant resources to protect the environment. While developed nations may make impressive strides in cleaning up pollution within their respective borders, improving the global environment will require strong economic growth in the developing world.

If strong economies and a healthy environment go hand-in-hand, then minerals are necessary for both to work together effectively. These minerals are the building blocks of the complex human environmntal called civilization. Everything in the world that cannot be grown is taken from the earth, processed, refined, and used to make things, including so-called advanced materials which have become key to international competitiveness. These new mineral-based materials promise improved product performance, decreased energy consumption, longer service lives, and successful introduction of revoluntionary enabling technologies.

While air and water are recognizable resources, the role and importance of minerals is less appreciated, because their identity is often hidden in finished products. The food we eat, the clothing we wear, skyscrapers, satellites, transportation, toothpaste, computers, modern medicine—a thousand and one gadgets and conveniences that enrich, sustain and protect our lives are made possible only by the minerals drawn from the earth. Minerals are the source of new wealth that cannot be created from the sale of services.

Reducing pollution and cleaning up the environment also require minerals. For example, reductions in automobile emissions rely on the catalytic properties of platinum, palladium and rhodium to capture harmful gases in an iron and steel encased device hanging underneath 160 million automobiles in the United States. The environmental importance of these platinum group metals and their availability grows ever more significant, as the demands for cleaner air become stronger. The European Economic Community, for instance, is accelerating its schedule to impose tougher emission standards using the U.S.-style catalytic convertors on two-thirds of European automobiles.

Low-temperature superconductors promise to revolutionize transportation, communications and energy transmission, making them safer, cleaner and more efficient. Yet, these new materials will require enormous new quantities of special enabling mineral elements such as rare earths that will have to be located, mined, and processed.

Over the next 20 years, rebuilding a deteriorating U.S. infrastructure—roads, highways, ports, airports, bridges, waste disposal and treatment facilities, water and sewer systems, and public buildings will require unprecendented tonnages of sand, gravel, asphalt, and stone to be mined or quarried, not to mention steel and other structural materials.

Minerals are found where nature has placed them, not where people want them to be. Often, society would like minerals to be located more conveniently. Scenic natural beauty that is highly valued may be underlain with mineral wealth. The same geologic forces that created spectacular, mountainous grandeur also formed the mineral concentrations. Consequently, when the landscape is managed, use conflicts can arise. To be good stewards of the land, nations need to find out what they are managing by conducting careful inventories of their various resource values. Locking away land without knowing its resource potential, including its mineralization, is not good stewardship. Mankind cannot make use of resources that it doesn't know it has.

With careful planning, modern technologies and reasonable mitigation, society can have minerals as well as most other values. It must be remembered that mineral activity is an interim use of the land, not a final use. Moreover, in many cases, the reclamation work associated with mineral activities can enhance other values. As Interior Secretary Lujan has stated: "Mineral development on public lands does not need to be at the expense of the environment, nor does protection of the environment need to eliminate the mineral development that this country needs, if we expect to maintain our status as a leading world power, and if we wish to maintain our high standards of living."

Outside their geologic setting, minerals are also found stored in more organized form in finished products and byproduct wastes. In either case, the mineral values can be retrieved through recycling and processing. These stored minerals are increasingly important new resources to be used again to benefit consumers.

Under current superfund policy in the United States, cleaning up certain hazardous mine and processing wastes is considered strictly a pollution problem. If these waste piles were to be viewed as a resource, as ore bodies that contain commercial mineral values, the private sector could come in with appropriate recovery technology, turn a profit, increase overall minerals, availability, and, in the process, leave a cleaner, safer site. Yet, because of the present superfund legal liability, there is little incentive for the private sector to touch a metals contamination site in an attempt to remine waste dumps or tailing ponds. Here is an instance where a more flexible approach that encourages technologic innovation could harness the ingenuity and efficiency of industry to better achieve both environmental goals and increased resource availability.

Finally, it should be noted that it is the U.S. policy to foster economically sound and stable domestic mineral industries and encourage the orderly development of the nation's mineral resources. The United States is likewise committed to a healthy, sustainable natural environment. Protecting and enhancing valuable natural resources, as well as proceeding with their development in an environmentally sound manner, are not mutually exclusive. We can do both. We do not have to choose one over the other. With common sense, good science and flexible, market-based policies, we can be responsible stewards of our natural heritage.

(David S. Brown is Associate Director for Information and Analysis for the Bureau of Mines. This article was adapted from his address on March 21, 1990, at Globe '90 in Vancouver, B.C., Canada.)●

BLACKSTONE RIVER VALLEY NATIONAL HERITAGE CORRIDOR COMMISSION

Mr. CRANSTON. Mr. President, I ask that the Chair lay before the Senate a message from the House on S. 830, a bill to authorize the Blackstone River Valley National Heritage Corridor Commission to make grants for preservation and restoration.

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 830) entitled "An Act to amend Public Law 99-647, establishing the Blackstone River Valley National Heritage Corridor Commission, to authorize the Commission to take immediate action in furtherance of its purposes and to increase the authorization of appropriations for the Commission," do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. IMPLEMENTATION OF THE PLAN.

Section 8 of the Act entitled "An Act to establish the Blackstone River Valley National Heritage Corridor in Massachusetts and Rhode Island", approved November 10, 1986 (Public Law 99-647, 16 U.S.C. 461 note) (hereinafter referred to as the "Act"), is amended by inserting the following at the end thereof:

"(c)(1) In furtherance of the purposes of this Act, the Secretary is authorized to undertake a limited experimental program of financial assistance for the purpose of providing demonstration funds for projects within the corridor which exhibit national significance or provide a wide spectrum of historic, recreational, or environmental education opportunities to the general public in a manner consistent with the purposes of this Act.

"(2) Applications for funds under this section shall be made to the Secretary through the Commission. Each application shall include the recommendation of the Commission and its findings as to how the project proposed to be funded will further the purposes of this Act.

