SENATE—*Wednesday, June 24, 1987*

(Legislative day of Tuesday, June 23, 1987)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the Honorable WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

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

Let us pray.

Almighty God, You questioned Your servant, father Abraham, as he faced an impossible situation: "Is anything too hard for God?" (Genesis 18: 14). That question is as relevant today as it was 4,000 years ago. We face an impossible situation, if we are humble enough to admit it. Massive problems confront our leaders: national debt that keeps soaring, annual budget that will not balance, ballooning personal and corporate indebtedness, trade imbalance mounting precariously, even waste disposal challenges ingenuity—overwhelming social disorder, growing epidemically, divorce, child molestation, chemical dependency, AIDS, greed, lust, and the relentless threat of war.

Loving Lord, Your question was rhetorical; it answers itself. You are the omnipotent God for whom nothing is too hard. Our frustration increases as we search desperately for answers—but we keep looking in the wrong place. For some strange reason, in our human pride, we refuse to look to You. Patient Father, give us the good sense to turn to You and discover the One for whom nothing is impossible. To the glory of Your name and the relief of human need. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 24, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

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

RECOGNITION OF THE MAJORITY LEADER

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

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

THE CHAPLAIN'S PRAYER

Mr. BYRD. I am glad, Mr. President, for the Chaplain's prayer today. What he was saying in his prayer was that God reminds us that we need to look to Him; we need to look to Him for answers, as well as to ourselves. Yet, the Scriptures quoted are not to have us believe that we are to be entirely relieved of efforts on the part of ourselves. We need to work, but we need to look to Him for help in solving our problems. And we do not look to Him enough.

I am reminded to do that when I am in a plane and there is great turbulence. I do not say, "Oh, President Reagan," or, "Oh, President Carter, will you help me get home? Will you see me home safely to my family?"

I say, "Oh, God, get us through this safely."

So we call on Him when we are in dire need. We do not, however, call on Him enough to help us in our everyday—everyday—struggles.

I asked the robin, as he sprang
From branch to branch and sweetly sang,
What made his breast so round and red;
Twas "looking at the sun," he said;

I asked the violets, sweet and blue,
Sparkling in the morning dew,
Whence came their colors, then so shy;
They answered, "looking to the sky";

I saw the roses, one by one,
Unfold their petals to the sun,
I asked them what made their tints so bright,
And they answered, "looking to the light";

I asked the thrush, whose silvery note
Came like a song from angel's throat,
Why he sang in the twilight dim;
He answered, "looking up at Him."

Man fails to look upward to the hills from whence cometh our strength. I thank the Chaplain for reminding us in this busy, busy world, this busy workplace, to pause and call on the eternal source of inner strength that can enable us to overcome these worldly problems.

SCHEDULE

Mr. BYRD. Mr. President, the Senate will go on the budget resolution at 9:30. There are 10 hours of debate, 5 hours to each side. If the full 10 hours are taken, the Senate will complete action about 7:30 this evening. I hope that we can finish action on this budget earlier than that. It is my plan to go to the omnibus trade bill upon completion of action on the budget resolution. Opening statements on trade can be made into the evening and then, by tomorrow morning, the Senate can begin in earnest, dealing with amendments.

Again, I, with some trepidation, "warn" all of our colleagues that they should expect votes at any time during the days, during the long evenings of Thursday, on Friday this week—Friday morning, Friday afternoon, Friday evening; and on Saturday, Saturday morning, Saturday afternoon; and on next Tuesday morning, not Tuesday afternoon alone, but also next Tuesday morning; and on next Wednesday, all day into the evening.

So I urge Senators not to have airline reservations that will bring them in here at 2 o'clock next Tuesday or 3 o'clock next Tuesday, thinking there will be no votes before 2 o'clock or 3 o'clock or 4 o'clock or 5 o'clock next Tuesday. There will be votes. There will be votes every day, and they are going to be important votes, early and late.

Senators probably get a little weary and a little tired of hearing me say these things, but I do caution them, because they are going to find, in the end, that the admonitions were accurate.

The campaign financing reform legislation is still the unfinished business, is still very, very, very much alive and is not going to go away. I think we just might as well make up our minds that we are going to live with this bill quite awhile unless we deal with it.

We are operating on multitrack systems at the moment. We are attempting to get as much work done as we can by the Fourth of July break, and, as a consequence, most of the debate and most of the time spent between now and the July break will be spent on matters, other than campaign reform. But, like Banquo's ghost, I must still appear at the head of the table every now and then to say that campaign financing reform still lives and is not going to go away. It will be around until we deal with it because it is an idea whose time has come.

We are still working on an amendment which we hope will garner support from our friends on the Republican side of the aisle.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The nominations on the Executive Calendar are going to be dealt with in due time. On the Wells nomination, the Senate has waited long enough; and I have given ample notice of intention soon to go to the judgeship that has been on the calendar since May 1: David Bryan Sentelle, of North Carolina, to be U.S. circuit judge for the District of Columbia Circuit vice Antonin Scalia, elevated.

There will be votes, one way or another, on those nominations before many days.

The supplemental appropriations conference report will be coming along at some point, hopefully. The homeless relief conference report will be coming along. Then, following the holiday break, of course, we have to clean up these leftovers. Additionally, we will have reconciliation. We have the Department of Defense authorization bill. That is another measure that Senators may have forgotten, but it is still around, although we have had three attempts at cloture on taking it up, and we failed. But obstructionism, for the sake of obstructionism, is not going to go over very well with the American people in the long run.

The business has to be done and there is one way or another of getting it done. We may have to take some days from the August recess. We had also hoped to get out of here in early October. I suppose there is still a fleeting chance that we might do that. But if we have difficulty in getting bills up, we will be around in October. We will be here after Columbus Day and we will still be around after Thanksgiving, if necessary, to get the work done.

SENATE PHOTOGRAPHIC SESSION

Mr. BYRD. Let me remind all Senators that there will be a photograph taken today in this Chamber at 2 p.m., so I brought my new tie which my granddaughters bought for me for Father's Day. I hope that all Senators are ready and in the Chamber at 2 o'clock. We will not tarry long waiting on Senators. I urge all Senators to be here in the Chamber before 2 o'clock so the photo can be taken and we can get on with our work.

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

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

Mr. BYRD. I yield the floor.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of morning business not to extend beyond the hour of 9:30, with Senators permitted to speak therein for not to exceed 5 minutes each.

The Senator from Delaware is recognized.

Mr. ROTH. Thank you, Mr. President.

DECEPTIVE MAILINGS PREVENTION ACT

Mr. ROTH. Mr. President, I am pleased to join my distinguished colleague from Pennsylvania, Senator HEINZ, in cosponsoring S. 1393, the Deceptive Mailings Prevention Act of 1987. I want to commend Senator HEINZ for his efforts on this important issue.

I know that I am not the only Senator who has received letters from distraught constituents who have been terribly alarmed by solicitation letters received in the mail from what I call the merchants of fear and the prophets of doom.

Many Americans at or near retirement age have been understandably concerned in recent years about the future of the U.S. Social Security system. Warnings that the system could run out of money before the turn of the century, coupled with inflammatory statements about imaginary plans to "dismantle" Social Security, have left many Americans on edge about the fate of their hard-earned retirement benefits.

Working closely with President Reagan, Congress recently took decisive action to ensure that Social Security will remain strong and solvent well into the 21st century. While there will always be room for improvement, it is safe to say that the reports of the death of Social Security have been, in Mark Twain's words, greatly exaggerated.

Yet despite the firm commitment of the President and Congress to ensure the continued soundness of Social Security, dire warnings of impending catastrophe continue to echo across the land. Sometimes the prophets of doom are politicians seeking an advantage over their opponents; in other cases the merchants of fear are clever marketing experts, trying to drum up contributions to enrich their coffers. In either case, those who are tempted to cast their votes or send in their money based on threats about the impending collapse of Social Security would do well to take another look—both at the warnings and at the people who sound them.

The staff of the Permanent Subcommittee on Investigations, on which I serve as ranking minority member, has taken a look at the methods of some of these operators who use direct mail solicitations to frighten elderly citizens into making cash contributions that they too often can ill afford. That investigation turned up substantial evidence to support the need for this legislation.

Numerous fly-by-night groups, which call themselves "educational" social welfare organizations in order to qualify for tax-exempt status, are using outrageous direct mail solicitation techniques to play on the fear and apprehensions of our senior citizens. These groups, through their misleading and highly deceptive tactics, have aroused fear and consternation, apparently in the cynical belief that arousing these unwarranted fears is the best way to raise big bucks fast.

The deceptive Mailing Prevention Act of 1987 will help deal with this problem by requiring that such solicitations include on the envelope or outside wrapper of the mailing the message: "Private Solicitation Enclosed" and by the requirement that the face of the mailing contain in large, legible type the message: "This product, service, or solicitation is being offered by a private organization. This organization is not affiliated with the Federal Government or any agency of the Federal Government."

While passage of this legislation would help a great deal in counteracting the effects of these "scare" tactics, we all should recognize that the Government's ability to shield the public from hyped-up, misleading mailings is limited. The most important protection against high-pressure scare tactics is the caution and good judgment of the American people. As with any other request for money received in the mail or over the phone, the best advice the consumer can follow in deciding whether to send a donation in response to a direct-mail solicitation—whether to "save Social Security" or for any other cause—is the ancient wisdom of caveat emptor: "Let the buyer—or the contributor—beware."

As I previously indicated, in order to find out what contributors to these so called "nonprofit" groups get for their money, I directed the staff of the Permanent Subcommittee on Investigations to conduct an inquiry into the operations of a half dozen organizations whose fundraising appeals are tied to Social Security or other issues of special concern to the elderly.

These organizations send solicitation letters to carefully selected mailing lists of retirees and others likely to be worried about their Social Security benefits, and they use every trick of the direct-mail trade to solicit contributions: Exaggerated, emotional language; personalizing devices like blue-pen underlinings and handwritten "P.S.'s"; "participation" gimmicks—surveys and "petitions" to Congress—imaginary deadlines for contributions; matching checks; special "funds" requiring "emergency" contributions; "personal gifts" for members; and the like. The mailings, which some groups

send out as often as once a month, reflect the direct-mail expert's ability to exploit such powerful human emotions and foibles as fear, guilt, anger, greed and vanity.

And they work. The largest of these groups, in 4 years of operation, has recruited nearly 4 million members and collected more than $70 million. Most of these groups call themselves "educational" social welfare organizations in order to qualify for tax-exempt status under the Internal Revenue Code. Only one member of this club, the Social Security Protection Bureau, makes no effort to disguise the fact that it is a commercial venture. Run by a direct-mail firm in Alexandria, VA, the company operates a series of "Social Security Sweepstakes"; top prize in one recent sweeps was a choice of a new car, a mink coat, or a European vacation. The bureau charges its members $7 for these items: A plastic Social Security card; a promise of a $500 reward for information leading to the conviction of anyone fraudulently misusing the member's Social Security number; a 12-page "Guide to Social Security Benefits"; a "free gift"—packet of seeds, refrigerator magnet, et cetera—and a form for requesting a copy of the member's Social Security earnings statement—a form which is available free directly from the Social Security Administration.

While the value of membership in the Social Security Protection Bureau may be open to question, at least the organization can claim the virtue of candor—it is a straightforward, moneymaking enterprise that pays taxes on its profits.

But what do contributors to the so-called "nonprofit" groups get for their money? In general, our investigation showed that at least through the end of last year, these organizations tended to spend a large portion of the money they collect on producing and sending out more mailings, trying to raise still more money. Unlike well-established senior citizens' organizations like the American Association of Retired Persons and the National Council of Senior Citizens, which provide their members with a wide range of benefits and services and lobby actively on their behalf, the "letterhead" organizations have yet to establish themselves as major players in the Social Security debate. In fact, several such organizations have recently gone out of business because their initial mailings did not generate enough revenue for them to continue. While their directors may decide to reorganize and try again later on, the thousands of dollars contributed in response to their startup, or "prospect," mailings have gone straight down the drain.

The subcommittee's staff investigation also revealed that enriching the coffers of direct-mail firms is not the only commercial purpose served by some of these "nonprofit" groups. These groups, which can mail their letters at cutrate postage because of their nonprofit status—the taxpayers make up the difference in the actual cost of mailing—often include sales pitches for group life, health and "credit care pay-up" insurance plans—ostensibly made available as an additional benefit for joining the organization.

According to insurance experts, these group plans may charge as much or more for the same coverage as insurance purchased on an individual basis. And the value of the insurance is questionable; one $10,000 life insurance policy offered, for example, is cut to $5,000 when the policyholder reaches age 65, to $2,500 when he or she reaches 70 and to just $1,250 at age 75. Coverage for natural—as opposed to accidental—death doesn't begin until the policies have been in force for 2½ years.

Officials of the organizations insist that they make little or no money from their arrangements with insurance companies, and offer the insurance strictly as a service to their members. But consumer advocates argue that insurance should be purchased as part of an overall financial plan for retirement—not as a gimmicky "benefit" of membership in a senior citizen's organization. Consumer advisers also warn against giving out credit card account numbers in response to direct-mail or telephone solicitations—yet the application form for "credit card pay-up" insurance requires the applicant's credit card number in order for the insurance to take effect.

Another problem uncovered by our investigation is the use by some letterhead organizations of an attention-getting device called a "teaser." Some organizations mail their solicitations in envelopes designed to resemble, in size and color, the envelopes containing Social Security checks and other official Government documents. At times an organization will try to reinforce this impression by printing slogans like "Buy and Hold U.S. Savings Bonds" on the envelopes. One mailing we saw has the words "Urgent! Important Social Security and Medicare Information Enclosed" emblazoned in large red and blue letters across the front of its envelope, along with this breathless message: "Attention Postmaster: Time Dated Official National Committee Documents Enclosed. Expedite for Immediate Delivery."

While these practices are not currently illegal, they are misleading at best and give every appearance of being deliberately deceptive. The Postal Service, the Social Security Administration, and other Government agencies have sometimes been able to persuade organizations to alter their mailings and eliminate suggestions that they contain Government documents; but under present law, such cooperation is voluntary and subject to change if a direct-mail firm comes up with a new "teaser" to grab people's attention.

Mr. President, this legislation will help deal with that particular problem. It is important and vital legislation. I urge its prompt adoption.

Mr. President, I yield my time.

The PRESIDING OFFICER (Mr. CONRAD). The Senator from Wisconsin.

TRIBUTE TO THE MAJORITY LEADER

Mr. PROXMIRE. Mr. President, first I want to pay tribute to the majority leader. That was a remarkable performance this morning. I was sitting in the chair, and I heard him respond to the Chaplain's prayer with a marvelous poem. I never heard the poem before, I believe he wrote it himself. But he had every word and every inflection.

The majority leader did not know what the Chaplain was going to say, but it was exactly on target.

Then, if that were not enough, he followed with a warning to the Senate that we were going to stay in session tonight, tomorrow, probably late, Friday, maybe Saturday, and it was the kind of action that I admire, because it is unpopular. He knows it is unpopular. Nobody likes it, including this Senator. But it is the kind of action the Senate has to take and it is the kind of bitter medicine that the majority leader has to administer.

Then he ended up with a reference to Shakespeare, Banquo's ghost, which took me back 50 years ago when I was in college reading Shakespeare.

This is an amazing man, our majority leader, and I think he is not widely enough appreciated. He has a remarkable talent.

Mr. BYRD. Mr. President, I thank the distinguished Senator for his comments.

Mr. President, this is one Senator on whom we all can count to be here on every rollcall vote. It matters not when the vote may occur—morning, noon, or midnight. I thank the Senator for his dedication to his Senate duties.

Again, Mr. President, I thank the Senator for his kind compliments.

WHY WE NEED TOTAL NUCLEAR AND CONVENTIONAL ARMS CONTROL

Mr. PROXMIRE. Mr. President, how can arms control make its greatest contribution to peace? Why shouldn't we judge arms control proposals strictly on the basis of this standard: The degree of their contribution to the achievement of peace in this nuclear world? The New York

Times, in an editorial on May 14, makes this point vividly. It argues that "Newton's third law of motion has a parallel in modern arms control: For every prospective reduction in one class of armaments there are inevitably increases in others." The New York Times example: Salt I froze missile launchers on both sides. It did not limit warheads. Result: both sides increased the number of warheads on each missile. Example two: SALT II limited both ballistic missiles and missile warheads. But it did nothing to limit cruise missiles. So both sides rushed to increase cruise missiles. Example three: now the two sides are negotiating the reduction of medium range missiles in Europe. So both sides are getting ready to add other nuclear weapons to their European arsenal to compensate in the field for what they have given up at the bargaining table. For example, the Pentagon is thinking of stationing long range B-52 bombers in Europe and stationing submarines with nuclear armed cruise missiles near Europe.

From the standpoint of peace this is not all bad. The substituted weapons are generally more mobile and less vulnerable. Bombers and submarines are far less vulnerable than stationary land based weapons. They are not use 'em or lose 'em weapons.

But the Times has a solid point. Just think of it. The superpowers have been pursuing arms control for more than 25 years. They have negotiated a number of treaties to restrain nuclear arms. And where are we today—25 years after serious arms control agreements came into vogue? Each side has nuclear arsenals, the size and destructive power of which has steadily grown, with 10,000 strategic warheads on both sides and some 15,000 tactical nuclear warheads. Both superpowers are working feverishly to improve their capacity for delivering this lethal power. Attempts by our country to research and eventually build missile defenses with a star wars or SDI are certain to be met with an intense Soviet countereffort to stockpile the number, and increase the penetrating capacity of a nuclear offense to overcome the star wars defense. The SALT II Anti-Ballistic Missile Treaty [ABM] was designed expressly for the purpose of stopping this defense-offense arms race. But the star wars, strategic defense initiative program—the top military priority of this administration—would destroy the ABM Treaty. It would set off a hell-for-leather arms race with a vengeance.

For those who believe that arms control can and should reduce the prospect of nuclear war the course is clear. We should press hard for agreements that stop the nuclear arms race comprehensively and on every front. This would certainly include an agreement to end nuclear weapons testing—a pledge this Nation has made in two treaties signed by previous Presidents. It would include a revival of the widely supported freeze on all—I repeat all—production and deployment of nuclear weapons in the future. I cannot emphasize strongly enough the importance of making this agreement comprehensive for precisely the reasons advanced in the New York Times editorial. It is as certain as night follows day that any agreement which only limits a certain kind of nuclear capability—whether it be warheads or launchers or delivery systems such as submarines or bombers—will simply result in the rapid production and deployment of other nuclear weapons that are excluded from the agreement.

Even a comprehensive nuclear arms agreement is not enough. To be effective, the agreement must include conventional as well as nuclear arms. Suppose the superpowers agree to negotiate away all nuclear arms. What would be the result? Answer: a world made safe for conventional war. And what a conventional war. Conventional weapons today rival and surpass in destructive power the nuclear weapons of 20 or 30 years ago. And those conventional weapons are becoming more devastating every day. Furthermore, a conventional war involving the superpowers would not spare our homeland. The major American cities would suffer a devastation every bit as horrible as Hiroshima or Nagasaki. How long into a superpower conventional war before one side or the other would produce and deliver hydrogen bombs? A week? A day? After all, there would be an immense premium on being first. And let us not kid ourselves; treaty or no treaty, both sides would have the scientific know-how and the materials to put together nuclear weapons in a matter of hours.

So, Mr. President, arms control—across-the-board arms control—with no exemption for any variety of modern arms, nuclear or conventional, comprehensive arms control that would leave both sides with a credible deterrent, has become the prime prerequisite, the quintessential necessity of our time.

Mr. President, I ask unanimous consent that the editorial to which I referred from the May 14, New York Times, headlined "Arms Reaction and Reactionaries," be printed in the RECORD.

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

ARMS REACTION—AND REACTIONARIES

Newton's third law of motion finds a parallel in modern arms control: For every prospective reduction in one class of armaments there are inevitably increases in others.

Take the first strategic arms limitation treaty, SALT I of 1972. The treaty froze the number of Soviet and American missile launchers. But it did not limit the number of warheads to be carried on top of each missile. So both sides proceeded to increase them.

Take the SALT II treaty of 1979. It limited increases in ballistic missiles and ballistic missile warheads. But it did nothing to limit cruise missiles. Both sides started to deploy them by the thousands.

Now Moscow and Washington are nearing agreement on reducing medium-range and perhaps shorter-range missiles in Europe and Asia. Moscow could end up destroying some 2,000 weapons as against about 220 for Washington. That would still leave each side with over 4,000 nuclear weapons in Europe alone, and many thousands more elsewhere. Yet some European and American leaders and defense experts find that inadequate.

They have turned their inventive skills to ways of adding to the immediate European arsenal even while reductions are on the negotiating table. The Pentagon contemplates "compensatory" actions like stationing long-range B-52 bombers in Europe for the first time, and putting more nuclear-armed cruise missiles on submarines and positioning them near Europe.

Former Secretary of Defense Harold Brown described some of these ideas as "goofy." So is the underlying mentality. For arms control actions to be met with equal and opposite reactions is a tribute neither to Newton nor intelligence but to mindless reflex. Try modernizing F-111's already in Britain if something must be done.

THE REMARKABLE JOHNSON FAMILY OF RACINE, WI

Mr. PROXMIRE. Mr. President, last Friday's USA TODAY featured a story describing the remarkable Johnson family of Racine, WI.

The article traces the 101-year history of the highly successful Johnson Wax Co. and the enlightened generations of Johnson family members who have owned and directed it. The article describes the progressive labor-management record of the company. It points out that Johnson Wax was one of the first American companies to pioneer profit sharing and the 5-day, 40-hour work week. Almost unbelievably, the company has never laid anyone off and does not plan to do so anytime in the near future.

The article focuses on Sam Johnson, the current chairman and chief executive officer of the company. It points out his great love and commitment to his workers. It describes the down-to-Earth nature of Sam Johnson and the city of Racine. Sam Johnson's home phone number is in the local telephone directory and he drives himself to work everyday. He is quoted in the article as saying that anybody in Racine with a chauffeur would be drummed out of town.

Just think of that, Mr. President. According to Forbes' magazine, Sam Johnson is one of the 400 richest men in the United States and is worth over $600 million. This industrial giant drives his own car around town in Racine, WI. If only we could get more

of the status-seeking Federal bureaucrats to follow Sam Johnson's lead and give up their chauffeur-driven limousines!

The contributions of Sam Johnson and his family have so many facets that the excellent article in USA TODAY could only touch on a few. Those of us from Wisconsin know that Sam Johnson's father, Herbert, in 1937, commissioned Frank Lloyd Wright to produce three buildings, which are still hailed as some of the most interesting and innovative ever designed by that great architect. The article does not point out that the Johnson family turned one of those buildings into a convention center dedicated to improving our lives.

Clearly, Sam Johnson is helping to carry on a 100-year old family tradition which symbolizes the very best in progressive business activities in our Nation.

I ask unanimous consent that the article from USA TODAY be printed in the RECORD.

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

[From USA TODAY, June 19, 1987]

THE JOHNSON FAMILY STICKS TOGETHER

(By Mark Memmott)

RACINE, WIS.—When Sam Johnson decides to throw a party for his employees, he doesn't let little things like oceans get in his way.

That's why 230 Australians are coming to this quiet little city Saturday night.

Johnson wants to celebrate the 70th anniversary of S.C. Johnson & Son Inc.'s Australian operations. And when the 59-year-old chairman/CEO of the company that makes such household names as Johnson Wax, Edge shaving gel and Raid pesticides decides his employees deserve something special, they get it.

That's part of the attraction of being a successful private company with $2 billion in annual sales, says Johnson. With no shareholders watching his moves and no corporate raiders ready to pounce, he can have some fun.

"I don't have to be looking over my shoulder all the time to see who's eyeing my balance sheet," he says with a grin during a rare interview at Johnson Wax's headquarters here.

Founded 101 years ago by Samuel Curtis Johnson, the company everyone knows as Johnson Wax has evolved from a tiny marketer of parquet flooring into an 11,000-employee business with operations in 45 countries. And it has expanded its product line and businesses from the original Johnson's Prepared Paste Wax, which it started making in 1888 in response to floor buyers' requests, into an array that includes shampoos, industrial cleaners and a developing commercial extermination service.

At the company's 2-million-square-foot "Waxdale" plant in Racine, more than 400 products are produced.

Through all the growth and changes, the company has remained family owned and controlled. From S.C. Johnson, Sam Johnson's great-grandfather, it was passed on to Herbert Fisk Johnson Sr., Sam Johnson's grandfather. And from 1928 until 1966, when Sam Johnson became the president, control was in the hands of his father, Herbert Fisk Johnson Jr.

This month Sam Johnson plans to begin the process of selecting the next Johnson to run his company. All four of his children (Curt, 32; Helen, 30, Fisk, 29; and Winfred, 28) now work for Johnson Wax.

"I'll be working out a management succession plan for the board which will include my children," he says. "Hopefully, there will be a logical transition to the next generation." Passing the business on, Johnson says, "gives real meaning to what you're doing in your life's work." As to who might be tapped when he takes his final leave of the company in 10 years, "It's much too early."

Whoever succeeds him will have to work hard to match his record.

Johnson was the one who persuaded his father to branch out into products besides waxes and cleaners. The first foray: Raid House & Garden Bug Killer, introduced in 1956.

Now, the chairman says, Johnson Wax is diversified enough that "if we're put out of the floor wax business it isn't a major thing to us any more. I feel much more confident being diversified." An example of the strength the company gained by branching out: Edge alone, Johnson says, accounts for $300 million of the company's annual sales.

He's not shopping the diversification process. Last year's purchase of Miami-based "Bugs" Burger Bug Killers Inc., says Johnson, should help the company tap the services market. "Bugs" provides pest control services to restaurants, hotels, hospitals and cruise ships in 44 states.

"We see real growth prospects in providing services that use our products and technology," Johnson says. "Insecticides can obviously be transferred to such operations."

Of course, the company has managed to do pretty well with most of its more traditional home- and personal-care products. Smart marketing has been a key, says John Nevin, a business professor at the University of Wisconsin at Madison. One example: Gillette Co. hasn't been able to knock Edge out of its number one slot in the shaving foam/gel market.

"When they (Johnson Wax) knew Gillette would be coming out with a gel product to compete with them, they used some clever promotion techniques (a two-for-the-price-of-one offer on Edge) to take customers out of the market," Nevis says. "Then they put Edge through a crash redevelopment program and came out with an improved product just as their customers were coming back into the market."

There have been less successful marketing moves: Clean 'N Clear Floor Cleaner made its debut in 1982 in an opaque bottle. Customers mistakingly thought it was a polish.

Johnson hopes a pared-down organizational structure will reduce the likelihood of such goofs. "We had tended to double-up the number of people who needed to do things," he says. Attrition, he says has thinned out management.

But even if management gets thinner and the products keep diversifying, one policy remains constant at Johnson Wax: no layoffs.

The company has never laid anyone off and doesn't plan to do that any time soon.

"Some of the employees may interpret that as meaning they have a job for life no matter what they do, and that's not true," Johnson says. "But as long as the great bulk of people do their jobs, we can offer job security—even though we don't promise that," Johnson says.

Johnson says loyalty to his employees "began with my grandfather. He started profit-sharing, the five-day work week and the 40-hour week, all way in advance of most other companies."

He also has inherited a loyalty to Racine, and to maintaining an open relationship with its 85,000 residents. Johnson's home number is in the local phone book. "Jean (his wife) and I have always had a fetish about that," Johnson says.

And he drives himself to work. "Anybody in Racine with a chauffeur would be drummed out of town," he says. "I have never felt threatened by anything. We aren't like that in Racine."

Johnson half-jokingly says that celebrations like this week's trip by the Australians might be stretching his loyalty to employees.

They'll be entertained with parties, tours of the Racine facilities, and evenings at the homes of Johnson Wax employees, where they're expected to get a taste of backyard barbecuing. And before leaving the USA next Friday they'll spend two days touring Los Angeles.

But the visit sets up great expectations. Just as the Australians expected an invitation because 400 British employees were brought here in 1984 to celebrate their operation's 70th anniversary, Johnson knows milestones are approaching in most of Johnson Wax's 42 other non-USA operations.

Next up: the 70th anniversary, in 1990, of Johnson Wax's Canadian operations. That wouldn't cost the several million dollars that will be spent on the Australians but could still be rather expensive. "If business is lousy, we might not do the same thing," Johnson says, "but I would have a hard time not doing it."

Don't be surprised, however, if Johnson Wax does lavish more parties and trips on its employees in coming years. After all, this is a company that believes in tradition: It still uses the desks and chairs that Frank Lloyd Wright designed to complement the distinctive headquarters he built for Herbert Fisk Johnson Jr. in 1936.

And it's a company that believes in a family atmosphere. "We don't have any unions . . ." Sam Johnson says. "We are all Johnson people. We sit on the same side of the table and try to work our problems out ourselves."

JACK TROTTER, CONGRESSIONAL FELLOW

Mr. WARNER. Mr. President, I have been most fortunate since last November to have had Lt. Col. Jack Trotter, USA, an American Political Science Association congressional fellow, serve on my staff. He has made significant contributions during his time with us and is now about to leave for a new assignment. Because of his dedication, intellect, and commitment, I wanted to take a few moments to recognize his work.

As a professional, officer Jack brought a broad perspective to the Senate on a wide variety of issues, both in the defense and foreign affairs arena. As such, he was able to make an immediate contribution to the ongoing legislative work.

He played a key role with respect to the continuing developments on a

measure I introduced last year concerning our national security strategy. The administration submitted its first report on national security strategy of the United States early this year, while the Senate Armed Services Committee held an extensive series of hearings focusing on national strategy.

These hearings laid the foundation for subsequent formulation of our fiscal years 1988-89 defense authorization bill. Jack played a key role in maintaining an active liaison with the administration during work on its report and in providing a valuable perspective in application of this report during our hearings. All through this process, he displayed superb insight into the essential elements of our national strategy and the conduct of our national security affairs.

This month marks the 40th anniversary of the Marshall plan. Jack was a driving force behind a Presidential proclamation designating the month of June as "George C. Marshall Month." At the same time, his perseverance resulted in securing well over the requisite 50 signatures for consideration of Senate Joint Resolution 70 honoring the late Secretary of State, George Catlett Marshall, and the anniversary of his plan. This resolution was passed by the Senate on March 20 and ultimately signed by President Reagan on June 1 and is now Public Law 100-49.

Furthermore, Jack Trotter has played an important role with a host of veterans issues. His sensitivity, along with a keen appreciation for the consequence of these issues, contributed in a meaningful way to bettering the situation of the American vet. His experience provided a solid basis from which to take positive action.

Highly motivated, extremely intelligent, and clearly a self-starter, Jack quickly became an integral and invaluable member of my staff. He expresses himself extremely well both in written and verbal communication, and is a consistent source of reliable and well-conceived advice.

His recommendations were always well-founded and reflected a genuine intellectual maturity. He is highly respected by all with whom he has associated and is liked equally well. His accomplishments are indicative of a persevering and authentic dedication, both to duty and to our Nation. I am extremely appreciative for the many contributions he made while a part of my staff. His leaving will, unfortunately, leave a void that will be difficult to fill.

As the colonel moves on to a new challenge, I would like to again express my sincere appreciation for his outstanding service. I wish him the very best for his future.

TRIBUTE TO OLIVE BEHRENDT

Mr. WILSON. Mr. President, Olive Behrendt died on Thursday, May 28th. Fittingly, this renaissance woman ended her life in Venice, a city steeped in historical and artistic riches. Mrs. Behrendt was a familiar face in classical Italy. But then, she was at home on several continents, in the Hollywood Bowl as much as on the Grand Canal. She counted among her friends many of the world's most celebrated musicians, along with movie stars and other artists of the first rank. But, first and always, Olive Behrendt was a friend to all Los Angeles.

The daughter of a clothier father and a Russian immigrant mother, she was raised in an atmosphere of continental refinement. Her family spoke French at home, and Olive herself learned four languages in furtherance of the promising career as an operatic soprano which she gave up for marriage and philanthropy. In 1939, she wed Los Angeles insurance executive George W. Behrendt. Instead of becoming an opera star, she became a modern Medici, a patron of the arts who functined simultaneously and brilliantly as a businesswoman, fundraiser, and philanthropist.

She was a mainstay of the Los Angeles Philharmonic Association, Plaza de la Raza, the Norton Simon Museum, and the Founders of the Music Center. Not content just to promote life's finer things, this wonderfully warm and caring woman promoted life itself, both in her early work on behalf of what were then two separate hospitals, Cedars of Lebanon and Mount Sinai, and later in her life as a generous benefactress to a Catholic Orphanage in far-off Salzburg, Austria. On top of everything else, Mrs. Behrendt was an accomplished horsewoman, a jazz accompanist to no less than Jascha Heifetz, and the first and only woman in Venice to have her own powerboat license.

Of course, in recalling Olive's many contributions, we can hardly overlook the Music Center of Los Angeles County that was among her life's great passions. For 30 years, she polished this brightest jewel in the cultural crown of southern California. Her achievement ranks second only to that of Dorothy Chandler, her close friend.

