

been greatly exaggerated. As Pentagon and industry officials endlessly point out, defense spending in general, and procurement spending in particular, have declined over the past decade. They note that between fiscal year 1985 and fiscal year 1995, the defense budget declined 30 percent in real terms and procurement spending fell 60 percent. But that comparison ignores the fact that between fiscal year 1980 and fiscal year 1985, the defense budget grew 55 percent and the procurement budget grew a whopping 116 percent. Defense spending in real terms is still at about its Cold War average, and the defense budget for fiscal year 1996 was higher than it was for fiscal year 1980. In inflation-adjusted dollars, Bill Clinton spent about \$30 billion more on defense in 1995 than Richard Nixon did in 1975 to confront Soviet Communist expansionism. Using fiscal year 1985, the height of the Reagan buildup, as a base year distorts the picture. It would be like comparing spending in the Korean and Vietnam wars to the level of World War II and concluding we did not spend enough in Korea and Vietnam. Moreover, procurement spending will rise 40 percent over the next five years, and the Pentagon is now soliciting bids for the \$750 billion joint strike fighter program.

Similarly, while defense employment has fallen 25 percent over the past eight years, it grew 30 percent in the five years before that. More people work in the defense sector now than at any time in the decade of the 1970s. Moreover, much of the decline in the defense industry is attributable to the reengineering or slimming down that is sweeping all American industries, even those with an increasing customer base.

Finally, if one adds the \$266 billion worth of U.S. arms sold around the world since 1990 (a scandal in itself) to the \$300 billion in purchases by the Defense Department, American defense industry sales are still at historic highs. Defense is still a profitable business—which explains why defense stocks are still quite high despite the jeremiads of industry spokesmen. Over the past year Lockheed Martin stock has increased 48 percent in value. Northrop Grumman is up 50 percent and McDonnell Douglas a whopping 80 percent.

Second, taxpayer subsidization is no more necessary today to promote acquisitions and mergers than it has even been. Just about every major defense company today is the product of a merger, some of them decades old. For example, General Dynamics acquired Chrysler's tank division in the early 1980s, and McDonnell acquired the Douglas Aircraft Company in the late 1960s. Even today in the supposed "bull market," plenty of bidders vie for the available companies. Three years ago, several companies engaged in a fierce bidding war for LTV. And Northrop outbid Martin Marietta for Grumman. It is hard to believe that if taxpayer subsidies were not available, companies would not buy available assets if it made good business sense. If they paid a little less for their acquisitions, the taxpayers rather than the stockholders would benefit. In the bidding war for Grumman, both Martin and Northrop offered significantly more than market value, thus giving Grumman's shareholders a financial bonanza of \$22 a share (a bonus of nearly 40 percent). Raytheon paid a share (a bonus of nearly 40 percent). Raytheon paid a similar premium to acquire E-Systems in April 1995. Should the government allow Northrop's and Raytheon's stockholders to reap a similar bonanza by subsidizing those sales?

Over the past five years, William Anders, the former CEO of General Dynamics, made himself and his stockholders a fortune by selling parts of his company to Hughes, Mar-

tin, and Lockheed. Since 1991 General Dynamics' stock increased 550 percent and the company has stashed away \$1 billion. Should we also help the stockholders and executives of the buying companies? Did defense companies offer the taxpayers a rebate during the boom years of the 1980s when their profits reached unprecedented levels?

Third, the Defense Department has no business encouraging or shaping the restructuring of defense industry, or as Deutch puts it, "promoting the rational downsizing of the defense industry." Who is to determine what is rational? A government bureaucrat or the market? While government shouldn't discourage restructuring, it should stay at arm's length. If the deal does not make good business sense, the company will not proceed, as Martin did not when the price for Grumman became too high. Moreover, might not these mergers create megacompanies that will reduce competition and may be very difficult for the political system to control? The Lockheed Martin Loral giant, for example, is larger than the Marine Corps. With facilities in nearly every state and 200,000 people on its payroll, its political clout is enormous. And it presents problems over and above its sheer size. For example, Loral sells high-tech components to McDonnell Douglas for its plane, which is competing with Lockheed Martin for the \$750 billion joint strike fighter program. How can Loral be a partner in promoting the McDonnell Douglas plane against the Lockheed Martin entry?