"(3) The Secretary is authorized to provide funds for the following purposes—

"(A) preservation and restoration of properties on or eligible for inclusion on the National Register of Historic Places;

"(B) design and development of interpretive exhibits to encourage public understanding of the resources of the Blackstone Valley; and

"(C) cultural programs and environmental education programs related to environmental awareness or historic preservation.

"(4) Funds made available pursuant to this subsection shall not exceed 50 percent of the total costs of the project to be funded. In making such funds available, the Secretary shall give consideration to projects which provide a greater leverage of Federal funds. Any payment made shall be subject to an agreement that conversion, use, or disposal of the project so assisted for purposes contrary to the purposes of this Act, as determined by the Secretary, shall result in a right of the United States of compensation of all funds made available to such project or the proportion of the increased value of the project attributable to such funds as determined at the time of such conversion, use, or disposal, whichever is greater.".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the Act is amended by inserting "(a)" after "SEC. 10", striking "250,000 for the next five fiscal years" and inserting "350,000 for each year in which the Commission is in existence" and inserting at the end thereof the following:

"(b) DEMONSTRATION FUNDS.—There are authorized to be appropriated to carry out the provisions of section 8(c), $1,000,000 annually for fiscal years 1991, 1992, and 1993, to remain available until expended.".

Mr. PELL. Mr. President, I am delighted that we are about to consider final passage of S. 830, a bill that I introduced to authorize the Federal funding programs needed for the Blackstone River Valley National Heritage Corridor Commission to carry out its mission of preserving and interpreting an important legacy of our nation's past.

We take a great deal of pride in the fact that America's industrial revolution was born on the banks of the hardworking Blackstone River, which flows from Worcester, MA, to Pawtucket, RI. This legislation will help to spotlight that legacy for the Nation.

I want to express my profound thanks to the Senior Senator from Arkansas [Mr. BUMPERS], chairman of

the Senate Subcommittee on Public Lands, and to the senior Senator from Wyoming [Mr. WALLOP], the ranking minority member of that subcommittee, and their staff members—particularly Tom Williams—for their assistance and guidance.

The national historic value of this area, and its role as cradle of our industrial revolution, was recognized by the Congress with the enactment of the Blackstone Valley National Heritage Corridor Act (Public Law 99-646) in 1986.

The Blackstone Corridor Commission, created by this law, has done an excellent job of planning to create a chain of linear parks along the banks of the river to preserve, protect and tell the national story of the Blackstone Valley.

This is truly a bipartisan effort and I am delighted that my colleagues, the junior Senator from Rhode Island [Mr. CHAFEE], the senior Senator from Massachusetts [Mr. KENNEDY], and the junior Senator from Massachusetts [Mr. KERRY] joined me in introducing this important measure.

Likewise, I am pleased that the true bipartisan nature of this effort continued in the House of Representatives, where Representative MACHTLEY of Rhode Island, joined by Representatives EARLY and ATKINS of Massachusetts, introduced a companion bill that recently passed that body.

When I testified in 1986 in support of the original authorization, which was sponsored by my colleague, the junior Senator from Rhode Island [Mr. CHAFEE], I noted that the Blackstone River is our link not only to the past, but to the future.

That, I think, is the most important point we can make about the Blackstone River Valley Heritage Corridor. By preserving and highlighting our pioneering industrial past, we can foster a better future and an increasing sense of pride for our citizens.

That was the vision I had back in the spring of 1983. It was then I initiated the first meeting of the National Park Service, the Rhode Island and Massachusetts Departments of Environmental Management and representatives of Congressional Delegations from both Rhode Island and Massachusetts to coordinate plans for the Blackstone River.

The birthplace of the American industrial revolution is well worth preserving and we, on the Federal level, should do what we can to support that effort. When we look at historic battlefields throughout America, we should not overlook one of our most important battles—the economic battle of the industrial revolution.

In these times of increasing international competition throughout the world's marketplaces, we owe it to ourselves and our children to make sure that this economic battle site is preserved and that we learn from its lessons.

Mr. CHAFEE. Mr. President, I welcome the final approval of S. 830, the amendments to the Blackstone River Valley National Heritage Corridor Act. I would like to thank the members of the Senate Energy Committee and the House Interior Committee for moving this bill forward, and especially Representative MACHTLEY, who has worked tirelessly on this bill. I would also like to give a great deal of credit to Jim Pepper and Bob Bendick and the other members of the Blackstone Valley Commission, all of whom have turned this project into a reality.

For centuries, the Blackstone River has been winding through 45 miles of Massachusetts and Rhode Island countryside. Slater's Mill, the river's first textile mill, was built in 1793, signaling the true beginning of our country's Industrial Revolution. The Blackstone Canal opened, the Providence-Worcester Railroad was inaugurated, and the valley flourished.

The sense of community that was so strong over a century ago still exists today. The people living in the Blackstone Valley—from Grafton to Uxbridge to Pawtucket—are proud of their region and are enthusiastic about its preservation and revitalization.

Conservation efforts are underway on all levels. With the help of the Rhode Island and Massachusetts congressional delegations, these efforts culminated in the 1986 act to establish the Blackstone River Valley National Heritage Corridor. This legislation established a unique type of urban park: A park to highlight the cultural, historic, and economic resources of the corridor.

As an author of the original Blackstone Valley legislation, I am pleased with the corridors steady progress. New land has been acquired, new projects have been started, and a comprehensive management plan has been developed. On June 4, with my urging, Secretary Lujan approved the Blackstone River Valley Cultural Heritage and Land Management Plan—a strong vote of confidence by the Federal Government in this project.

I would like to emphasize that the State of Rhode Island fully recognizes that this project is a joint effort between the States and the Federal Government. We have put into the corridor a significant amount—more than $2 million—of State resources.

We in Rhode Island, and our neighbors in Massachusetts, are ready to commit resources toward enhancing the corridor. But, as Congress recognized 4 years ago, we do need some Federal help.

S. 830, as amended by the House, will help the Commission achieve the goals set forth in the cultural and land management plan by fine tuning the original legislation. As I mention, some modifications were made to the bill. The funding for potential Blackstone Valley projects now will be routed, with an accompanying recommendation from the Commission, through the Office of the Secretary of the Interior for approval.

