

Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, November 8, 1995, at 2 p.m., to hold a closed hearing on intelligence matters.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. CRAIG. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, November 8, 1995, at 4 p.m., to hold a closed briefing regarding intelligence matters.

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

SPECIAL COMMITTEE TO INVESTIGATE WHITE-WATER DEVELOPMENT AND RELATED MATTERS

Mr. CRAIG. Mr. President, I ask unanimous consent that the Special Committee to Investigate Whitewater Development and Related Matters be authorized to meet during the session of the Senate on Wednesday, November 8, and Thursday, November 9, 1995, to conduct hearings pursuant to Senate Resolution 120.

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

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND THE DISTRICT OF COLUMBIA

Mr. CRAIG. Mr. President, I ask unanimous consent that the Subcommittee on Oversight of Government Management and the District of Columbia, Committee on Governmental Affairs, be permitted to meet during a session of the Senate on Wednesday, November 8, 1995, at 9 a.m., to hold a hearing on oversight of the courthouse construction program.

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

ADDITIONAL STATEMENTS

PENSION REVERSION PROVISIONS IN BUDGET RECONCILIATION LEGISLATION

• Mrs. KASSEBAUM. Mr. President, the budget reconciliation legislation passed by the House of Representatives includes a measure that would generate approximately \$10 billion in tax revenue by doing away with penalties Congress imposed in 1990 on pension fund withdrawals. The House proposal allows companies to withdraw so-called excess funds from pension plans for any purpose, without informing plan participants or beneficiaries.

As my colleagues know, the Senate on October 27 voted overwhelmingly to remove a similar provision from the Senate reconciliation legislation. While the Senate reversion provision was more narrowly tailored in many respects than its companion in the House bill, 94 members of this body voted to remove it.

The reason that members of this body rejected that proposal so resoundingly, I believe, is because even the more modest provisions contained in

the Senate bill would have represented a significant shift in pension policy. Moreover, the Senate Committee on Labor and Human Resources Committee has not considered fully the ramifications of such a change.

And those ramifications are, potentially, tremendous. There are approximately 22,000 pension plans covering 11 million workers and 2 million retirees that have assets in excess of 125 percent of current liability, and the Joint Committee on Taxation estimates that the pension reversion provisions contained in both the House and Senate bills could result in the removal of tens of billions of dollars in surplus assets from these plans.

The last time Congress did address the reversion issue, we acted decisively to enact strong measures to protect workers' pensions. In response to a wave of corporate takeovers and pension raids in the 1980s, Congress in 1990 imposed a 50 percent excise tax on pension fund reversions, except in limited circumstances. The idea was to make it costly for companies to take assets from their pension plans. And, in fact, the raids on assets ceased almost entirely. Before this change, however, about \$20 billion was siphoned from pension funds in just a few years, many pension plans were terminated, and thousands of workers saw their pensions replaced by risky annuities that in many cases provided lower benefits.

Let me be clear. There may be valid reasons to reconsider this policy. I believe strongly, however, that any changes in this area, and of this magnitude, should be made based on sound pension policy and not to satisfy budgetary demands. Therefore, I do not believe that changes to the current pension reversion policy should be included in budget reconciliation and I strongly urge the Senate conferees to insist on the Senate position.

Having said that, Mr. President, I realize the difficult task ahead for all budget conferees. While the Finance Committee budget conferees have a strong vote to bolster the Senate position, I realize that the House will be equally insistent.

If pension reversion provisions are to be included in the final reconciliation package, they should be carefully and conservatively constructed to ensure—above all—that each pension plan retains a cushion sufficient to weather changes in the current business climate, and ultimately to meet its obligations to participants and retirees. In this regard, I would like to associate myself with the very excellent and thoughtful remarks made on October 26 by Representative HARRIS W. FAWELL. Representative FAWELL is one of the most knowledgeable Members of the House on issues regarding employee benefits, and he has been an outspoken leader on the issue of pension reversions.

Because the threshold beyond which assets may be withdrawn under the House proposal can be less than the

threshold of assets required in the event of an actual plan termination, the House proposal effectively would allow even companies in bankruptcy to terminate a plan or remove funds from a plan with no guarantee that the remaining assets would be sufficient to pay for all plan benefits. This clearly is unacceptable.

To ensure that pension assets are as safe as possible, it is essential that the formula for allowing employers to remove funds from pension trusts be based on the most conservative of actuarial principles. Therefore, I believe companies should be required to use a minimum asset cushion based on the greater of 125 percent of termination liability based on PBGC assumptions, rather than current liability, or accrued liability, whichever is greater.

To further ensure that pensions are secure, companies must be required to use conservative actuarial assumptions for interest, mortality, and expected retirement based on the guidelines issued by the Pension Benefit Guaranty Corporation [PBGC]. I realize some would prefer to leave this calculation to the discretion of a company's actuary. However, I do not believe it is prudent to allow absolute discretion without more fully considering the possible risks that may result from allowing the use of differing assumptions.