Fourth, past history indicates that these mergers end up costing rather than saving the government money. Both the General Accounting Office and the Department of Defense Inspector General have found no evidence to support contentions by Deutch and defense industry officials that previous mergers had saved the government money. Indeed, on May 24, 1994, the Inspector General found that the claim of Hughes Aircraft that its 1992 purchase of General Dynamics missile division saved the Pentagon \$600 million was unverifiable. Moreover, under the Deutch clarification, contractors can be reimbursed now for savings that are only projected to occur in the distant future. And if these savings do not occur as projected, how will the Pentagon get its (our) money back?

#### BRING BACK THE MERGER WATCHDOGS

Mergers always have been and always will be a feature of the U.S. defense industry. And the government has a role in those mergers. But that role—as exemplified by the successful 1992 Bush administration challenge of Alliant Techsystem's proposed acquisition of Olin Corporation's ammunition division—is to ensure that they preserve sufficient competition to enable the Pentagon to get the best price for the taxpayer. It is definitely not to increase company profits and limit competition by subsidizing the merger. Not only should the Defense Department abolish the new merger subsidy, it should follow the lead of its predecessors and scrutinize the anticompetitive aspects of all future mergers.

#### PLANNING FUTURE DEFENSE

(By Thomas L. McNaugher)

Quietly a new defense debate is taking shape, prompted by widespread recognition that the stable budgets Republicans and Democrats have promised the Defense Department cannot keep current forces ready to fight while financing a major round of weapons buying to replace the services' aging arsenal.

The problem here has been called the "defense train wreck," because it involves the impending collision of two categories of defense spending. One train, already racing

down the track, is high spending on current readiness, enough to keep U.S. forces prepared for two nearly-simultaneous "major regional contingencies," as outlined in the 1993 "Bottom Up Review" (BUR) of U.S. force requirements that still governs Pentagon planning. The other train, looming on the horizon, is a surge in spending on new weapons. We have been able to forgo such spending for nearly a decade because Reagan-era defense investments left military inventories flush with new hardware. But those weapons are getting old and need to be replaced or improved. Barring an unexpected increase, the defense budget cannot afford both readiness and weaponry. Something has to give.

Although this debate probably won't pick up until after this fall's elections, early positioning in the debate suggests that U.S. forces may get smaller to accommodate more weapons procurement. Indeed, Secretary of Defense William Perry has said as much recently, although he appears to have only modest force cuts in mind. Senator John McCain (R-AZ), a prominent congressional voice on defense, would go much further. In a recent letter to his colleagues, McCain lamented "the alarming practice of postponing essential modernization programs" and suggested that the nation plan to meet just one major contingency while aggressively modernizing its weaponry to produce high-tech forces able to deliver firepower from long range with minimal ground force commitment.

Whether or not this is the right answer, it's the wrong way to frame the issues. Visualizing procurement spending as a co-equal "train" in this collision amounts to treating the future as if we knew it. Procurement spending amounts to long-range planning, after all, since it buys weapons that won't even enter our force posture, in some cases, for a decade or more. At a time when Pentagon briefings routinely begin with the adage that "the only constant today is change," one is justified in asking why we are committing so much money to new weapons that will be with us for decades to come.

The answer lies less in a vision of the future than in habits and commitments linked to the past. We got used to treating the future like an advanced version of the present during the Cold War, when Soviet forces provided a well-understood, slowly advancing focal point for long-range planning. We are still doing that, even in the absence of any firm vision of the future. Even the discussion of current readiness bears witness to Cold War concepts of risk that no longer capture the realities of what our forces are doing.

This is not meant as criticism. The BUR has served admirably to maintain U.S.

HONORING FATHER THOMAS J. MURPHY, S.J.

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 17, 1996

Mr. ENGEL. Mr. Speaker, Father Thomas J. Murphy, S.J., has served for more than 20 years in St. Margaret's Parish in Riverdale, in New York City, where he is known for all the good work he has performed for the community. This includes his activities with the Northwest Bronx Community and Clergy Coalition and his longtime chaplaincy for the Pro Patria Council of the Knights of Columbus.