The bill provides for the necessary funding for the corridor's completion. It increases the Commission's annual operating funding by $100,000 to $350,000 for each of the next 3 years. In addition, $1 million is provided for fiscal year 1991-93. With these moneys, the Commission will be able to develop visual exhibit centers, restore historic structures, and establish educational and cultural programs on the environment.

This act has widespread support, from the local communities to the Governors of both States to the National Park Service. Thanks to these groups' hard work, the corridor has gone far and fast. It is truly on its way to becoming a "living corridor," and the passage of this bill goes a long way toward that goal.

Mr. PELL. Mr. President, subsection 8(c)(4) of this act would require that the funds made available do not exceed 50 percent of the total cost of the project to be funded. I would like to make it clear what that means.

A good example is the plan to build a visitor center in Woonsocket, RI. The city, the chamber of commerce and the State of Rhode Island are investing $4 million to restore an historic building for the visitor center. They have asked for assistance from the Blackstone Commission and the National park Service to develop the interpretation exhibit inside the center.

The initial indications are that the Commission would request pursuant to section 8(c) approximately $250,000 to $500,000 to develop the interpretive exhibit.

Since the total cost of the project includes the cost of restoring the building, that $4 million could be used to match the $250,000 requested for the exhibit. Is that a correct understanding of the intent of the Senate in approving this legislation?

Mr. BUMPERS. Mr. President, the senior Senators from Rhode Island [Mr. PELL] is correct in his understanding. With the example given, it would not be necessary for the Secretary to find a 50-percent match for the cost of the exhibit itself.

The Secretary could agree to fund the cost of the exhibit, and the restoration work of this building—which I understand is listed on the National Register—could be used as a match, because that work is part of the total cost of the project.

Mr. PELL. Am I correct that there is nothing in this bill which would prevent the Commission from being the

recipient of the demonstration project funding provided that the project qualified in all other respects under the law?

Mr. BUMPERS. That is correct.

Mr. PELL. A final clarification, Mr. President. Under the existing law the Commission's exhibits can be developed by the National Park Service on a reimbursable basis.

Using the same example in Woonsocket, S. 830 would continue to allow the Secretary, the Commission if it was the recipient, or other parties to the demonstration project to use the design services of the National Park Service on a reimbursable basis when appropriate.

I understand that the National Park Service is working closely with the interpretative projects in the corridor in an effort to keep the design standards high.

Mr. BUMPERS. That is correct. When appropriate, parties involved may agree to develop the project through the National Park Service, using demonstration project funds.

Mr. PELL. I thank the senior Senator from Arkansas [Mr. BUMPERS], the chairman of the Energy and Natural Resources Committee's Subcommittee on Public Lands, National Parks, and Forests, for his assurances and for his expert knowledge and guidance.

Mr. KERRY. Mr. President, I want to add my strong support for passage of S. 830, the Blackstone River Valley Heritage Commission.

This important legislation provides the Federal authority and framework for the development of this important region of central and southern Massachusetts and Rhode Island. This area, the Blackstone River Valley, represents enormous economic, cultural, historical, and recreational resources, not only to New England, but to our Nation.

The Blackstone River Valley Commission will be the focal point around which protection of our heritage and creation of tomorrow's heritage from Worcester to Grafton to Milbury, to Blackstone and into Rhode Island, will be designed, coordinated, planned, and stimulated.

This extraordinary private-public venture of 2 States and 20 communities is critically needed at this moment of great economic distress in central and southern Massachusetts. It is a critically important initiative to preserve and enhance the valuable resources in this important area, and I am very pleased to have played a role in enacting this important measure.

Mr. CRANSTON. I move that the Senate concur in the amendment of the House.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion.

The motion was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

NOMINATIONS PLACED ON THE EXECUTIVE CALENDAR

Mr. CRANSTON. Mr. President, as in executive session, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be discharged of the following nominations and that they be placed directly on the executive calender:

Wayne L. Berman, to be an Assistant Secretary, Department of Commerce; Craig R. Helsing, to be an Assistant Secretary, Department of Commerce; Christopher L. Koch, to be a Commissioner, Federal Maritime Commission; Gail C. MCDonald, to be a member of the Interstate Commerce Commission; Sigmund R. Petersen, to be rear admiral and Director, Office of NOAA Corps Operations, National Oceanic and Atmospheric Administration; and Mary Sterling, to be inspector general, Department of Transportation.

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

STUDENT ATHLETE RIGHT-TO-KNOW ACT

Mr. CRANSTON. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 580.

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the House of Representatives:

Resolved, That the House disagree to the amendment of the Senate to the amendment of the House to the bill (S. 580) entitled "An Act to require institutions of higher education receiving Federal financial assistance to provide certain information with respect to the graduation rates of student-athletes at such institutions", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Hawkins, Mr. Ford of Michigan, Mr. Williams, Mr. Owens of New York, Mr. Perkins, Mr. Goodling, Mr. Coleman of Missouri, and Mr. Henry be the managers of the conference on the part of the House.

Mr. CRANSTON. Mr. President, I move that the Senate insist on its amendment, agree to the request of the House for a conference on the disagreeing votes of the two Houses and that the Chair be authorized to appoint conferees.

The motion was agreed to, and the Acting President pro tempore [Mr. BRYAN] appointed Mr. KENNEDY, Mr. PELL, Mr. DODD, Mr. METZENBAUM, Ms. MIKULSKI, Mr. HATCH, Mrs. KASSEBAUM, Mr. THURMOND, and Mr. COCHRAN conferees on the part of the Senate.

CORRECTION TO RESOLUTION OF RATIFICATION

Mr. CRANSTON. Mr. President, as in executive session,

I ask unanimous consent that the resolution of advice and consent to ratification, signed September 18, 1990, accompanying the Tax Convention with the Federal Republic of Germany approved by the Senate on that date, be superseded by a resolution correcting a clerical error as follows:

On page 1, line 8 of the understanding to the resolution, strike out the word "Federal" and insert the word "German".