It came as no surprise that when Buff Chandler was looking about for kindred spirits to share her dream of a cultural hub for the City of Angels, Olive Behrendt was one of the first people to which she turned. For Olive knew that the most sophisticated artistry depended in large part on some pretty basic arithmetic. Because she gave so much of herself, she was ideally suited to solicit support from others.

So many and so great were her contributions to Los Angeles that she won recognition by the Los Angeles Times as Woman of the Year.

Mrs. Behrendt never fully realized her early operatic ambitions. But her place in the artistic community is assured. Her stage grew to worldwide proportions. Through a crowded life, her virtuoso performance never wavered, her energy never flagged. Her enthusiasm and zest for life at 72 was no less than that of the UCLA voice major she was just a few quick decades ago.

She will be remembered deservedly, by friends and by the city she loved and gave so much, with pride, with love and with profound gratitute, for as long as composers set emotions to music and musicians play with love in their hearts.

BOISE MAYOR DIRK KEMPTHORNE'S NEW VISION FOR THE FUTURE

Mr. SYMMS. Mr. President, it is always refreshing and exciting to see new leaders emerge in the public sector. That is what is happening in the capitol city of my State, Boise, ID.

Dirk Kempthorne was elected mayor of Boise in November 1985. Since then, the people of the "city of trees" have enjoyed and admired their new mayor's youthful vigor, enthusiasm, dedication, leadership and unending vision.

Despite Idaho's economic difficulties due to its natural resource-based economy so heavily reliant on agriculture, timber, and mining, Boise is a city on the move with a dynamic mayor leading the charge for economic development and prosperity.

An article and interview in a recent Boise magazine highlights Mayor Dirk Kempthorne's style and accomplishments. Mayor Kempthorne is a real credit to my State, and I am pleased to share this article with my colleagues and ask that it be printed in the RECORD.

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

BOISE'S BIGGEST BOOSTER

(By Larry Munden)

The office of Mayor is an ancient and venerable one. Even in small towns, it carries a degree of prestige and is given its rightful honors in local parades and celebrations—even if the Mayor is also the local barber. In a city the size of Boise, of course, the Mayor's job is a full-time and very active one which has considerable impact on the way the City of Trees operates.

In Boise's case, too, most of us know the Mayor primarily from brief appearances in television news coverage or from articles in the newspaper reporting immdiate events. I was pleased, therefore, to have an opportunity to interview Mayor Dirk Kempthorne, to give him a chance to talk about some of the larger issues that he feels are important to Boise, about his hopes and aspirations for our city, about the way he approaches the

job in order to accomplish the things he believes are important. I looked forward, as well, to the opportunity to catch at least a glimpse of the personal side of the city's major public figure.

I approached the interview, I must say, with very little preconception of the Mayor as an individual or of what he would have to say—but with some anticipation that all of us could take this chance to become a little better acquainted with him. My anticipation was amply rewarded by finding that I enjoyed talking with him, found him to be very approachable on most issues. And, perhaps most important, I came away believing that here is a Mayor whose enthusiasm for his city is genuine. In Dirk Kempthorne we appear to have a Mayor who is committed to his job, and who sees his own success in that job as being intimately linked with the success of Boise.

Indeed, for a transplanted Idahoan who was born in California and grew up in Spokane, he appears to be very taken with his adopted state and particularly with the capital city for which he is now the chief elected official.

For those of us who live in the City of Trees, the Mayor is the one elected official who has the greatest influence on the daily progression of our lives in the community. It seems well worth the effort to spend more time getting to know his thoughts about our city, the issues that face it, and his ideas for its future. Downtown redevelopment, city finance, and the administration of city government will be with us for a long time. Mayor Kempthorne's willingness to address these issues not only helps us become better acquainted with him, it helps make us feel more a part of what's happening in our city.

And what's happening appears to be good. When Mayor Kempthorne speaks of Boise's future, his enthusiasm comes through loud and clear. When he remarks that ". . . in Boise, we are still about to happen as a great city. Our brightest days are ahead!" There's no doubt that he means it.

But his enthusiasm isn't just strongly apparent—it's also highly contagious. You get the feeling that his comments reflect a new spirit of hope and optimism which seems to be taking root in the City of Trees. Mayor Kempthorne may be Boise's chief official booster, but he also appears to be confident that he has the support of a newly united community behind him as he takes on this welcome role.

Are you enjoying being the Mayor?

I find it an exhilarating challenge. I can't say that it's fun job, because there are so many times when there are crises, but overall I would say that it is an exciting office to be in. I also feel that we're making progress and so, yes. I'm pleased with being able to attain and maintain the office.

A lot of things represented real problems when you came into office. What have you found to be the biggest problems you've had to face so far?

There were some very tangible things. For example, this was the first year that this city—and every city across the country—had to put together a budget that did not contain federal revenue sharing. That was about $1.3 million worth of funds to Boise and—with a tight budget anyway—to have to put together a budget that didn't include that $1.3 million was a difficult task.

Developing a new working relationship with the state legislature I felt was important as well, and I think that we got off to the right start. The day after taking office I addressed the state Senate. I brought them words of welcome from Boiseans and simply told them we were delighted that they were here, acknowledging that they personally spend one or two million dollars every sixty to ninety days while they're here during the legislative session.

I also emphasized that this is the capital for all of Idaho; I don't think that they had heard that message for a while. And, because of that, I think they helped us with our efforts to expand the BRA, whereas the year before their mood was to abolish it. Also, a significant bill—House Bill 754—was passed, which for the first time since the 1% Initiative gave an incentive for new growth and annexation to occur.

This was also the year that our contracts with the police and firefighters expired. Anytime you have two major union contracts expiring in the same year, you're going to have to really spend a great deal of time on them. We have now separated those contracts so that they'll expire in different years, and I believe that will be to the benefit of both the unions and the city. Also, we will negotiate prior to the budget-setting process instead of after it. It's difficult to negotiate when you've already set your budget?

The fiscal administration seems to be the guts of this job, so to speak. We've been through a number of years in which things always seem to be up in the air each time the budget process rolls around. Do you think the fiscal situation has stabilized somewhat?

I don't know that it will be stabilizing. We will endeavor now to establish some long-range plans but, again, with each legislative session there are bills that can either add revenue to the community or detract revenue from the community. There are a number of imponderables at times. Also, what will the growth rate be?

That's why we're embarking on an aggressive economic development program—so that, to the extent possible, we can generate additional revenue right here at home through an expanded tax base, by bringing new business in, and ensuring that existing businesses can succeed, can prosper, can expand. Most of your new growth in a community, probably 80 percent of it, comes from your existing businesses just expanding.

Soon, for the first time in Boise's history, we will have an economic development director. That person's sole mission will be to work with both existing businesses and to help coordinate and enhance the efforts of the Chamber, the Economic Development Council, the Idaho Company, and all these other efforts working on economic development so that City Hall plays its legitimate role as well.

What do you see that role as being?

Well, for many of these manufacturers and potential companies that have come into town, one of the things they want to know is, "What is the attitude of your local government? Will we be welcome? Will it be a difficult process to try to get through planning and zoning to get a building permit and to understand the ordinances that apply?" In some communities those things may take six months; in others less than a month. We want to be one of those communities where the effort is reasonable, and is streamlined to the extent possible so that when they do come in and talk they find there is a welcome mat out in City Hall.

You see your administration, then, as being growth-oriented,

Yes, very much.

That's a high priority?

It is. Growth that is directed, and growth that will enhance the quality of life that we have. I'm especially interested in those companies and corporations that are attracted to Boise because of our quality of life. I like to see that they appreciate it, and to hear them say they believe this would be a nice place to live.

When I know that that's their attitude, then I feel they would be good citizens who would want to contribute and be a part of maintaining and enhancing that quality of life. On the other hand, if it's a company that doesn't seem to care where it locates its people and if quality of life doesn't seem to be a key issue, then I'm a little less anxious to go the extra mile to help them. There are times when that can be a net drain on the community.

You see quality of life as being Boise's major selling point?

I think it's one of our top selling points, but I also think that one of the things we have going for us is the community itself, the people.

I've had occasion to do some travelling since taking office, and on those occasions have met some governors of other states. When it's mentioned that I'm from Boise, Idaho, they immediately reflect upon the grand treatment they had here last year at the National Governors' Conference. And the Wally Byam people I talk to—many of whom have taken their trailers to these events every year for the past twenty-five years—say that Boise sticks out as one of the finest rallies they've ever had. And that was because—whether it was in grocery stores, restaurants, or retail stores—everybody made them feel special and welcome.

With that sort of community, what we want to do now is put in place the physical structure downtown that matches the greatness of its people. Then I think we're going to have truly the bright spot in the Pacific Northwest.

Speaking of new physical structures downtown, you must be pleased with the results of the election on the Greater Boise Auditorium District, and with the strength of the vote to retain the District.

Oh, I am, and I feel that this is a real reflection of the progress made in the past year. Had that vote been taken a year or two years ago, I don't think it would have succeeded. But now I think that people are sensing and they're seeing the momentum and the new progress that's happening, and they want to see that continue.

How will the new Convention Center help market Boise?

We believe that if we can bring a variety of people to Boise and let them see what we have here—both in terms of physical attributes as well as the people—we can't help but impress them. And we need to have an additional tool to allow us to bring more people in.

Tourism can become one of our leading industries. It's clean, those who visit pay the local sales tax and room tax, and then they go home. I think that we have to become aggressive in tourism, and that's why we need to have the Convention Center here in the capital city.

Now that it appears that one or more malls are actually going to be built in Boise outside of the downtown area, do you feel the BRA has adapted to the change in direction as to what's going to happen downtown?

I believe that the BRA has adapted to the new mixed-use approach. I think it was significant that, in our expansion of that agency, we now have two City Council members who are directly involved in the redevelopment process—Councilman Ron Twilegar and Councilwoman Sara Baker. In fact, Ron Twilegar is now the cochairman for the BRA.

With the malls, the thing that these national retailers needed to hear was that we were no longer going to try a government solution that dictated where they would locate. That's why I went to Seattle and New York and met with the presidents of the major retail stores and just said, "I'm here to tell you that we want you in Boise, Idaho; that it is a market that has been waiting some years for your arrival; and that we will allow the marketplace to determine where the location should be, because you have the sophisticated market studies and analyses. You know what location will allow you to prosper, and we just want to see a regional mall that will prosper because that will be good for this entire region."

One executive in New York said that he never thought he would hear the day when the Mayor of Boise was sitting in his office saying, "The welcome mat is out; please come to Boise." I believe that we have made significant progress.

You mention the new mixed-use concept for downtown. Can you expand on that a bit? What do you see happening first in terms of mixed-use development downtown?

There's a saying that "Retail always follows." I don't expect to see a great amount of square footage of retail to happen first, or to be the lead in attracting the office space. I think we'll see the office space become a reality first, and perhaps within the same time period we can get the Convention Center construction in place. Then, with those as anchors, I think that retail will then want to come in and provide the services and the goods for those individuals in the downtown area. The other activities would just begin to fall into place.

It's hard for me to tell you what will be the first items, because really we're trying to encourage the marketplace to work. As entrepreneurs and business folks out there determine that they can succeed in the downtown environment, I think they'll make the decision to stay.

Peterson Motors, for example, recently made an announcement that they will invest $200,000 to expand their current property on Main Street. They believe that Boise has now made a strong commitment to its downtown, and is moving forward, so they're going to be part of it. Their decision is one very positive signal that here is a downtown business which is willing to invest and stay in the downtown area. The Bon Marche is putting $250,000 into their downtown store as well, so I think that—in addition to some of the vacant lots where we'll see construction occurring—we will also see existing businesses make new investments.

How will the development of one or more regional malls, and what's happening downtown, affect local businesses?

I think it will be very positive, using as just one example the fact that Westgate was recently purchased by an out-of-state concern. There were people who thought that Price's Westpark development would have a very detrimental effect on Westgate because they're so close, and assumed all the customers would be drawn from Westgate to the new mall. But one of the key reasons the new investors gave for purchasing Westgate was that they wanted to be close to the Westpark shopping area—they see it as a real plus. So I think that, as we see things begin to develop and occur, it's going to help each business that's already here.

When the group of architects came to town for four days for the R/UDAT study to examine downtown and make suggestions, I happened to attend one of the meetings which involved several of the local merchants in a round-table discussion. One of the members of the R/UDAT team asked one of the businessmen, "Who is our competition?" The merchant responded that it was the fellow sitting across the table. That person in turn referenced the person sitting next to him, and they generally identified one another as the competition.

The R/UDAT team member than emphasized that they must realize that their competition was not one another, but rather Salt Lake City and Denver and Seattle and San Francisco and Portland. By working together collectively, he said, the merchants could help establish the image and perception among Boiseans that, "You can find whatever you're looking for in Boise." They would begin to capture these important business dollars, which will stay right here in Boise instead of flowing to other regions.

The city exists within the county. There were some obvious rough spots in the relations between the two about the time you came into office. Do you feel that Boise City and Ada County have achieved, or are working to achieve, a better working relationship?

I do, definitely. The County Commissioners' offices are on the same floor as my own—they're really just down the hall. In the past there was a lot of discussion about who owed who and how much it should be and whether or not the cost should be increased. We now have signed working agreements—contracts signed by both sides—on things such as the maintenance and utilization of the Law Enforcement Building, record-keeping, dispatch services, the mail services, and so on. Now we know for two years what the numbers will be under that agreement.

Where is Boise at in terms of the services it provides? Are we about where we should be? Are there things you would like to see the City doing that it's not able to do given the current fiscal situation?

We are not in an expansion mode where we can provide more services, so we want to hold the line so that we're not cutting back on services.

What we've been having to do is not expand, but try to maintain the assets that the City currently has. Since about 1979 the work force of the City has actually declined by about 23 percent, although the population has been increasing. We're doing more, therefore, with fewer people.

What about personal goals that you brought to the job? What would you like to accomplish during your administration?

I would like to be able to look back and see that I was part of the change and the progress that will have led to new construction, where people will see the tangible evidence that a new downtown is certainly underway, that there are new facilities for them to visit and enjoy, that a new vibrancy has been brought downtown. And also that they can go for good retail shopping in a regional mall that will be the flagship of malls for the entire Northwest area, a mall that we're proud to show off. We've talked about it for a number of years, but I'd like to look back on it as becoming a reality.

I'd like, too, as an administrator to bring principles to City Hall so that it is smooth in operation and so that financial forecasting and the budget-setting process is accurate and fair and aggressive in trying to provide service to community members at the least tax dollars possible.

And I'd like for City employees to be happy working here, to think it's a good place to work, and to have the community recognize that they're a good work force.

Going back to the malls for just a minute, and your hopes for them, do you see either or both of the currently proposed malls as satisfying your description as a "flagship" kind of facility for the Northwest?

I do. When I was in Seattle I spoke to the president of the Bon Marche, who incidentally was manager of the local Boise store when the escalators were put in—he's very proud of that fact it was state-of-the-art at that time. He has a special fondness for Boise and, in discussing what the new Bon Marche store will look like in the mall, he said that it will be something all of us will be proud of because it will be upscale and upbeat. He said that it will be top-of-the-line in the Bon Marche line.

I could sense as I spoke to these different retailers that they're ready to make a statement through their interior design that this is an ideal facility for their marketplace, that it's going to be beautiful, it's going to offer the variety of goods that we want, and it may lead to additional retail stores that will address a different segment of the market.

I think what's important is that, because of our current spending patterns—and this was pointed out to me by the president of the Allied Stores—our per capita retail sales are the lowest of any community of our size in the United States. That's because a lot of retail money is going to Salt Lake City and Portland and Seattle and San Francisco. We need to change those spending habits, which a new regional mall will do, and once the spending habits have been changed and the numbers improve then the other retailers will take a look at this market and say, "it looks as though the time is arriving when we too can do well in Boise."

On a personal note, how has your family been affected by you being the Mayor?

Well, it has been a new experience for all of us in the family. This is my first time in public life. I have a very, very supportive and loving wife. Before we got into this, as we were just discussing whether or not to seek the office, we came to the agreement that the first priorty for Patricia is to be Mom to the children. They're young—five and seven year old—and we want to make sure there's no deterioration of the home front.

We have some good very good quality time together with the kids and, in fact, in some of my official capacities I will take the children with me. At the Miss Boise Pageant, for example, my date was my daughter Heather. She really enjoyed seeing these girls and their performances, and she was cheering for Amber—who ultimately won. During the National Cycling Championships in town this summer I took Jeff with me (who is five), and we got to get in a police car and follow the bicyclists on their route, and that was pretty special for him.

We try to make it so they're comfortable with it. I guess they're young enough, too, that it really doesn't faze them. If they see Dad on the news they'd still just as soon turn it and watch some cartoons.

You're obviously very up on Boise. As you've gained some exposure as Mayor in your travels, how does Boise stack up with other cities of comparable size? In terms of the problems we face, how we're dealing with them, where are we at?

When I attended a conference of mayors of cities of comparable size, I found that there certainly are some similarities of things that we're all contending with, but I found too that there are some significant issues that they're having to deal with that Boise isn't.

I think that probably overall in Boise we are still about to happen as a great city. Our brightest days are ahead. Some of these communities, however, are wondering whether their future is bright, because of dilemmas such as congestion that they're facing, the transportation problems and some of the people problems they're having to deal with. I think when we inventory all that we have going for us, and then match that with the type of people we have here—which is an involved group of people—if we continue moving in the same direction, there's no stopping us in becoming a truly great city!

Are you Boise's biggest booster right now? Do you like that role?

Yes, I am. And I do like that role. It's a natural role for me to play because I don't have to go from script. It's something that I believe, something that I can just speak to at a moment's notice. But what's so interesting to me is that when I'm in a gathering of people and we begin to talk about Boise, it's so contagious. So much of my material about the positive things that we have to offer comes from these people who just tell me their own observations. It's easy for me to be a salesman and a booster for Boise, because I believe in Boise.

If you had the power to give Boise one thing, or to change one thing about Boise, what would that one thing be?

I would say that it would be that we continue on the course we are now on, that we could see the reality of the new highrise that will be built, of the Convention Center that will be built, that we can see mixed-use development occurring downtown. And that the talk and the studies will be over, and that Boise's new day has arrived.

The reason that I don't use this wish to say that everything would just appear overnight is that I think that Boiseans want to experience the feeling and the sense of excitement that will come from seeing the cranes in place, and seeing the buildings rise from one story to three and then pretty soon to seven—to see the step-by-step process so that they can sense that they're a part of this new era that Boise's entering into. They deserve it; they've earned it.

The growing itself is part of what it's all about?

That's right.

Looking back over the past year, then, you're pleased?

Yeah, I am.

Looking back, if the day I took office someone had handed me a list of the things I would be confronted with, it would have been staggering. It was just a year, though, that a number of firsts had to happen no matter who was sitting in this office. The fact that we have dealt with every major issue, and are moving forward, I feel very good about.

IDAHO'S JERRY RUDD OF ALBERTSONS INC., OPPOSES MANDATED BENEFITS

Mr. SYMMS. Mr. President, nothing epitomizes the dramatic shift in the legislative priorities of this year's Senate more than the initiatives underway to mandate certain employer provided benefits.

Even those among us who have been at the forefront of designing and enacting massive Government programs have reluctantly come to recognize that the Federal deficit has to be addressed and that the cost of Government must be controlled.

But instead of shelving the plans for bigger and more inclusive social programs, Congress' aim now is to require private sector employees to shoulder the massive costs of these expanded programs.

Such an approach is a roadmap to economic disaster for the working people of this country who depend on private sector employers for much-needed jobs.

I was delighted to learn of a dicussion of the adverse impact of these legislative initiatives delivered by Gerald R. Rudd, senior vice president of human resources of Albertsons Inc., which is headquartered in Boise, ID.

Mr. Rudd's remarks, delivered to the Food Manufacturers Institute annual convention on May 5, are right on target. I urge each of my colleagues to study Jerry Rudd's remarks and take heed of the consequences which such legislation would impose on those who are at the forefront in providing for jobs for American workers. I ask that Mr. Rudd's remarks be printed in the RECORD.

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

FMI ANNUAL CONVENTION—MANDATED BENEFITS WORKSHOP

(By Gerald R. Rudd)

Welcome to our workshop on mandated benefits. In the spirit or equal opportunity, I wanted to come up with some description a little less chauvinistic than "MANdated," such as PERSONdated or UNIdated benefits, but it didn't seem to carry the same clout as mandated benefits, so we'll stick with that term which by now seems to be universally accepted in the Congress anyway.

To the uninitiated among you, the term "mandated benefits" is a "catch phrase" for all the good things that the newly elected Democratic Congress would like to give the American electorate as a post-election year bonus, but can't afford to on their own. So, they've tumbled onto a new system: They simply pass a law mandating that you, the American employer, provide the new benefit for them—(your employees) . . . at your cost, on the "trickle-down theory" that the cost will be passed on to the American consumer, who will be forced to pay for the new benefit through increased prices on food, automobiles, TV's, etc. So, what we really have is a socio/political/economic phenomenon: The financing of a public sector social agenda through the mechanisms of the private sector. In effect, a giant sales tax on consumers, even though most of the sponsors would denounce the sales-tax approach as regressive, falling most heavily on the consumers who are least able to afford it.

Now, irrespective of how you feel about the substance of that social agenda, I think we have to be concerned about the ability of American industry—increasingly imperiled by the severity of foreign competition, the threat of renewed inflationary pressures, and the displacement of American workers by the exportation of jobs to countries with lower labor costs—to function as that vehicle without foundering on its own generosity. And, I suggest that it is terribly dangerous, and irresponsible, for Congress to expiate its sense of political obligation, by adding more and more burdens on the backs of employers, ignoring the fact that all of these burdens simply become a direct cost of production, which must either be recovered in increases in prices, or productivity, which seems an ever-more elusive target.

I think it's important in understanding this legislative agenda, to understand the political mindset behind it. This mindset is premised on the fact that the system of private employee benefits has been an enormously successful mechanism for enhancing the conservative political agenda:

It has diminished the attractiveness of state control, by providing an extremely important program of benefits to the American working people without the intervention of government;

It has contributed very significantly to the decline of interest in unions—which now represent the lowest percent of the American work force in 50 years. The lastest figures show that organized labor now represents approximately 18 percent of the total American work force, versus 24 percent in 1950.

It has been the primary vehicle for developing support and loyalty of the American work force to their employers, rather than to either the federal government or the unions, and has generally been the source of stability and harmony in the work force.

Consequently, the liberals in Congress would like to undercut the effectiveness of this private system, by deprivatizing it, and turning it into a semi-public mechanism which they can control and use for their own purposes.

Unfortunately, desire met with opportunity through two developments which basically threw a lighted match on a well-laid fire:

1. A set of changing demographics which focuses on the workplace as the arena for social change:

(A) The emergence of the second generation of the baby boom.

(B) The transition of a production-oriented economy to a service-oriented economy.

(C) The emerging role of women in the workplace—the development of the feminist movement.

(D) The graying of America; people living longer and staying in the work force longer.

(E) The increasing portability of American workers—the great migration of industry from the industrial states of the Northeast to the nonunion South and West; and . . .

(F) The development of a part-time work force.

2. With . . . the deficit, which confronted Congress with a situation which made it very difficult to continue to pass on increases in deficit spending, or tax increases, to the American public.

The confluence of these two developments resulted in a program of legislative proposals designed to implement the social welfare agenda through a shift from the public to the private sector:

(A) The Family and Medical Leave Act of 1987 which would mandate all firms with 15 or more employees:

To grant 18 weeks of unpaid parental leave within any two-year period for the birth or adoption of an employee's child;

And 26 weeks of unpaid disability leave for the employee within one-year period;

It would guarantee reemployment of the leave-taker to the same or similar position, and continue all health-and-welfare benefits for the employee during the entire period of their absence, at the cost of the employer.

In addition, it would establish a commission to recommend ways in which leave paid by the employer could be implemented in the near future.

FMI opposes this legislation because at the very least it would jeopardize other benefits which may better suit your employees' needs, which would have to be curtailed if we have to come up with the cost of paying for an unwanted and unneeded leave program . . . and at its worst would add another layer of cost onto an already extravagant program of employee benefits.

(B) Another item on the mandated benefits agenda is the Kennedy Bill for Minimum Health Care Coverage. This would provide a minimum schedule of health-and-welfare benefits for all employees working over 17½ hours per week, and we oppose it for basically the same reasons that we oppose the Family Medical Leave Program. Most employers in the food industry already pay medical benefits to their employees, and having to comply with a specific schedule of benefits imposed by Congress would simply limit our ability to fashion a medical program which would be most responsive to the needs of our own unique work force.

(C) In addition to these benefits, Congress has proposed to add a Catastrophic Health Care Coverage Provision to the Medicare Bill, which would require employers who already offer health care coverage to their employees to include an additional catastrophic coverage benefit in their programs.

It would also require the establishment of state health risk pools, funded by employers, to provide coverage for persons not covered by private employer health plans.

Closely related to this Bill, is a proposal to require employers to provide guaranteed health coverage to their retired employees, at full employer cost, and to further require that retiree health and welfare benefits be pre-funded.

(D) One of the most controversial pieces of legislation to be proposed in the new Congress is that of Plant Closing legislation. This would require an employer to give advance notice of closing of a plant or other commercial facility to their employees, their union representatives, and to members of local government. If the employer has over 500 employees, he would be required to give 180-days' notice; between 100 and 500 employees, 120-days' notice; and, less than 100 employees, 90-days' notice. The problem with this legislation, of course, is that it just doesn't apply in any realistic sense to the supermarket industry. The legislation was designed to remedy a problem found in manufacturing facilities in declining industries, where plants are permanently closed, displacing hundreds of thousands of employees, with no other alternatives.

Food stores are simply not in this category; we are a job-producing industry. Smaller, older stores are closed, and larger ones are built, which increases employment, on almost a daily basis. The Bureau of Labor Statistics reports that in 1975, 1.8 million people were working in grocery stores; in 1980, there were over 2.1 million; and, in 1985, 2.4 million. In fact, stores are more often sold to a different operator rather than closed, in our industry. Faced with the costly burden of losing money for months during a notification period, a grocer may become less willing to take a gamble on expanding to new markets. Legislation which would require prior notice of plant or store closing would stifle one of the most important facets of the food-distribution industry, the constant change and innovation which makes our industry so dynamic and exciting.

(E) Another benefit which may not fit precisely under the definition of mandated benefits, but which certainly falls in the area of increased government intervention, is the Kennedy-Hawkins proposal to increase the minimum wage rate from its present $3.35 an hour to $4.65 an hour in three steps, by 1990, and index it to 50% of the average weekly wage thereafter.

The problem with this, as FMI sees it, is that the wage increase may help those who are able to keep their jobs, but even a modest 10% increase—and this is approximately a 39% increase—would push hundreds of thousands of minimum-wage earners out of the job market and into the "non-working and poor" category.

An argument frequently used to support the concept of a higher minimum wage is that the minimum-wage earner stands as the sole breadwinner of the family, toiling 8 hours a day to eke out a meager living for his wife and children. To the contrary, however, demographic research done in 1980 by the Minimum Wage Commission found that most minimum-wage earners were single, without dependents, and living in mid- to upper-income families. Only 1 in 10 headed a family with a poverty-level income. More than 3 out of 4 lived in households with incomes at least 50% above the poverty line. Thus, the lion's share of the new money would flow to middle-income families, perhaps even widening the gap between upper- and lower-income people.

The minimum wage increase would be most harmful to two groups:

Marginal employers; and,

Marginal employees.

It would contribute heavily to inflation. It would reduce productivity. And, as the New York Times said in an editorial on January 14, 1987, "there is a virtual concensus among economists that the minimum wage is an idea whose time has past."

This is a brief over-view of the subject of "Mandated Benefits."

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. 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. If there is no further morning business, morning business is closed.

Under the previous order, the majority leader is recognized to call up the conference report on the budget resolution.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEARS 1988, 1989, AND 1990—CONFERENCE REPORT

Mr. BYRD. Mr. President, I submit a report of the committee of conference on House Concurrent Resolution 93 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill concurrent resolution (H. Con. Res. 93) setting forth the congressional budget for the United States Government for fiscal years 1988, 1989, and 1990, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of June 22, 1987.)

Mr. BYRD. Mr. President, I believe the time on the resolution is equally divided and controlled by the two leaders or their designees.

The PRESIDING OFFICER. That is correct.

Mr. BYRD. I yield the time on my side to the control of Mr. CHILES, with the exception of 1 hour, which I shall retain for my own control for the time being.

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

Mr. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time be equally divided between both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. 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 Senator is recognized.

Mr. CHILES. Mr. President, I have a series of unanimous-consent agreements which I will pose.

Mr. President. I ask unanimous consent that members of the staff of the Committee on the Budget and its members be allowed to remain on the floor during consideration of House Concurrent Resolution 93. I send to the desk a list of those staff members.

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

STAFF OF THE COMMITTEE ON THE BUDGET REGULAR FLOOR PRIVILEGES

MAJORITY STAFF

Dennis Beal, *Rick Brandon, Jim Carr, Barbara Chow, *Alan Cohen, Jeff Colman, Douglas Cook, *Bill Dauster, Kathy Deignan, Randy DeValk, Anne Durgin, Lisa Faulkner, John Hilley, Steve Hornburg, *Mark Logan, *Doug Olin, Kate Sparks, James Stasny, Kim Wallace, Dave Williams.

MINORITY STAFF

Bruce Blanton, Hal Brayman, Michael Carozza, Dick Doyle, Charlie Flickner, Gail Fosler, Carol Hartwell, *Bill Hoagland, Bill Hughes, Rob Johnson, Carole McGuire, Anne Miller, Michelle Mrdeza, *Nell Payne, Austin Smythe.

NONDESIGNATED

Wendy Counihan, *Sue Nelson.

*These individuals have privileges to be admitted without pass under a previous letter to the Sergeant at Arms.

FIFTEEN MINUTE FLOOR PRVILEGES

Margaret Baker, Lisa Bartko, Liz Beall, Michelle Edwards, Mary Jo Gillen, Noreen Kelly, Kathy Kovac, Susan Latham, Fletcher Martin.

Francine Nelson, Angeline Nicholas, Laura O'Shea, Vanessa Palmer, Richard Rasmussen, Patricia Smith, Beth Strader, Maggie Taylor.

STAFF MEMBERS—SENATOR ON WHOSE BEHALF REQUEST IS MADE

Barry Strumpf, Senator Hollings.
Laura Hudson, Senator Johnston.
Lance Simmens, Senator Sasser.
Joan Huffer, Senator Riegle.
Chris McLean, Senator Exon.
Mitchell Ostrer, Senator Lautenberg.
Tom Stubbs, Senator Simon.
David Poisson, Senator Sanford.
Neil Fiske, Senator Wirth.
Bill Johnstone, Senator Fowler.
Mary Eccles, Senator Conrad.
Jeff Anders, Senator Dodd.
Tony Coppolino, Senator Armstrong.
Valerie Baldwin, Senator Kassebaum.
Barbara Thompson, Senator Boschwitz.
Joe Cobb, Senator Symms.
Kris Kolesnik, Senator Grassley.
Cesar Conda, Senator Kasten.
Dave Juday, Senator Quayle.
Tom Dwyer, Senator Danforth.
Hal Lewis, Senator Nickles.
Rachel Sotsky, Senator Rudman.

Mr. CHILES. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of House Concurrent Resolution 93.

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

Mr. CHILES. Mr. President, there are some typographical errors in the print of the conference report on House Concurrent Resolution 93.

I ask unanimous consent that the following list of corrections and explanatory note be printed in the RECORD and that the errata sheet be printed and distributed with the conference report.

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

ERRATA

On page 11, section (21)(A), line 15 (Fiscal Year 1990), change "$37,150,000,000" to "−$37,150,000,000".

On page 11, section (21)(A), line 16 (Fiscal Year 1990), change "$37,150,000,000" to "−$37,150,000,000".

On page 11, section (21)(B), line 2 (Fiscal Year 1988), change "$14,650,000,000" to "−$14,650,000,000".

On page 11, section (21)(B), line 3 (Fiscal Year 1988), change "$14,650,000,000" to "−$14,650,000,000".

On page 11, section (21)(B), line 8 (Fiscal Year 1989), change "$18,150,000,000" to "−$18,150,000,000".

On page 11, section (21)(B), line 9 (Fiscal Year 1989), change "$18,150,000,000" to "−$18,150,000,000".

On page 11, section (21)(B), line 14 (Fiscal Year 1990), change "$32,350,000,000" to "−$32,350,000,000".

On page 11, section (21)(B), line 15 (Fiscal Year 1990), change "$32,350,000,000" to "−$32,350,000,000".

On page 29, Function 700, line 7 (House-passed LG), change "30[.40" to "30.40".

On page 30, chart on Reconciliation in Conference Agreement by House Committee, line 5 (Contributions: CON), change "−0.788 −0.788" to "0.788 0.788".

On page 31, line 5 of continued chart (Contributions: REA prepayment: CON), change "−0.788 −0.788" to "0.788 0.788".

On page 32, line 12 of continued chart (Total, Post Office and Civil Service: BA), change "−5,105" to "−5.105".

On page 35, paragraph 4, line 8, change "Committee to "Committees".

On page 37, paragraph 1, line 4, change "loan" to "loans".