Besides his numerous and productive efforts with the parish, which include his leadership in

athletic and social activities for the youths of the parish, he also teaches at Regis High School, one of the premier high schools in New York City. Father Murphy is being named Riverdalian of the Year by the Riverdale Community Council. This honor is earned and I am proud to note his many accomplishments. I congratulate him for all the good work he has done for his community.

#### TRIBUTE TO GEORGE D. WEBSTER

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 17, 1996

Mr. DUNCAN. Mr. Speaker, one of the finest men I have ever known, George D. Webster, a prominent Washington lawyer, recently passed away.

Mr. Webster was originally from Rogersville, TN, which is not in but is very close to my district. He attended college in my district, at Maryville College, and then graduated from the Harvard Law School. While he achieved great success in the practice of law, he never forgot his roots in Tennessee. He maintained a farm in Hawkins County and was one of the strongest supporters of Maryville College.

While he was a close friend to some of the most powerful and successful people in this Nation, he never lost the common touch. He was a kind and bighearted man who got along well with people from all walks of life.

Mr. Webster was an extremely hard worker and was nationally recognized as an expert in tax law and the law of associations.

He helped thousands of people in both big and small ways throughout his life and career.

An active, loyal, and dedicated Republican, he was not a man who sat on the sidelines. He was interested and involved in the big issues and campaigns for many, many years, right up until his last few days.

He was particularly close to former President Bush, Senator Dole, my late father, and me.

He was a good citizen. He participated and contributed. He loved this country, and we would have a stronger Nation today if we had more people like George Webster.

He was a strong family man who deeply loved his wife and children. To put it very simply, but very accurately, George Webster was a great person and great American in every way.

Dr. David L. Hale, Sr., pastor of the Rogersville Presbyterian Church, delivered a very moving and appropriate eulogy at a service held in honor of the life of George Webster at All Saint's Episcopal Church in Chevy Chase on June 7.

I would like to place this outstanding tribute in the RECORD at this point and call it to the attention of my colleagues and other readers of the RECORD.

This very fine eulogy really captured the essence of George Webster, and I hope it inspires others to try to live their lives to the high standards by which he lived.

GEORGE DRURY WEBSTER

(February 8, 1921—June 3, 1996)

(I wish to thank the family for the deep privilege and honor of being asked to participate today in this Service of Thanksgiving and remembrance of George Webster. They

have all been so kind in seeing to my every need during my short stay in Washington. The room, board and personal chauffeuring have all been gratefully appreciated. I also wish to thank Father Richard Norman for his gracious spirit in helping me to prepare for our worship service in this beautiful All Saints' Episcopal Church. He has been most kind and helpful.)

First of all, I wish to make a clarification about my name: I am not the David Hale of Whitewater infamy! I am from East Tennessee!

In this service of worship we seek to find courage and strength from the reading of God's holy Word, from singing hymns of promise and hope, and praying that God will help us as we share together in our loss of George Webster. We will surely miss him.

George Drury Webster was a special, unique, one-of-a-kind individual. And what a marvelous heritage he leaves for us to appreciate, emulate and nurture! Here was a man who believed in simple values, and transformed them into deep-seated convictions; convictions he held tenaciously and for which he fought most vigorously. There can be no doubt that George Webster fervently loved life, his work, his Country and State, his family and friends, and his God.

This great Tennessean totally immersed himself in God's good fight of life and made the most of it. George pulled out all the stops! He genuinely enjoyed living in this grand age of challenge and opportunity. He was a vibrant, spirited, robust person, intense and impassioned. Such energy and drive as he exhibited are rarely seen. George was totally involved in every activity of his life. His zest and enthusiasm were contagious and inspired many of us. His work was exhilarating to him. Fiercely competitive, he never gave up. Being around George made the practice of law more exciting than a John Grisham novel!