For example, the PBGC estimates that a plan whose current liability is 125 percent funded may in fact be less than 100 percent funded for purposes of its liability at plan termination. While the PBGC calculations may not be perfect, the risk to participants and taxpayers from an underfunded plan dictates that companies taking reversions rely on these assumptions.

In addition, there should be real limits both on the use of excess pension funds, and on the types of situations in which companies are allowed to take reversions. For example, a company generally should not be allowed to withdraw funds for new plant and equipment while it leaves another pension plan underfunded or fails to meet its obligations toward a defined contribution plan. Nor should a company in bankruptcy be allowed to take a reversion without further protections.

Finally, as the Senate provision originally provided, plan participants and beneficiaries must be given notice of pension withdrawals in advance, and must be afforded all the protections normally provided under title I of the Employee Retirement Income Security Act [ERISA].

Mr. President, let me emphasize again that I strongly prefer that no changes be made in this area—at least until such changes can be properly considered by the Labor Committee. But if, and when, such changes are to be made, they must be crafted carefully and conservatively to protect participants, retirees, and taxpayers; they must include protections normally provided to participants and retirees

under title I of ERISA; and, most importantly, they must be premised on principles of sound, long-term pension policy instead of temporary revenue generation.

Because of the extreme complexity of this issue, it is difficult to believe that all aspects have been appropriately considered. To cite just a few examples, there may need to be special consideration given to employee contribution plans, and to plans covering a very small number of participants. Neither the House nor the Senate proposals take these situations into consideration.

In closing, therefore, I would like my colleagues to know that the Labor and Human Resources Committee may very well consider the issue of pension reversions early next year. Should a pension reversion proposal emerge from the House-Senate reconciliation conference that varies markedly from the goals I have outlined here, there is a much greater likelihood that the Labor and Human Resources Committee will revisit this issue.

Thank you, Mr. President. I yield the floor. •

CHEMICAL WEAPONS CONVENTION

• Mr. LAUTENBERG. Mr. President, a constituent of mine who teaches at Rutgers University in New Jersey, Adjunct Professor Leonard A. Cole, recently joined in organizing an appeal calling on the Senate to ratify the Chemical Weapons Convention. I believe the Senate should debate this convention without delay and ask that the text of a letter from Mr. Cole, along with a news article on the appeal he helped to organize be printed in the CONGRESSIONAL RECORD.

The material follows:

RUTGERS UNIVERSITY,
DEPARTMENT OF POLITICAL SCIENCE,
Newark, NJ.

DEAR SENATOR: Having organized the effort to produce the enclosed statement in The New York Times, I wanted to bring the matter to your attention. The statement urges support for the Chemical Weapons Convention, a treaty to ban chemical weapons from the face of the earth. It was paid for and signed by 64 leaders from every sector with a close interest in chemical weapons issues—from the scientific, intelligence, military, diplomatic, arms control, and business communities. The list includes eight Nobel laureates.

The terms of the treaty were negotiated with scrupulous care by nations around the world, and received input from every affected U.S. interest group. It enjoys broad support. Before the U.S. signed in 1993, 75 senators went on record in favor of the treaty. Nevertheless, as you may know, the chairman of the Foreign Relations Committee, Jesse Helms, has expressed reluctance to allow a vote on ratification.

Current U.S. inaction on the treaty sends a very dangerous message to the rest of the world. By our failing to ratify, other countries can only believe the U.S. does not think banning these weapons important. U.S. leadership is crucial to maintaining a moral atmosphere that does not allow for these weapons. Without the treaty, more and more

countries are likely to arm themselves with these low-cost, low-tech weapons of terror and mass destruction.

In the interest of this nation, indeed of all humanity, we hope you will join in a vigorous effort to press for ratification of the Chemical Weapons Convention. If you would like to talk further about this, please do not hesitate to contact me. Thank you.

Sincerely,

LEONARD A. COLE,
Adjunct Professor.

[From Chemical & Engineering News, Oct. 23, 1995]

SCIENTISTS, OTHERS URGE SENATE TO RATIFY CHEMICAL ARMS TREATY

Sixty-four prominent scientists, military and government officials, academicians, and business figures have endorsed an appeal in the form of an ad, for the U.S. Senate to ratify the Chemical Weapons Convention. The treaty bans the production, use, storage, and distribution of chemical weapons. The U.S. is among 159 countries that have signed the treaty. Forty nations—but not the U.S. or Russia—have ratified it. "Many countries are waiting for the U.S. to act," says Leonard A. Cole; an adjunct professor at Rutgers University. Cole and prominent Harvard University biochemist Matthews S. Meselson, who are among those signing the appeal, spearheaded the ad effort. The treaty has the support of the Clinton Administration, the Pentagon, intelligence community spokesmen such as former CIA Director William E. Colby, arms control experts, and the Chemical Manufacturers Association (CMA). It also has the bipartisan support of a large number of senators. Among the ad's signers are Nobel Laureate chemists David Baltimore, Ronald Hoffmann, and Glenn T. Seaborg, Will D. Carpenter, who represented CMA during treaty negotiations, has also signed the appeal. Sen. Jesse Helms (R-N.C.), chairman of the Foreign Relations Committee, is holding the treaty hostage. •