On page 38, line 3, change "othewise" to "otherwise".

On page 38, section on Sense of Senate on Income Tax Rates, line 2, change "underlaying" to "underlying".

On page 39, paragraph 1, line 4, change "32" to "3".

On page 39, paragraph 4, line 1, change "bne" to "be".

On page 39, after paragraph 5, insert the heading "FUNCTION 500".

On page 40, paragraph 3, line 2, change "code" to "cope".

NOTE

In addition to the printing errors noted above, the conference report agreed to states "$788,000,000" where it should state "−$788,000,000" in the reconciliation instructions to the Agriculture Committees on page 12, paragraph (b), line 10; on page 12, paragraph (b), line 12; on page 14, paragraph (k), line 10; and on page 14, paragraph (k), line 11. The Agriculture Committees will be held harmless for the contributions that this error instructs them to realize in the out-years.

Mr. CHILES. Mr. President, I ask unanimous consent that the joint explanatory statement of the committee of conference be included in the RECORD at the conclusion of these remarks.

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

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 93) setting forth the congressional budget for the United States Government for the fiscal years 1988, 1989, and 1990, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

EXPLANATION OF CONFERENCE AGREEMENT

The following tables show the functional allocations and budget aggregates included in the conference agreement. The fiscal year 1988 columns show the budget aggregates and functional allocations for the budget resolution for fiscal year 1988. The columns for fiscal year 1989 and fiscal year 1990 show budget aggregates and functional allocations which the conferees consider appropriate for those years.

Conference agreement

[Dollars in billions]

Fiscal year 1988:	
Budget authority	$1,153.20
Outlays	1,040.80
Revenues	932.80
Deficit	108.00
Debt subject to limit	2,565.1
Fiscal year 1889:	
Budget authority	1,217.90
Outlays	1,083.85
Revenues	993.95
Deficit	89.90
Debt subject to limit	2,777.1
Fiscal year 1890:	
Budget authority	1,261.60
Outlays	1,117.05
Revenues	1,066.75
Deficit	50.30
Debt subject to limit	2,964.2

CONFERENCE AGREEMENT BY FUNCTION

[Dollars in billions]

	1988	1989	1990
050 National Defense—High tier:			
BA	$296.00	$303.70	$311.00
O	289.50	292.30	299.20
(050 National Defense—Low tier:)			
BA	(289.00)	(294.80)	(297.90)
O	(283.60)	(288.00)	(292.00)
150 International Affairs:			
BA	16.20	21.70	18.45
O	16.10	15.25	15.20
250 General Science, Space, and Technology:			
BA	11.30	13.50	15.00
O	11.10	13.00	14.60
270 Energy:			
BA	4.50	5.05	4.65
O	4.55	4.15	4.25
300 Natural Resources and Environment:			
BA	15.90	16.45	16.85
O	15.10	16.15	17.25
350 Agriculture:			
BA	29.45	29.95	25.55
O	28.60	26.10	22.35
370 Commerce and Housing Credit:			
BA	12.50	12.05	15.35
O	7.80	5.00	6.80

CONFERENCE AGREEMENT BY FUNCTION—Continued

[Dollars in billions]

	1988	1989	1990
400 Transportation:			
BA	29.20	29.50	30.20
O	28.25	27.85	27.65
450 Community and Regional Development:			
BA	7.50	7.65	7.80
O	6.60	6.40	6.70
500 Education, Training, Employment, and Social Services:			
BA	36.45	38.05	39.25
O	32.90	35.70	37.50
550 Health:			
BA	45.65	49.75	54.20
O	44.85	49.45	53.70
570 Medicare:			
BA	92.85	102.30	113.05
O	81.60	89.45	99.95
600 Income Security:			
BA	168.60	176.65	183.15
O	131.45	139.00	144.60
650 Social Security:			
BA	256.80	281.50	310.60
O	220.75	235.40	252.00
700 Veterans Benefits and Services:			
BA	27.90	28.15	28.25
O	27.35	27.55	27.90
750 Administration of Justice:			
BA	9.60	9.55	9.50
O	9.35	9.55	9.55
800 General Government:			
BA	7.70	7.65	7.85
O	7.15	7.00	7.20
850 General Purpose Fiscal Assistance:			
BA	1.80	1.85	1.90
O	1.80	1.85	1.90
900 Net Interest:			
BA	139.25	143.30	144.55
O	139.25	143.30	144.55
920 Allowances:			
BA	−0.70	−0.30	0.35
O	−0.70	−0.55	0.05
950 Undistributed:			
A. Offsetting Receipts:			
BA	−40.60	−41.95	−43.55
O	−47.90	−41.90	−43.50
B. Offsetting Receipts:			
BA	−14.65	−18.15	−32.35
O	−14.65	−18.15	−32.35
Grand Total Spending:			
BA	1,153.20	1,217.90	1,261.60
O	1,040.80	1,083.85	1,117.05
Revenues [1]	932.80	993.95	1,066.75
Deficit, OMB estimate	−108.00	−89.90	−50.30
(Deficit, CBO estimate)	(−133.85)	(−115.05)	(−72.25)

[1] Revenue estimates include an economic and technical adjustment for OMB assumptions.

HOUSE-PASSED BUDGET RESOLUTION

[Dollars in billions]

	1988	1989	1990
050 National Defense:			
Budget Authority	$288.70	$299.20	$310.60
Outlays	281.70	289.00	298.60
150 International Affairs:			
Budget Authority	16.35	22.05	18.75
Outlays	16.20	15.55	15.45
250 General Science, Space, and Technology:			
Budget Authority	10.25	10.75	11.25
Outlays	10.45	11.10	11.60
270 Energy:			
Budget Authority	3.25	4.15	4.20
Outlays	3.60	3.30	3.25
300 Natural Resources and Environment:			
Budget Authority	13.90	14.80	15.55
Outlays	13.80	14.55	15.75
350 Agriculture:			
BA	29.50	30.00	26.15
O	28.65	26.10	23.00
370 Commerce and Housing Credit:			
BA	12.70	12.60	15.85
O	8.10	5.55	7.10
400 Transportation:			
BA	28.35	29.05	30.10
O	27.95	27.95	28.35
450 Community and Regional Development:			
BA	7.60	7.75	7.90
O	6.70	6.50	6.80

HOUSE-PASSED BUDGET RESOLUTION—Continued

[Dollars in billions]

	1988	1989	1990
500 Education, Training, Employment, and Social Services:			
BA	36.45	38.05	39.25
O	32.95	35.70	37.50
550 Health:			
BA	45.70	49.75	54.20
O	44.90	49.45	53.70
570 Medicare:			
BA	93.20	102.60	113.30
O	81.60	89.25	98.75
600 Income Security:			
BA	168.60	176.65	183.15
O	131.35	139.10	144.75
650 Social Security:			
BA	256.80	281.45	310.60
O	220.95	235.55	252.20
700 Veterans Benefits and Services:			
BA	27.90	28.25	28.50
O	27.40	27.65	28.15
750 Administration of Justice:			
BA	9.20	9.35	9.50
O	9.00	9.30	9.50
800 General Government:			
BA	7.70	8.00	8.20
O	7.15	7.40	7.65
850 General Purpose Fiscal Assistance:			
BA	1.80	1.85	1.90
O	1.80	1.85	1.90
900 Net Interest:			
BA	139.10	142.45	143.60
O	139.10	142.45	143.60
920 Allowances:			
BA	−0.20	1.95	3.15
O	−0.20	2.05	3.40
950 Undistributed:			
A. Offsetting Receipts:			
BA	−40.35	−41.95	−43.55
O	−40.35	−41.95	−43.55
B. Offsetting Receipts:			
BA	−14.30	−17.85	−32.10
O	−14.30	−17.85	−32.10
Grand Total Spending:			
BA	1,142.20	1,210.90	1,260.05
O	1,038.50	1,079.55	1,115.15
Revenues	930.90	990.25	1,062.95
Deficit	−107.60	−89.30	−52.20

SENATE-PASSED BUDGET RESOLUTION

[Dollars in billions]

	1988	1989	1990	1991
050 National Defense (with Pay-For-Defense):				
Budget Authority	$301.50	$307.30	$310.40	$313.60
Outlays	290.60	295.00	299.00	303.00
050 National Defense (without Pay-For-Defense)				
Budget Authority	(289.00)	(294.80)	(297.90)	(301.10)
Outlays	(283.60)	(288.00)	(292.00)	(296.00)
150 International Affairs:				
Budget Authority	15.80	20.30	16.00	15.30
Outlays	15.80	14.30	13.30	11.30
250 General Science, Space, and Technology:				
Budget Authority	11.50	13.70	15.20	15.80
Outlays	11.20	13.10	14.80	15.50
270 Energy:				
Budget Authority	4.80	5.40	5.00	4.70
Outlays	4.80	4.50	4.60	4.20
300 Natural Resources and Environment:				
Budget Authority	16.00	16.50	16.90	16.80
Outlays	15.10	16.20	17.30	17.20
350 Agriculture:				
Budget Authority	29.40	30.10	25.50	22.20
Outlays	28.60	26.20	22.30	20.30
370 Commerce and Housing Credit:				
Budget Authority	12.20	12.40	15.40	12.80
Outlays	7.50	5.40	6.80	4.80
400 Transportation:				
Budget Authority	29.40	29.60	30.30	30.90
Outlays	28.40	27.90	27.70	27.50
450 Community and Regional Development:				
Budget Authority	7.40	7.30	7.20	7.00
Outlays	6.70	6.40	6.50	6.30

SENATE-PASSED BUDGET RESOLUTION—Continued

[Dollars in billions]

	1988	1989	1990	1991
500 Education, Training, Employment, and Social Services:				
Budget Authority	36.00	36.40	37.70	39.20
Outlays	32.90	35.90	36.90	38.20
550 Health:				
Budget Authority	45.10	48.00	51.80	56.00
Outlays	44.40	48.10	51.60	55.50
570 Medicare:				
Budget Authority	93.20	102.70	113.20	123.80
Outlays	80.10	89.10	99.80	111.30
600 Income Security:				
Budget Authority	168.00	175.50	181.50	215.20
Outlays	130.60	137.60	142.90	151.70
650 Social Security:				
Budget Authority	256.80	281.50	310.60	338.80
Outlays	220.70	235.40	252.00	269.70
700 Veterans Benefits and Services:				
Budget Authority	28.00	28.10	28.00	28.30
Outlays	27.40	27.50	27.70	27.90
750 Administration of Justice:				
Budget Authority	9.80	9.60	9.60	9.60
Outlays	9.50	9.60	9.60	9.60
800 General Government:				
Budget Authority	7.60	7.60	7.80	7.80
Outlays	7.10	7.00	7.20	7.10
850 General Purpose Fiscal Assistance:				
Budget Authority	1.80	1.70	1.80	1.80
Outlays	1.80	1.70	1.80	1.80
900 Net Interest:				
Budget Authority	139.20	142.20	142.50	140.30
Outlays	139.20	142.20	142.50	140.30
920 Allowances:				
Budget Authority	−0.30	0.00	0.60	1.20
Outlays	−0.60	−0.30	0.30	0.80
950 Undistributed Offsetting Receipts:				
Budget Authority	−40.40	−42.00	−43.60	−45.30
Outlays	−40.40	−42.00	−43.60	−45.30
Grand Total Spending (with Pay-For-Defense):				
Budget Authority	1,172.80	1,233.90	1,283.40	1,355.80
Outlays	1,061.40	1,100.80	1,141.00	1,178.70
Revenues (with Pay-For-Defense)	927.80	995.40	1,084.70	1,181.70
Deficit, CBO estimate	−133.60	−105.50	−56.30	+2.70
(Deficit, OMB estimate)	(−107.80)	(−80.20)	(−33.60)	(−23.80)

ECONOMIC ASSUMPTIONS

The Conferees accepted the economic assumptions used in the President's budget as the basis for the deficit estimates. These economic assumptions are shown in the table below. Rates of change have been adjusted to reflect revisions in economic data for 1986.

[Calender years, billions of dollars]

	1987	1988	1989	1990	1991
Annual averages:					
Gross National Product	4,493	4,816	5,165	5,524	5,879
(percent change)	6.8	7.2	7.3	6.9	6.4
Real GNP (1982 dollars)	3,794	3,928	4,071	4,218	4,367
(percent change)	3.2	3.5	3.6	3.6	3.5
GNP deflator (percent change)	3.5	3.5	3.5	3.2	2.8
CPI-W (percent change)	3.0	3.6	3.6	3.2	2.8
Civilian unemployment rate (percent)	6.8	6.4	6.1	5.9	5.7
3 month Treasury bill rate (percent)	5.4	5.6	5.3	4.7	4.2
Taxable incomes:					
Wages and salaries	2,210	2,371	2,546	2,716	2,885
Corporate profits (before tax)	309	341	377	411	444

These are the amounts that the deficits would have been had they been determined on the basis of the economic and technical assumptions reported to the Congress by the Congressional Budget Office:

Fiscal year 1988: $133,850,000,000.
Fiscal year 1989: $115,050,000,000.
Fiscal year 1990: $72,250,000,000.

CREDIT BUDGET RECOMMENDATIONS BY FUNCTION

[Dollars in billions]

	1988	1989	1990
150 International Affairs:			
Senate-passed:			
DL	$6.00	$5.80	$5.70
LG	9.00	9.40	9.80
House-passed:			
DL	6.85	7.15	7.35
LG	9.10	9.45	9.90
Conference:			
DL	6.70	7.00	7.20
LG	9.10	9.45	9.90
270 Energy:			
Senate-passed:			
DL	2.10	2.10	2.10
LG	7.30		
House-passed:			
DL	1.90	2.05	2.10
LG	0.05	0.05	0.05
Conference:			
DL	2.10	2.10	2.10
LG	7.30	0.05	0.05
300 Natural Resources and Environment:			
Senate-passed: DL	0.10	0.10	0.10
House-passed: DL	0.10	0.10	0.10
Conference: DL	0.10	0.10	0.10
350 Agriculture:			
Senate-passed:			
DL	17.50	16.20	15.00
LG	8.50	9.00	9.00
House-passed:			
DL	17.35	16.15	15.00
LG	7.80	8.40	8.50
Conference:			
DL	17.45	16.20	15.00
LG	8.50	9.00	9.00
370 Commerce and Housing Credit:			
Senate-passed:			
DL	4.00	4.10	4.10
LG	91.60	93.90	98.80
House-passed:			
DL	3.95	4.20	4.35
LG	91.65	94.05	99.00
Conference:			
DL	4.00	4.10	4.10
LG	91.65	93.90	98.75
400 Transportation:			
Senate-passed: DL	0.40	0.20	0.20
House-passed: DL	0.40	0.25	0.20
Conference: DL	0.40	0.25	0.20
450 Community and Regional Development:			
Senate-passed:			
DL	1.10	1.10	1.10
LG	0.30	0.30	0.30
House-passed:			
DL	1.05	1.10	1.15
LG	0.35	0.35	0.35
Conference:			
DL	1.05	1.10	1.15
LG	0.35	0.35	0.35
500 Education, Training, Employment, and Social Services:			
Senate-passed:			
DL	1.70	1.70	1.80
LG	9.10	9.10	9.20
House-passed:			
DL	1.65	1.65	1.65
LG	9.05	9.15	9.15
Conference:			
DL	1.65	1.65	1.65
LG	9.10	9.10	9.20
550 Health:			
Senate-passed:			
DL	(*)	(*)	(*)
LG	0.30	0.30	0.30
House-passed:			
DL	0.05	0.05	0.05
LG	0.30	0.30	0.35
Conference:			
DL	0.05	0.05	0.05
LG	0.30	0.30	0.35
600 Income Security:			
Senate-passed: DL	+(*)	+(*)	+(*)
House-passed: DL	+(*)	+(*)	+(*)
Conference: DL	+(*)	+(*)	+(*)
700 Veterans Benefits and Services:			
Senate-passed:			
DL	1.10	1.00	0.90
LG	30.40	28.40	30.70
House-passed:			
DL	1.20	1.10	1.00
LG	30.40	28.40	30.70
Conference:			
DL	1.10	1.00	0.90
LG	30.40	28.40	30.70
Totals:			
Senate-passed:			
DL	34.00	32.30	31.00
LG	156.50	150.40	158.10
House-passed:			
DL	34.50	33.80	32.95
LG	148.70	150.15	158.00

CREDIT BUDGET RECOMMENDATIONS BY FUNCTION—Continued

[Dollars in billions]

	1988	1989	1990
Conference:			
DL	34.60	33.55	32.45
LG	156.70	150.55	158.30

*Less than $50 million.

Reconciliation Instructions

The House resolution included reconciliation instructions to seven House committees to report legislation to achieve savings in fiscal years 1988-90. The House resolution also included directions to House Committee on Ways and Means to report legislation to increase revenues in fiscal years 1988-90. The Senate amendment contained instructions of this nature directed to 10 Senate committees and 10 House committees covering the period of fiscal years 1988-91. The conference agreement includes reconciliation instructions directed to 9 House committees and 9 Senate committees for the period of fiscal years 1988-90.

The House resolution required that instructed committees respond by June 10, 1987. The Senate amendment required instructed committees to report by May 14, 1987. The conference agreement provides that committees must report by July 28, 1987.

The conference agreement further instructed the Senate Committee on Finance to report changes in laws to increase the statutory limit on the public debt to an amount not to exceed $2,565,100,000,000.

RECONCILIATION IN CONFERENCE AGREEMENT BY HOUSE COMMITTEE

[Savings in billions of dollars]

	1988	1989	1990	1988–90
Conference agreement:				
Spending:				
BA	−2.394	−4.536	−6.755	−13.685
O	−3.976	−7.713	−11.318	−23.007
Contributions: CON	−7.218	−0.788	−0.788	−5.642
Revenues: REV	−19.300	−22.000	−23.000	−64.300
Total savings	−30.494	−28.925	−33.530	−92.949
Agriculture:				
Spending:				
Agriculture programs:				
BA	−1.200	−1.600	−2.650	−5.450
O	−1.200	−1.600	−2.650	−5.450
REA reforms:				
BA	−0.130	−0.130	−0.128	−0.388
O	−0.130	−0.130	−0.128	−0.388
Total, spending:				
BA	−1.330	−1.730	−2.778	−5.838
O	−1.330	−1.730	−2.778	−5.838
Contributions: REA prepayment: CON	−7.218	−0.788	−0.788	−5.642
Total, Agriculture:				
BA	−1.330	−1.730	−2.778	−5.838
O	−8.548	−0.942	−1.990	−11.480
Banking:				
Unspecified reconciliation:				
BA	−0.200	−0.200	−0.200	−0.600
O	−0.200	−0.200	−0.200	−0.600
Total, Banking:				
BA	−0.200	−0.200	−0.200	−0.600
O	−0.200	−0.200	−0.200	−0.600
Education and Labor:				
PBCG: [1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Total, Education and Labor:				
BA				
O	−0.100	−0.200	−0.200	−0.500

RECONCILIATION IN CONFERENCE AGREEMENT BY HOUSE COMMITTEE—Continued

[Savings in billions of dollars]

	1988	1989	1990	1988–90
Energy and Commerce:				
Unspecified reconciliation:				
BA	−0.300	−0.300	−0.000	−0.600
O	−0.300	−0.300	−0.000	−0.600
NRC fees: [2]				
BA	−0.150	−0.150	−0.150	−0.450
O	−0.150	−0.150	−0.150	−0.450
Unspecified Medicare Provider reform: [3]				
BA				
O	−1.500	−2.950	−4.250	−8.700
Unspecified reconciliation:				
BA	−0.140	−0.250	−0.250	−0.640
O	−0.140	−0.250	−0.250	−0.640
Total, Energy and Commerce:				
BA	−0.590	−0.700	−0.400	−1.690
O	−2.090	−3.650	−4.650	−10.390
Interior:				
NRC fees: [2]				
BA	−0.150	−0.150	−0.150	−0.450
O	−0.150	−0.150	−0.150	−0.450
Unspecified reconciliation:				
BA	−0.030	−0.030	−0.030	−0.090
O	−0.030	−0.030	−0.030	−0.090
Total, Interior:				
BA	−0.180	−0.180	−0.180	−0.540
O	−0.180	−0.180	−0.180	−0.540
Merchant Marine and Fisheries:				
Sec. 32 (NOAA share):				
BA	−0.044	−0.044	−0.044	−0.132
O	−0.026	−0.041	−0.043	−0.110
Coast Guard user fees:				
BA	−0.050	−0.050	−0.050	−0.150
O	−0.050	−0.050	−0.050	−0.150
Total, Merchant Marine and Fisheries:				
BA	−0.094	−0.094	−0.094	−0.282
O	−0.076	−0.091	−0.093	−0.260
Post Office and Civil Service:				
Federal pay and other:				
BA	−0.100	−1.752	−3.253	−5.105
O	−0.100	−1.782	−3.357	−5.239
Total, Post Office and Civil Service:				
BA	−0.100	−1.752	−3.253	−5,105
O	−0.100	−1.782	−3.357	−5.239
Ways and Means:				
PBCG: [1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Unspecified Medicare provider reform: [3]				
BA				
O	−1.500	−2.950	−4.250	−8.700
Subtotal, Spending:				
BA				
O	−1.600	−3.150	−4.450	−9.200
Revenues	−19.300	−22.000	−23.000	−64.300
Total, Ways and Means:				
BA				
O	−20.900	−25.150	−27.450	−73.500
Veterans Affairs:				
Increase real property cash sales:				
BA	−0.050	−0.030	−0.000	−0.080
O	−0.050	−0.030	−0.010	−0.090
Total, Veterans Affairs:				
BA	−0.050	−0.030	−0.000	−0.080
O	−0.050	−0.030	−0.010	−0.090

[1] Reconciled to Ways and Means and Education and Labor; not double counted in total.

[2] Reconciled to Energy and Commerce and Interior; not double counted in total.

[3] Reconciled to Energy and Commerce and Ways and Means; not double counted in total.

RECONCILIATION IN CONFERENCE AGREEMENT BY SENATE COMMITTEE

[Savings in billions of dollars]

	1988	1989	1990	1988–90
Conference agreement:				
Spending:				
BA	−2.394	−4.536	−6.755	−13.685
O	−3.976	−7.713	−11.318	−23.007
Contributions: CON	−7.218	0.788	0.788	−5.642
Revenues: REV	−19.300	−22.000	−23.000	−64.300
Total Savings	−30.494	−28.925	−33.530	−92.949
Agriculture:				
Spending:				
Agriculture programs:				
BA	−1.200	−1.600	−2.650	−5.450
O	−1.200	−1.600	−2.650	−5.450
REA reforms:				
BA	−0.130	−0.130	−0.128	−0.388
O	−0.130	−0.130	−0.128	−0.388
Total, spending:				
BA	−1.330	−1.730	−2.778	−5.838
O	−1.330	−1.730	−2.778	−5.838
Contributions: REA prepayment: CON	−7.218	0.788	0.788	−5.642
Total, Agriculture:				
BA	−1.330	−1.730	−2.778	−5.838
O	−8.548	−0.942	−1.990	−11.480
Banking:				
Unspecified reconciliation:				
BA	−0.200	−0.200	−0.200	−0.600
O	−0.200	−0.200	−0.200	−0.600
Total, Banking:				
BA	−0.200	−0.200	−0.200	−0.600
O	−0.200	−0.200	−0.200	−0.600
Commerce:				
Unspecified reconciliation:				
BA	−0.300	−0.300	−0.000	−0.600
O	−0.300	−0.300	−0.000	−0.600
Sec. 32 (NOAA share):				
BA	−0.044	−0.044	−0.044	−0.132
O	−0.026	−0.041	−0.043	−0.110
Coast Guard user fees:				
BA	−0.050	−0.050	−0.050	−0.150
O	−0.050	−0.050	−0.050	−0.150
Total, Commerce:				
BA	−0.394	−0.394	−0.094	−0.882
O	−0.376	−0.391	−0.093	−0.860
Energy and Natural Resources:				
Unspecified reconciliation:				
BA	−0.170	−0.280	−0.280	−0.730
O	−0.170	−0.280	−0.280	−0.730
Total, Energy and Natural Resources:				
BA	−0.170	−0.280	−0.280	−0.730
O	−0.170	−0.280	−0.280	−0.730
Environment and Public Works:				
NRC fees:				
BA	−0.150	−0.150	−0.150	−0.450
O	−0.150	−0.150	−0.150	−0.450
Total, Environment and Public Works:				
BA	−0.150	−0.150	−0.150	−0.450
O	−0.150	−0.150	−0.150	−0.450
Finance:				
PBCG:[1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Unspecified Medicare provider reform:				
BA				
O	−1.500	−2.950	−4.250	−8.700
Subtotal, Spending:				
BA				
O	−1.600	−3.150	−4.450	−9.200
Revenues	−19.300	−22.000	−23.000	−64.300
Total, Finance:				
RB				
O	−20.900	−25.150	−27.450	−73.500
Governmental Affairs:				
Pay and other management savings:				
BA	−0.100	−1.752	−3.253	−5.105
O	−0.100	−1.782	−3.357	−5.239
Total, Government Affairs:				
BA	−0.100	−1.752	−3.253	−5.105
O	−0.100	−1.782	−3.357	−5.239

RECONCILIATION IN CONFERENCE AGREEMENT BY SENATE COMMITTEE—Continued

[Savings in billions of dollars]

	1988	1989	1990	1988–90
Labor and Human Resources:				
PBGC:[1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Total, Labor and Human Resources:				
BA				
O	−0.100	−0.200	−0.200	−0.500
Veterans Affairs:				
Increase real property cash sales:				
BA	−0.050	−0.030	−0.000	−0.080
O	−0.050	−0.030	−0.010	−0.090
Total, Veterans Affairs:				
BA	−0.050	−0.030	−0.000	−0.080
O	−0.050	0.030	−0.010	−0.090

[1] Reconciled to Finance and Labor and Human Resources; not double counted in total.

RECONCILIATION OF THE RURAL ELECTRIFICATION ADMINISTRATION LOANS

At the time of passage of this conference report, the Senate had passed a supplemental appropriations bill utilizing receipts from the prepayment of Rural Electrification Administration (REA) loans. The House-passed version of the supplemental bill contained no such provision. This conference report directs the anticipated savings from the REA loan prepayments to be achieved by the Agriculture Committees of the House and Senate, based on the situation existing at the time of the conference on the budget resolution, as reflected in the House-passed version of the supplemental appropriations bill. If any or all of the assumed REA savings are achieved in another legislative vehicle, then the conferees assume that the Agriculture Committees will be held harmless for the savings from the prepayment of REA loans that they will no longer be able to realize.

SCOREKEEPING IN THE SENATE

In the exercise of its scorekeeping duties, the Committee on the Budget of the Senate shall continue to develop its reports to the Senate regarding the status of particular bills and amendments based on the economic and technical assumptions of the Congressional Budget Office. The Committee on the Budget shall determine the aggregate levels of new budget authority, budget outlays, new spending authority, and revenues for a fiscal year on the basis of standard, consistent, defined adjustments to the Congressional Budget Office's estimates consistent with the adjustments underlying this budget resolution.

BANKING COMMITTEE RECONCILIATION

Function 450 asumes reconciliation of $200 million in budget authority and outlays to the Banking Committees in the House and Senate in each of fiscal years 1988-90. This reconciliation is intended to produce budget authority and outlay savings from direct spending programs under the jurisdiction of the Banking Committees, and therefore cannot be achieved through a reduction in discretionary authorizations for programs such as the Community Development Block Grant and the Urban Development Action Grant programs.

REVENUES

Revenue that results from spending decisions not within the jurisdiction of the tax-writing committees, such as an additional Internal Revenue Service appropriation, is not subject to, nor credited towards, reconciliation.

MISCELLANEOUS PROVISIONS

FUNDING FOR DEFENSE

The Senate amendment contained a procedure under which spending levels for function 050 (National Defense) would be increased if a reconciliation bill is enacted with additional revenues. The provision further directed that the Senate Committee on Finance and the House Committee on Ways and Means, as part of their reconciliation submissions, provide that revenue changes earmarked for defense increases shall not be effective unless the House and Senate Appropriations Committee report the higher defense funding levels.

The House resolution contained no similar provision.

The conference agreement contains a provision similar in effect to the Senate position, except that it does not contain the language directing that the Senate Committee on Finance and the House Committee on Ways and Means provide that the portion of revenue changes earmarked for defense increases shall not be effective unless the Appropriations Committees report the higher defense funding levels.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

The Senate amendment contained a provision expressing the sense of the Congress that any determination under section 311(a) of the Budget Act, with respect to whether a measure would cause the maximum deficit amount to be exceeded, would be based upon the economic and technical assumptions underlying the President's fiscal year 1988 budget as submitted.

The House resolution contained no similar provision.

The Senate conferees receded to the House position.

DEFICIT REDUCTION ACCOUNT

The House resolution provided that for fiscal years 1988 through 1990, specific amounts of revenues increased through legislation would only be used for purposes of deficit reduction and further directed the President to establish a separate account in the Treasury into which such revenues would be deposited.

The Senate amendment directed the Senate Committee on Finance and House Committee on Ways and Means to report legislation, as part of revenue reconciliation submissions, to establish a separate account in the Treasury into which revenues increased through reconciliation would be deposited, ensure that revenues deposited be used to retire Government debt obligations, and ensure that revenue increases reconciled not be effective if either the House or Senate Appropriations committees exceed their allocations under section 302(b) of the Budget Act. The Senate amendment further provided that the deficit reduction account legislation directed would not be considered extraneous to a reconciliation bill under Senate rules.

The conference agreement contains a provision similar to the Senate provision with the exception of excluding the requirement that reconciled revenues would not be effective if Appropriations Committee 302(b) allocations are exceeded.

SALE OF GOVERNMENT ASSETS

The Senate amendment included a provision expressing the sense of the Congress

that, from time to time, the Government should sell assets to non-governmental buyers, but noted amounts realized from such sales are not recurring and do not reduce the demand for credit. The provision further included language in subsection (c) allowing the Senate to provide for specific asset sales if it so desired. The Senate amendment also provided that amounts realized from the newly-authorized sales would not be treated as revenues, receipts, or negative outlays for purposes of certain Budget Act enforcement and scorekeeping procedures.

The House resolution contained no similar provision.

The conference agreement is similar to the Senate position except that it does not contain language allowing the Senate to provide for specific sales, and except that it specifically distinguishes the treatment of prepayments under the following section.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

The Senate amendment contained a provision stating that when legislation authorized waivers of prepayment penalties on certain Government guaranteed loans and allows repayment with new guaranteed loan, proceeds from such prepayments would be scored as revenues rather than negative outlays for purposes of reconciliation and would remain unassigned to committees for purposes of allocation and enforcement under section 302 of the Budget Act.

The House resolution contained no similar provision.

The conference agreement contains a provision similar to the Senate provision except that contributions from the prepayment would not be counted as revenues.

FUNDING FOR WELFARE REFORM INITIATIVE

The Senate amendment contained a procedure under which specific amounts of new budget authority and outlays for the child care and job training initiative assumed in the resolution would be withheld from allocation to committees until such time as the appropriate committees of the House of Representatives or Senate report legislation that would, if enacted, make funds available for such initiative.

The House resolution contained a provision that stated it would be appropriate for the House Committee on Ways and Means to increase outlays for programs within its jurisdiction if the committee also increased revenues or decreased outlays in an offsetting amount.

The conference agreement contains a provision similar to the Senate provision that would apply only in the Senate and the identical House provision that would apply only in the House.

FUNDING FOR MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

The Senate amendment contained a procedure under which budget authority and outlays for the Medicare catastrophic health insurance initative, assumed to be deficit neutral, would be allocated to the appropriate committees of the House of Representatives and the Senate and aggregates adjusted accordingly when legislation is reported ensuring the deficit-neutrality of such an initiative and legislation is reported that would, if enacted, make funds available for such an initiative.

The House resolution contained a provision that stated it would be appropriate for the House Committee on Ways and Means to increase outlays for programs within its jurisdiction if the committee also increased revenues or decreased outlays in an offsetting amount.

The conference agreement contains a provision similar to the Senate provision that would apply only in the Senate and the identical House provision that would apply only in the House.

MEDICARE SAVINGS

The Senate amendment contained a provision stating the assumption that the Senate Committee of Finance and the House Committees on Ways and Means and Energy and Commerce would achieve Medicare savings assumed in the resolution without increasing premiums or deductibles or delaying eligibility or othewise raising beneficiary out-of-pocket costs.

The House resolution contained no similar provision.

The House conferees receded to the Senate position.

SENSE OF SENATE ON INCOME TAX RATES

The Senate amendment contained a provision expressing the sense of the Senate that the assumptions underlaying the revenue levels in the resolution will not be achieved by raising or delaying the individual or corporate income tax rates enacted in the Tax Reform Act of 1986.

The Houses resolution contained no similar provision.

The House conferees receded to the Senate position.

RURAL HOSPITALS MEDICARE PROGRAM

The Senate amendment contained a provision expressing the sense of the Congress that any legislation that amends the Medicare program to reconcile its expenditures with those required in the budget resolution should take into account the special needs of rural hospitals which are not currently taken into account under the Medicare hospital prospective payment system.