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

The resolution is as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention between the United States of America, and the Federal Republic of Germany for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital and to Certain Other Taxes (the Convention), together with a related protocol, signed at Bonn on August 29, 1989 (Treaty Doc. 101-10), subject to the following understanding:

That in the event that the German Democratic Republic and the Federal Republic of Germany unite under the Government of the Federal Republic of Germany, the Convention will apply, according to its terms, to residents of the area currently comprising the German Democratic Republic, and to income from sources within, and to capital situated in, such area, only at such time as the laws imposing the covered national taxes in the area currently comprising the German Democratic Republic and the laws imposing the covered national taxes in the area currently comprising the Federal Republic of Germany are identical in substance. The preceding sentence shall not affect the application of the Convention to any income or capital to which the Convention would apply absent unification.

ADDITION OF LANDS TO VICKSBURG NATIONAL MILITARY PARK

Mr. CRANSTON. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 2437.

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 2437) entitled "An Act to authorize the acquisition of certain lands in the States of Louisiana and Mississippi for inclusion in the Vicksburg National Military Park, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause and insert:

TITLE I—VICKSBURG NATIONAL MILITARY PARK

SEC. 101. ADDITION OF LANDS TO VICKSBURG NATIONAL MILITARY PARK.

(a) GRANT'S CANAL, LOUISIANA.—The Secretary of the Interior (hereinafter in this title referred to as the "Secretary") is authorized to acquire by donation, exchange, or purchase with donated or appropriated funds, approximately two and five-tenths acres of land in Madison Parish, Louisiana, known generally as the Grant's Canal property.

(b) WARREN COUNTY, MISSISSIPPI.—(1) The Secretary is authorized to acquire by donation approximately two and eighty-two one-hundredths acres of land adjacent to the entrance of Vicksburg National Military Park owned by Warren County, Mississippi.

(2) The Secretary may contribute, in cash or services, to the relocation and construction of a maintenance facility to replace the facility located on the land to be donated, all in accordance with an agreement between the Secretary and the Board of Supervisors.

(3) The Secretary is authorized to restore and landscape the property acquired pursuant to this subsection.

(c) BOUNDARY REVISION.—Upon acquisition of the properties referred to in subsections (a) and (b), the Secretary shall, after the publication of notice in the Federal Register, revise the boundary of Vicksburg National Military Park (hereinafter in this title referred to as the "park") to reflect the inclusion of such properties within the park.

SEC. 102. EXCLUSION OF LANDS FROM PARK.

(a) EXCLUSION OF CERTAIN LANDS.—The park boundary is hereby revised to exclude those lands depicted as "Proposed Deletions" on the map entitled "Vicksburg National Military Park" numbered 306-80,007 and dated May 1990, which map shall be on file and available for public inspection in the Office of the National Park Service, Department of the Interior. Exclusive jurisdiction over the lands excluded from the park is hereby retroceded to the State of Mississippi.

(b) TRANSFER TO ADJACENT OWNERS.—(1) For a period ending four years after the date of enactment of this title and subject to the provisions of paragraph (2), the Secretary is authorized to convey title to all or part of the lands referred to in subsection (a) to an owner of property adjacent to such lands, upon the application of such owner.

(2) No property shall be conveyed unless the application referred to in paragraph (1) is accompanied by a payment in an amount equal to—

(A) the fair market value of the land to be conveyed; and

(B) the administrative costs of such transfer incurred by the Secretary, including the costs of surveys, appraisals, and filing and recording fees.

(c) EXCESS PROPERTY.—Any lands not conveyed pursuant to subsection (b) shall be reported to the Administrator of General Services as excess to the needs of the Department of the Interior and shall be subject to transfer or disposition in accordance with the Federal Property and Administrative Services Act of 1949, as amended.

SEC. 103. PARK INTERPRETATION.

In administering Vicksburg National Military Park, the Secretary shall interpret the campaign and seige of Vicksburg from April 1862 to July 4, 1863, and the history of Vicksburg under Union occupation during the Civil War and Reconstruction.

SEC. 104. AUTHORIZATION OF APPROPRIATIONS.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE II—MINNESOTA PUBLIC LANDS

SECTION 201. SHORT TITLE.

This title may be cited as the "Minnesota Public Lands Improvement Act of 1990".

SEC. 202. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress hereby finds and declares that—

(1) within the State of Minnesota there are a number of small scattered islands and upland tracts that are in Federal ownership and under the jurisdiction of the Bureau of Land Management;

(2) the public interest would be best served if these Federal islands and upland tracts continue to be managed for public recreation; preservation of open space; and for the protection of their fish, wildlife, and plants and their scientific, historic, cultural, geologic, and other resources and values;

(3) many such islands and upland tracts are not suitable for inclusion in the National Park System, National Forest System, National Wildlife Refuge System, or other Federal conservation system or for efficient management by the Bureau of Land Management;

(4) the State of Minnesota is prepared and willing to undertake to manage such islands and upland tracts for such purposes and subject to appropriate conditions, but existing mechanisms for enabling the State to undertake such management are cumbersome and inefficient as applied to such small, scattered islands and tracts;

(5) elsewhere in Minnesota there are unpatented lands which for many years have been in the possession of parties other than the United States but the title to which is clouded because of claims arising under public land laws or otherwise involving possible Federal residual interests;

(6) existing authorities for Federal resolution of such conflicts, and for removal of such clouds on title, are often not well suited for efficient, expeditious action that appropriately protects the interests of all parties, including the United States; and

(7) legislation to facilitate appropriate management by the State of Minnesota of such islands and upland tracts and to facilitate resolution of such claims and removal of such clouds would be in the public interest.

(b) PURPOSES.—This title is intended to provide for better management of public lands located in the State of Minnesota by—

(1) transferring certain specified unclaimed islands and uplands and certain other public lands to such State for purposes of public recreation, protection of fish, wildlife, and plants, and the protection of resources and values; and

(2) authorizing the Secretary of the Interior to resolve claims to certain other public lands in Minnesota and to transfer such lands to claimants thereof on terms that recognize the equities of such claimants in such lands.

SEC. 203. DEFINITIONS.