KENO GAME USHERS IN NEW ERA OF GAMBLING IN NEW YORK

• Mr. LUGAR. Mr. President, I ask that the attached article be printed in the RECORD.

The article follows:

[From the New York Times, Sept. 7, 1995]

KENO GAME USHERS IN NEW ERA OF GAMBLING IN NEW YORK

(By Ian Fisher)

Bill Fox played the numbers in his birthday, his wife's birthday, the birthday of a grandson, and then for good measure, plucked a few random digits from his head.

"Ahhh, it's a shot," he said after betting—and losing—\$5 a short time after New York State's new Quick Draw keno game went on line yesterday morning.

The little colored balls that bopped around the video screen at the Blarney Stone on Ninth Avenue, and at hundreds of other businesses across the state, bounced New York into a new era of gambling, the most significant expansion in the state lottery's 28-year history. Starting at 10 A.M. yesterday, the state began holding lottery drawings every 5 minutes for 13 hours a day in bars, restaurants, bowling alleys, Offtrack Betting parlors—even a hardware store or two—2,250 by the end of the month, lottery officials project.

Gov. Mario M. Cuomo, who pushed for the keno game to help close several budget gaps, used to liken it to bingo. Pataki administration officials say it is simply another lottery game, no different from Pick 10. Critics,

though, say that the game's pace makes it more akin to casino-style gambling—and more prone to pocket-draining abuse.

But Mr. Fox and other newly minted keno players were not interested in moralizing. Although the game seemed to get off to a slow start in the morning, as several bars in Manhattan complained that the equipment did not work or was still not installed, those who played early said they liked Quick Draw precisely because of the promise of a quick reward.

"You don't have to wait," said Mr. Fox, a 46-year-old plumber who played a few games at his lunch break. "It's right there in front of you: you are a winner or a loser."

A small taste of the critics' fears played out at Handyman Hardware and Paint in the Oakwood Shopping Center on Staten Island, where three tables and a dozen chairs became a makeshift keno parlor.

"I came here a half an hour ago to buy milk and diapers," said Katherine Petersen, 37, a marine-insurance broker. "I'm still here. It's addicting."

"I play the daily number, but you have to wait until 7:30 to know," she said. "This is quicker—five minutes—it's like being in Atlantic City."

"I won a dollar," she said. "I bet \$7. I have no more money for the diapers and the milk. But I had fun."

New York is the eighth state to offer keno, a game that Republicans and Democrats alike had opposed in Albany for years.

But it was approved this year with apparent reluctance in the face of a nearly \$5 billion deficit, as lawmakers scrambled to find money to prevent increases in college tuition or cuts in welfare and Medicaid. The game is expected to bring in \$180 million in its first full year of operation.

"There was a line we were drawing in the sand, and we had to be more open, I should say, to new additional revenue sources," said Patricia Lynch, a spokeswoman for Assembly Speaker Sheldon Silver, a Manhattan Democrat who had been a staunch opponent of keno. "That's the bottom line."

Lawmakers, especially Democrats, were also courted aggressively by half a dozen lobbyists hired by the Gtech Corporation of West Greenwich, R.I., which runs the game on behalf of the lottery. The company will be paid 1.525 percent of the sales.

Except for the pace and setting, Quick Draw is played like any other keno-style lottery game. A player picks 1 to 10 numbers from a field of 80, filling out a card that is fed into a lottery machine by the bartender or other employee. The player bets \$1, \$2, \$3, \$4, \$5, or \$10 each game and may play a maximum of 20 games or \$100 on each card. But players can effectively bet whatever they like by simply filling out more than one card.

Every five minutes, a central computer at the lottery's headquarters spits out 20 random numbers, which zip through phone lines and are displayed simultaneously on terminals around the state. Players win according to how many numbers they match and how much they bet: the highest prize for a \$1 bet is \$100,000, if the player bets on 10 numbers and matches all of them. If the player matches five numbers on that bet, he would be paid \$2.

Like any other lottery game, players can redeem prizes of up to \$600 on site. For larger prizes, they must file a claims form and receive their winnings from the lottery department.

The businesses that install keno games receive 6 percent of the total sales, with no extra commission for any winning tickets they sell. That percentage is less than what many establishments earn for food and drinks, but many bars and restaurants