The House resolution contained no similar provision.

The House conferees receded to the Senate position.

FUNCTIONAL LANGUAGE

FUNCTION 050

The managers expressed concern over the ability of the U.S. industry to support the needs of defense as well as to compete in the world economy. The United States may well be at a turning point today in terms of economic competitiveness and technological superiority. The U.S. semi-conductor industry is a significant example of a crucial industry currently facing these difficulties. In response, funding is provided within this budget to begin addressing the problems in the semi-conductor industry and certain other manufacturing technologies.

The budget allocation for National Defense includes funds required for the continuation of the congressionally initiated modernization of the National Guard and Reserve.

The conference recommendation assumes that within the funds available in this function, funding will be made available sufficient to pursue a vigorous Defense Waste and Transporation Management Program to provide for the cleanup, interim storage, transportation, and disposal of radio active and hazardous wastes at the several affected sites (including Hanford and Savannah River among others.)

FUNCTION 150

Foreign assistance

The conferees assume the 1988-1990 program levels for the discretionary appropriated accounts are set at the 1987 level. In addition, the conferees assume an overall reduction in foreign aid outlays of less than 32 percent. Committees of jurisdiction could choose to consolidate and reduce less effective economic and military assistance programs, particularly those with large unobligated or unexpended balances, to achieve these savings. The conferees assume these reductions could be incorporated without reducing the level of assistance to those countries covered by the Camp David accords.

Guarantee reserve fund

The conferees remain concerned that the resources of the Foreign Military Sales Guarantee Reserve Fund will not be adequate to make required payments to the Federal Financing Bank for anticipated defaults and reschedulings of Foreign Military Sales loans in 1988. In order to ensure that the Guarantee Reserve Fund will be able to meet its obligations to the Federal Financing Bank, the conferees intend that for all scorekeeping purposes $0.5 billion of the total amount available in Function 150 shall be treated as mandatory spending to replenish the Guarantee Reserve Fund.

FUNCTION 250

The totals assumed for the Department of Energy's general science programs are sufficient to fund the Budget Request for the Superconducting Supercollider. The conferees anticipate that the budget submittals for fiscal year 1989 and beyond will reflect the construction schedule proposed for the Superconducting Supercollider, without adversely affecting funding for other programs in this function.

FUNCTION 270

The managers assume that no changes will be made in the reconciliation bill that would result in increasing the rates charged by DOE's Power Marketing Administrations (PMA's)—such as legislated changes to the repayment schedule, or to the interest rates due on PMA debt.

FUNCTION 350

The Conference recommendation assumes that, to the extent feasible in determining these program changes, the Agriculture Committee will not make reductions in programs which promote and enhance the export of agriculture commodities.

FUNCTION 500

The conference agreement assumes the House budget authority levels for fiscal years 1988 through 1990, the Senate outlay level for fiscal year 1988, and House outlay levels for fiscal years 1989 and 1990.

The Senate conferees assume $134 million in budget authority and $11 million in outlays to increase funding for the Job Corps in fiscal year 1988.

The conferees urge the appropriate committees of jurisdiction to continue assisting business-education consortia in ameliorating enrollment declines of graduate minority students.

The Immigration and Control Act of 1986 established a State Legalization Impact Assistance grant program to help states cope with the cost incurred due to the participation of legalized aliens in programs of public assistance. The Conferees encourage the appropriate committees of jurisdiction to consider the fiscal impact on States of the Federal administrative offset, and give thought

to providing the appropriation of $1 billion to the states for each fiscal year 1988 through 1991.

The Senate conferees recognize a consensus to effectively improve the delivery of public assistance services to dependent children, the chronically unemployed, and individuals working to become self-sufficient. To finance welfare reform and job retraining initiatives, in the Senate, funds in fiscal years 1988 not to exceed the following amounts shall be allocated to the appropriate committees when legislation to achieve these objectives is reported:

Fiscal Year 1988:

Budget Authority, $900,000,000.

Outlays, $300,000,000.

To finance child care initiatives, in the Senate, funds in fiscal years 1988 not to exceed the following amounts shall be allocated to the appropriate committees when legislation to achieve this objective is reported:

Fiscal Year 1988:

Budget Authority, $150,000,000.

Outlays, $110,000,000.

The House conferees assume no reserve funds in this function.

FUNCTION 550

The conference agreement provides for an increase of $0.55 billion in 1988 and $2.4 billion over three years for Medicaid initiatives to combat infant mortality and to address the needs of the elderly poor and working welfare recipients. This amount could also accommodate an increase in Medicaid funding for insular areas to cover inflation since the last adjustment was made.

Recognizing the crisis nature of the AIDS epidemic, the conference agreement provides for a significant funding increase to combat AIDS, the nation's number one public health priority.

FUNCTION 570

The conference agreement on the budget resolution provides for enactment of new Medicare catastrophic health insurance on a deficit neutral basis.

It is the sense of the conferees that reconciled Medicare savings will be achieved through continued restraint and reform in payments to providers, not through reductions in benefits or increases in beneficiary out-of-pocket costs.

FUNCTION 600

The Conference report assumes the baseline amount for refugee and entrant assistance and that $48 million be used for the refugee targeted assistance program.

FUNCTION 650

The conferees wish to make it clear that none of the savings in Function 650 are assumed to come from reductions in Social Security beneficiary payments or from reductions in personnel costs or the closing of offices of the Social Security Administration.

FUNCTION 700

The conference agreement provides for $27.90 billion in budget authority and $27.35 billion in outlays for veterans benefits and services in fiscal year 1988. The agreement provides for full inflation for medical care, and full COLAs for veterans disability compensation and pensions. The agreement reconciles savings of $50 million in fiscal year 1988 ($90 million over three years) to be achieved through increased cash sales of real property, not affecting veterans benefits or services in any way.

LAWTON CHILES,
ERNEST F. HOLLINGS,
J. BENNETT JOHNSTON,
JIM SASSER,
DONALD W. RIEGLE, JR.,
J. JAMES EXON,
Managers on the Part of the Senate.

WILLIAM H. GRAY III,
THOMAS S. FOLEY,
MIKE LOWRY,
BUTLER DERRICK,
MARTIN FROST,
VIC FAZIO,
MARTY RUSSO,
JAMES L. OBERSTAR,
MIKE ESPY,
Managers on the Part of the House.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. BREAUX). The Senator from New Mexico.

Mr. DOMENICI. I ask unanimous consent that the time previously reserved to the distinguished Republican leader [Mr. DOLE] be transferred to the Senator from New Mexico. This is being done at his request and with his concurrence.

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

Mr. CHILES. Mr. President, today we bring before the Senate the Conference Report on House Concurrent Resolution 93, the budget resolution.

Under the terms of the Budget Act, the Senate has 10 hours to debate the measure. I want to take these first few minutes to describe the main features of the conference agreement. But before I do that, let me take some time to describe where we are, and how we got here.

During the last 6 months, there have been many times when Democrats felt like we were working on a construction project in a thunderstorm. The more we tried to build a budget, the more we had to contend with White House lightning.

What we have in the Senate today are the girders of the budget. In the days ahead, we have to take the final steps to implement our decisions, and—with all that lightning around—there couldn't be a worse time for a power failure at either end of Pennsylvania Avenue.

The Democrats in the Senate and in the House have worked hard. And the record clearly shows we have worked alone. It didn't have to be that way. The "Help Wanted" sign has been out for months. The gates have never been shut. In fact, they are still open.

We can probably finish the job without the help of our Republican colleagues in Congress but without the President's cooperation and positive involvement, the next few weeks will not be easy.

The President continues to say that all the Congress has to do is give him more of the Constitution, and he can solve the budget problems. The fact is, if the President will give us more cooperation, we can solve the problems together. So, I ask again for the President to join us.

Mr. President, I started off the first of the year making that plea and I guess I will just continue to make it. At some stage we hope it will be answered.

The measure we consider today is very close to the shape of the resolution approved by the Senate in early May. I think that's a tribute to the good faith and hard work of many people.

A sizable number of Senators—those who were members of the conference and those who lent us their time and perspective—deserve a great deal of credit.

At the same time, I want to offer my thanks to Chairman GRAY of the House Budget Committee for his good will and his resolve. We spent many hours—during many days over the last 5 weeks—in regular discussions. The combined Democratic leadership of the House and Senate were with us every step of the way.

Everyone knows this is a Democratic budget. We had to make choices, and we made them. The mandate given to us by the American people carried with it the responsibility of looking for answers in the best interests of the Nation.

The same mandate told us that if you find fault with the economy, work to fix it. Don't stand around and find fault with each other. That's not good enough. Do your best, they told us, and we believe we have.

Mr. President, let me briefly describe the central features of the budget now before the Senate.

To begin with, it's a budget meant to sharply reduce our borrowing needs. Yesterday's report of the Department of Commerce showing America's descent into debt, confirms what we've been saying for years. We have our hands out to the world to help us sustain our lifestyle. Our tin cup may be gold plated, but's it's still a tin cup.

So this budget cuts down on Federal borrowing by cutting down on the Federal deficit. Total decifit reduction for 1988 is $36.8 billion. That's approximately what was required by the Gramm-Rudman-Hollings law. According to the Congressional Budget Office, it is about $3 billion more deficit reduction than offered by the White House.

The level of savings in the budget under consideration lowers the deficit to $108 billion based on the economic assumptions of the President's Office of Management and Budget. If we use the assumptions of the Congressional Budget Office, the deficit figure for 1988 is $133.8 billion, substantially lower than the administration's figure when subjected to the same accounting methods.

This budget has four main components.

First, it includes a two-tier, "par-for-defense" plan. If the low-tier option takes effect, military spending will be set at 1987 freeze levels, with budget authority of $289 billion, and outlays of $284 billion.

If the revenues are provided under the high-tier option, defense spending moves up to the zero real-growth level with $296 billion in budget authority, and $290 billion in outlays.

The budget includes $29 billion in reconciled outlay savings over 3 years, and $6.3 billion in domestic program savings for 1988.

Even with these savings, priorities in the budget are rearranged so that we still have room for key investments in areas like education, research, and science. Each of these areas is essential in the effort to restore and reassert this country's economic power.

Like the proposal the administration submitted in January, this budget includes neccessary new revenues designed to reduce the Federal deficit. In 1988, the revenues total $19.3 billion, and amount to $64.3 billion over 3 years. The resolution also preserves the Senate language which prohibits an increase in individual tax rates.

Mr. President, we should pause here for just a moment to put something in perspective. The White House would have the Nation believe that somehow a Democratic Congress has cooked up a tax increase bill, and that the President is somehow a lonely defender on the public ramparts.

Both those notions simply are not true. To begin with, the Democrats did not originate the idea that additional revenues are essential if the deficit is going to be wiped out. That is the President's own idea.

Before the figures could be closely examined by the Congressional Budget Office, the President claimed his January budget would produce savings for $42 billion. More than half those savings—some $23 billion—were derived from additional new revenues proposed by the President. So I have a hard time understanding why the President wants to give credit to the Democrats for an idea he came up with.

The second notion I find troubling is that the President paints himself as a watchman in the night. It was on the watch of this administration that the national debt was doubled, and the trade deficit rose to record levels.

So I find some contradictions when an administration that borrowed its way to a massive increase in the national debt gets upset about $19 billion in new revenues to cut the deficit—especially when the revenue figure is lower than the one proposed by the President.

ASSUMED PROGRAM CHANGES

Mr. President, the Nation has plenty to get done. We have neglected a great deal in the past several years. While the United States enjoyed a measure of comfort, our competition was hard at work, spending long hours in the classroom, in the laboratory, and on the assembly line.

We have to do more than just respond to the challenge. We have to size up our own needs and reassert our economic power, the ability to deliver a rising standard of living on a sustainable basis.

Economic power is not limited to the young, or those in college, or the professions. It is a function of the country's ability to address its needs and make improvements.

So this conference agreement provides for the startup of a national catastrophic health insurance program. The langauge of the budget resolution also makes it clear the program must be deficit neutral, with a self-financing provison at the core.

Included in the agreement are the Senate provisions on Medicare. The budget assumes $1.5 billion in reconciled savings for Medicare in 1988, and $9 billion over 3 years. These savings are to be accomplished without an increase in beneficiary out-of-pocket costs.

Another Senate provision assumed in the agreement is a sense-of-the-Congress statement taking into account the special needs of rural hospitals. Allowance is made for those rural hospitals not currently taken into account under the Medicare hospital prospective payment system.

Under the terms of the conference agreement, $2.4 billion would be invested over 3 years in a Medicaid initiative to combat infant mortality and address the needs of the elderly poor and working welfare recipients. The agreement also allows for a significant funding increase to fight AIDS.

Furthermore, the measure pending before the Senate includes a prohibition against closing Social Security offices or reducing beneficiary payments as a means of finding budget savings.

The budget provides $27.9 billion in budget authority and $27.35 billion in outlays for veterans' benefits and services in 1988. It includes full inflation for medical care and full COLA's for veterans' disability compensation and pensions.

A welfare reform initiative is also assumed in the conference agreement.

Because the conferees recognize that the semiconductor industry is vital to our national interest and that it is now facing a serious challenge, the agreement addresses the situation. Funding is provided within the budget to begin addressing the needs of the industry together with the needs of certain other manufacturing technologies.

The budget includes a $2.3 billion increase for education programs in contrast to the 30-percent reduction in such programs proposed by the administration. Education is now—as it has been in the past—vital to the strength of the Nation, and we must continue our investment to continue national progress.

Mr. President, I will include a comprehensive list of the changes in the agreement at the conclusion of my remarks. But the preceding list shows that even while cutting the deficit, we have still found room for key investments.

It simply is not true that this is a tax and spend budget. Domestic spending has been cut. Military spending will either be held to last year's level or allowed to grow only with the level of inflation. So the revenues that have been added have been added for one reason alone: to cut the Federal deficit. Those revenues are as sound an investment in our future as anything else we could do.

Mr. President, in these preliminary thoughts, I have tried to be candid about the circumstances. The Democrats in Congress have been forced to move ahead without the help we have asked for so often in the past. We have brought this agreement to the floor, and will proceed in good faith.

But if what we want most is a solid budget plan to cut the deficit and put the economy on firm footing, what we want next is a cooperative approach. We want the help of the President. We believe the country wants the White House to be a full and active partner in this work.

The President has never hesitated to say what he thinks. I think it is important the President understand what we think. Now what we have to do is reach a mutual understanding and work together. I have every confidence we can do it.

To that end, this conference report brings with it reconciliation instructions. Selected committees are to report their implementing changes by July 28. These changes are the gears of the budget, the steps to convert good intentions into sound results.

Among these changes is a reconciliation instruction for debt limit increase as provided in the Budget Act.

I want to make it clear at the outset, this is not an attempt to rule out procedural reforms in the budget process, such as restoring the automatic trigger mechanism under the Gramm-Rudman-Hollings law.

We are willing to work out a procedure through which we can include procedural reform in the reconciliation bill. What we would like to do is wrap all key elements into one package. It would include domestic spending cuts, effective funding for the military, deficit-reduction revenues, and

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changes in the process to implement the agreement on substantive policy.

Frankly, if we can work that out, everyone will gain. The President will get the reform, a higher level of defense funding, and the increase in the debt limit for 1 year.

The Congress will get key investments and the deficit reduction we want. The Nation will get lower deficits and a healthier economy, both for now and into the future.

If that cannot be worked out, then a freestanding debt limit bill will come over from the House under the Gephardt rule. Under those circumstances, the President would then have to persuade the Congress to increase the debt limit by an extra $30 billion, which is the amount of deficit reduction contemplated in the reconciliation bill.

I believe it is in the best interest of everyone to work hard toward an agreement on the reconciliation package to address all these issues at the same time.

There is no need for confrontation. The President wants to cut the deficit. No one doubts that. The Congress wants the same thing.

Both the President and the Congress have acknowledged the need for revenues to cut the deficit. There should not be any bickering about that, either.

Everyone wants a strong national defense, and both Congress and the President have made that clear. Now, the President doesn't think he's getting much of a deal when he compares defense dollars to revenues. The trouble is he compares 3 years of revenues with 1 year of defense.

In addition to a strong national defense, we certainly need sound investments for the future. If either the President or Congress have any doubts about that, we need only look to our trade imbalance and the ambition of our competitors to understand the need for those investments.

It seems to me, all the parties have had the chance to speak their piece. Now it's time for all of us to do our part. I invite the President's cooperation.

I understand that the President might find some fine tuning necessary with this plan before it would be acceptable to him. We recognize that. We ask him to get his minutiae people to look at this. We think it would be very wise if he would convene discussions so we could examine areas like budget reform that the President and my good friend from New Mexico have promoted. We could look at defense, 1 or 2 years—2 years if the President thought that was desirable. We could look at a meaningful package to bring down the deficit. We could look at other spending cuts.

I hope we could come out of that meeting and give the American people the confidence and assurance that the Congress and the President were ready to take on this issue and we were ready to enter into a compact that would provide the assurance to financial markets, to our friends overseas, and others that we were going, in the next 2 years, to make a meaningful reduction in the deficit and put us on the path toward a balanced budget.

Mr. President, I ask unanimous consent that additional materials detailing the budget resolution be printed in the RECORD.

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

HIGHLIGHTS OF THE CONFERENCE AGREEMENT ON THE FISCAL 1988 BUDGET RESOLUTION

$36.8 billion reduction in deficit for 1988.

The deficit is cut to $108 billion based on OMB economic assumptions, and $113.8 billion according to CBO calculations.

Includes two-tier "pay for defense" plan.

Contains $29.0 billion in reconciled savings over three years.

Contains $6.3 billion in FY '88 savings for domestic programs.

Provides for the creation of a deficit-reduction trust fund for all new revenues.

PROGRAM HIGHLIGHTS

Includes $19.3 billion in additional revenues for 1988, and $64.3 billion over three years.

Creates deficit reduction trust fund in which all new revenues are to be deposited.

Retains Senate language prohibiting increase in individual tax rates.

IRS initiative produces savings of $1.8 billion.

Defense

Two-tier "pay for defense" program.

Low-tier provides a freeze in budget authority at 1987 levels ($289 billion in budget authority; $284 billion in outlays).

High-tier buys inflation adjustment to zero real growth ($296 billion in budget authority; $290 billion in outlay with additional revenues.)

Domestic Programs

Includes provision for Catastrophic Health Insurance.

Program increase of $600 million for Medicaid.

Includes $800 million for NIH and AIDS research.

Increases funding for assistance for the Homeless.

Provides approximately $150 million increase for the Women, Infants and Children program Supplemental Feeding program (WIC).

Allows approximately $1 billion for Welfare Reform and dislocated worker initiatives in 1988.

Reconciled Medicare measures yield savings of $1.5 billion in 1988 and 8.7 billion over three years. No increase in beneficiary out-of-pocket costs are assumed.

Includes $2.3 billion increase for education programs.

Includes additional outlays for Job Corps.

Provides for three percent pay raise for federal workers; provides for all scheduled within-grade pay increases; and provides for continued availability of "lump sum" retirement option.

Assumes full COLAs for civil service, railroad, military retirees, and Social Security recipients.

Fully funds veterans medical care, including inflation increases, and assumes full COLAs for Veterans compensation and pension programs.

Increases funding for the science and technology programs of the National Science Foundation NASA, and Department of Energy, including the Space Station, and Supercollider.

Increases funding for key environmental programs, including Superfund and Clean Coal Technology.

Assumes full funding at current levels for community development programs.

Saves $1.2 billion in farm programs in 1988.

Provides adequate funding for recently enacted Highway bill.

Allows room for significant increases for air safety programs.

Includes $250 million for war against drugs and law enforcement.

Foreign assistance programs reduced $1.3 billion below baseline in budget authority.

Sufficient funding included for enactment of Senate Campaign Financing bill.

DEFICIT REDUCTIONS IN CONFERENCE AGREEMENT

[In billions of dollars]

	1988	1989	1990	1988–90
1988 baseline deficit	−170.70	−164.25	−136.75	−471.70
Defense [1]	−0.95	−11.15	−17.85	−29.95
Domestic	−6.30	−9.80	−13.65	−29.75
REA	−7.20	0.80	0.80	−5.60
IRS initiative	−1.85	−2.95	−3.10	−7.90
Reconciled revenues	−19.30	−22.00	−23.00	−64.30
Debt service	−1.25	−4.10	−7.70	−13.05
Total deficit reductions	−36.85	−49.20	−64.50	−150.55
Resulting CBO deficits	−133.85	−115.05	−72.25	−321.15
Resulting OMB deficits	−108.00	−89.90	−50.30	−248.20

[1] Assumes high-tier defense.

COMPARISON OF 1988 BUDGET OPTIONS

[In billions of dollars]

Conference agreement	Senate-passed	House-passed	
1988 baseline deficit	−170.7	−170.7	−170.7
Defense [1]	−1.0		−8.8
Domestic	−6.3	−8.6	−8.4
REA	−7.2	−7.2	
IRS initiative	−1.8	−1.8	−1.8
Reconciled revenues	−19.3	−18.3	−18.0
Debt service	−1.2	−1.3	−1.3
Total deficit reductions	−36.8	−37.1	−38.2
Resulting CBO deficits	−133.8	−133.6	−132.5
Resulting OMB deficits	−108.0	−107.8	−107.6

[1] Assumes high-tier defense.

CONFERENCE AGREEMENT ON 1988 BUDGET COMPARED TO PRESIDENT'S BUDGET AND TO A SEQUESTER

[In billions of dollars]

	Conference agreement	President's budget	1988 sequester
1988 CBO baseline deficit	−170.7	−170.7	−170.7
Defense [1]	−1.0	7.8	−29.9
Domestic	−6.3	−24.8	−30.7
REA	−7.2		
IRS initiative	−1.8	−1.8	
Reconciled revenues	−19.3	−16.3	
Debt service	−1.3	−1.2	−2.1
Total deficit reductions	−36.8	−36.3	−62.7
Resulting CBO deficits	−133.0	−134.3	−108.0
Resulting OMB deficits	−108.0	−107.8	

[1] Assumes high-tier defense for conference agreement.

CONFERENCE AGREEMENT BY FUNCTION

[In billions of dollars]

	1988	1989	1990
050 National Defense—High tier:			
BA	296.00	303.70	311.00
O	289.50	292.30	299.20
(050 National Defense—Low tier):			
BA	(289.00)	(294.80)	(297.90)
O	(283.60)	(288.00)	292.00)
150 International Affairs:			
BA	16.20	21.70	18.45
O	16.10	15.25	15.20
250 General Science, Space, and Technology:			
BA	11.30	13.50	15.00
O	11.10	13.00	14.60
270 Energy:			
BA	4.50	5.05	4.65
O	4.55	4.15	4.25
300 Natural Resources and Environment:			
BA	15.90	16.45	16.85
O	15.10	16.15	17.25
350 Agriculture:			
BA	29.45	29.95	25.55
O	28.60	26.10	22.35
370 Commerce and Housing Credit:			
BA	12.50	12.05	15.35
O	7.80	5.00	6.80
400 Transportation:			
BA	29.20	29.50	30.20
O	28.25	27.85	27.65
450 Education, Training, Employment, and Social Services:			
BA	7.50	7.65	7.80
O	6.60	6.40	6.70
500 Education, Training, Employment, and Social Services:			
BA	36.45	38.05	39.25
O	32.90	35.70	37.50
550 Health:			
BA	45.65	49.75	54.20
O	44.85	49.45	53.70
570 Medicare:			
BA	92.85	102.30	113.05
O	81.60	89.45	99.95
600 Income Security:			
BA	168.60	176.65	183.15
O	131.45	139.00	144.60
650 Social Security:			
BA	256.80	281.50	310.60
O	220.75	235.40	252.00
700 Veterans Benefits and Services:			
BA	27.90	28.15	28.25
O	27.35	27.55	27.90
750 Administration of Justice:			
BA	9.60	9.55	9.50
O	9.35	9.55	9.55
800 General Government:			
BA	7.70	7.65	7.85
O	7.15	7.00	7.20
850 General Purpose Fiscal Assistance:			
BA	1.80	1.85	1.90
O	1.80	1.85	1.90
900 Net Interest:			
BA	139.25	143.30	144.55
O	139.25	143.30	144.55
920 Allowances:			
BA	−0.70	−0.30	0.35
O	−0.70	−0.55	0.05
950 Undistributed:			
A. Offsetting Receipts:			
BA	−40.60	−41.95	−43.55
O	−47.90	−41.90	−43.50
B. Offsetting Receipts:			
BA	−41.65	−18.15	−32.35
O	−14.65	−18.15	−32.35
Grand Total Spending:			
BA	1,153.20	1,217.90	1,261.60
O	1,040.80	1,083.85	1,117.05
Revenues	921.60	986.95	1,077.15
Economic and technical adjustment	11.20	7.00	−10.40
Deficit	−108.00	−89.90	−50.30

RECONCILIATION IN CONFERENCE AGREEMENT

[Savings in billions of dollars]

	1988	1989	1990	1988-90
Conference agreement				
Spending:				
BA	−2.294	−2.784	−3.502	−8.580
O	−3.976	−7.863	−11.468	−23.307
Contributions:				
BA	0.090	0.743	0.742	1.575
O	−7.218	0.788	0.788	−5.642
Revenues: REV	−19.300	−22.000	−23.000	−64.300
Total savings	−30.494	−29.075	−33.680	−93.249

RECONCILIATION IN CONFERENCE AGREEMENT—Continued

[Savings in billions of dollars]

	1988	1989	1990	1988-90
Agriculture				
Spending:				
Farm programs:				
BA	−1.200	−1.600	−2.650	−5.450
O	−1.200	−1.600	−2.650	−5.450
REA reforms:				
BA	−0.130	−0.130	−0.128	−0.388
O	−0.130	−0.130	−0.128	−0.388
Total, spending:				
BA	−1.330	−1.730	−2.778	−5.838
O	−1.330	−1.730	−2.778	−5.838
Contributions:				
REA prepayment:				
BA	0.090	0.743	0.742	1.575
O	−7.218	0.788	0.788	−5.642
Total, Agriculture:				
BA	−1.240	−0.987	−2.036	−4.263
O	−8.548	−0.942	−1.990	−11.480
Banking				
Function 450 rec (total):				
BA	−0.200	−0.200	−0.200	−0.600
O	−0.200	−0.200	−0.200	−0.600
Commerce				
Function 370 rec:				
BA	−0.300	−0.300	−0.000	−0.600
O	−0.300	−0.300	−0.000	−0.600
Sec. 32 (NOAA share):				
BA	−0.044	−0.044	−0.044	−0.132
O	−0.026	−0.041	−0.043	−0.110
Coast Guard user fees:				
BA	−0.050	−0.050	−0.050	−0.150
O	−0.050	−0.050	−0.050	−0.150
Total, Commerce:				
BA	−0.394	−0.394	−0.094	−0.882
O	−0.376	−0.391	−0.093	−0.860
Energy and Natural Resources				
Function 270 rec:				
BA	−0.140	−0.250	−0.250	−0.640
O	−0.140	−0.250	−0.250	−0.640
Function 300 rec:				
BA	−0.030	−0.030	−0.030	−0.090
O	−0.030	−0.030	−0.030	−0.090
Total, Energy and Natural Resources:				
BA	−0.170	−0.280	−0.280	−0.0730
O	−0.170	−0.280	−0.280	−0.730
Environment and Public Works				
NRC fees (total):				
BA	−0.150	−0.150	−0.150	−0.450
O	−0.150	−0.150	−0.150	−0.450
Finance				
PBGC: [1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Medicare:				
BA				
O	−1.500	2.95	4.25	8.700
Subtotal, Spending:				
BA				
O	−1.600	−3.300	−4.600	−9.500
Revenues	−19.300	−22.000	−23.000	−64.300
Total, Finance				
BA				
O	−20.900	−25.300	−27.600	−73.800
Governmental Affairs				
Pay and other management savings (total)				
BA	−0.100	−1.752	−3.252	−5.104
O	−0.100	−1.782	−3.357	−5.239
Labor and Human Resources				
PBGC: [1]				
BA				
O	−0.100	−0.200	−0.200	−0.500
Veterans Affairs				
Increase real property cash sales (total)				
BA	−0.050	−0.030	−0.000	−0.080
O	−0.050	−0.030	−0.010	−0.090

[1] Reconciled to Finance and Labor and Human Resources; not double counted in total.

FUNCTION 050: NATIONAL DEFENSE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate passed high tier	301.50	290.60	307.30	295.00	310.40	299.00
Senate passed low tier	289.00	283.60	294.80	288.00	297.90	292.00
House passed	288.70	281.70	299.20	289.00	310.60	298.60
Difference high tier	+12.80	+8.90	+8.10	+6.00	−.20	−.40
Difference low tier	+.30	+1.90	−4.40	−1.00	−12.70	−6.60
Conference agreement:						
High tier	296.00	289.50	303.70	292.30	311.00	299.20
Low tier	289.00	283.60	294.80	288.00	297.90	292.00
Change from Senate passed:						
High tier	−5.50	−1.10	−3.60	−2.70	+.60	+.20
Low tier						
Change from House passed	+7.30	+7.80	+4.40	+3.30	+.40	+.60

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The high tier of the conference agreement provides for zero real growth in 1988 and in the outyears. In the event that inflation exceeds current economic projections, it is assumed that the DOD will make nonprogrammatic adjustments to maintain the steady state program level. The low tier provides a nominal freeze in budget authority. Enactment of the high tier is contingent upon the signing of the 1988 reconciliation bill.

Reconciled and other

The Conference agreement contains no reconciled savings in this function.

FUNCTION 150: NATIONAL DEFENSE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	15.80	15.80	20.30	14.30	16.00	13.30
House-passed	16.35	16.20	22.05	15.55	18.75	15.45
Difference	−.55	−.40	−1.75	−1.25	−2.75	−2.15
Conference agreement	16.20	16.10	21.70	15.25	18.45	15.20
Change from Senate-passed	+.40	+.30	+1.40	+.95	+2.45	+1.90
Change from House-passed	−.15	−.10	−.35	−.30	−.30	−.25
Change from baseline	−1.30	−.65	−1.55	−1.10	−1.55	−1.30

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Conference agreement partially restores discretionary program reductions in Senate-passed resolution. Assumes no reductions in key foreign assistance programs to Israel, Egypt and Africa.

Reconciled and other

The conference agreement contains no reconciled savings in the function.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	11.50	11.20	13.70	13.10	15.20	14.80
House-passed	10.25	10.45	10.75	11.10	11.25	11.60
Difference	+1.25	+.75	+2.95	+2.00	+3.95	+3.20
Conference agreement	11.30	11.10	13.50	13.00	15.00	14.60
Change from Senate-passed	−.20	−.10	−.20	−.10	−.20	−.20
Change from House-passed	+1.05	+.65	+2.75	+1.90	+3.75	+3.00
Change from baseline	+.75	+.40	+2.45	+1.55	+3.45	+2.70

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes increases in general science and basic research programs of the National Science Foundation and Department of Energy at levels between those passed by the House and Senate.

Overall increase of $1.1 billion above a freeze allows all major new initiatives, such as the manned space station and the superconducting supercollider, while maintaining adequate funding for NASA space flight programs.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 270: ENERGY

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	4.80	4.80	5.40	4.50	5.00	4.60
House-passed	3.25	3.60	4.15	3.30	4.20	3.25
Difference	+1.55	+1.20	+1.25	+1.20	+.80	+1.35
Conference agreement	4.50	4.55	5.05	4.15	4.65	4.25
Change from Senate-passed	−.30	−.25	−.35	−.35	−.35	−.35
Change from House-passed	+1.25	+.95	+.90	+.85	+.45	+1.00
Change from baseline	−.85	−.90	−1.25	−1.20	−1.75	−1.30

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement assumes net discretionary reductions of $0.40 billion in 1988 in budget authority and $0.40 billion in outlays in 1988.

The agreement assumes increases for Clean Coal and other discretionary programs and reductions for nuclear waste.

The agreement could also allow for energy efficiency initiatives included in the Economic Power Budget.

Reconciled and other

The conference agreement assumes NRC user fees of $150 million will be reconciled in 1988.

The agreement assumes a package of REA reforms totaling $150 million in budget authority and outlays in 1988.

The agreement deletes a House assumption concerning cost recovery for the Strategic Petroleum Reserve.

The agreement also assumes unspecified savings of $140 million in budget authority and outlays reconciled to the Senate Energy and Natural Resources Committee.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	16.00	15.10	16.50	16.20	16.90	17.30
House-passed	13.90	13.80	14.80	14.55	15.55	15.75
Difference	+2.10	+1.30	+1.70	+1.65	+1.35	+1.55
Conference agreement	15.90	15.10	16.45	16.15	16.85	17.25
Change from Senate-passed	−.10	−.00	−.05	−.05	−.05	−.05
Change from House-passed	+2.0	+1.30	+1.65	+1.60	+1.30	+1.50
Change from baseline	−.60	+.40	−1.00	−.75	−1.45	−1.20

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement assumes net discretionary reductions in 1988 of $550 million in budget authority and $350 million in outlays.

The agreement would allow increases for EPA, land acquisition and other discretionary programs within this restrained total.

Reconciled and other

The conference agreement contemplates termination of USDA Section 32 program funds resulting in a slight reduction in overall funding levels for NOAA.