George Webster possessed a gifted mind, a keen intellect. He was one who excelled at debate; now—who here is unaware of that! And his lively wit was a delight to each of us. George had a way of being brief, succinct, perspicacious, blunt and to the point. His books are typical examples of that approach. George believed in education and trained his mind at the Rogersville, Tennessee, High School, Maryville College (Some people in East Tennessee pronounce it as "Murraville" College!), and Harvard Law School. Yes, George loved life, and brought all of his considerable skills and amazing experiences and opportunities to gain the most from it.

George Webster loved his work. He was a hard worker who learned quickly. Excellence always beckoned to him and he pursued her relentlessly. He was completely dedicated to his calling and focused on his tasks with singular vision. He was tough, practical, and highly successful. He readily discovered how to use the American enterprise system to serve others and improve his family's life. George became a recognized expert on non-profit tax and trade association law, renowned nationally and internationally. He must have been one of the best organized administrators in history. Yet this truly great man never lost the human touch. George constantly reached out to others to give encouragement and a helping hand. He was a kind and generous man.

George Webster deeply loved his Country, this great land of America, and was one of America's most loyal patriots. During W.W.II he served in the Navy in the Pacific Theater, where he was involved in some major battles. He left seminary training to go to Pearl Harbor. George relished being in the company of the great leaders of this Nation, and considered it a high honor and privilege to be able to advise and serve them.

He rubbed shoulders with those in power and contributed immensely to the betterment of their leadership due to his expertise, friendship and zeal. But George never forgot his roots in Hawkins County and Rogersville, Tennessee. You have to understand such roots to learn how George got from point A to point B. His ancestry consisted of some rather rugged pioneers, also with deep convictions, who eventually pushed their way to the frontier points of this "New World." By the way—he would have dearly loved to invite you to visit the many attractions of the State of Tennessee, especially during the grand Bicentennial celebration this year! George was a true Tennessee Volunteer and would want you to see what affected him so greatly.

As was true of all of his many endeavors, George invested himself fully in the Republican Party which benefited inexpressibly from his enthusiasm, labors and contributions. He was highly supportive of candidates and incumbents from East Tennessee and other regions, and enjoyed entering them with various socials at his Bethesda home and on his beautiful farm in Tennessee. Many of you present could speak volumes of this beneficence on George's part. You, too, have been helped and inspired by this rare individual.

George Webster was a proud family man. There is his immediate family: his beloved wife, Ann ("Tutti"), always loyal, supportive and by his side; the children: Aen, George and Beverly, Hugh and deLancey and all of the beautiful grandchildren. George had a special love and pride for each one. And I have grown to love and appreciate this expanding family. I have had the privilege of welcoming them to church, participating in a Baptism service, and visiting with them at the farm on various occasions.

(And thinking of George's love for both family and life, he would certainly be in favor of celebrating George's and Beverly's tenth wedding anniversary today.)

There is the family from which George came: the rugged and bright Scotch-Irish, the Northern English Protestants and the Huguenot folk. There were Joseph and Mary Amis Rogers for whom Rogersville is named, and the whole line of military officers, educators, physicians and ministers. George was very proud of his ancestry.

Then there is the vast, broad, extended family of George's. Who can number them all? There are those who helped in the Webster home; the ones who worked on the farm; and all of the many friends and colleagues he enjoyed at work, in organizations, church, clubs and social circles.

Finally, George Webster loved his God. He was a man of faith, one who cut his religious teeth on the Presbyterian Catechism; who grew up in the Presbyterian faith and, in Maryland, loved and attended this beautiful All Saints' Episcopal Church. On occasion he would go back to the Rogersville farm and worship in town on Sundays in his home church.

George's death leaves a huge void in our lives—especially those of the immediate family. Here was a truly remarkable man who walked among us. Overcome by disease, this tireless, loving, human being finally wore out. We are thankful to God that his suffering has ended. But his departure from this earth leaves us saddened and somewhat alone. We need comfort, strength, courage and hope for the facing of this moment and the hours, days and weeks ahead. We have read and heard several passages from God's written Word this morning, and God is the source of our comfort and consolation. From 1 Corinthians 15 we find Paul teaching us emphatically that the resurrection of Jesus Christ is a reality, and that death can no