As used in this title—

(a) the term "listed uplands and islands" means those public lands located in the State of Minnesota which are specified in the list containing the legal description of such lands and entitled "Minnesota Uplands and Islands Appropriate for State Management" dated July 16, 1990, on file in the Office of the Secretary of the Interior, except for any lands to which Indian title has not been extinguished;

(b) the term "public lands" means federally owned lands or interests therein managed by the Bureau of Land Management;

(c) the term "claim" means a good faith assertion by a party other than the United States that—

(1) such party has title to a parcel or tract of land, or

(2) a parcel or tract of land is held in trust by the United States for the benefit of an Indian tribe or an individual member of an Indian tribe;

(d) the term "Recreation and Public Purposes Act" means the Act of June 14, 1926, as amended (43 U.S.C. 869 et seq.);

(e) the term "Secretary" means the Secretary of the Interior; and

(f) the term "State" means the State of Minnesota.

SEC. 204. GRANT TO STATE.

(a) UNCLAIMED AREAS.—Effective one year after the date of enactment of this Act and subject to its terms and conditions, the right, title and interest of the United States in and to all listed uplands and islands, surveyed and unsurveyed, in Lake Superior, inland lakes and rivers, and other bodies of water within the State which as of one hundred and eighty days after the date of enactment of this Act were not subject to any claim identified on the records of, or filed with the Bureau of Land Management, are hereby granted to the State.

(b) CLAIMED AREAS.—Any listed uplands and islands which were subject to a claim identified on the records of, or filed with the Bureau of Land Management as of one hundred and eighty days after the date of enactment of this Act, may be sold by the Secretary to the claimant or claimants thereof under section 205 of this Act. No later than one year after the date of enactment of this Act, the Secretary shall notify such claimant or claimants concerning the Secretary's authority for such sales. The right, title, and interest of the United States in and to any such listed uplands and islands not purchased by such claimant or claimants within ten years after the date of enactment of this Act shall be transferred by the Secretary to the State under and subject to this Act at the end of such ten years, and any claim to any such listed uplands and islands by any party other than the State shall not thereafter be enforceable in any court of the United States, subject to the following exceptions:

(1) The ten-year period shall be tolled during pendency of any administrative appellate review of a decision by the Bureau of Land Management or of any judicial review of a final decision by the Secretary; and

(2) The Secretary may transfer lands to the State earlier than ten years after the date of enactment if a claim for said lands has been rejected or disallowed for any reason, or forfeited by the claimant.

(c) PRIOR TRANSFERS.—

(1) Title to the surface estate in all public land which on the date of enactment of this Act was subject to leases issued under the authority of the Recreation and Public Purposes Act to the State, its departments, agencies, and bureaus, shall be deemed to have been granted to and vested in the State under this title on such date and shall thereafter be exempt from the requirements of the regulations of the Department of the Interior governing leases under the Recreation and Public Purposes Act, but shall be subject to the provisions of this title.

(2) Upon reversion and acceptance of public land in Minnesota which prior to the

date of enactment of this Act was leased or patented under the Recreation and Public Purposes Act to entities other than the State, its departments, agencies and bureaus, and upon request of the State, the surface estate in such lands shall be transferred by the Secretary to the State pursuant to and subject to the provisions of this title.

(3) If, in order to bring lands under the provisions of this title, the State notifies the Secretary that the State desires to relinquish to the United States the right, title, and interest of the State in and to any lands which prior to the date of enactment of this Act were patented to the State (or to any department, agency, or bureau of the State) under the authority of the Recreation and Public Purposes Act, the Secretary shall accept such relinquishment and shall transfer such relinquished lands to the State under and subject to the provisions of this title. Such transfer shall be effective at the same time that the State's relinquishment is effective.

SEC. 205. RESOLUTION OF CLAIMS.

(a) SALES.—In accordance with the provisions of this section, the Secretary is authorized to sell and issue a patent to a tract of public land located in Minnesota to an applicant for such sale where the Secretary determines that—

(1) such tract does not exceed one thousand five hundred acres and, because of its location or other characteristics, is difficult and uneconomic to manage as part of the public lands and is not suitable for management by another Federal department or agency, and

(2) such sale would not be inconsistent with land use plans, if any, developed in accordance with section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712).

(b) PRICE ADJUSTMENTS.—Notwithstanding any other provision of law, following adjudication of any claims the Secretary may, at the Secretary's discretion, convey land pursuant to this section at fair market value, less equities presented by an applicant for such conveyance and less the value of any improvements that the applicant or the applicant's predecessors in interest have placed on the land. Such equities may include (but are not limited to)—

(1) the amount paid for the land by the applicant;

(2) longevity of applicant's claim;

(3) taxes paid on the land; and

(4) other equities as the Secretary may determine relevant.

(c) DESCRIPTIONS.—Any tract of public land conveyed pursuant to this section shall be described in accordance with the Public Land Survey System as reflected on the approved Federal plat of survey. Where a tract does not conform to an existing survey plat, the Secretary may either—

(1) convey title to a trustee, qualified under the laws of the State to act as a trustee and acceptable to the Secretary, acting on behalf of more than one applicant to whom such trustee shall be required to transfer such tract, in order to conform the legal description to such plat; or

(2) require an applicant to reimburse the United States for the cost of preparing a plat of survey. No cost incurred by a trustee in implementing this subsection shall be borne by the United States.

(d) APPLICABILITY AND PROCEDURE.—

(1) This section shall apply only to tracts specified in subsection 204(b) of this Act, and only if the Secretary has determined such claims to be sufficiently meritorious as to be appropriate for exercise of the Secretary's discretionary authority under this section.

(2) No sale under this section shall take place before thirty days after the Secretary has published in a newspaper of general circulation in the county where a tract proposed for sale is located a notice of the Secretary's determination that such tract is eligible for sale under this section and that the Secretary intends to offer such tract for sale. Such notice shall indicate the size and general location of the tract and the name or names of the claimant or claimants to whom the Secretary intends to sell such tract.

SEC. 206. RESERVATIONS AND CONDITIONS.