The agreement also reconciles savings of $30 million in budget authority and outlays to the Senate Energy and Natural Resources Committee.

The agreement deletes a Senate assumption concerning EPA user fees and a House assumption concerning oil and gas administrative savings.

FUNCTION 350: AGRICULTURE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	29.40	28.60	30.10	26.20	25.50	22.30
House-passed	29.50	28.65	30.00	26.10	26.15	23.00
Difference	−.10	−.05	+.10	+.10	−.65	−.70
Conference agreement	29.45	28.60	29.95	26.10	25.55	22.35
Change from Senate-passed	+.05	.00	−.15	−.10	+.05	+.05
Change from House-passed	−.05	−.05	−.05	.00	−.60	−.65
Change from baseline	−1.45	−1.35	−1.90	−1.90	−3.00	−3.00

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement assumes net discretionary reductions of $250 million in budget authority and $200 million in outlays in 1988.

The agreement could allow increases for the Homeless bill and the Economic Power initiatives.

Reconciled and other

The agreement reconciles $1.2 billion in fiscal year 1988 farm program savings to the Agriculture Committee.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	12.25	7.55	12.40	5.40	15.45	6.90
House-passed	12.70	8.10	12.60	5.55	15.85	7.10
Difference	−.45	−.55	−.20	−.15	−.40	−.20
Conference agreement	12.50	7.80	12.05	5.00	15.35	6.80
Change from Senate-passed	+.25	+.25	−.35	−.40	−.10	−.10
Change from House-passed	−.20	−.30	−.55	−.55	−.50	−.30
Change from baseline	−.50	−.50	−.90	−.80	−.85	−.65

Note: Detail may not add to totals due to rounding.

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes freeze on discretionary programs.

Assumes split between House and Senate on additional discretionary program changes, except for postal subsidy.

Assumes postal subsidy at the CBO-estimated level reflecting implementation of the "equal markup" method of calculating the postal subsidy for preferred-rate mailers.

Reconciled and other

Reconciliation of $300 million in both 1988 and 1989 budget authority and outlays to Commerce (Senate) and Energy and Commerce (House).

FUNCTION 400: TRANSPORTATION

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	29.35	28.40	29.60	27.95	30.30	27.75
House-passed	28.35	27.95	29.05	27.95	30.10	28.35
Difference	+1.00	+.45	+.55	.....	+.20	−.40
Conference agreement	29.20	28.25	29.50	27.85	30.20	27.65
Change from Senate-passed	−.15	−.15	−.10	−.10	−.10	−.10
Change from House-passed	+.85	+.35	+.50	−.05	+.10	−.70
Change from baseline	−.50	−.50	−.95	−1.55	−1.35	−2.45

Note: Detail may not add to totals due to rounding.

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes a freeze on discretionary programs.

Assumes increases for high priority programs such as air safety, airport construction, and Coast Guard.

Reconciled and other

Reconciliation of $50 million in Coast Guard user fees.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	7.40	6.75	7.30	6.40	7.25	6.45
House-passed	7.60	6.70	7.75	6.50	7.90	6.80
Difference	−.20	+.05	−.45	−.10	−.65	−.35
Conference agreement	7.50	6.60	7.65	6.40	7.80	6.70
Change from Senate-passed	+.10	−.15	+.35	.....	+.10	+.10
Change from House-passed	−.10	−.10	−.10	−.10	−.10	−.10
Change from baseline	−.35	−.20	−.40	−.25	−.40	−.35

Note: Detail may not add to totals due to rounding.

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes freeze on discretionary program levels, except for high priority, low-income programs.

Reconciled and other

Reconciliation of $200 million in 1988–90 budget authority and outlay savings to Banking Committees in the Senate and House.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT & SOCIAL SERVICES

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	36.00	32.90	36.45	35.95	38.00	37.00
House-passed	36.45	32.95	38.05	35.70	39.25	37.50
Difference	−.45	−.05	−1.60	+.25	−1.25	−.50
Conference agreement	36.45	32.90	38.05	35.70	39.25	37.50
Change from Senate-passed	+.45	.....	+1.60	−.25	+1.25	+.50
Change from House-passed		−.05	.....	.....	.....	.....
Change from baseline	+2.15	+.25	+1.95	+.95	+1.80	+1.05

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

$2.3 billion increase for education programs including Head Start, Chapter 1, the Drug Free Schools Act, vocational education, Pell Grants, Math Science grants, TRIO, and the Minority Institutions Science Improvement Programs. The agreement allows for funding of new initiatives to

combat illiteracy, and provides funds for dropout prevention.

$134 million in budget authority and $11 million in outlays to increase funding for the Job Corps.

Reconciled and other

Increased funding for the Title XX social services block grant.

Provides separate funding of $1 billion for welfare reform, worker training and retraining, and child care initiatives.

FUNCTION 550: HEALTH SERVICES AND RESEARCH

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	45.10	44.35	48.00	48.10	51.80	51.60
House-passed	45.70	44.90	49.75	49.45	54.20	53.70
Difference	−.60	−.55	−1.75	−1.35	−2.40	−2.10
Conference agreement	45.65	44.85	49.75	49.45	54.20	53.70
Change from Senate-passed	+.55	+.50	+1.75	+1.35	+2.40	+2.10
Change from House-passed	−.05	−.05				
Change from baseline	+1.10	+.75	+1.40	+1.30	+1.60	+1.60

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Provides for an increase over current appropriations of $1.05 billion in 1988 budget authority for discretionary health programs, including $0.80 billion for AIDS research and education and biomedical research within the National Institutes of Health. Increases are also provided for several low-income high priority programs such as maternal and child health, community health centers and others.

Medicaid

Provides $0.6 billion in 1988 budget authority and outlays ($2.4 billion over three years) for improvements in services to low-income elderly, children, and pregnant women. These increases are in addition to any offsets resulting from Medicare catastrophic insurance.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 570: MEDICARE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	93.25	80.15	102.70	89.05	113.25	99.75
House-passed	93.20	81.60	102.60	89.25	113.30	98.75
Difference	−.05	−1.45	−.10	−.20	−.05	−1.00
Conference agreement	92.85	81.60	102.30	89.45	113.05	99.95
Change from Senate-passed	−.40	+1.45	−.40	+.40	−.20	+.20
Change from House-passed	−.35		−.30	+.20	−.30	+1.20
Change from baseline	−.55	−1.50	−.90	−3.10	−1.20	−4.40

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Maintains Medicare contractor and other administrative costs at baseline levels.

Reconciled and other

Reconciles Medicare provider savings of $1.5 billion in 1988, $8.7 billion over three years. No increases in beneficiary out-of-pocket costs are assumed.

FUNCTION 600: INCOME SECURITY

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	168.00	130.60	175.50	137.60	181.50	142.90
House-passed	168.60	131.35	176.65	139.10	183.15	144.75
Difference	−.60	−.75	−1.15	−1.50	−1.65	−1.85
Conference agreement	168.60	131.45	176.65	139.00	183.15	144.60
Change from Senate-passed	+.60	+.85	+1.15	+1.40	+1.65	+1.70
Change from House-passed		+.10		−.10		−.15
Change from baseline	+.60	+.05	+.55	+.20	+.55	+.20

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement provides sufficient room for full current services funding for all discretionary programs plus room for an *additional* $600 million in BA and $150 million in outlays in 1988. These additional funds can be used to fund increases above the baseline in such programs as WIC and initiatives to aid the homeless.

Reconciled and other

All entitlement programs are assumed to receive funding at full current service levels.

The conference agreement assumes increased savings for the Pension Benefit Guaranty Corporation of $100 million in 1988 and $200 million in 1989 and 1990.

FUNCTION 650: SOCIAL SECURITY

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	256.80	220.70	281.50	235.40	310.60	252.00
House-passed	256.80	220.95	281.45	235.55	310.60	252.20
Difference		−.25	+.05	−.15		−.20
Conference agreement	256.80	220.75	281.50	235.40	310.60	252.00
Change from Senate-passed		+.05				
Change from House-passed		−.20	+.05	−.15		−.20
Change from baseline		−.25		−.20		−.20

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes $250 million in outlay savings in 1988. Savings are assumed to come solely from line-item for computer expenses. Computer savings of $200 million per year are assumed in the out-years as well.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	28.00	27.35	28.10	27.45	28.00	27.65
House passed	27.90	27.40	28.25	27.65	28.50	28.15
Difference	+.10	−.05	−.15	−.20	−.50	−.50
Conference agreement	27.90	27.35	28.15	27.55	28.25	27.90
Change from Senate-passed	−.10		+.10	+.10	+.25	+.25
Change from House-passed		.05	−.10	−.10	−.25	−.25
Change from baseline	+(*)	−.05	−.10	−.10	−.25	−.25

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

Assumes full inflation for medical care, education and training and other discretionary programs. Assumes modest increases in nursing home construction.

Reconciled and other

Assumes full COLAs for compensation and pension programs.

Assumes increase of $0.05 billion in 1988 budget authority for unspecified veterans program improvements.

Reconciles $50 million in 1988 savings from real property cash sales, not affecting veterans in any way.

FUNCTION 750: ADMINISTRATION OF JUSTICE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	9.75	9.50	9.60	9.60	9.60	9.65
House-passed	9.20	9.00	9.35	9.30	9.50	9.50
Difference	+.55	+.50	+.25	+.30	+.10	+.15
Conference agreement	9.60	9.35	9.55	9.55	9.50	9.55
Change from Senate-passed	−.15	−.15	−.05	−.05	−.10	−.10
Change from House-passed	+.40	+.35	+.20	+.25		−.05
Change from baseline	+.25	+.25		+.05	−.20	−.10

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement provides increases above the baseline of $0.25 billion in budget authority and outlays for administration of justice programs in 1988—for a function total of $9.6 billion in budget authority and $9.35 billion in outlays.

The conference agreement allows increases for key federal agencies—such as the FBI, Drug Enforcement Administration, Immigration and Naturalization Service, U.S. Customs Service and judiciary branch programs to strengthen federal law enforcement efforts in 1988 and beyond.

All other programs in this function would be continued at 1987 levels.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 800: GENERAL GOVERNMENT

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	7.60	7.15	7.65	7.00	7.85	7.20
House-passed	7.70	7.15	8.00	7.40	8.20	7.65
Difference	−.10		−.35	−.40	−.35	−.45
Conference agreement	7.70	7.15	7.65	7.00	7.85	7.20
Change from Seante-passed	+.10					
Change from House-passed			−.35	−.40	−.35	−.45
Change from baseline	+.40	+.30	+.20	+.10	+.10	

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement provides sufficient funding for enactment of Senate campaign financing legislation.

The conference agreement assumes that $7.7 billion in budget authority and $7.15 billion in outlays would be provided for programs in the general function in 1988.

The conference agreement allows increases for the Internal Revenue Service at the President's requested levels in 1988.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 850: GENERAL PURPOSE FISCAL ASSISTANCE

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	1.75	1.75	1.75	1.75	1.80	1.80
House-passed	1.80	1.80	1.85	1.85	1.90	1.90
Difference	−.05	−.05	−.10	−.10	−.10	−.10
Conference agreement	1.80	1.80	1.85	1.85	1.90	1.90
Change from Seante-passed	+.05	+.05	+.10	+.10	+.10	+.10
Change from House-passed						
Change from baseline	−.05	−.05	−.05	−.05		−.05

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement provides a total of $1.8 billion in budget authority and outlays for this function in 1988.

All discretionary programs in this function are continued at 1987 levels in 1988-90.

Reconciled and other

The conference agreement contains no reconciled savings in this function.

FUNCTION 920: ALLOWANCES

[In billions of dollars]

	1988		1989		1990	
	BA	O	BA	O	BA	O
Senate-passed	−0.30	−0.60	0.00	−0.25	0.65	0.35
House-passed	−.20	−.20	1.95	2.05	3.15	3.40
Difference	−.10	−.40	−1.95	−2.30	−2.50	−3.05
Conference agreement	−.70	−.70	−.30	−.55	−.35	−.05
Change from Seante-passed	−.40	−.10	−.30	−.30	−.30	−.30
Change from House-passed	−.50	−.50	−2.25	−2.60	−2.80	−3.35
Change from baseline	−1.60	−1.60	−3.45	−3.85	−5.00	−5.70

DESCRIPTION OF CONFERENCE AGREEMENT

Discretionary programs

The conference agreement assumes reductions in both federal civilian travel and in non-permanent change of station travel under the Defense Department. Unspecified management savings are also assumed.

Reconciled and other

The conference agreements reconciles a total of $1.75 billion in budget authority and $1.80 billion in outlays in 1988 for pay and other management savings. The agreement also assumes a three percent pay rise for federal civilian employees in each of the years, 1988-90, with 100 percent absorption assumed in the first year.

CONFERENCE AGREEMENT ON 1988 BUDGET COMPARED TO PRESIDENT'S BUDGET AND TO A SEQUESTER

[In billions of dollars]

	Conference agreement	President's budget	1988 sequester
1988 CBO baseline deficit	−170.7	−170.7	−170.7
Defense:			
High tier	−1.0	7.8	−29.9
Low tier	(−6.8)		
Domestic	−6.3	−24.8	−30.8
REA	−7.2		
IRS initiative	−1.8	−1.8	
Reconciled revenues	−19.3	−16.3	
Debt service	−1.3	−1.2	−2.0
Total deficit reduction [1]	−36.8	−36.3	−62.7
Resulting deficits (CBO estimate)	−133.8	−134.3	−108.0
Resulting deficits (OMB estimate)	−108.0	−107.8	−83.7

[1] Assumes high-tier defense for conference agreement, consistent with assuming passage of deficit reduction in Reconciliation bill.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 15 minutes at this time.

I want to take the first few seconds to remind my colleagues on this side of the aisle that we are now on the budget resolution. A number of them have asked to be heard on this budget resolution and I want them to know that I shall try my very best to accommodate them. I trust that they will be calling in from time to time to the Cloakroom to confirm what time is available for them. Everyone knows this is a measure that, by statute, is under time constraint.

The Senator from New Mexico controls the time. I am going to be as generous as I can to my colleagues because many of them have asked to speak and I want that to occur. They ought to know that this is important and that we cannot all wait until 3 o'clock this afternoon to be heard because the time will have expired.

Mr. President, I wonder if I may now proceed to ask my friend, the chairman of the committee, Mr. CHILES, a question with reference to reconciliation and the debt limit. Before I do that, let me say I have the greatest respect for the distinguished chairman. He knows that. I am his good friend, I hope he is my good friend. Let me say this is not an issue here today of personalities or friendship. This is an issue upon which we disagree substantively and disagree rather seriously. I believe most Republicans will disagree rather seriously with the Democrats whom he leads on this floor with reference to this budget resolution.

Having said that, Mr. President, when the Senator discussed procedural reform, Gramm-Rudman-Hollings, and the possibility of an automatic trigger, I did not understand why he assumed that might occur in this process. Did I hear him say that might occur on reconciliation?

Mr. CHILES. The Senator from Florida said he hoped there would be a way of working that out so it could be included if that were something that could be arranged.

Mr. DOMENICI. On the other hand, may I ask, I think it will come as a very big surprise to many Senators that, for the first time since we have had a budget resolution, there is an instruction that the Finance Committee report out a debt limit bill. There are some very specific numbers in there as to how much they should increase the debt limit. I understand we are using OMB estimates for the remainder of this year of what the deficit would be. Nonetheless, may I ask, does he envision that we would have a freestanding debt limit bill in addition to that mandated reconciled debt limit bill?

Mr. CHILES. No, Mr. President. I think the Senator from Florida said that the instruction allows the Finance Committee as part of the reconciliation to report out a debt limit. I said in the event that that did not happen, we also could have—under the Gephardt rule—the freestanding debt limit would come over from the House.

Mr. DOMENICI. I thank the distinguished chairman.

Mr. President, let me now use the remainder of this first 15 minutes I have allocated to myself to talk about a few issues that the distinguished chairman raised and talk a little bit about this budget.

I think every Member of the U.S. Senate knows that the Senator from New Mexico has not been bashful in the past in terms of disagreeing with the President. Obviously, it is very difficult for Congress not to have disagreements of a serious nature with reference to Presidents on budgets. I have done that in the past. I have put together bipartisan budgets here, I have put together budgets that were solely Republican in the past, taken them to conference and done my very best. And from time to time, the President has not been in accord with those budgets.

Frequently, he has negotiated a defense number with us; after hours and hours of debate, we have arrived at some consensus with him. He is somewhat shocked, and I did not disagree with him, that these kinds of negotiations under this budget process just never end. You make a deal with the President of the United States regarding defense or any other major item of the budget and it turns out 4 or 5 months later that is not so, because budget resolutions do not have binding functions in them.

I might just suggest right up front that on defense, we have had a serious problem. Forty-seven billion dollars of defense spending that had been prescribed in budget resolutions was spent elsewhere as we moved through the budget cycle over the past 6 years. I have a suggestion, Mr. President: If it is the President that we want to help us with this budget resolution, when we sit down at a table to talk about budget reform, we should put on the table a new issue that the President ought to sign budget resolutions. We will see how Congress likes that. It is being suggested that it is the President and the President alone that is holding up progress on this budget and holding up progress on deficit reduction and that, in some way, this budget resolution that we have before us is his fault.

My good friend, the chairman, is asking that he cooperate, that he in some way help us. I think the words have been used that he come to the table. The American people ought to know, as the Senators know and as the U.S. Representatives know, the President is not part of this process. Maybe

we ought to make him part of the process. Maybe we ought to change the budget resolution and send him a budget resolution and let him sign it or veto it. We would either have a budget resolution with his imput or we would not have one, or we would override him.

Frankly, Mr. President and Members of the Senate, I, too, wish that we could be in a different posture than we are here today. I would wish that serious budget issues, tax issues, how much defense is enough defense for the free world and America, could be worked out just nice and smooth around some table with the President of the United States and Members of Congress. That is just not possible. That has hardly occurred in this great democracy other than in times of war. Even then, I surmise that we have had great, great disagreements between Congress and the President. So my first suggestion is if we want the President so intimately involved in this, then let us make him part of the budget process, let us let him sign budget resolutions.

Mr. President, with reference to this budget, there is a lot to be said about what is wrong with it. But the first thing we have to try to do today—and we are going to try to do that—is to make sure that anybody who is interested in this budget for the people of the United States this year understands what it is and what it is not. The first thing that we have to do is make sure, as to the normal budget gobbledygook, the use of language that nobody understands, that we try as best we can within a complex process to make it as simple as possible.

We are going to try to do that. A number of Senators are going to try to do it on defense. A number of Senators are going to try to do it on the issue of taxation before we finish this budget resolution. I am hopeful we are through that the Senator from New Mexico can contribute, if nothing else, to an understanding of what we have done and what we have not done in this budget resolution and to distinguish clearly between those of us who oppose it and why we oppose it and the Democrats on the other side of the aisle who have to take full responsibility for this budget.

Now, Mr. President, there are States in this country, at least eight that I am aware of—I happen to be looking at the Chair and I will say Louisiana; I look behind me and I see Texas; and I can think of States like New Mexico, my own; and I can go on—these States in the past 4 or 5 years for one reason or another have had to raise taxes. I have seen the Governors go to their people, and they are all worried about the fact that they have to ask their people to pay some more gasoline tax or to do something because of the state of their budgets.

Now, Mr. President and Members of the Senate, I have not studied that issue in detail, but I have come to one conclusion—when you go to the people and ask them to let you raise taxes, and you are the governing body, and in particular in this case, when you go to the people and ask them to let you raise taxes by the largest amount in any single year in our history—and that is not an overstatement: We have never raised taxes by affirmative passage of legislation by an amount in excess of the amount in this budget in our history—when you do that, you normally tell the people in the State, "We don't have enough money to pay our bills," That is generally the promise. Something dramatic has happened, oil prices have dropped and there is no revenue in the coffers of the State of Louisiana or the State of Texas or the State of New Mexico, and in essence legislators go to their people and say, "We are bankrupt." Normally they say, "There is just not going to be enough money around to pay the bills."

That is usually the first statement. Second, they normally go to the people and say, "We have cut every program we could cut and, Mr. and Mrs. Louisiana, Mr. and Mrs. Texas, Mr. and Mrs. New Mexico, we have cut everything we can cut and we are still short. Will you let us have some gasoline tax? Will you let us raise the sales tax a quarter percent?" And the people normally, though reluctantly—and that is understandable—say, "Yes."

Now, Mr. President, it comes to me as I think about this budget resolution in that context that the American people from what I can understand are about 7 or 8 to 1 against raising taxes for this Federal budget. It comes to me that in their marvelous, intuitive way they understand precisely why. We cannot take this budget that is pending at this time and say to the American people, "We have cut every program we could cut. We have eliminated every surplusage in Government we could eliminate. We have looked over the 1,500-plus programs that make up the inventory of American programs and we have cut every one we could cut. We have eliminated every surplusage in Government we could eliminate. We have looked over the 1,500-plus programs that make up the inventory of American programs and we have cut every one we could cut. We have restrained every single one we could. As a matter of fact, we have eliminated a few, Mr. and Mrs. America."

We cannot do that because the truth of the matter is—forget the budget rhetoric, about baselines and how much we would have spent—this budget says to the American people, "We are going to increase domestic spending from 1987 to 1988, the year that we are asking you to let us tax you by the largest amount"—we do not know how yet—"by the largest amount we have ever increased taxes." We cannot tell the American people what the Governors and legislators of our respective States have told their constituents because this budget on the domestic side does not go down, is not cut, is not restrained, and all that talk around that we have reduced expenditures by $10 or $20 billion or we have reduced the deficit by $36.8 billion pales in the reality that domestic spending alone goes up $41 billion in 1988 versus 1987.

Let me repeat, if my theory of how you can genuinely go to the American people and say, "Let us raise your taxes," is so—let me repeat, 1,500-plus American programs in the American budget—this budget contemplates not one to be eliminated and there are more than 1,500.

We cannot tell the American people we have cut anything. And I know some will get up and say, "Well, in one of these functions, it is not going to grow as much as it should have. We have taken inflation out."

But the truth of the matter is, when you pull away all the chaff, domestic spending alone is increasing $41 billion in 1988 over 1987. Now, my friends on the other side will stand up and talk about entitlements, that they have to go up, and that the Senator from New Mexico's $41 billion includes those. Well, I am going to be generous, because obviously the American people are not yet convinced that we should raise taxes and take everything off the table. But we have decided as politicians we are going to take some off, so I will take off basic entitlements, and that is about $13 billion to $14 billion. And if you do the arithmetic, you have about $21 billion as the minimum that we are increasing domestic spending aside from entitlements.

And what a coincidence. What a coincidence. That $21 billion increase in domestic outlays equals the taxes that we are asking the American people to stand for under this budget resolution. That is an accident, but it turns cut to be just about right. It is going up by $21 billion so we want you to pay $21 billion more in taxes.

Now, I have a lot more to say about what we are doing to defense in this budget, the brinkmanship we are playing with holding it hostage by saying if the President signs a tax bill, we will provide an additional $7 billion for the national defense. We will talk a lot more about that later. But I thought I would bring it up because it turns out that we are holding a defense increase hostage to a tax increase.

But, Mr. President, we are not holding domestic spending increases hostage to a tax increase. If the American people want these increases in the

budget as bad as some people assume, then why do we not hold all the increases hostage to the taxes and say, if you want increases in the budget, pay for them with taxes and, if not, there will be no increases.

Mr. President, there are a lot of other things to talk about in this budget. We are talking about ordering savings. I will go on to discuss the reconciliation instructions. For those listening and wondering about it, this is a fancy term that means a budget resolution is the will of the Congress and it orders committees to do something. Most committees do not have to do anything. They do what they want.

But we are ordering them under reconciliation to do something.

Mr. President, let me make sure that everybody understands what the reconciliation instruction does.

It is heralded as a great deficit-reduction package.

The Democratic plan orders various committees, including the tax-raising committee, to save, and I put that in parenthesis, $93 billion over the next 3 years.

Mr. President, and Members of the Senate, three-quarters, 75 percent of those savings comes from two things: taxes and refinancing the loan portfolio of the Rural Electrification Administration.

Three-quarters of the alleged savings come from taxes that are to be increased and refinancing a loan portfolio of the REA. By an accounting accident, if you refinance the entire loan portfolio of the Rural Electric Coops, you take that loan off the books for the time being and when you take it off the books, you get about 7 billion dollars' worth of credit in this reconciled savings. Then I assume Congress will put it right back on the books.

There is nothing in this budget resolution that says they cannot, and they will put it back on spread out over a long period of time, and you will take credit for $7 billion this year and over the next 10 or 15 you will probably spend a substantial number of billions to refinance it again.

There is more to talk about, but let me close these opening remarks with my assessment of this situation.

First, the President of the United States notwithstanding, he can talk about what he wants to talk about, balanced budget, constitutional amendments, line item vetoes, he is still President. Thank God, he has some prerogatives and he can talk about what he wants to talk about. I do not believe this budget resolution can be blamed on him and if we want him involved in budget resolutions, let us let him sign them.

Second, I just do not believe in this great country you can ask the American people for new taxes for the programs under your control unless you can to to them and say they are absolutely necessary, you want them all, you know we need them all, none can be restrained, none can be cut, they must go up. I just do not believe that you can raise taxes under those circumstances.

I understand this is a democracy and I understand it is not as simple as the State legislature and the Governor working with a small group of constituents, most of which States cannot spend in the red ever and we can. I understand all of those things.

But, Mr. President, this is too much tax increase for a budget that does little or no real cutting of domestic programs.

I yield the floor.

The PRESIDING OFFICER. The Senator has 3½ minutes remaining.

Who yields time?

Mr. CHILES. Mr. President, I yield myself such time as I might need.

The Senator from New Mexico started his remarks talking about our friendship. I assure him it is not to be reconciled. It is not on the table. And there is no way it can be impaired by anything that goes on in this debate.

Mr. President, I listened with interest to my friend's remarks, I want to make brief comments about slowing down the spending growth.

If we look at our spending, we see in the proposal before us net domestic spending decreases more than $6 billion in 1988 below the CBO baseline.

So, Mr. President, we see—as a share of GNP—spending will actually decrease by one-half of 1 percent under this conference agreement.

Now, if you consider the way we have been doing business in the past, Mr. President, that is a pretty good mark. That is a pretty good adjustment to what we are doing. Perhaps more could be done. I am sure it could, if everybody could sit down and participate.

But the growth in domestic outlays for 1987 is due entirely to a growth in the baseline and not to any new spending. None of the spending growth we have talked about, an increase of some $41 billion, is due to any new spending. That is not because of any new program we are contemplating. The spending growth assumes continuation of the current services.

You talk about this baseline. What in the world is that? That is simply saying that programs like Social Security no one has proposed to cut or to touch, increases by $13 billion due to new beneficiaries, new people retiring, and the cost-of-living increases. That is part of the increase in here, and I have not seen anyone propose to adjust or to tamper with that.

The $3.2 billion is to cover new beneficiaries in the Civil Service, military retirement, the food stamps, SSI, and family support payments. Those are people who are eligible under the law.

I have not seen anybody propose to cut that, to say to a military retiree "We are not going to pay you now, you have contributed your years of service, the law said that you would be paid this if you stayed in 20 or 30 years, but we have decided that we cannot pay you now." It just would not be fair for us to do so we are not going to do that.

There is $9.2 billion in mandatory increases to cover increased utilization and inflation in Medicare and Medicaid Programs. Mr. President, we are talking about trying to make savings of $1.5 billion in the Medicare Program. We think that money can be squeezed out. We think that by better utilization, but some cost containment, without hitting the beneficiaries, we can take $1.5 billion in savings. Over 3 years, We expect those savings to be approximately $9 billion.

So, Mr. President, we are trying to make all of the savings we can. But in spite of that we have $9.2 billion in mandatory increases. Those are the law. I have not seen any proposal to change that law; or require that beneficiaries pay more. No one has done that, and yet we talk about increases here.

Nine billion dollars in prior domestic spending commitments that were made by this Congress, by this President were already there. Those are prior commitments. There are $8 billion in technical additions to fund new legislation enacted last year. What is that new legislation? Immigration reform, for example, that was not included in the 1987 provisions for base line.

In addition, last year's domestic base line was low by some $7 billion due to asset sales and other one-time savings. Since these artificial reductions do not occur in 1988, spending appears to increase.

So, Mr. President, what we are doing now is picking up some of the spending increases because of some of the mirrors that were used last year in asset sales. Yet we are now being blamed for the policy that Congress adopted last year, not that my friend from New Mexico or I wanted to adopt it. It was one that was necessary to get us out of the budget impasse last year because, we could not get any kind of agreement between the White House and the Congress on what we should do.

So, Mr. President, none of these domestic spending increases are as a result of new spending called for in the budget. These are ones that are there because of mandated programs. They are there because of entitlements. They are there because of past action. Last year, if you take out those one-time savings, domestic spending went up over $32 billion last year.

So, after all is said and done, the original point I made stands on its

own. Domestic spending is cut by $6 billion below the current service levels. And the revenue increases, therefore, are not going to be used for anything other than deficit reduction. They will not be used for any domestic spending.

The PRESIDING OFFICER (Mr. SHELBY). Does the Senator from New Mexico yield time?

Mr. DOMENICI. I yield 5 minutes to myself and then I am going to yield to the junior Senator from Texas.

Mr. President, you cannot have it both ways. My friend from Florida, in representing the Democratic budget here, says last year we took credit for asset sales and in some way that skewed the real picture.

Mr. President, the budget before us has $7.2 billion that is credited as a savings by refinancing the REA loan portfolio. If that is any different than an asset sale, I do not know; I have not been around; I have been asleep someplace; $7.2 billion is one of the cuts they take credit for and it is not a cut of anything. It is refinancing, an accounting gimmick. You cannot have it both ways.

My friend from Florida, in response to my argument, says we have cut spending not increased it, yet in his opening remarks he took credit for a new approach, new areas that are in need, and ticked them off, indicating that there were substantial increases in Medicaid, substantial increases in AIDS research, substantial increases in homeless, the coverage for them.

I want the people that are listening and my friends to know that I think some of these areas ought to go up, not down. But I really think the American people again have fantastic intuition. If you ask them, they say increase some of these programs, but, Mr. President and fellow Senators, they say decrease the ones that are not as necessary. In a sense, they say all programs are not created equal.

Somewhere in this monstrous budget, some programs could be eliminated, some could be cut 5 or 6 percent so that you could spend more in the needed areas. But you cannot say, on the one hand, there are no new programs we have cut and then go to the American people and try to take credit for increasing significantly areas of need.

Now, I yield 15 minutes to the distinguished junior Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I thank the distinguished Senator for yielding.

I would like to begin by noting that the Senator did leave out one area of new spending and that is giving ourselves a pay raise this year. Also in this bill we provide money to fund elections for candidates running for the U.S. Senate. That is a new program and is a contributor to the deficit.

Mr. President, you can talk around in circles about current services, you can talk about baselines until you are blue in the face, but the bottom line on this budget is about as simple as any bottom line could be in any debate.

First of all, this budget mandates, through binding reconciliation, the largest tax increase in any one single year in American history. If you want to raise taxes and have the largest first year tax increase in American history, you want to vote for this budget. In fact, it is not even close. The next largest single year tax increase undertaken by Congress was about a third less than the current tax increase mandated in this bill.

So the first issue is, no matter how you want to try to beat around the bush, this budget calls for a massive increase in Federal taxes on the working men and women of America, because other people do not pay taxes.

Second, this budget, by the definition used by the people of America, does not cut spending. People listening to this debate need to understand that Government does not use the same language that the people use. If a person said, "I have cut spending"—and a lot of people in my State have because of the deep recession Texas is experiencing—they invariably mean they are spending less than they spent last year. A cut in spending means to them spending less than you used to spend.

In this budget and in the budget debate of the Congress, in part to mislead the American people, a spending cut means spending less than you would have spent. It is sort of like the first day of hunting season. You get all excited. You go out and buy a shotgun. You already have 11 of them. You come home. Your wife looks at you kind of funny. You say, "Honey, I saved $400. I saved $400. I was going to spend $1,200, but I only spent $800. So I cut $400."

Now, I do not know about your household, but this does not work in my household. In fact, it works in no household, in no business, and in no private institution in America. But, unfortunately, it works here in the U.S. Senate. That is part of the problem.

The bottom line is that this budget calls for $42.8 billion more spending in outlays than we had last year. It is true that some of those increases occur as a result of growth in entitlements. Of course, there is no law that says we cannot go back and adjust eligibility for entitlement programs, that we cannot go back and try to find ways of doing it better. You would think a law said that we could not, because we so rarely do.

But the bottom line is that in this budget domestic spending, excluding defense and excluding interest on the debt, grows twice as much as taxes are increased. In fact, if the committee on this budget had found a way to tighten the belt of government and to limit spending this year to how much we spent last year, we could have climinated the tax increase and still made the deficit $21 billion lower without it than the deficit is with the tax increase. So we are not raising taxes here to lower the deficit. We are raising taxes to fund more spending.

Now when you are looking at raising taxes in the sense that the distinguished Senator from New Mexico was talking about, looking at a State that has had economic hardship—and my State is one of those States—that State government goes through its budget, scrubs it down, makes cuts—and that is cuts relative to what they spent last year—and then it goes out and, in essence, says we have scrubbed down the State budget and we have concluded that there is more fat in the family budget than there is in the State budget.

In essence, by calling for a $21 billion tax increase here, forgetting for a moment the $42 billion add-on in spending, we are saying to the working men and women of America:

> We have looked at the 1,500 Federal programs. We have looked at our new program to fund our elections so Senators do not have to go out and ask people for money to run for office, do not have to be accountable to people who are contributing. We have looked at our programs in our supplemental appropriations that we passed only 2 weeks ago—the Weed Research Center in North Dakota. We have looked at new aid to Poland. We have looked at archeological digs in Nevada. We have looked at all the things we are spending money on and we have concluded that there is more fat in the family budget of the working men and women of American than there is fat in the Federal budget of the United States.

I do not believe that the majority of the people in the U.S. Senate believe that, and I am absolutely confident that virtually no one outside this Chamber believes that there is more fat in the average family budget of working Americans than there is in the Federal budget.

But we are going more than that. We are saying, in this budget, not only is there more fat in the family budget than there is in the Federal Government so we are going to reach way down deep in their pockets and take out $21 billion next year, the largest tax increase in any one single year in American history, but also we are going to increase domestic spending twice that much.

I do not believe that represents the priority that most Americans have in mind for their Government.

This is not a stand-still budget. In terms of deficit reduction, in terms of trying to promote economic growth and competitiveness, this is a budget going backward.

In fact, this budget goes a long way toward repealing the Reagan economic program. This budget goes exactly backward from everything we have tried to achieve since 1981, in leaving more money in the pockets of the people who earned it to provide incentives for them to work, save, and invest. It goes backward from what we have done in trying to set higher priorities in domestic spending. It goes backward in our effort to try to provide for the common defense.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. GRAMM. I am happy to yield.

Mr. DOMENICI. Is the Senator aware that if the taxes prescribed in this bill become law, that the tax ratio to GNP will be 20 percent, and that that is the second highest level or ratio of what we take from all of our people and everything they do, second highest level in history? Was the Senator aware of that?

Mr. GRAMM. I was not aware of that exact number, but I think, again, it is an indication of how real the statement is that this is the largest mandated tax increase in American history that we are discussing. We are moving to give Government more of the money of the working men and women of America and still we will have deficits, because this budget takes the money of the working men and women of America but it spends twice as much as it takes on domestic programs above the level that was spent last year.

Finally, this budget is a reversal of everything we have done since 1981 because while it funds domestic and social programs, it decimates national defense.

I know this is an old cry of wolf that we have all heard for such a long time that we stopped believing it. So I have illustrated the story here on this chart.

I want to remind people of 1980 and 1979. In 1980 and 1979, there was virtual unanimity in the U.S. Senate and in the House of Representatives and in the Nation that we were not providing for the common defense. Our planes did not fly because we did not have mechanics and we did not have spare parts; our ships did not sail because we did not have sailors. When one warship came into port, we cross-shipped the weapons to put them on another one because we did not have enough weapons to supply the ships we had.

The average IQ level, the average education level of our inductees into the service were at record lows in the postwar period. The defense of the Nation was in shambles. With a Democratic majority in the Senate, with a Democratic majority in the House, and with a Democratic President, the Congress jammed the largest defense increase in American history down President Carter's throat in 1980 in the form of the 1981 budget for national defense.

When we started this buildup, when there was virtual unanimity in the Congress that we were at peril, that the peace of the world was in jeopardy, that our freedom was at risk, we were spending about 5 percent of GNP on defense.

Under the Reagan defense buildup, we have built that up to 6.5 percent of GNP. For the last 2 fiscal years that ratio has been declining and if this budget is adopted, and if the budget is enforced—and I remind my colleagues as the distinguished Senator from New Mexico has pointed out, in the last 4 years Congress has always cheated defense out of what it got in the budget and transferred that to social programs—but, assuming we did not break our promise, which would be new, we would virtually return to where we were when we started the defense increase in 1980.

If we were vulnerable in 1980, if the Congress was virtually unanimous that 5 percent of GNP was not doing the job to keep Ivan back from the gate and to keep the world free, how are we going to do these things when we are moving right back to where we were?

I do not think many of our colleagues understand how dramatic and drastic the cuts in defense are. You might ask: How did the House Armed Services Committee, if it is so difficult to meet these targets, how did they write a budget that met the targets? If they could do it, why can we not do it?

Well, let me tell you how they did it. They went through the budget. They wrote their authorization bill. Then they discovered they were not even close to meeting their target so they called up the Congressional Budget Office and they said, "How much, in the way of bills, does the Pentagon pay every day? How much are they sending out in checks that people are cashing?"

They found out that the Pentagon was sending out about a half a billion dollars daily. So then they said, "Well, we are going to meet the targets we have set out in defense and show that you can make these cuts in defense because we are going to write into our authorization bill that in the last 12 days of the fiscal year the Pentagon is not going to pay its bills."

I know that people think that that could not be so. In fact, we in the Congress have lost our ability to be outraged. So we just sort of laughed this off. I do not even know if the American people would believe it, but I want to repeat it. If anybody thinks it is not right, I wish they would get up and correct me, but we all know that that is exactly what happened, so no one is going to get up and correct me——

Mr. DOMENICI. My friend, would you let me correct you?

Mr. GRAMM. Please.

Mr. DOMENICI. They did one other thing. You forgot to say in this line item where they say delay payments for 12 days, they put in a parenthesis because they do not want to hurt too many voters' feelings, and said, parenthesis: "Except as to small business." Close parenthesis.

So that is how they did that one so nobody out there with a small business was going to be offended by that, that we would not pay our bills. But that is exactly how they reached the target.

Mr. GRAMM. I appreciate that correction.

So they took the last 12 days of the year and they said, in those last 12 days we won't pay our bills. Then, when the new year comes, then we will rush out and pay the bills, like Scarlett O'Hara. She is going to worry about getting Rhett back tomorrow. And, after all, tomorrow is another day.

Now, that is the way that the House of Representatives has tried to deal with this defense budget.

I want my colleagues to focus on what is going to happen here if we adopt this budget. Ronald Reagan is going to veto these tax increases. Let me let you in on a secret: I do not believe we are ever going to adopt these tax increases. I think the odds are pretty good the President is never going to have his day made by vetoing them because I doubt very seriously if the U.S. Congress—I ask that I may have 5 additional minutes.

Mr. DOMENICI. I yield 5 additional minutes

Mr. GRAMM. I doubt very seriously if the U.S. Congress is actually going to vote to have the largest tax increase in American history and take working lower income Americans back to where they were before we had the tax reform package, in terms of tax burden.

If that happens, we are talking about cutting defense $10.2 billion in outlays, or spending as the public would call it, below what we have right now in the bill that was reported by the Senate Armed Services Committee.

I remind my colleagues that there is a Democratic majority on that committee.

I would like to just go over what we would have to do even to approach this level of cuts that are mandated in this budget. If you vote for this budget, you are not just voting to mandate a tax increase, you are not just voting to mandate a $42 billion increase in domestic spending—about twice the level of growth in domestic spending that occurred in last year's budget, by the way—but you are voting to mandate another $10 billion

of cuts from what the Senate Armed Services Committee has already done.

Let me give you basically how we might try to go about it. First of all, cut military pay. Cut it back to 3 percent as of January 1. Go in and cut another $1.5 billion out of O&M. Eliminate the entire shipbuilding accounts of the U.S. Navy. And then kill the following programs: Kill the C-17, the A-6F, the B-22, the F-14, the FA-18, the F-15, the F-16, the Trident II missile, the MX missile, the M-1 tank, the Bradley fighting vehicle, the Patriot Air Defense System, AMRAM, the Advance Technology Fighter, the Strategic Defense Initiative, and ASAT. And guess what? You kill all that, you cut pay, you cut O&M, you eliminate the shipbuilding accounts, and you still are $1.6 billion short of meeting the budget level that is contained in this budget.

In conclusion, I submit that we are talking about a budget that is a complete reversal in economic policy. Anybody who ever wanted to see what the alternative to the Reagan vision of more economic growth was they can see it in this budget. The alternative is more Government—more Government giving more benefits to more people—rather than America growing, providing more opportunities for people.

If you vote for this budget, you are voting for the largest tax increase in American history. You cannot beat around the bush on that point. That is an absolute fact. But yet, you are also voting to raise domestic spending twice as much as you increase taxes. So you are not raising taxes to lower the deficit; you are raising taxes to fund more domestic programs.

Finally, you are voting in this budget to cut defense back to where it was as a percentage of GNP when we concluded in 1979 and 1980 that the world was imperiled and we started out to modernize our defense forces.

Under that modernization program, we recruited and retained the finest young men and women who ever wore the uniform. We have modernized the strategic triad. We have developed new technology.

But if we go back and now cut defense back to the level that we started at, all of these expenditures will be greatly reduced in terms of effectiveness. I cannot believe that the same people who forced the defense increase on President Jimmy Carter are now going to force a defense cut on President Ronald Reagan. The plain truth is they are doing it because they desperately want that money to spend on domestic programs, to court a new constituency, to create a new group of people who are dependent on the Federal Government.

That is the issue. It is a very stark and clear choice. I urge my colleagues to vote no on this budget.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Will the Senator yield me 3 minutes?

Mr. CHILES. I yield.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, first of all, I commend the distinguished Senator from Florida for his work on this budget resolution. To be able to put together a budget resolution in an emotionally charged atmosphere such as we have with respect to a budget, and in an area where all the tradeoffs that are made are painful tradeoffs, tradeoffs between cutting programs and raising taxes, and to be able to do it entirely on the Democratic side of the aisle without any significant help at all from the other side of the aisle is a great accomplishment.

Of the Senator from Florida, I do not know whether the Members of this body know what he really did in putting together this budget resolution and in conference with the House, but it was a monumental job.

We are given the hyperbole, Mr. President, in this body of praising one another for our work, which is not always really that good, for the work of the staff, but I want to say truly in this instance the Senator from Florida deserves great credit for this budget resolution, and I commend him.

Mr. President, I want to add one further thing. That is to lament the fact that we have not had, up to this point, a bipartisan approach to this budget. I say that in sadness and in hope—in hope that this great national problem can be solved by the Senate and not simply by the Democratic Party.

It is easy on both sides of the aisle. If the Republicans had the responsibility for this budget and we were sitting it out, it would be very easy to shoot barbs over on that side of the aisle and maybe get a political advantage, short-term though it may be.

But, Mr. President, the country and both parties are involved in this process. We need to be both involved not with slogans and not with simplistic approaches about tax and tax, spend and spend, and bumper sticker approaches, Walter Mondale, and all those kinds of things, but with serious talk about tradeoffs, about what is the size of the deficit that we can accommodate, and about how the Nation needs to approach it.

I just hope we can do that, Mr. President. Thus far, it has been a one-sided, one-party approach. No suggestion, no help, no votes, except for one or two small exceptions.

The hour is getting very late. I do not know when the President proposes to enter this process. I do not know if the Republican Party plans to enter it. But the hour is very late. From my point of view, he who does not participate loses his right to criticize. I might say from the standpoint of people back home, if their Senator or their Congressman is not a part of the process, then I would think as a voter at home their credibility was not very high when they came to criticize a product. They cannot only criticize and participate at this point but have an effect, if they will be part of the process. It is both a criticism and an invitation from me to be part of the deal and not simply be obstructionists.

Mr. DOMENICI. Mr. President, I yield myself 1 minute and then I will yield to Senator BOSCHWITZ.

How much time does the Senator desire?

Mr. BOSCHWITZ. Fifteen minutes.

Mr. DOMENICI. Then recognizing the rights of the majority in terms of time, I would then intend that the distinguished former chairman of the Finance Committee be recognized next and then the distinguished Senator from Idaho, each one for 10 or 15 minutes.

Mr. President, I will take just 1 minute at this point and than I will yield.

I think there is a lot of misunderstanding among the people as to how much growth has occurred in various parts of the Government so I think I will take this opportunity to put into the RECORD, following the remarks of the Senator from Texas on defense, the following statement which I believe is a fact:

From 1976 to 1986, defense grew $184 billion in nominal terms. The rest of the budget for entitlements and nondiscretionary accounts—I am not talking about debt service—grew $352 billion. So in just that one decade, we are talking about increases in domestic versus defense of almost two to one.

The reason I put it into the RECORD now following the remarks of the Senator from Texas is because many people still ask about defense as if it was the primary driving force in terms of the expenditure side of the budget of the United States. I submit that it is not.

Now I yield 15 minutes to Senator BOSCHWITZ.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. I thank the distinguished Senator from New Mexico.

Mr. President, I would like to talk about the budget and particularly direct my remarks to the agricultural side of the budget, function 350, which is the only function of the budget where major programmatic changes are required to make absolute cuts from fiscal year 1987 levels. There will actually be less money spent by agriculture than the year before. Again, I will take a minute or two to define

what the cut means, as did my friend from Texas.

I also want to comment on the remarks of the Senator from Louisiana, who said that there was no bipartisanship at all in this budget process, and also that he who does not participate can therefore not complain.

I would remind him that when the Republicans were the majority party, there was no cooperation on many, many budgets from the other side of the aisle, and in this case, very frankly, we did not have the opportunity. I was a conferee on the budget, but a conferee really in name only. There were only three budget conferences: One for brief opening statements and one that occurred on defense, a discussion on defense, and then 4½ weeks went by while the party on the other side of the aisle was trying to make up its mind what to do. Then we had a third very brief conference where the work of those 4½ weeks, all of which was done behind closed doors, was ratified by the majority party of the U.S. Senate and the House.

I do not know exactly what my friend from Louisiana wants, but we indeed did try to participate. We were not given the opportunity to participate. There were basically no open conferences. Even when we put together budgets on this side, there were always open conferences. We always had a conference process that was indeed what it should be, a process. Not this time, however.

I also remind my friends on the other side of the aisle that the problem was not the Republicans; the problem was that, even coming out of the Budget Committee, the majority could not agree. So four budgets were submitted, for the first time as long as I have been here, at least. Four budgets were submitted to the Senate because the majority party could not agree on one. Indeed, to the best of my knowledge, never before have even two been submitted. Only one has been submitted to the body for consideration by the Budget Committee. But this time, four.

So it is true that the Republicans did not in this instance participate a great deal in the budget process, but it was not our fault. There were not open conferences. There was not a call for us to participate. Now we are heard to be the ones who are complaining about a budget that we are not supposed to complain about because we had no part in constructing it. Unfortunately, it is the case: We had no part in constructing this budget.

Let me also talk for a moment, if I may, as my friend from Texas did, about "cut" and the word "cut." Technically here, the word "cut" is not what the folks from Texas or the folks from Minnesota or any other American would consider "cut." The word "cut," in normal language, means you cut your expenditures, you spend less than you did last year, you lower your outlays because you have deficits because somehow, your income has gone down.

Not so in the American Congress. First, the budget baseline level is determined on the basis of current law. If a program has a $100 outlay this year, the current law baseline may take it to $105 next year. If you only spend $103, you have cut the budget $2, even though spending goes up. It is a very interesting way of doing it. It is like the old cartoon of Blondie going to the store and there is a sale at the store and there is 20 or 30 percent off and she saves money by buying at a sale. So it is in the way the vocabulary is of the budget here, that if you spend below current services, somehow you are cutting, even though you are spending more than last year. We Republicans would like to take a more forceful and a more objective look at the budget.

Objectivley looking at the budget, spending goes up $65 billion this year. If you look at last year, the budget of 1986 was $988 billion. The budget that the Republicans passed for 1987 was $1,000 billion or a trillion dollars. It went up $12 billion in the course of a year. That is not too bad. That is a rise of about 1 percent in spending. That indeed is a slow-growth kind of budget.

Now, in this particular Congress, under the Democrats, we have had a supplemental appropriation so that the spending in 1987 will be a little higher than we as Republicans passed in the budget. But compare that $12 billion growth—everything, including defense, Social Security, and so forth. My friend from New Mexico points out that the $65 billion in increased spending includes increased interest on the debt. But so did the $12 billion in the 1987 over 1986.

In 1986 again, we spent $988 billion. The budget for 1987 was a 1-percent increase. If we could hold the budget increases to 1 percent a year for 2 years, we would almost balance the budget, because income normally goes up at 8.5 percent. That is about the estimate at the present time. So really, the key to holding down the deficit is to slow the growth of spending. Because of the very arcane nature of the vocabulary here, holding down the growth of spending is very difficult for the American people to grasp.

In real dollars, in 1988, the budget being proposed here this morning will spend $65 billion more than the budget of 1987. Indeed, without the supplemental, it would be $75 billion more and therefore a fast-growth kind of budget is being returned and no progress really is being made on lowering the deficit unless we increase taxes. Certainly, this budget does that as well.

But, I want to get back to agriculture. That is my main course of discussion here this morning. When questioned in the budget conference about this budget, its authors could only think of one domestic program that was scheduled for actual reductions in outlays. That was agriculture. I am going to say more about that later.

As my friend from Texas has already said, this is a real tax bill, not only a budget. This budget calls for tax increases greater than any tax bill has ever called for before in the history of the U.S. Senate. Indeed, it must be seen as such. So what we do in this budget is increase spending. We increase taxes, we cut defense, and we also cut agriculture. Sure, lots of the fellows who are here now in the Senate, campaigned in 1985-86 talking about agriculture: "Ronald Reagan and the Republicans have been the ruination of American agriculture; we have to throw out the 1985 farm bill" they said this action was called for even before the 1985 farm bill took effect. We Republicans lost some seats. We lost control indeed of the Senate. A lot of that had to do with the farm vote. Lo and behold, the farmers are still going broke in record numbers, some farm groups tell us.

What has been the response of the new Senate since the election? It has not been to throw out the 1985 farm bill. As a matter of fact, there was a great deal of change of tone right after the 1986 election about the 1985 farm bill. Now we are not going to throw out the 1985 act, and I do not think we should, but we are going to cut the agriculture budget. The only item in this budget on which there will be less spending as a result of program changes than the year before is agriculture.

Keep in mind that agriculture, in addition, is on a declining baseline. That is, spending is already scheduled to go down. But that is not enough. The downward schedule of spending is not enough for the makers of this budget. They want to see that that decline go even faster, even as they bemoan the plight of the farmer, even as they talk about the decline of rural America. Nevertheless, the baseline for agriculture is to go down faster than under current law.

Where do these cuts come from in agriculture? Of course, the Agriculture Committee can do anything it wants. We could even take all of our $5.8 billion in spending reduction instruction out of food stamps. I doubt if that is going to be done. We could save it out of school lunch or out of the WIC Program. But that is not going to be done, nor do I think it should be.

No, the money is going to come off the backs of the farmers. It is going to

come off the very people who sent new Senators here to help them in this plight, to help them in restoring rural America. In fiscal year 1988, we are supposed to cut $1.2 billion, out of the Commodity Credit Corporation. It could, I suppose, and the way to do it would be to cut target prices. That is the most direct approach. That would be about 6 percent overall or at least a third of the advance deficiency payments. On corn, that would be about an 18-cent reduction, and certainly none of my friends on the other side of the aisle is going to get up and do that. It would be a 6-percent reduction in wheat overall in addition to the corn, cotton and rice reductions. That would be about 25 cents a bushel on wheat.

Is that what my friends on the other side of the aisle, who went through a campaign most recently bemoaning low prices, bemoaning the fact that farmers are in such trouble, now want to do? It is very difficult to cut spending in fiscal 1988 because, again, most of our obligations are incurred as part of the 1987 crop. Farmers have already signed up for programs. They are counting program benefits to pay their debts. Are we going to renege on them, renege even after planting has occurred?

That would be very unfair. Why are farmers singled out for this special type of treatment? It is bad enough that farmers are being singled out to come up with $1.2 billion out of the Farm Program. They are also being asked to come up with $300 million in discretionary cuts after you consider the $50 million in add on that are assumed. Let us look at where the cuts would come from. It could come from the Extension Service or the Cooperative State Research Service or the Agriculture Research Service. All could take substantial reductions.

I find that ironic, when just this morning as a matter of fact in the Agriculture Committee the same people who are bemoaning the situation in agriculture passed yet another bill, S. 970, and is going to provide new authorization for research in agriculture.

Yes, I voted for it. I think new research is necessary to come up with new means for using agricultural products. But are we going to be able to fund it? Absolutely not.

Today press releases will go out heralding this new bill and saying that the future for agriculture has been improved, but we will not be able to fund the bill because we have to cut $300 million out of discretionary agricultural programs.

Agriculture is the only program that has to be cut out of hand, the only domestic program where there will be less spending in actual dollars than there was the year before—indeed, the only program which is on a downward spending curve already. But it is not fast enough for my friends on the other side of the aisle. It is not fast enough for the Democratic Members of the Senate. They want to speed the process of reducing the help that the American taxpayer has given to the farmers, the help that has finally helped agriculture start to turn the corner. But now we have to cut some more from support that is going down already.

Of course, we could raise loan rates, some people say, and through the rather difficult-to-understand process of the budget by raising loan rates you have a short-term fix on budget outlays. But then, indeed, we would reverse some of the progress that has been made with respect to agriculture, progress that is finally bringing the Europeans and other nations to the table so that we can remove some of the subsidies around the world, so that we can remove some of the barriers to international trade, so that we can get back to the business of being competitive once again, a business that has served American agriculture so well in the past.

For 6 years I heard here on the floor of the Senate, and out on the campaign trail, a lot of rhetoric about balancing the budget on the backs of the farmers; that is what the Republicans were doing; we were taking the very energy out of the soil by bringing about the ruination of the farmers, but this is the first year that such a statement comes close to being true, all brought to you by the people who said they were going to save the family farm, all brought to you by the people who complained bitterly about the situation——

The PRESIDING OFFICER. The Senator has used 15 minutes.

Mr. BOSCHWITZ. May I have 3 minutes more?

Mr. DOMENICI. I yield 3 minutes more.

Mr. BOSCHWITZ. All brought to you by the people who complained bitterly about what Republicans were allegedly doing to the American farmer.

Now, what about the farm credit situation? Well, we all know it is going to take a few billion dollars to fix that. Where are we going to come up with the money? Because, indeed, the budget now for agriculture is not only on a downward trend as planned but that downward trend is being hastened. It is not clear to me where we are going to get the money.

So what is the bottom line? We have a package, a budget that singles out the farmers for the only real domestic programmatic cuts in this entire budget, and by cuts I mean spending less than the year before—cuts made by those who told the farmer during the election cycle that not enough was being done for the farmer.

Now, the only place in the budget that is being really cut in hard dollars is agriculture. It is a budget that blackmails the President and those of us committed to a strong defense by tying huge tax increases to defense spending. It is a budget that does not even make a real effort to cut spending except in the area of agriculture.

I say, Mr. President, that it should be rejected out of hand.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I yield myself such time as I might need.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I want to respond a little bit to my good friend from Minnesota. He talks about all of the great cuts that were made—I love that—by the Republicans last year. I thought we were a party to that budget last year.

I thought we provided as many committee votes, as the Republicans did. I thought there was a Democratic House that also voted on that budget last year. But now I am told it was only a Republican budget. I really would like to give you all the credit for it because I do not think any of us can be too dad-gummed proud of that budget last year, to tell you the truth. The "less spending" you were talking about last year was all done on the basis of asset sales and that is one reason we have $7 billion more that had to be added this year because those savings were one shot. They were a loser.

If you look at this year's budget you see that it goes further than last year's budget in slowing down spending growth. In 1987 outlays grew 1.1 percent after inflation, 1.1 percent. And if we remove the effective asset sales and other one-shot savings in 1987, then in 1988 the spending adjusted for the one-shot savings is 0.3 percent, Mr. President, above inflation, 0.3 percent; Thus the real spending growth is less in this year's budget than last year. And I have taken out REA as well as the asset sales. As a share of GNP, the total spending actually decreases by one-half of 1 percent under this conference agreement.

Now, Mr. President, if you look at the defense-domestic share—and I keep hearing of these changes—as a percent of GNP, the defense will be restrained 0.83 percent. Domestic spending will be restrained 1.12 percent. So there is substantially more off the domestic side than off the other.

The notion I found the most amusing by my friend from Minnesota was what he had to say on agriculture. Mr. President, it is pretty clear what we have here is a team approach. They are bringing in a team that is going to work over this budget. We have the Senator from Texas; he talks about the terrible spending, that we will not

cut any programs. We hear a little bit of that from the Senator from New Mexico. And here the Senator from Minnesota comes in and cries that there has got to be some more money spent for agriculture. Poor agriculture is being singled out as the only place where there are going to be some cuts.

Mr. President, agriculture has gone from $4 billion in 1981, when this President took office, to $24 billion in 1987, a 500-percent increase.

Now, just go ahead and find anything in this budget that has grown 500 percent. Yet, we have more farmers going broke than ever.

Now, obviously we have a program that is not working and we need to try to do something about it. Pouring in more money does not seem to be the answer. Certainly we try to restrain some of the spending there.

My friend, if he would look a little bit further, would find that agriculture is not the only place we have cut. He needs to correct his remarks there.

Energy is cut over last year $1.32 billion in outlays and $0.65 billion in BA.

Commerce and housing is cut $2.63 billion in outlays. Then community development is cut $1.73 billion. Each one of those other than energy are cut more than agriculture in all of those programs.

So, as we compare those functions to 1987 levels, adjusted for the asset sales, we certainly find cuts.

We have not cut that more than any of those other programs. So I have a hard time deciding what we are being damned for here. Is it because we are trying to restrain some spending? If we try to do anything on defense, that is intolerable. If we try to do anything on agriculture, that is intolerable; we should have done something somewhere else. And we tried.

So it is sort of that we are going to have something for everybody in the team approach and we are going to find something to find wrong for all of these in the team approach. It seems to me if you look at what we have tried to do, it is a balanced job of how we tried to restrain this spending.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 1 minute and then I am going to yield. Would the Senator from Minnesota like to respond?

Mr. BOSCHWITZ. Yes, I would when the Senator finishes.

Mr. DOMENICI. Mr. President, I want to say to my friend from Florida we have a team approach all right, and maybe you all would like to have a team approach. Maybe you ought to bring some Senators down here who want to tell the American people what they support in this budget, the $21 billion in taxes, the cut in defense. Maybe we ought to have defense experts from your side come down and tell us before the day is out how they are going to meet these targets before we have to vote here.

Some would like to know how the chairman of the committee thinks we are going to meet these targets in defense. So we welcome a team approach on your side also.

We think some of them would come down and brag about all the new programs and then leave, and some would come down and brag about what you have cut and then leave.

I am not so sure anyone would come down and brag about 73 billion dollars' worth of taxes.

Would the distinguished Senator need 3 minutes to respond?

Mr. BOSCHWITZ. Yes.

Mr. DOMENICI. I do want to say we now have to proceed after that because there are a number of Senators who want to be heard.

I yield 3 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I say to my friend from Florida that I did not maintain that 1987 was an all-Republican budget. The 1986 budget was certainly an all-Republican budget, he will recall the vote here on May 10, 1985, that occurred finally at 2 or 3 in the morning where it was 50 to 49, and we wheeled in the Senator from California. That certainly was an all-Republican budget. 1987 may not have been.

As to the spending from the last year, with respect to asset sales, there are far more asset sales in this budget than there were last year. OK. So we will change the numbers by $5.2 billion, and spending might have gone up in that case 1.5 percent in 1987 over 1986.

It is still a very modest growth and still a way to control the deficit. Indeed, the deficit in 1987 will come down by about $50 billion.

I am surprised that the Senator from Florida would criticize and be amused, as he says, by the team approach.

I am a member of the Agriculture Committee. I do not exactly understand what he expects me to come down here and speak about if not agriculture, but that indeed is why I am here to speak principally about agriculture. I am not crying for more money for agriculture. I am just crying for justice that in the event you are going to cut agriculture below spending last year do it to some other parts of the budget as well, do it to some other parts of domestic spending. Do not just single out the farmers, particularly after conducting a campaign, an election campaign, in which so much moaning and groaning about the state of American agriculture was made.

Again, agriculture is the only function in this budget for which there have to be major programmatic changes made in order to reduce spending below October 1987 levels.

The Senator from Florida talks about the commerce and housing function. It has gone down, but that is because of postal increases and changes in that department. Major programmatic changes do not have to be made.

So, I thank the Senator from Florida for pointing out that indeed we do have a team approach, that those of us who are particularly involved in certain parts of the budget should reasonably be expected to speak about those parts of the budget.

I have been pleased to talk about agriculture, the only part of the budget in which there have to be major programmatic changes, and even as my friends on the other side of the aisle spoke about the plight of the farmer, they have cut, they have cut in actual numbers, spending for the farmer and for rural America.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I want to yield myself 1 minute and say there are reconciled cuts both to the Banking Committee and to the Energy Committee, so there would be programmatic changes in both of those areas.

Mr. DOMENICI. Mr. President, I yield 20 minutes to the distinguished Senator from Oregon, Senator PACKWOOD.

The PRESIDING OFFICER (Mr. FOWLER). The Senator from Oregon.

Mr. PACKWOOD. Mr. President, as I have been listening to the debate, I can well understand why some portions of the public may be confused as we toss around terms and phrases such as "GNP," percentage of this and that, "outlays" versus "authorizations," and "reconciliation."

If the Chair will forgive me, I am going to try to define a couple of these budgetary expressions and then speak in some very broad lay language rather than the intricate budget language that we have been using so far.

First of all, I will define gross national product, or GNP. This is not an economist's definition; it is mine for the purpose of this speech.

Gross national product is the sum total of all goods and services and income in the country. It counts the wages you make. It counts the profits your employer makes. It counts the sales that the auto dealer makes. It counts the interest you receive on the savings bond or bank account. Add all of them together and we call it the gross national product.

Often, somebody says that taxes are a certain percentage of the gross national product, or that expenditures are a certain percenage of the gross national product. Let's use an example

to illustrate what they mean. Let us say the total gross national product in the country is $1,000 and that all governments, Federal, State, and local, are spending 20 percent of the gross national product. What we mean is that all of those governments are spending $200, or take roughly 20 percent of our economic wealth and spending it for, by and large, good purposes.

What bothers many I think on both sides of the aisle, especially on the Republican side, is that we have seen a growth over the past several decades in the amount of money that government takes out of the gross national product.

In 1950, Federal, State, and local governments spent about, and I will round the figures off, 23 percent of the gross national product. If the GNP was $1,000, about $230 went for Federal, State, and local government expenditures.

In 1986—and the reason I use 1986, Mr. President, rather than 1987, is that we are in fiscal year 1987 and we have not finished our spending yet. We will pass what is known as a supplemental bill and increase the spending, so there are no accurate figures yet for what we will spend this year. But there are for 1986—Federal, State, and local governments took 32 percent of the gross national product. So for a GNP of $1,000, they took $320.

Between 1950 and 1986, the percentage of the gross national product that Federal, State, and local governments have taken has gone from 23 percent to 32 percent.

Of that increase, about 8 percent was Federal and about 2 percent was State and local. State and local governments, by and large, paid for their share of the increase. I do not know if they paid for it willingly or by compulsion. I think perhaps the latter, because almost all States have requirements in their State constitutions that they have to balance their State budgets. If they want to increase spending for education or highways or jails, they have to increase their taxes to pay for it. That is tougher to do than if you simply can increase your spending and borrow the money. States, with a few exceptions, cannot do that.

The bulk of the increase in spending over the last 35 years, therefore, has come predominantly from Federal increases in spending I am talking about real increases in spending, not those due to inflation. Permit me to explain what I mean by the term "constant dollars." It is a better concept to use than inflated dollars. Inflation raises costs artificially. Let us say that today you are entitled to $100 of Social Security benefits. If over the next year we have 100 percent inflation, you would get $200. The same would be true for other items—movies would cost $4 instead of $2, cantaloupes cost $2 instead of $1, haircuts cost $8 instead of $4. You have not gained anything because inflation has raised the cost of Social Security and everything else.

When we talk in terms of constant dollars, we talk in terms of taking any base year and establishing what the value of the dollar was then. From there, you subtract out the effect of inflation over the years.

That is the only way you can really compare whether we are spending more or less for defense, for Social Security, or for education. Are we spending too much on defense and too little on the homeless? Or too little on defense and too much on the homeless?

Remember how much we are spending totally. Thirty-five years ago, roughly 23 percent of our gross national product went for all government services, Federal, state and local. Thirty-five years later, it is 32 percent.

What bothers many people in this Senate is wondering if 10, 20, or 30 years from now, instead of 32 percent, that figure is going to rise to 35 percent or 40 percent or 45 percent. Is there any end to it? Do we at some stage say, "Let's not just talk about the budget this year, but let's look at and see what it is we are spending it on and whether or not there are programs this Government could drop or reduce in order to bring spending back toward the level that it was in past years."

The argument is made that what has driven the deficit under President Reagan is defense spending. So here I do want to talk in terms of constant dollars, uninflated dollars.

In 1953, in terms of constant dollars—and these are constant 1985 dollars—if prices in 1953 were what they are today, in 1953 we spent $303 billion on the defense budget. We spent $46 billion on what this chart calls human resources. This chart is entitled "Budget Outlays by Large Clusters in Constant 1985 Dollars." It is published by the Congressional Research Service of the Library of Congress.