(a) MINERAL RESERVATION.—All lands granted by, and any patent or document of conveyance or other transfer issued pursuant to, this title shall be subject to the reservation to the United States of all minerals in the lands granted, conveyed, or otherwise transferred, together with the right to prospect for, mine and remove the minerals under applicable law and such regulations as the Secretary may prescribe, except that in the case of sales under section 205 of this title the Secretary may convey the minerals together with the surface in accordance with section 209 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1719).

(b) OTHER CONDITIONS.—

(1) The lands granted or otherwise transferred to the State under this title shall not be conveyed or otherwise transferred by the State to any person or entity other than the United States or a political subdivision of the State.

(2) The lands granted or otherwise transferred to the State under this title shall be used only for purposes of—

(A) public recreation;

(B) protection of fish and wildlife (including habitat) and plants; or

(C) the protection of the scenic, scientific, historic, cultural, geologic, and other resources and values of such lands.

(3)(A) If the State attempts to convey or otherwise transfer title to any part of the lands granted or otherwise transferred to the State under this title to any person or entity other than the United States or a political subdivision of the State, all right, title, and interest in and to all such lands so granted or otherwise transferred to the State, together with all improvements thereon, shall revert to the United States.

(B) If any political subdivision of the State attempts to convey or otherwise transfer title to any part of any lands granted or otherwise transferred to the State under this title (and conveyed or otherwise transferred to such subdivision by the State) to any person or entity other than the State, all right, title, and interest in and to all such lands so conveyed or otherwise transferred to such subdivision, together with all improvements thereon, shall revert to the United States.

(4)(A) If any part of the lands granted or otherwise transferred to the State under this title (and not further conveyed or otherwise transferred by the State to a political subdivision thereof) are used for any purpose incompatible with the purposes specified in paragraph (2) of this subsection, all right, title, and interest in and to all such lands in the ownership of the State, together with all improvements thereon, shall revert to the United States.

(B) If any of the lands granted or otherwise transferred to the State under this title are conveyed or otherwise transferred by the State to a political subdivision of the State, use of part of any such lands for any purpose incompatible with the purposes specified in paragraph (2) of this subsection shall cause all right, title, and interest in and to all such lands so conveyed or otherwise transferred to such political subdivision, together with all improvements thereon, to revert to the United States.

(5)(A) If any land, or portion thereof, granted or otherwise conveyed to the State or political subdivision of the State shall become contaminated with hazardous substances (as defined in the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601), or if such land, or portion thereof, has been used for purposes that the Secretary finds may result in the disposal, placement or release of any hazardous substance, such land shall not, under any circumstances, revert to the United States.

(B) In the event lands granted or conveyed to the State or political subdivision of the State shall be used for purposes that the Secretary finds: (1) inconsistent with the purposes of this Act, and (2) which may result in the disposal, placement or release of any hazardous substance, the State or political subdivision of the State shall be liable to pay to the Secretary, on behalf of the United States, the fair market value of the land, including the value of any improvements thereon, as of the date of conversion of the land to the nonconforming purpose. All amounts received by the Secretary pursuant to this subparagraph shall be retained by the Secretary and used, subject to appropriations, for the management of public lands and shall remain available until expended.

SEC. 207. NOTICE AND ENFORCEMENT.

(a) PUBLIC NOTICE.—

(1) As soon as practicable after the date of enactment of this Act, the Secretary, in consultation with appropriate officials of the State, shall take steps to notify residents of the State as to the nature and location of the listed uplands and islands to be granted or otherwise transferred to the State under this title.

(2)(A) The State, or a political subdivision thereof, shall provide notice in writing to the Secretary with regard to any conveyance or other transfer by the State to a political subdivision thereof of any of the lands granted or otherwise transferred to the State under this title. In the event that such notice is not received within one year after any such conveyance or transfer, such conveyance or transfer by the State shall be void ab initio and all right, title, and interest in and to the land covered by such attempted conveyance or transfer shall revert to the United States.

(B) No later than five years after the date of enactment of this Act, and every five years thereafter, the State shall submit to the Secretary a report as to the present ownership, management, and use of the lands granted or otherwise transferred to the State pursuant to this title.

(3) The Secretary shall maintain in the appropriate office of the Bureau of Land Management a current listing of the lands granted or otherwise transferred to the State under this title, including a record of which, if any, of such lands have been conveyed or otherwise transferred by the State to a political subdivision thereof.

(b) ENFORCEMENT.—

(1) Any person may submit to the Secretary a complaint alleging that the State or a political subdivision thereof has failed to comply with the requirements of this title or

that actions have occurred which have had the effect of causing the reversion to the United States of some or all of the lands granted or otherwise transferred to the State under this title.

(2) In the event that the Secretary determines that a complaint received under this subsection is supported by evidence sufficient to warrant further investigation, the Secretary shall investigate the matter.

(3) If, as a result of an investigation under paragraph (2) or for any other reason, the Secretary determines that title to some or all of the lands granted or otherwise transferred to the State under this title has reverted to the United States pursuant to this title, the Secretary shall take all necessary steps to enforce such reversion and to stop use of any part of such lands for any purpose incompatible with the purposes specified in section 206(b)(2) of this title.

(4) Any lands which may revert to the United States under this title shall be retained and managed by the Secretary for the purposes specified in section 206(b)(2) of this title.

SEC. 208. HUNTING AND FISHING.

Nothing in this title shall be construed as affecting the jurisdiction or responsibilities of the State of Minnesota with respect to fish and wildlife (including the regulation of hunting, fishing, and trapping) in any lands granted or otherwise transferred to the State under this title, or as increasing or diminishing any rights with respect to hunting, gathering, or fishing on such lands arising under any Treaty or other agreement between the United States and any Indian Tribe or individual.

SEC. 209. CONFORMING AMENDMENT.

(a) Subsection 3(d) of the Michigan Public Lands Improvement Act of 1988 (Public Law 100-537) is hereby amended by striking the period at the end of paragraph (1) of such subsection and by inserting in lieu thereof, ", and only if the Secretary has determined such claims to be sufficiently meritorious as to be appropriate for exercise of the Secretary's discretionary authority under this section.".