In 1953, we spent roughly $303 billion on the military, $46 billion on human resources, and $22 billion on interest on the debt. We had a debt even then. About $40 billion was spent on everything else. Everything else includes such items as dams, highways and airports—as opposed to human resource programs, which include education, Social Security, Medicare and Medicaid.

Let me go over those figures again. In 1953, the military, in today's dollars, had a budget of $303 billion. It was 74 percent of the entire Federal budget. All the other three things I mentioned put together—human resources, interest, and everything else—were 26 percent. The human resource figure in 1953, $46 billion, was 11 percent of the budget.

Now come down to 1986. Military spending in 1986 is $264 billion. Bear in mind that almost 35 years ago it was $303 billion. It has come down in terms of constant dollars. It has gone up and down during those years. It went up through the Vietnam War, down a bit after the Vietnam war, dropped during all the years of Presidents Nixon and Ford, went up a little bit during the years of Jimmy Carter and a little bit more during the years of President Reagan. That is where it was 35 years ago. Where is it now? Down.

Human resources spending, which in 1953 was $46 billion, in 1986 was $466 billion—up $420 billion.

Now, a fair portion of that is Social Security. A fair portion of that is Medicare. I do not throw these figures out to say, "Isn't it evil what we have spent on human resources?" I simply put these figures out to say that this is what we have spent the money on. It has not been the military budget, it has been the human resources budget—education, the environment—by and large things that we think of as good.

But the time has come I think, to question whether there is any end to this trend. Is 32 percent the magic figure? Is 35 percent the magic figure? Is 40 percent the magic figure?

The reason we spent so little on human resources in 1953, 1954, and 1955 is because, by and large, many of the things we now spend money on, other than Social Security, are new programs. In education, prior to the late 1950's, almost all of education money was local. As for highways, a great predominance of spending prior to 1950 was State and local. We did not spend any money on mass transit at the Federal level in the 1950's.

Here is what happened, Mr. President. All the people that had an interest in spending in those areas were having a difficult time getting State and local governments to increase the spending, because the States were constrained by balanced budget amendments and they did not want to raise taxes. So they turned their attention to the Federal Government and attempted to portray the Federal Government as mean and uncaring because we would not spend the money. And we began to spend Federal money on education and the environment and mass transit and highways and airport development—on almost anything you can think of.

But we did not pay for it, because we did not have a requirement that we had to balance our budget. We borrowed the money. So long as everyone in this country will loan the Federal Government money, I suppose we can borrow forever. But I think there is an end to that rope eventually.

The budget that has been given to us by the Democrats in the House and the Senate is the absolute zenith for 1 year of increased spending. Give them some credit for increasing taxes, too, although they increased spending infinitely more than taxes. This budget starts us again down the road that we have been trodding for 35 years: up, up, up goes the spending.

I know the difficulty, Mr. President. We all go home and discuss these issues with our constituents. You can go to a conservative business audience, a chamber of commerce, a rotary, and you can ask: "What do you think is a top priority for the Federal Government?"

Most of them will say, "the defense of the country." Clearly that is not an obligation of the States.

Then you ask, "How many people here think the Federal Government has an obligation to help in education?" "How many people think you have an obligation to help in highways?"

They raise their hands. These are conservative groups. You ask, "How many people here think the Federal Government has an obligation to build airports?" Again they raise their hands.

Finally, you can turn the question the other way around and ask, "How many people here can think of anything the Federal Government does not have an obligation to help?" Very few people raise their hands. What has happened over the last 35 years is that we have nurtured a dependency in this country on Federal money for things that we used to spend State funds and local funds on. We have nurtured that dependency from groups who say it is easier to get it from the Federal Government.

I must confess, I was a State legislator and it is a lot easier for State legislators to say, "Let's get it from the Federal Government." They, then, do not have to vote for the taxes to pay for it. Congress votes for it, but does not vote for the taxes to pay for it.

So all I would say is this: This bill has an immense tax increase in it. It has a bigger spending increase in it. And if you look at the historical data, it is not defense that has been the budget buster.

Despite whatever group you speak to, liberal or conservative, they will say that defense is a legitimate obligation of Federal Government. I have yet to find anybody, short of a pacifist—and this is a genuine and religious philosophy that just says, "No military spending. Turn the other cheek and love. Love will work and you will collapse your enemies on that basis."

That is not a philosophy that is widely shared in this country. It is a respectable one and a decent one. But I would say it does not represent 2 percent of the populace of the country. The remainder would say you need a decent military to carry out the obligations that you have undertaken.

Mr. President, that ought to be the test of what we are going to spend. For example, we are talking about reflagging ships in the Persian Gulf?

Let me read the Persian Gulf doctrine:

> Let our position be absolutely clear. An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America and such an assault will be repelled by any means including military force.

That statement, Mr. President, does not come from a hawkish Ronald Reagan. That is Jimmy Carter's Persian Gulf doctrine. President Reagan has ratified it.

Prior to 1980, when President Carter enunciated this doctrine, we did not have a primary military obligation in the Persian Gulf and we decided to undertake a major military obligation in the Persian Gulf. But ask yourself this question: Could we do it if we cut the defense budget?

We have not withdrawn any troops from NATO. We have not withdrawn any troops from Korea. I am not suggesting we do. We have not withdrawn any ships in the 7th Fleet. How do you undertake these obligations in the Persian Gulf without paying for them? Where will the money come from?

I think those are the questions we ought to be asking; not is $289 billion enough, which is what the House suggests for the defense budget; or $312 billion, which is what the President suggested—that is a difference of $23 billion. That is not a great difference in a budget of over $1 trillion.

Unfortunately, that is probably less than the increase in interest we will pay on the deficit if inflation goes up 3 of 4 points.

The question we ought to be asking is not is $289 billion enough or is $312 billion enough. The questions we ought to be asking are: What are the obligations we are going to undertake? How many ships will it take? Do we need two more aircraft carriers if we are going to patrol the Persian Gulf? How much will they cost? How many men do you need to operate an aircraft carrier? What is the retraining cost? What is their pension going to be?

Those are the questions we ought to be asking; and we are begging those questions. We are attempting to put a cap on military spending and say: "Stretch it and stretch it and stretch it. It cannot cover anything."

I do know this, and I will close with this thought. The people of this country, I think, if a policy is properly explained to them that involves spending money for defense, will spend it. But, if the President cannot sell it to them, if he is not a great enough communicator; if Congress cannot or will not sell it to them, then the public is not going to support it. That is the upside and the downside in a democracy. In a dictatorship, the dictator can say: "We are going to the Persian Gulf; we need two more aircraft carriers; here's the money." He does not have to sell the public.

Well, in World War II, this public was sold. To put into perspective the kind of an effort this country could make if it thought it had to make it, in 1945 we spent 39 percent of our gross national product on defense. Remember that thousand dollar gross national product I talked about? We were spending roughly $390 of it on defense out of the total $1,000 this country had.

Today, in terms of the gross national product, we are spending about 6.6 percent. About 6 or 7 cents on the dollar.

If we were spending today at the same rate to defend ourselves that we were spending in 1945, the military budget would be roughly $1.6 trillion.

So the question, should not be can we afford $289 billion or $312 billion; the question ought to be: What is necessary for the defense of this country?

Maybe we are spending too much. Why do we not talk about the obligations and commitments and what we say we are going to defend?

I do not think you heard yet in this debate anybody raise the issue of what happens if we enter into the medium-range arms treaty with the Soviets, and the increase in the military budget that will have to come for conventional weapons—the increase over the present budget if we enter into that treaty.

I think it is worth entering into the treaty to get rid of the horrible weapons. Unfortunately, General Eisenhower correctly understood, when he said "more bang for the buck," that the nuclear deterrent was cheaper than tanks. If you get rid of the nuclear deterrent you are going to need more tanks, and they cost more.

Those are the kinds of issues we ought to be discussing, and in the context of discussing them we ought to say, in addition to whatever we need for the military, legitimately need for the military, do we also want to keep spending at the same rate or an increased rate as we have for the last 35 years for education, for environment, for highways, for airports, for dams, ports, dredging rivers? If the answer to that is yes, then let us face up to the fact that we are not talking about government spending 32 percent of the gross national product, we are probably edging up toward 35, 38, 39, 40 percent.

We are lucky so far. Most of the civilized industrialized countries of the world spend a lot more of the public's money on Government programs than we do. That is one of the reasons why we, by and large, have been more successful than some of our competitors.

Scandinavia and Sweden, they take over half of the gross national product for taxes and public expenditures. Certainly Sweden is a legitimate country with a legitimate governmental philosophy. Let us talk about the U.S. moving in that direction. I would oppose it, but let us talk about the consequences of adopting many of the things in this budget that we apparently are about to adopt. Let us talk about what they are going to cost, not this year or next year, what do they cost 5 years from now, 10 years from now?

If we adopt this budget, and they are going to cost more, 5 or 10 years from now, are we prepared to move toward government taking 35 or 38 or 39 or 40 or 42 percent of all of your money? I hope not.

But I think the budget that is presented before us begs the question; it attempts to cover over those philosophical issues.

May I have 2 more minutes, please?

Mr. DOMENICI. Two minutes.

The PRESIDING OFFICER. Without objection, 2 minutes.

Mr. PACKWOOD. The budget as it will be adopted, apparently—is just a budget resolution. It does not bind the President. It does not even bind this Congress because we can change it by any subsequent law.

I will predict, Mr. President, that the budget that is adopted here today will not be the budget that we finally end up with several months from now. But I would hope for the remainder of the time we debate it, we talk about philosophies and obligations of the State and Federal Governments—which obligations are priorities, how much we should spend, and what we want to do? Then, if we convince the public of the merits of what we want to do, I think they will willingly support the taxes to pay for them.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico, Mr. DOMENICI.

Mr. DOMENICI. I yield myself 1 minute. Then I will yield to the distinguished senior Senator from Iowa.

Mr. President, I want to thank my friend from Oregon [Mr. PACKWOOD] for what I believe was a most stimulating discussion of where we have been, where we are, and where we ought to be going, and I want to compliment him, not only for the analysis but for the lucid manner in which complex issues were explained to anyone that is interested in listening.

But, most important, I want to compliment him on the theory that he expounded here, on why we continue to add programs and add responsibilities to the Federal Government. I believe he has it analyzed right.

I believe the sovereign States that make up the United States of America cannot spend in the red for the most part. They cannot borrow. It is very neat over the past 3½ decades for them to look to Washington, not for things that we must do but for things that they welcome us to do because they cannot afford them and they do not want to tax to pay for them.

I do not know if my friend was here this morning when I suggested that when the sovereign States have to raise taxes, for the most part they have emergencies. As I look out in the country, I said before you arrived, a number of States have had to raise taxes in the last 3 or 4 years, 5 years, some because of economic downturns, some because of oil and gas; States like yours because of timber resource losses and losses in those whole industries. But they had to go to their people saying they had dramatically reduced their expenditures except for the vital, vital programs. They did not go there to ask for a tax increase, in an emergency status, to spend more than they had been spending before.

I use that as an analogy of what we were doing, asking for taxes to spend more; not having cut, restrained, curtailed.

You, today, have added the finishing touches to that argument by suggesting that if we do not address it in the manner that you discussed, we will continue to feel obligated to do these things and then in some way justify tax increase based upon some cutting of the deficit when, as a matter of fact, programs and expenditures continue to grow and I thank you for that.

I yield 10 minutes to the distinguished senior Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I want to thank Senator DOMENICI for yielding me this time. I want to say to my colleagues that it is not too often that many of us are on the floor to listen to the debate. I am sure we see a lot of it in our office over the television tube.

But I thought it was very educational this morning as I listened to several of my colleagues take, already each of them giving many reasons, at least for those of us on this side of the aisle many good reasons, why we ought to vote against this budget resolution that has this tremendous tax increase and tremendous deficit in it. Each of these speeches have been very good reasons, but I have some reasons of my own, and I think I ought to take just a minute or two to highlight what I cannot believe, but which I do not question as a fact, what the Senator from Texas said, about this resolution having one way to meet the budget target of just delaying for 12 days in September the paying of some bills by the Defense Department.

Mr. CHILES. Will the Senator yield?

Mr. GRASSLEY. Yes, I will yield.

Mr. CHILES. I wonder if——

Mr. GRASSLEY. Does the Senator want to say that the Senator from Texas is wrong when he told this body that?

Mr. CHILES. No, but I do not think the Senator from Iowa heard the Senator from Texas correctly. I think he was talking about something that the House Armed Services Committee did, not something that is in the budget. I know the Senator from Iowa is a person who likes to be correct. He may want to read the transcript on that.

That is not something I would say to the Senator from Iowa that is in this budget. It is not contemplated in this budget. The Senator from Texas was referring to an action taken by the House Armed Services Committee, an action that I do not agree with and which I do not think should be taken either.

Mr. GRASSLEY. I surely appreciate very much the Senator from Florida clarifying that. But the fact that either House of this Congress might contemplate meeting targets by doing that, for saving money, we have to realize that the people of this country are not going to let that wool be pulled over their eyes. I think whether it is the Senator from Florida explaining in further detail what the Senator from Texas said, or whatever the case might be, I think that it does highlight very much, Mr. President, some of the shenanigans that go on in the budget and appropriations process by which we want to fool the people about how we meet targets that we ourselves set.

Then I think, too, of the second point that was made this morning which I would like to highlight, that which was done so well by the Senator from Minnesota [Mr. BOSCHWITZ]. Again I will ask the Senator from Florida whether that was correct or not, when the Senator from Minnesota said that agriculture is the only program in this budget that takes a cut. If that is not true, then I want to know that.

Mr. CHILES. Well, that is not true either. Just to be correct, the energy function——

Mr. GRASSLEY. Let me ask this: Does the agricultural budget take a bigger cut than any other portion of the budget?

Mr. CHILES. No, sir. If the Senator will look at the 1988 budget function-by-function in comparison with the 1987 level after adjusting it for the

asset sales, one-shot savings that we know do not provide any deficit reduction, he will find that energy is cut $1.32 billion in outlays, commerce and housing is cut $2.63 billion, and the community development programs are cut $1.73 billion. Agriculture is cut $1.60 billion. So it is the third lowest.

Mr. GRASSLEY. I think the point that the Senator from Minnesota was making, though, is a very good point in the sense that the agricultural budget surely has taken more than its fair share of the cuts in this budget as a whole.

Mr. President, I want to join my colleagues on this side of the aisle and hopefully several on the other side of the aisle so that, in fact, we will be successful in defeating this budget resolution. I oppose this budget resolution on the ground that it is too timid in the face of higher spending and too afraid to go head to head against the deficit.

What it has tried to do, instead, is to try to buy its way out of the problem with taxes. I might add that it does not succeed in arresting that problem, even considering the very large tax increase that is included in this effort.

The path of least resistance, Mr. President, used to be just to forget about the budget deficit, to not care about it. The path that used to be used was just allowing those deficits to grow.

Now the path that is used is the growing deficit, but more than that, a growing deficit plus a growing tax burden for the working men and women of this country.

We are right back where we were, Mr. President, right back there where we were in the 1970's, back to the height of the tax and spend days.

If there was any hope of progress in our Nation's fiscal policy, given the debt that we have accumulated over the past 6 years, it certainly does not lie with this budget agreement that we are going to be voting on in a few hours.

Let us examine for a moment this notion of the path of least resistance.

During the last 6 years, the deficit widened because of the polarity created by an administration adamant against a tax increase and at the same time obsessed with overfeeding the defense industry.

That is all on one hand, on the part of the administration. But do not forget where the Congress comes in. That is a Congress obsessed and being overly protective of entitlement programs.

Despite the aberration that somehow all sides can be winners, there were, in fact, in that process no winners, because the debt we piled up in the process is great enough to break the back of our country's economy. The only question is, when will that happen? it surely is going to happen if we do not do more than this budget deficit does.

The path of least resistance has now grown a second head and that second head is that of a tax burden. We still have a problem of polarity on the issue of taxes and entitlements, which has kept this deficit so very large.

The defense budget, in my view, is still caught up in a political quagmire. The idea that somehow more taxes are needed for more wasteful defense spending tests the bounds, Mr. President, of any definition of reasonableness. Higher taxes for wasteful defense spending is certainly not understood by the working men and women of this country as they are called upon in this budget resolution to pay a higher tax bill.

There is an old saying around here, and a true one, I might add, that tax increases do not reduce the deficit. What they do is merely increase spending. They give us further license, Mr. President, for fiscal irresponibility. That is true of all parts of the budget, the defense budget not being excluded from that, either.

Grassley's first law states that given the structural problems in the Department of Defense, more money will necessarily be ill-spent.

All of these points add up to one thing: a very large deficit that is locked in over the long term despite a large tax increase.

Just how large a deficit is another matter, Mr. President. There is no way in the world that this deficit will be only $134 billion in 1988. Based on new economics, budget experts are telling us that it will be more like $160 billion, and it is, therefore, likely to be higher.

And it is therefore likely to be higher. It is going to be higher than the current year's budget deficit. At best, the 1988 deficit will be no lower than in this fiscal year of 1987. If that is the case, Mr. President, if all this work is getting us no progress against the deficit, then $73 billion in increased taxes is a pretty steep price to pay.

The very least the American working men and women of this country would like to have, if we are going to increase taxes, is a lower level of spending and a lower deficit. It is not going to happen, Mr. President. It is one thing to raise taxes to shrink the deficit or to create an environment of fairness, but it is another thing entirely to raise taxes simply to close the gap caused by our reluctance to pull the belt a notch tighter.

If we step back from this budget and view its probable impact on the economy in the country, what is it that we can conclude? First and foremost, Mr. President, there is absolutely no signal being sent that, somehow, we are getting this deficit under control. We missed our self-imposed target by $26 billion and, after all the bills are in and have been paid by September 30, 1988, the deficit will most likely be higher than that of the current year if this conference agreement is implemented.

Beyond that, as the Senator from Minnesota said, the farmers in my State and others will not take kindly to the fact that a disproportionate share of deficit reduction has fallen on the shoulders, in the midst of the farm crisis, of the farmers of this country. The taxpayers of this country will have sacrificed $21 billion of their tax money—and that is just in 1 year. What for? To buy an increase in the deficit.

That single fact best sums up the shortcomings of this budget. The Nation's fiscal policy will remain stalemated. The Deficit Control Act will have been derailed, and we will end up with $160 billion deficits as far as the eye can see into the future.

That is not a very encouraging legacy for this budget to have left, Mr. President. In that regard, it is a budget without hope. It is one that obviously will not establish credibility with the people of this country. That explains, I believe, the reluctance of my colleagues and myself to support it.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield 20 minutes to the Senator from Delaware [Mr. ROTH].

The PRESIDING OFFICER. The Senator from Delaware is recognized for 20 minutes.

Mr. ROTH. Mr. President, I thank the Senator from New Mexico.

Mr. President, when the American public turn on their TV set to watch the 100th Congress, they may think they have tuned into the wrong program. With all the new spending the 100th Congress has enacted, the viewers, might think they have turned on the popular series "Lifestyles of the Rich and Famous" rather than the U.S. Congress.

"Lifestyles of the Rich and Famous" looks into the spending habits of ultra-wealthy people who supposedly can afford their luxurious spending styles. But with the congressional spending spree, we not only cannot afford it, it is not even our money. It belongs to the taxpayer, most of whom are not living lavish lifestyles. The American people do not expect their taxes to be raised any further to pay for all the new programs the Congress has passed.

That is precisely what is happening. Let us look at the spending programs the Senate has authorized or appropriated this year along. All totaled, we have new authorizations of more than $32 billion in 1988. I realize these are only authorizations and that some of

these funds will initially spend out more slowly than the authorized levels. But the fact is that the recipients of these funds expect to receive them, and the appropriators are expected to fund them. There is no doubt, Mr. President, those funds will be spent. You can be sure that any attempt to retract from the authorized level would end in failure.

I am not maintaining that each and every funding bill must be voted down for the single reason that it spends money. Each of these programs deserves our careful consideration. But we must learn to set priorities in our spending habits. Like most American families, we should be maintaining a budget—something Congress has failed to do for a very long time.

If we had attempted to prioritize our spending earlier this year, clearly the highway bill would not have been $88 billion long and 150 demonstration projects wide. The highway bill authorized $13.4 billion in fiscal year 1988, and $88 billion total over the next 5 years. I was one of only two Senators who voted against this bill when it was first considered by the Senate. By the time this body considered the President's veto, 32 of my colleagues joined me in opposing this massive highway spending measure.

The highway bill bassed by Congress contained more than 150 demonstration projects costing almost $1.5 billion of Federal money, not to mention matching State and local funding. The taxpayers hard-earned money will now be spent on futile parking lots, unnecessary roads and tunnels, not to mention the all too many pork barrel projects—projects that cannot be justified on any reasonable cost-benefit basis and are for the direct benefit of the few. These programs were put in that bill only because Uncle Sam's deep pockets will pay the bill. Not only is Congress passing the buck, it is spending it along the way.

On April 1, when the Senate first considered the President's veto of the highway bill, I said on the Senate floor, "We must face our large looming budget deficits with candor, and I submit that those people whose favorite pork is in this budget busting legislation will be the first to come out in favor of a tax increase." All 54 Democratic Members of the Senate voted to override the President's veto—and 53 of 54 Democrats passed the Senate budget which called for a tax increase of more than $88 billion over the next 3 years.

Mr. President, today, we begin to consider the conference report on the fiscal year 1988 budget resolution. At the outset, I should like to observe that what is happening to the Federal budget gives me real pause for concern. What disturbs me most is that part of the budget proposal which provides for $64 billion in tax increases over the next 3 years.

What worries me about this, Mr. President, is that the budget conference is proposing substantial tax increases for the purpose of financing increased spending. The budget resolution we are considering today will increase spending by almost 4.5 percent over last year's level. This compares to the 2.5-percent increase passed in last year's budget. In fact, total spending in the conference report we are considering today is $1.055 trillion—actually higher than the outlay levels contained in either the House or Senate budget as they entered into conference. This budget resolution will increase domestic spending through new initiatives by at least $9 billion over the next 3 years.

Now, Mr. President, what this means is that we are going back to the old policies of the seventies of spend, spend, spend, tax, tax, tax, and that is wrong for this country. We cannot continue to increase spending. We cannot continue to play the role of the rich and famous and spend money like we have got it. We cannot continue to increase taxes when the most serious problem this country faces is being competitive in world markets. This is critical if we are to maintain and create American jobs.

That means we need savings—savings so that we can invest in building the best industrial facilities in the world. Instead, we see program after program increase on the spending side, and then we seek to finance it with new taxes. These new taxes are not—I emphasize, are not—for deficit reduction but instead for increased spending. The tax increase in this bill will hit the American pocketbooks to the tune of $64 billion over the next 3 years.

This conference report recommends increasing revenues $3.3 billion more in the first year than the largest tax increase in history. That increase, contained in the Tax Equity and Fiscal Responsibility Act of 1982, raised $15.9 billion in the first year. This budget recommends a $19 billion increase, and even this amount fails to consider that both the Finance and Ways and Means Committees have a 20-percent flexibility clause built into their reconciliation instruction. Taking this into account, the tax bill could reach the $70 billion range.

Mr. President, a recent study reveals that based on reviewing our budgets from 1947 through 1986, for every dollar of increased revenue, the Federal Government spends an additional $1.58. So here we have $64 billion in tax increases over the next 3 years, and based upon the concepts outlined in this paper, we can expect for every dollar increase in taxes an additional $1.58 to be spent by the Federal Government. I strongly agree with President Reagan when he said he will fight such increases in revenue, and hope, when confronted with the ultimate choice, we will prevail.

I would like to examine for a moment the excise taxes that so many of the tax advocates around here like to talk about. This plan will raise taxes by $19.3 billion in 1988, and, as I have said, $64 billion over the next 3 years. The advocates of a tax increase are pointing toward the so-called sin taxes. But let us look at the impact of these proposals.

What if the Congress increased the 16-cents-per-pack cigarette tax by another 16 cents? What if the Congress increased the tax on distilled spirits by 20 percent? What if the Congress increased taxes on wine and beer to match that of distilled spirits? And what if the Congress extended the 3-percent excise tax on telephone use beyond 1987? All of these increases together would add only $8.8 billion in the first year and $32.5 billion over the next 3 years. So other means would have to be found to satisfy the budget resolution. Proponents for the tax increase view it as a means of increasing the balance in the Federal checkbook for new spending. Certainly if there were to be any tax increase, it should be used to reduce the deficit. Clearly, that is not the case here.

One of the merits of the tax reform legislation enacted last year was that it reduced the tax burden for lower income Americans. But if taxes are raised through excise taxes, a recent study shows, the tax increase would eliminate all of the tax benefits provided last year in the Tax Reform Act to households with incomes below $20,000. Is this our new low income and poverty program? My fellow colleagues, these new taxes will hit the pocketbooks of every American family but particularly those at the lower end of the scale.

Before I finish, I would like to speak about another budget matter that concerns me greatly. I am referring to the budget process and what I see in this agreement disturbs me greatly.

I remember serving on the joint House-Senate committee that brought forth our current process with the 1974 Budget Act. At that point it was universally agreed that Congress urgently needed two things. First, a standardized, coordinated process to halt the fragmented and contradictory fiscal decisions made each year and, second, a solid information base enabling us to plan, track, and enforce our budgetary goals.

However, I am afraid these guiding principles have been lost. To our already complicated procedure has been added an incomprehensible layer of reserve funds, trust funds, delayed allocations, reallocations, fences, high

tiers, and low tiers. Perhaps we need a moat with some alligators, too.

For the first time in history, as has been pointed out, the defense policy will become the burden of the tax writers on the revenue committees. Purportedly, how much we can afford for defense will depend on how much we can raise taxes. This is a dangerous precedent which is sure to impede the appropriators and ensure us another continuing resolution.

What troubles me most about this budget is its failure as a planning document. As I read through the explanatory materials from both sides, the word "unspecified" continually appears. Some items are unspecified increases and some are unspecified decreases. But they are unidentified nonetheless.

In looking at the reconciliation instructions for the Governmental Affairs Committee, I see a required $100 million in unspecified management savings. As ranking Republican, I will do everything possible to help Chairman JOHN GLENN meet those targets. However, it is very hard to pledge the bipartisan support sought by the majority when our goals are unclear.

Mr. President, this is not budget process. It is budget pandemonium. Fiscal inaccuracy has replaced factual information. The two principles sought in the 1974 Budget Act have gone awry and with it the patience of every American who has to witness the poor performance every year.

If we are going to have any hope of becoming accountable, then we must change the budget process. The process itself may not lower the deficit, but it might raise congressional credibility with the public. And the 2-year budget is an idea everyone can understand.

Mr. President, Republicans and Democrats in each Chamber now have task forces recommending both long- and short-term process solutions. That budget reform is on the agenda of the very busy 100th Congress attests to its urgency. In addition, the President has made it part of his legislative initiatives.

I have again proposed a 2-year budget. This year I am pleased to be joined by the distinguished Senator from New Mexico, Senator DOMENICI. It is one of the very few ideas that has bipartisan support. So I hope that in the near future, either through informal consultations, a special committee, or by any other means, we will enact a 2-year budget.

For any budget process to work it must be simple enough for the Congress to use and for the public to follow. It must be fair to the individuals affected by budget decisions. It must balance the competing institutional forces within the Congress. It should have a stabilizing effect for both the legislative and executive branches. Last, it must be enforceable. The 2-year budget can meet all these requirements.

As I have said before, a 2-year process signals the public that we are serious about making a fiscal plan and sticking to it. Oversight responsibilities that have been cast aside for lack of time would resume. The current imbalance between the authorizing committees and the rest of Congress would equalize. Best of all, agencies and recipients of money back home, whether they be State or local governments or individuals, could plan more in advance and be assured of the availability of funds.

I realize that some critics feel economic changes could quickly date a 2-year process. However, with the exception of Defense, funding levels for other appropriated funds have remained fairly level during both the recession and the economic boon of the 1980's. With the moderation in defense, there is no reason we cannot plan and appropriate for 2 years. In fact, the Pentagon would rather have it this way.

To solve our true budget problems, the authorizing committees need to reexamine the suitability of their programs for future years. But that takes time and time is what we never have under the current annual budget process.

For example, when I was chairman of the Governmental Affairs Committee, we redesigned a major entitlement program, Civil Service Retirement Benefits, into a pension plan for the 21st century. It took a lot of time and hard work, but it dramatically lowered the cost of pensions with better benefits to the employees. The effect on the budget will be longlasting. That is the kind of new start we need in the Congress.

So I say to the viewing public, the problem is not with your TV set, the problem is with the return to the tax and spend policies of the seventies. The American public is not interested in watching reruns of a bankrupt fiscal policy. The American public knows that the tax increases proposed are to pay for increased spending and not to reduce the deficit. If this continues, I would expect the American people to change the channel.

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

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield 10 minutes to the junior Senator from Arizona, Senator MCCAIN.

The PRESIDING OFFICER. The Senator from Arizona [Mr. MCCAIN] is recognized for 10 minutes.

Mr. MCCAIN. Mr. President, I thank the senior Senator from New Mexico, and I associate myself with his remarks concerning the deep reservations that he and most Members on this side of the aisle share with respect to the budget proposal before us.

Mr. President, I think it is of interest to note that the other body yesterday approved this budget resolution by a slim four-vote margin. Over 20-some Members of the opposite party can not live with this kind of a resolution and, I think, this signifies the real division that exists about the approach this resolution takes, and its implications for the future of this Nation.

Mr. President, it is very clear from all the polling data received and the letters and phone calls that come into our offices, that Americans are deeply concerned about the deficit. They are deeply concerned that they keep getting larger and larger; they are worried about our status as a debtor nation; and they are troubled by the future this fiscal profligacy ordains for their children.

Over the weekend a group of Republican Senators were in Williamsburg. We were briefed on various opinion polls and attitudes of Americans throughout the country. One alarming aspect of how Americans feel today was brought to our attention, and that is the number of Americans that believe this country is headed in the wrong direction.

Over the last 2 years we have seen a dramatic reversal in American opinion. During that time many of the overwhelming majority of Americans who believed this country was headed in the right direction changed their minds. Now over 50 percent believe it is headed in the wrong direction.

There are no doubts many factors that have contributed to this change in Americans' attitudes, Mr. President, but I would suggest that the inability of this Nation to solve this enormous debt problem and this enormous deficit problem—which are mortgaging the future of our children—certainly have contributed greatly to that change.

It is my commitment to the people of my State that prevents me from supporting this resolution. Under this resolution spending will not be curbed. It actually increases at almost twice the rate by which it increased this year, as has been pointed out by the senior Senator from New Mexico.

This resolution does not prioritize Federal spending. It does not curtail waste. Nor does it terminate a single solitary Government program. Surely, there must be at least one program of the thousands that exist that has either outlived its usefulness or no longer is effective. But in all deliberations the Budget Committee could not recommend the termination of one single solitary program.

Mr. President, this resolution does not reach the Gramm-Rudman-Hollings deficit target, nor is it consistent

with the last two budget resolutions which turned the forecasts of $300 and $400 billion deficits into smaller, more manageable ones. Yet, these are the most basic actions that I think Americans want.

In my view, the message behind this resolution is that we can balance the budget without making the most fundamental of spending decisions and that we should raise taxes and slash defense while increasing spending on various programs designed to benefit the needy and promote competitiveness.

Ironically, the needy may well be better off without tax increases and our trade deficit would certainly be much smaller without huge deficits.

I would like to talk for a moment about what form these tax increases might take. No one knows because it is not specified in this resolution, but everything I hear suggests that these tax increases will take the form of excise taxes. Who pays the excise taxes in America? We know who pays. The poor and lower income Americans of this country.

So if we do increase Americans' taxes, then we will succeed in denigrating and denying them the benefits that they have only received most recently from a tax reform bill in 1986.

And I would like to point out that for most of us the primary reason for supporting the tax reform bill was because it did remove low-income Americans from the tax rolls. We will now lay another tax burden on low-income Americans which I do not think they deserve.

It is crystal clear that supporters of this resolution are asking the American people to shoulder an enormous tax hike—$21 billion.

Mr. President, I know of no Americans today that seek a tax increase unless that tax increase is directed at reducing the deficit. I see nothing in this resolution which will head us in that direction.

Let me ask one question about excise taxes. If excise taxes are not adopted from where is this level of revenues going to come? I would suggest that although it is not the responsibility of the Budget Committee to make such specifications, at least the Members of this body should be given some indication as to where those tax increases are going to come from if—especially Congress is going to implement a budget resolution that indeed increases the tax burden on the American people.

I would also like to know how we are going to retain the gains we have made in our defense readiness and capability over the last 6 years in the wake of the dramatic cuts this budget resolution implies.

I have to confess to a little confusion on this point. I recall supporting a DOD authorization bill in the Armed Services Committee recently which called for $303 billion in defense budget authority, a figure which appeared to have solid bipartisan support in committee.

In fact, on February 24, 1987, both the ranking minority member and the chairman of our committee sent letters to the chairman and ranking minority member of the Budget Committee stating their strong support for a level of $312 billion in budget authority for the coming fiscal year.