(b) Subsection 4(b) of the Michigan Public Lands Improvement Act of 1988 (Public Law 100-537) is amended—

(1) by inserting "the United States or" after "any person or entity other than" in paragraph (1); and

(2) by inserting "the United States or" after "any person or entity other than" in subparagraph (3)(A).

TITLE III—FLORENCE BROWN RELIEF ACT

SEC. 301. LAND TRANSFER.

The Secretary of Agriculture shall transfer, without consideration, to Florence F. Brown of Goleta, California, all right, title, and interest of the United States in and to the parcel of land located in the Los Padres National Forest which is comprised of approximately 40 acres and more particularly described as T. 5 N., R. 30 W., S.B.M., section 18, NE¼ SW¼.

Amend the title so as to read: "An Act to authorize the acquisition of certain lands in the States of Louisiana and Mississippi for inclusion in the Vicksburg National Military Park, to improve the management of certain public lands in the State of Minnesota, and for other purposes.".

Mr. CRANSTON. Mr. President, I move that the Senate concur in the amendments of the House.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion.

The motion was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

EXTENDING THE EXPIRATION DATE OF THE DEFENSE PRODUCTION ACT OF 1950 TO OCTOBER 20, 1990

Mr. CRANSTON. Mr. President, I ask unanimous consent to proceed to the immediate consideration of S. 3155, a bill introduced early today by Senator RIEGLE to extend the expiration date of the Defense Production Act to October 20, 1990.

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

The clerk will report.

The legislative clerk read as follows:

A bill (S. 3155) to extend the expiration date of the Defense Production Act of 1950 to October 20, 1990.

The ACTING PRESIDENT pro tempore. Without objection, the bill is considered read three times, and passed.

So, the bill (S. 3155) was passed; as follows:

S. 3155

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

SECTION 1. TEMPORARY EXTENSION OF DEFENSE PRODUCTION ACT OF 1950.

The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking "October 5, 1990" and inserting "October 20, 1990".

Mr. CRANSTON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

RESOLUTION TO AUTHORIZE CERTAIN APPOINTMENTS

Mr. CRANSTON. Mr. President, on behalf of Senator MITCHELL and the Republican leader, Senator DOLE, I send a resolution to the desk and ask for its immediate consideration.

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

The resolution (S. Res. 333) was read, considered and agreed to as follows:

S. RES. 333

Resolved, That notwithstanding the sine die adjournment of the present session of the Congress, the President of the Senate, the President of the Senate pro tempore, the majority leader of the Senate, and the minority leader of the Senate be, and they are hereby, authorized to make appointments to commissions, committees, boards, conferences, or interparliamentary conferences authorized by law, by concurrent action of the two Houses, or by order of the Senate.

Mr. CRANSTON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

BILL PLACED ON THE CALENDAR—H.R. 5732

Mr. CRANSTON. Mr. President, I ask unanimous consent that H.R. 5732, a bill promoting and strengthening aviation security, be placed on the calendar when received from the House.

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

CORRECTING AN ERROR IN PUBLIC LAW 101-383

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 3156, introduced earlier today for Senator JOHNSTON.

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

The clerk will report.

The legislative clerk read as follows:

A bill (S. 3156) to correct a clerical error in Public Law 101-383.

The ACTING PRESIDENT pro tempore. Without objection, the bill is considered read three times, and passed.

So, the bill (S. 3156) was passed; as follows:

S. 3156

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

SECTION 1. CLERICAL AMENDMENT.

Section 160 (g)(7) of the Energy Policy and Conservation Act, added by section 7 of the Energy Policy and Conservation Act Amendments of 1990 (Public Law 101-383), is amended by inserting "with regard to future storage of refined petroleum products and" after "recommendations".

Mr. CRANSTON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

ORDERS FOR TOMORROW

Mr. CRANSTON. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 12 noon, Thursday, October 4; that following the time for the two leaders, there be a period for morning business not to extend beyond 1 p.m., with Senators permitted to speak therein for up to 5 minutes each.

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

RECESS

Mr. CRANSTON. Mr. President, if there is no further business to come before the Senate today, I ask unanimous consent that the Senate stand in recess, under the previous order, until 12 noon, Thursday, October 4.

There being no objection, the Senate, at 7:30 p.m., recessed until Thursday, October 4, 1990.

NOMINATIONS

Executive nominations received by the Senate October 3, 1990:

IN THE COAST GUARD

The following Regular officers of the U.S. Coast Guard are nominated for promotion to the grade of captain:

RODNEY E. SMITH
CRAIG F. EISENBEIS
WARREN E. COLBURN, JR.
RICHARD F. GUPMAN
FREDERICK J. SCHMITT
ANDREW L. GERFIN, JR.
WILLIAM R. BOWEN
RICHARD D. WHITE, JR.
THEODORE G. WHITE, III
ROBERT C. GRAVINO
DAVID K. ARNOLD
RODERICK A. SCHULTZ
DONALD R. GROSSE
GEORGE N. NACCARA
JAMES D. BURK
ROBERT W. THORNE
GERALD H. KEMP
ROBERT T. GLYNN
LAWSON W. BRIGHAM
TERRY M. CROSS
KYLE E. JONES, III
RICK A. SISTEK
LEE S. RUMLEY
JAMES P. WYSOCKI
STANLEY E. BREEDLOVE
LEWIS C. DUNN
JOHN A. DOTY
JOHNNIE L. JOHNSON
ROBERT J. WEAVER
CHARLES F. GULDENSCHUH
GERALD W. ABRAMS
JAMES C. PERRY
JAMES Q. NEAS, JR.
RICHARD E. FORD, JR.
PAUL J. BIBEAU
MALCOLM J. WILLIAMS, JR.
GARY R. MCGUFFIN
JOHN K. KIRKPATRICK
DAVID S. BELZ
RICHARD D. CRANE
WILLIAM B. THOMAS
ROBERT D. SIROIS
HAROLD G. KETCHEN
JAMES S. CARMICHAEL
KEVIN L. RAY
WILLIAM E. KOZAK
ROY J. CASTO
ALAN F. WALKER
TERRANCE M. EDWARDS
MARK A. O'HARA
GALE W. FISK
ROBERT J. WILLIAMSON, JR.
WILLIAM H. ANDERSON
ERNEST J. BLANCHARD, IV
RALPH D. UTLEY
THOMAS B. TAYLOR
ANTHONY S. TANGEMAN
FREDERIC N. SQUIRES, III
THOMAS M. DALEY
PAUL L. HAGSTROM
PHILIP E. SHERER
EDWARD J. DENNEHY
CHARLES R. BROWN

THE FOLLOWING RESERVE OFFICERS OF THE U.S. COAST GUARD ARE NOMINATED TO BE PERMANENT COMMISSIONED OFFICERS IN THE GRADES INDICATED:

To be lieutenant

MICHAEL G. LUPOW
IVAN A. PUPULIDY
JEFFREY S. SMITH
BRUCE R. APPLETON

To be lieutenant (junior grade)

JEFFREY L. KLINGENSMITH

THE FOLLOWING REGULAR OFFICERS OF THE U.S. COAST GUARD ARE NOMINATED FOR PROMOTION TO THE GRADE OF COMMANDER:

PETER A. TEBEAU
JOHN C. REED
GARY P. KOSCIUSKO
STEPHEN H. FRANCIS
ROBERT A. HUGHES
JOHN G. SHAW
GREGORY B. KIRKBRIDE
KAY L. HARTZELL
MARK E. ASHLEY
MICHAEL J. CHAPLAIN
JEFFREY J. SEELEY
DOMENICO A. DIIULIO
KENNETH A. WARD
JEFFREY G. LANTZ
ROBERT N. PETERSEN
PAUL A. DUFRESNE
RICHARD A. HUWEL
DAVID W. REED
RICHARD J. FITZPATRICK
JOHN A. WCISLO
STEVEN L. NYLUND
STEVEN G. HEIN
THOMAS C. KING, JR.
CHRISTOPHER M. SCHOONMAKER
DAVID W. MACKENZIE
JAMES B. CRAWFORD
JAMES J. VALLONE
EDMOND R. MORRIS
JERZY J. KICHNER
STEPHEN J. HARVEY
RICHARD J. FORMISANO
STEPHEN E. SHARPE
ROGER D. KACMARSKI
DONALD R. OMALLEY
GLENN F. EPLER
PATRICK E. RYAN
JAMES F. REED
WILLIAM A. DANNER
JAMES RUTKOVSKY
THOMAS M. CURELLI
RAYMOND J. BROWN
THOMAS J. MACKELL
WALTER J. BRAWAND, III
ADAN D. GUERRERO
ALLEN L. THOMPSON, JR.
JOHN J. MCQUEENEY, II
DAN DEPUTY
ROBERT J. PAPP, JR.
DEREK A. CAPIZZI
ROBERT G. STEVENS
DEAN W. KUTZ
GERALD BOWE
ROBERT W. RENOUD
STEPHEN C. RAPALUS
ROBERT L. GRIFFIN
FREDERICK R. GALLOWAY
BRADFORD W. BLACK
JAMES W. SHAFOVALOFF
JAMES G. SIMPSON
ROBERT E. HEINS, JR.
SUSAN H. KINNER
JOHN B. MOORE, JR.
CORDELL S. VIEHWEG
CHRISTOPHER LEE
TIMOTHY M. KEEGAN
MICHAEL L. HUNT
KENNETH M. HAY
JOHN E. WILLIAMS
WILLIAM J. HUTMACHER
GARY E. GAMBLE
ANDREW J. CASCARDI
ROGER B. PEOPLES
MARK E. BENJAMIN
MICHAEL J. HALL
JOHN B. WHIDDON
DAVID F. BREUNINGER
JOHN P. GUYER, III
ROBERT T. DOUVILLE
THOMAS G. GORDON
ROBERT C. BOETIG
BILLY R. SLACK
JOHN J. STONEMAN, III
ROGER A. WHORTON
BEN R. THOMASON, III
LAWRENCE A. EPPLER
GARY T. BLORE
LAWRENCE A. HALL
JAMES J. HANKS
DENNIS J. IHNAT
DOUGLAS H. ALSIP
FRED M. ROSA, JR.
CRAIG L. SCHNAPPINGER
WAYNE C. RAABE
MICHAEL L. DOBRAVEC
MICHAEL BRAY
RANDALL R. FIEBRANDT
STEVEN M. CONWAY
DAVID W. JONES
WILLIAM T. BAILEY
JOHN E. CROWLEY, JR.
THOMAS J. MCDANIEL
HARLAN HENDERSON
CHARLES T. LANCASTER
WILLIAM M. PARKER, JR.
WALTER S. MILLER
LUTZ G. BUESING
GLENN L. SNYDER
MARTIN E. REEVES
MICHAEL F. HOLMES
CLYDE K. WATANABE
MARK E. BLUMFELDER
DOUGLAS P. RUDOLPH
DAVID W. BROUGHTON
JOHN F. PILLSBURY
HERBERT H. SHARPE, III
RICHARD P. PRINCE
RICHARD W. GOODCHILD
ERIK N. FUNK
JOHN L. GRENIER
JON T. BYRD
GEORGE A. CAPACCI

The following retired recalled officer of the U.S. Coast Guard is nominated for promotion to the grade of commander:

Cassius L. Lisk

IN THE MARINE CORPS

The following named officer, under the provisions of title 10, United States Code, section 601, for assignment to a position of importance and responsibility as follows:

To be lieutenant general

Maj. Gen. Martin L. Brandtner, xxx-xx-xxxx [redacted], USMC.

IN THE NAVY

The following named officer to be placed on the retired list in the grade indicated under the provisions of Title 10, United States Code, section 1370:

To be admiral

Adm. James R. Hogg, U.S. Navy, xxx-xx-x... [redacted].

The following named officer for appointment to the grade of Vice Admiral while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601:

To be vice admiral

Rear Adm. (Selectee) Jerry L. Unruh, U.S. Navy, xxx-xx-xxxx [redacted].