I also recall comments about the reasonable level of defense spending requested by the President for fiscal year 1988. These comments were made on both sides of the aisle. It is generally accepted that in the previous 2 years the requests by the administration for defense authorization levels were inordinately high. Most, including this Member, believe that the request sent over by the President this year was indeed a reasonable one.

With the sort of broad support steady defense spending has received from both parties—and the recognition by both sides as to the need for continued funding for our readiness accounts—how then is it possible to cut $7 to $14 billion from the committee's DOD authorization bill? How can we make these cuts without undoing exactly what we all know must be done?

Let me point out that I find it difficult to believe that 51 Members of this body are going to support a tax increase high enough for us to be able to work with the so-called "high-tier" budget figures in this resolution. I believe this resolution, in effect, binds us to the 4.5-percent real cut implicit in the low-tier proposal.

If I am right, the effects on our Armed Forces—and on the men and women who are willing to put their lives on the line to protect our Nation—will be immediately and deeply felt.

So if we are to implement this resolution, for starters, we will have to cancel the military pay raise of 3 percent that is scheduled for January. We have already started down the same road we were on in the late seventies—we could not pay competitive wages, and therefore, we could not hire enough people. This cut will accelerate our return to exactly this problem.

It is not long ago that the captain of the oiler called the Canisteo was given orders to put to sea—and could not because he did not have enough technical petty officers to man the engine rooms and the boiler rooms.

Perhaps the greatest legacy of the first 6 years of the Reagan administration will be the restoration of this Nation's defense. That is epitomized by the quality of outstanding young men and women that man the military today. We cannot undercut those years of investment that the American people have made by adopting a budget number either at $289 or $296 billion in budget authority.

The investment we have made in people over the past 6 years has been the most important stride that I know of. Not only do we have to provide pay and benefits, which is generally supported in this body, but we also must give those men and women in the Armed Forces the best equipment possible with which to fight and we will not be able to do that with this level of defense authorization.

Furthermore, under this proposal we would have to make deeper cuts in operations and maintenance and terminate endless programs. Defense R&D would be on the line and so would procurement. And we are almost out of gimmicks with which to protect this deterioration.

One of the more amusing proposals that was made was that the Department of Defense simply would not pay its bills for the last 12 days of the fiscal year, except to small businesses. I think it is really quite incredible to tell the people that build our equipment and maintain it that we are not going to pay them for 12 days so that we can put into place some kind of bookkeeping gimmickry.

The point is, the defense budget has already declined in real terms for the past 2 years. If we implement either the high or low tier, we will once again have hollow armies, people hemorrhages, low morale, and inadequate capabilities.

It is incredible to me that at a similar juncture 6 years ago Democrats and Republicans alike realized that we needed to modernize our forces and build up at least at a reasonable level of defense spending. Yet here we are, faced with the choice of maintaining our achievements or throwing them away—and this resolution would have us throw them away.

As the saying goes, those who neglect the lessons of history are doomed to repeat them. I implore the Members of this body not to repeat the mistakes we made in the 1970's and not to do great damage to this Nation's ability to defend its vital national security interests throughout the world.

In keeping with the rhetoric that the President can continue the defense buildup if he agrees to raise taxes by a specific amount, this budget resolution would require the President to agree to a tax hike so that he can have the higher of two defense figures proposed.

In the first place, it is absurd to hold any part of the budget hostage to taxes. We either have spending needs and must fund them, or we don't. Taxation should not be a bargaining chip. And in point of fact—the higher tier

defense figure is actually a cut of more than 2 percent in real terms.

It is simply not true that, as proponents of this tactic would have us believe, a dollar raised in taxes will yield a dollar in defense spending.

So, what will the American people have in exchange for a historically high tax increase? An imbalanced, but not leaner defense and continued, unfettered domestic spending. And uncontrolled budget deficits for a long time to come.

It is clear that, even though these taxes are linked to defense for whatever political purposes, the real reason is to pay for the spending increases this budget resolution contains.

I will close my comments by pointing out that the American people have not been fooled by this creative approach to budgeting. In fact, a recent editorial in my State pronounced this budget resolution as "another sorry performance," which, in fact it is.

The editorial points out the irony of proposing to solve the problem of escalating debt by "going deeper into debt."

It concludes that this sorry performance would be laughable, only, the joke is on us.

But, if this resolution is implemented, I think it would be more accurate to say that there is a majority of compulsive gamblers among us—gamblers who are betting on our economy and our defense. To me, a vote in favor of this proposal is one more bet in a game of economic Russian roulette. If this bet is made, we and our children surely will regret the inevitable—and perhaps irrevocable—consequences.

Mr. President, I ask unanimous consent to have printed in the RECORD letters from Senator WARNER and Senator NUNN, each dated February 24, 1987, and an article from the Arizona Republic.

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

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, February 24, 1987.

Hon. LAWTON CHILES, *Chairman,*
Hon. PETE V. DOMENICI, *Ranking minority member,*
Committee on the Budget, U.S. Senate, Washington, DC.

DEAR PETE AND LAWTON: The Republican Members of the Senate Committee on Armed Services strongly support the President's fiscal year 1988 defense budget request. This morning, our Committee voted 18 to 2 to recommend defense funding levels of $312 billion in budget authority and $297.6 billion in outlays.

In our opinion, the President's request for defense is both credible and restrained. Having sustained two consecutive years of real declines in defense spending, it is imperative that this trend be reversed. Over the past several years, we have made substantial progress toward restoring our nation's military capabilities. The modernization of our Army is one-third complete, we are well on our way to achieving the goal of a 600-ship Navy, and the quality of our military personnel is at an all-time high. We should not allow these and other gains to be sacrificed by an unwillingness to recognize the need for a continuing and stable defense program.

I understand the difficulties your Committee faces in formulating a bipartisan budget which will reduce the projected deficit while providing adequately for our national defense and other important government programs. It is essential that we work together in achieving an early agreement on the funding levels in the budget resolution, and I urge you to call on me and my Armed Services Committee colleagues for any assistance we may provide in this effort.

Sincerely,

JOHN WARNER,
Ranking Minority Member.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, February 24, 1987.

Hon. LAWTON CHILES, *Chairman,*
Hon. PETE V. DOMENICI, *Ranking minority member,*
Committee on the Budget, U.S. Senate, Washington, DC.

DEAR LAWTON and PETE: In accordance with the provisions of Section 301(d) of the Congressional Budget Act, I am forwarding the recommendation of the Committee on Armed Services for the National Defense Function (050) for FY 1988.

As you know, the President's FY 1988 budget includes $312.0 billion in budget authority and $297.6 billion in outlays for the National Defense function. The Armed Services Committee supports the overall level of spending proposed by the President for National Defense for FY 1988. However, I believe I speak for a majority of our Members when I point out the following caveats:

1. The Committee's recommendation is based on what we believe is a justifiable level of spending for National Defense. It is not based on a comprehensive review of how the FY 1988 Defense budget might fit into the overall context of a Budget Resolution that conforms to the Gramm-Rudman deficit target.

2. The Congressional Budget Office estimates that the deficit in the President's FY 1988 Budget is $134 billion, $27 billion above the Gramm-Rudman deficit target. If CBO is correct and the President's budget request for FY 1988 fails to meet the Gramm-Rudman deficit target, I understand the almost impossible job the Budget Committee faces in reducing the President's deficit by $27 billion while preserving his proposed Defense funding level.

3. The Committee is recommending a National Defense spending level only for fiscal year 1988 because the President's FY 1988 Budget fails to meet the Gramm-Rudman deficit targets after FY 1988. The Defense Department submitted a credible two-year budget for FY 1988 and FY 1989 as part of its FY 1988-1992 Five Year Defense Plan. Our Committee strongly supports the concept of shifting to a two-year budget. Unfortunately, the President has not told Congress how he plans to pay for his proposed level of defense spending after FY 1988 within the Gramm-Rudman deficit targets, making our job of recommending and adopting a two-year defense budget extremely difficult.

4. In endorsing the level of Defense spending proposed by the President for FY 1988, the Committee is not endorsing the details of the President's Defense budget. Many members of the Committee believe the priorities of the FY 1988 Defense budget are seriously out of balance. For example, the budget proposes to start a number of new weapons programs at the same time it increases the inefficiency of the production rates of many weapons programs currently in production.

In closing, I would like to emphasize the important relationship between budget authority and outlays in the National Defense function. Last year, the relatively high ratio of budget authority to outlay reductions in the National Defense function required by the FY 1987 Budget Resolution forced the Congress to choose between reducing more budget authority than required by the Budget Resolution targets in order to achieve the required outlay reductions; reducing the faster-spending readiness and personnel accounts disproportionately; or using budgetary gimmicks.

This year, I strongly recommend that the first year outlay rate of any adjustments in the level of National Defense budget authority be set at 38-45%. This will leave the decision of the appropriate mix of any adjustments to the FY 1988 Defense budget to the Armed Services and Appropriations Committees.

We look forward to working with you on the Budget Resolution in the weeks ahead.

Sincerely,

SAM NUNN,
Chairman.

ANOTHER SORRY PERFORMANCE

Back in January of this year, two smiling Democrats, in their televised response to President Reagan's State of Union message, assured the nation's taxpayers—and voters—that the 100th Congress would demonstrate their party's ability to govern.

Feeling confident after regaining control over both chambers in the fall elections, House Speaker Jim Wright and Senate Majority Leader Robert Byrd promised they would get down to business in managing the government's affairs. Some five months later—with an agreement on a $1 trillion budget plan for the next fiscal year—the Democrats came through on their promise. They got down to business, all right: business as usual.

Instead of taking the opportunity to reverse decades of excessive taxation and outrageous spending, the Democratic leadership retreated to its familiar pattern of placing financial and personal expediency over fiscal principle.

Not only did the Democrats fail to meet Congress' self-imposed limits on spending, they are recommending $19 billion in new taxes to finance their fiscal profligacy. Instead of coming close to the Gramm-Rudman deficit-reduction target—even with new taxes—they overshot it by a mile.

And never mind that the burden of the Democrats' new excise taxes to finance their out-of-control spending spree—levies on such things as beer, cigarettes and gasoline—will fall most heavily on the lower-income wage earners. Moreover, while the increase in federal revenues—a nice way to say taxes—has outpaced inflation during the past five years, government spending has soared by more than $140 billion during the same period.

No, to the Democratic leadership, the answer to the ever-soaring national debt is to go deeper in debt: Spend now, pay later, no matter the cost. The blank check given the Democrats last year by the voters has

been signed, sealed and delivered, wrapped in fiscal insolvency.

As the grinning Democrats reach ever deeper into the taxpayers' pockets, they justify their addiction to spending by the outrageous claim that the fault really lies with Reagan. After all, they say, the president has not submitted balanced budgets.

While Reagan no doubt could be blamed for not standing firm enough against congressional spending excesses, the truth is that the president has little or no power in budgetary matters. The budget deficits were created by the people's representatives and senators who, by law, have appropriated each and every misspent dollar.

If it weren't so serious, Congress' sorry budgetary performance would be laughable. The trouble is, the joke's on us.

The PRESIDING OFFICER. Who yields time? If neither side yields time, time will be equally divided.

TO ENTER THE COMMITTEE CROSSWALKS INTO THE RECORD

Mr. CHILES. Mr. President, I send to the desk the estimated allocations—based on the budget in the conference report—of the appropriate levels of total budget outlays, total new budget authority, and new credit authority among each committee of the House of Representatives and the Senate, pursuant to section 302(a)(2) of the Congressional Budget Act. I ask unanimous consent these allocations be considered as part of the joint explanatory statement of the managers accompanying the conference report and be printed in the RECORD.

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

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FOR 1988

[In millions of dollars]

Committees	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations	585,792	593,365	0	0
Agriculture, Nutrition and Forestry	26,285	28,919	(18,723)	4,425
Armed Services	44,256	30,359	161	161
Banking, Housing, and Urban Affairs	6,657	3,639		
Commerce, Science, and Transportation	1,933	150	393	393
Energy and Natural Resources	1,302	875	28	28
Environment and Public Works	14,839	777	6	6
Finance	602,543	547,088	57,614	57,650
Foreign Relations	7,304	7,247		
Governmental Affairs	63,684	40,136		
Judiciary	1,701	786	98	98
Labor and Human Resources	3,184	2,546	4,038	4,611
Rules and Administration	82	262		
Small Business	43			
Veterans' Affairs	1,558	1,234	15,235	15,244
Select Indian Affairs	531	413		
Not allocated to committees	(208,402)	(216,996)		
Total, budget	1,153,200	1,040,800	58,850	82,616

SENATE COMMITTEE CREDIT AUTHORITY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FOR 1988

[In millions of dollars]

Committees	Direct loans	Primary loan guarantees	Secondary loan guarantees
Appropriations	16,952	103,835	100,600
Agriculture, Nutrition and Forestry	16,364	12,814	
Armed Services			
Banking, Housing, and Urban Affairs	30	301	
Commerce, Science, and Transportation	307		
Energy and Natural Resources			
Environment and Public Works	280		
Finance	3		
Foreign Relations			
Governmental Affairs			
Judiciary			
Labor and Human Resources		9,350	
Rules and Administration			
Small Business			
Veterans' Affairs	664	30,400	
Select Indian Affairs			
Not allocated to committees			
Total, budget	34,600	156,700	100,600

Mr. CHILES. Mr. President, I yield the floor.

I understand the time is divided equally.

The PRESIDING OFFICER. The chairman of the Budget Committee [Mr. CHILES] is correct.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico, Mr. DOMENICI.

Mr. DOMENICI. I yield myself 10 minutes.

I might say to the Senate, we have a number of Senators that still desire to be heard and they will be here in due course. I would like to use 10 minutes to talk about an issue that seems to be pervasive in this discussion. I do not choose to talk about it as it relates to this budget resolution, necessarily, but with reference to taxation and the American people.

Perhaps I might follow with some more discussion that I thought was extremely beneficial. The distinguished ranking member of the Finance Committee made some very good points this morning with reference to the overall picture of Government expenditures over the past three and one-half decades. I am referring to what he had to say about passing the buck, so to speak, on to the Federal Government. I thought I might speak about another item that I think is very much a myth in the United States.

We had a tax reduction that occurred in 1981. I have even heard some distinguished Members of Congress say that it was that gigantic tax cut that occurred in 1981, followed by the tax reform package which had some small impact on individual taxes, that is the reason for this big American debt. This leaves one with the impression that one of the ways we should have solved this deficit was to not have reduced taxes on the American people so much.

I thought I would dispel the notion that the taxes on the American people have been reduced by talking specifically about tax burdens today.

Before I do that, let me make this statement. Many suggest that an average American household with a little over $21,000 in income in 1980 has had their taxes reduced so much that that household ought to favor increasing taxes. There is sort of a lingering. "We don't understand why the American people don't appreciate how much their taxes have been cut."

Mr. President, let me suggest to you that the American people generally have pretty good intuition. More than that, they really understand arithmetic. And even more, they really understand what's in their paycheck and what they get to keep and what they get to spend.

I want to dispel any notion that the average American taxpayer is not paying enough taxes and that is the reason for this big deficit.

This is a very simple chart. The first bar represents a head of household with two dependents and a little more than $21,000 in income in 1980. That would be $30,000 in income in today's dollars. That household paid $3,279 in income taxes and $1,293 in Social insurance taxes. Those numbers are very simple: $3,279 and $1,293 for a total tax burden of $4,572.

With all we have heard, this family is obviously paying substantially less today, right? They are taking home more, right? We have reduced their taxes and that is why we have such a big deficit.

Well, wrong, wrong, wrong. That same household today is paying $2,693 in income taxes and $2,253 in Social Security and Medicare taxes for a total tax burden of $4,946.

What I have done is I have assumed that a $21,000 head of household with two dependents needs $30,000 in income to be in the same place that he was then, to adjust for inflation.

I heard one other suggestion by a very distinguished leader of the other body that it was a big mistake when we dramatically reduced taxes in 1981. Well, let me suggest that it was inevitable that individual taxes were going to be dramatically reduced from the 1980 level. If I left the Tax Code intact and we did not have any tax cuts since 1980, this same household would be paying $8,464 in income tax withholding and withholding for Social Security and Medicare. Can any one honestly tell the American people that we would have left taxes this high and that is how we would have paid for this deficit? I do not believe it is a credible story. When you take the first two examples, which show that families are paying more now than they were then, it is obvious to me that the polls are reflecting the pocketbook.

The reason they are telling us they do not want to pay any more taxes is because they have not had their bottom line taxes cut.

Some might get up here and argue, "Well, the rich have had their taxes cut." I am willing to look at those numbers. I am willing to talk to anybody who wants to bring numbers to this Chamber and wants to contend that the two new brackets in the Tax Code which reduce the highest level of taxes cause us to really lose enormous amounts of revenue. I think the revenue loss amounts to almost nothing when compared to the national deficit.

There is another myth around. Namely, that we do not have to worry about income tax rates. The myth is that we can find new taxes from what we call excise taxes.

If people are wondering why there is a lot of resistance to the notion of significant increases in the excise taxes, it is because of what I will describe in my next chart.

We contend that the new tax law reduce the burden of individual taxation, and we touted that across America. It is still out there for the American people, but the people are not so sure. The complexity of the change has caused a lot of confusion.

The best we can figure is this, Mr. President: we reduced individual taxes by a total of $35.7 billion in 1988 in that tax reform law. Who do we think pays excise taxes? It's individuals. I do not know that corporations pay cigarette taxes, or the bulk of gasoline taxes, or alcohol taxes.

This chart looks at typical excise taxes that we could increase. If we raise only $18 billion of the needed taxes under this budget resolution in excise taxes, we will have cut in half the reduction in individual taxes that we so loudly acclaimed in the tax reform package of last year—half. We claim to have cut individual taxes by $35 billion. If we only take $18 billion of the $21 billion in this proposal from excise taxes, we will add back to individual tax burdens exactly one-half of the highly touted individual tax reductions we enacted just last year.

It is pretty easy to understand why the average taxpayer understands and opposes this and why this is probably not going to work.

The PRESIDING OFFICER (Mr. DODD). The Senator's time has expired.

Mr. DOMENICI. I yield myself 2 additional minutes.

The other thing many people touted was that tax reform reduced the level of taxation on the working poor. We ran across America saying, "If anything, tax reform will reduce the burden on the poor, and the time has arrived to accomplish that. Let the working poor keep more of their earned dollars so that they can take care of themselves more, so that we do not need more and more Federal programs to back them up as they attempt to succeed in this American society."

Well, this graph simply explains why people with good conscience are not going to use excise taxes, at least in the manner suggested, as a substantial portion of this $21 billion tax increase recommended in this budget.

For example, let's look at folks earning less than $20,000, according to the best experts we can put together. If $18 billion in excise taxes are added next year the less than $20,000 income households will lose 136 percent of what they gained under tax reform. All of the savings that we claimed they could keep under the tax reform are gone and then some. They will be bearing, instead of the tax savings, 36 percent more taxes from where we told them they would be if the tax reform package were left alone.

The rest of the graph is self-explanatory. For those between $20,000 and $100,000, you will take away 66 percent of the tax reduction, and for those over $100,000, you will take away 6 percent.

If you add in State and local taxes, which have increased dramatically in the past decade, you understand why the American people are saying, "Reduce the size of Government. Do not increase the taxes that you take from us as you deliberate on budgets."

I repeat, the taxes in this budget resolution are needed to cover increases in the budget, are not needed to reduce the budget deficit. The budget for nonentitlement domestic expenditures is going up under this resolution almost as much as the amount of taxes we are seeking to raise.

Now, Mr. President, my friend from the State of Colorado has indicated that he desires to speak. I am prepared to yield. Does he want 15 minutes?

Mr. ARMSTRONG. If the Senator from New Mexico would yield 15 minutes, I would be grateful, but I would like to use at least a portion of that time to check a few signals with him and ask a couple of questions about this budget resolution. There is a rumor or two running around here.

The PRESIDING OFFICER. Will the Senator suspend? Who yields time?

Mr. DOMENICI. I yield such time as the Senator from Colorado requires.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Could the Senator from New Mexico clarify for me, is there some kind of notion in this budget resolution that we will save some kind of money in the defense budget by simply not paying the bills at the end of the year?

Mr. DOMENICI. I might say not necessarily in this budget resolution. I will see if I can explain it. If you fund only the lower tier of the two tiers for defense—which is the level for defense if the President does not sign a tax increase—it seems to me you would have to use the same rationale that the U.S. House of Representatives Armed Services Committee did on the floor because those numbers are identical to the lower tier.

What they did, I might say to my friend from Colorado, is they went to the floor and somebody said, "Your defense authorization bill is over so you will have to get it within these new budget numbers."

What they did is they put in a new item. It is called "delay in payments." We have discussed it a little here this morning. It says we will not pay our bills for the last 12 days of the year except for small business bills.

To the extent that the House had a game plan from their Armed Services Committee that passed the floor of the House and to the extent that the lower tier numbers for defense are going to be adopted, then the House, at least, in mind that one way to get there was to not pay our bills for the last 12 days of the year.

Mr. ARMSTRONG. Does the Senator from New Mexico think that a proposal like that can meet the test of integrity in budgeting, sound business practice, or even truth in public finance?

Mr. DOMENICI. I say to my friend I really cannot believe that it finds its way into these processes. It is absolutely incredible to me.

Yes, there are gimmicks galore in trying to meet budget targets. One time we slipped the pay increase for 1 day so that it would be in the next year, thus charging the following year for the pay increase and taking credit for $3 billion worth of savings. That occurred around here. This one even tops that.

If you cannot pay bills for 12 days, why not 20? If you cannot pay bills, if you do not pay the bills on defense for 12 days so that you can phony up the numbers and let the American people think you are meeting a deficit target, why not apply it across the board?

Why should Labor or the Health and Human Services Department pay their bills when they are due? Why not let them postpone payments for the last 10 or 12 days?

How about HUD? Let me tell the Senator the reason I add those to the answer to his question. If we delay all these payments, we do not have to cut anything.

Mr. ARMSTRONG. I thought the Senator told me we were not cutting anything.

Mr. DOMENICI. We are not cutting anything anyway. But we could let spending just grow and start to say how many days we will not pay the bills and we can meet almost any

target anyone can set under Gramm-Rudman-Hollings or otherwise. Of course, it would all be phony and it would come home to roost, if not the next year, then the year after that.

Mr. ARMSTRONG. Why, in the subsequent year, could we not just slip the date again and slip it 24 days the following year?

Mr. DOMENICI. I just suggest that if we get into that habit, we will soon get to the point where nobody will sell us any services, nobody will sell us anything for the Government because they will not expect to get paid.

This reaches a real peak, in my opinion, of budget gimmickry that I am glad the Senator asked about it. I do not know how it escaped the American people. I do not know if the American people knew that is how they met their targets in the House on the first round of defense. But I think we ought to share with them today the best we can that this is no way to run a ship, to run a government, and that, clearly, it will not work.

Mr. ARMSTRONG. Mr. President, will the Senator from New Mexico remind us how long he has been a member of the Senate Budget Committee?

Mr. DOMENICI. I have been on it so long I do not remember.

Mr. ARMSTRONG. Mr. President, I think I have been a member of the Senate Budget Committee for 8 or 9 years.

Mr. DOMENICI. I have been on it for 13 years.

Mr. ARMSTRONG. How in the world, I ask my friend, has he been able to stand it for this long?

Mr. DOMENICI. It is taking its toll.

Mr. ARMSTRONG. The years I have been on there, each year I have come to the task with a certain degree of optimism and enthusiasm and a sort of feeling that last year is over and we can put it all behind us and start over and, by gosh, we are going to get serious about this thing and something good will come of it. We finally elected a President who is known for his optimism, and we are all reminded of his favorite story, the punch line of which is there has to be a pony in there someplace. I thought each year, this thing is going to turn around.

I remember back in 1980 and 1981, I felt we were really getting someplace. I think that was the year we put in the asterisk.

Does the Senator remember the big asterisk?

Mr. DOMENICI. Oh, yes.

Mr. ARMSTRONG. I have forgotten the value that I understood would be saved; I think $40 billion.

Mr. DOMENICI. It was $44 billion.

Mr. ARMSTRONG. Something, though we did not know what it was, we knew was going to happen. But we had confidence and just plugged it in. I think we were going to attribute it to fraud, waste, and abuse.

Mr. DOMENICI. Management savings.

Mr. ARMSTRONG. That is correct. That did not pan out too well.

Then I remember one year—this was not when the Senator from New Mexico was chairman. I think this was when our friend from South Carolina was chairman. He brought a bill to the floor and people actually thought we had balanced the budget. In those days, we thought we had gotten there. I did one thing which proved to be improvident. I came down to the floor and recalled for the then chairman of the committee the story of the emperor who had no clothes. He objected to my characterization of this budget he was presenting as being off the mark, actually misleading in its terms. I did not realize until subsequently how much he objected to that when our party, the Republicans, finally got control of the process and we brought a budget to the floor and he accused me of nudism, which was a response to my suggestion that his budget had no clothes. He went even further. As luck would have it, it turned out he was completely right. Our budget did not add up and track, either.

Then, a year or 2 ago, we finally thought we had gotten the answer to this thing. My gosh, we were going to start selling off Government assets and everytime we sold one, we were going to count it as closing the deficit gap.

Am I correct, I ask the Senator from New Mexico, are we doing some more of that in this budget, back to that old trick of selling something off and claiming that somehow that closes the deficit gap?

Mr. DOMENICI. That is correct. It is my understanding that a little over $7 billion comes from refinancing the REA loan portfolio, which is the equivalent, in my opinion, of asset sales.

Mr. ARMSTRONG. In the long run, will that save us money or cost us money?

Mr. DOMENICI. If the committees of jurisdiction refinances the REA loan portfolio, it will cost us money, not save us money, over the long run.

Mr. ARMSTRONG. But we are going to claim it in this current fiscal year as a saving?

Mr. DOMENICI. From what I understand, it is in this budget resolution as a saving. Last year, we had asset sales that we took credit for, like Conrail, which did happen. We got out of that business.

I think we picked up about $2 billion for the Treasury from the sale of Conrail. Not all the asset sales occurred, but for the most part, they did.

Mr. ARMSTRONG. Mr. President, I am all for selling some of these things. I would be glad to sell Conrail. I would be glad to give Amtrak away if anybody would take it off our hands. I would be glad to dispose of it even if they would not pay us anything for it. I would say the same for some other assets of the Federal Government which I think could be sold. I am all for that and I would not want anybody to think I am loathe to dispose of these things. There are some loans in our portfolio that we ought to sell, there are some physical assets we ought to sell.

The military owns some bases that actually should be sold and put back into private hands. Some of them are located in very attractive spots. I would guess, for example, if you go out and sell some of the military installations in Hawaii on the open market, they would bring in billions of dollars. Also, I would guess if you sold the Presido in San Francisco—that is strategically located. That might bring in billions of dollars.

I am not kidding about that. It may well be that the military function would be as well or better performed some place else. But it seems crazy, it seems hypocritical or seems nonsensical to me to count that or score it in the budget process as closing the deficit gap. It is sort of like a family that is spending more every week, more every month, more every year than they are taking in in income from all sources—wages and whatever other income they might have. And they say, well, in order to make ends meet, we are going to sell the car. Maybe they should sell the car, but if the gap between revenue and spending increases, they have not solved the situation. Then they sell the other car and the family boat.

Maybe they should do all these things; maybe they should not have those things if they cannot afford them. Maybe they ought to sell their house and move into a tent.

Maybe the Federal Government ought to sell off some office buildings. In fact, I think that is probably true. There may be some public lands that need to be sold.

But the notion or the suggestion that these constitute a way to close the budget gap is absolutely preposterous, in my opinion.

Does the Senator from New Mexico have any recollection of a thing called the Byrd amendment?

Mr. DOMENICI. Yes, Mr. President.

Mr. ARMSTRONG. One of the finest men ever to serve in the Senate was the Senator from Virginia, Mr. Harry F. Byrd, Jr. He proposed an amendment that said on and after a certain date, the budget would be balanced. I forget what the date was. I think it was 1981.

That amendment was adopted. It was the law of the land. It was a stat-

ute. It was not just a budget resolution, it was a statute.

It said that we were going to balance the budget thereafter, it would be kept in balance, and we would not have any more of these deficits. And you know, nobody paid the slightest bit of attention to that any more than they did to the asterisks or any more than they did to the golden gimmicks or any more than they did to the smoke and mirrors or any more than they did to the notion of not paying our bills for the last 12 days of the year.

I am starting to wonder, Mr. President, whether or not this whole process, this display each year of pious rhetoric, accompanied by reprehensible action, is not one of the reasons why people are so cynical about this budget process. In fact, I read in the Washington Post a while back an account of a bunch of interviews that David Broder and Haynes Johnson and a team of reporters did down in Tennessee. It was basically an account of how cynical people are about politics. They found, and it was backed up I guess by an ABC-Washington Post poll, that people just do not believe their political leaders anymore.

They have a sour, bitter outlook.

In essence, one of them said—and I think I can quote it pretty directly—"You just can't trust anybody anymore. It is a disgusting way to live," is the way he put it. The notion is abroad that people in public life will do or say just about anything to get past the next election or to get past the next deadline. And it does not matter even if it is true, it does not matter whether or not it is even believable if somehow it provides some rationale to get on with it and to take the summer recess and adjourn for the year and go back to the voters and blame it on everybody else. Somehow that is what we do.

Mr. President, this process that we are engaged in really comes down to this, that in January the President sends up his budget, and just before he sends it up, before it is officially announced to the world, you begin to see Senators trashing it. Even before he sends it over to us, it is pronounced dead before arrival, dead before transmittal. Before he even has a chance to send his budget over here, the President is told it would be grossly irresponsible if he does not begin to compromise on something he has not even submitted. Finally, it gets sent over here and some poor devil from the administration, the OMB Director or somebody, has to come before the Budget Committee where a bunch of Senators browbeat him, make fun of him, and tell him this does not constitute valid participation by the administration.

That is not just this year. It has happened every year since I have been here, and that is 9 years. In the 9 years I have been on the Budget Committee, we have approximately doubled the amount of debt owed to our children and grandchildren. It is now I guess about $2 trillion. The amount we are spending has increased and every year we lay claim to the idea that somehow we are making the situation better. We are not; we are making it worse, and we all know we are making it worse. We are all trying to pretend that some kind of asterisk or golden gimmick or selling of assets or smoke and mirrors or something is going to make things different, and it is not.

I went back and refreshed my recollection by looking at some of the statements and declarations and reports that we have made in past years and every year we say, both officially and unofficially, now we are on the road; this year we are going to do something. We are not going to slip back into the old habits.

Some people in the Chamber may have noticed, but they have been kind enough not to point it out to me, that over the winter I put on a few pounds. And it did not look too good on me; my suits did not fit just right. It finally got to the point that my wife told me if I did not lose some weight, she was going to donate my body to science fiction. I thought about making a pious declaration, I thought about passing a resolution, I thought about putting an asterisk in my diet, and I thought about, well, maybe if I did not eat until after midnight, the calories would not count. But the truth is I never did figure out any way to lose any weight.

I have lost a few pounds now and need to lose a few more. I never could figure out how to lose any weight except balancing my energy output with my food intake. It is the same with this budget.

Now, I do not want to be simple minded about this but this is a simple problem. The fact is that in this budget resolution we are not coming to grips with the underlying issue, which is we are continuing to spend far more than we ought to on domestic programs and we are saying we are going to raise taxes to cover it, although I doubt if those tax increases will ever be enacted because that has got to be in a statute passed by the President of the United States and he has said he would veto it and he ought to veto it.

Mr. DOMENICI. Will the Senator yield?

Mr. ARMSTRONG. So, Mr. President, I am going to yield the floor because I think the—am I mistaken about that?

Mr. DOMENICI. I just want to confirm that I am yielding a given amount of time. I yield 10 additional minutes to the Senator.

Mr. ARMSTRONG. I thank the Senator. I am just rambling on. I have a lengthy prepared statement here which outlines with greater precision and in fact with greater scholarship exactly what is the matter with this budget resolution, but I almost hate to get into the technicalities; I have been through them so often. Every year I come down to the floor and point out the details and it does not seem to change the outcome. What I am hoping is that somehow we could rise above the minutia, the trivia and the details, even rise above the recriminations and the finger-pointing—and I have tried to do that this afternoon—to make it clear that I do not blame this on the Democrats. The Republicans have not got clean hands in this matter. We have not been as frank as we ought to have been during the years when we controlled this Chamber. We did not do as good as we should have. And so it is not a partisan problem as far as I am concerned.

I think the President has sent us up a lot better budget than what the budget resolution has in it, but I did not think the President's budget was as good as it should be. The reality of it, however, is this: This budget, which is sent to us by the conference committee, is a joke. It is a travesty. It is not something which serious people can look at and say this is a fair or reasonable or thoughtful or even a dead level, earnest approach to balancing the budget at any date. Nobody thinks it balances it this year or next year. I do not think it puts us on a track which even under its own terms would ever result in getting the budget in balance even if you assume the tax increase will be forthcoming, even if you assume that supplementals will not balloon the spending beyond what is specified in the budget resolution.

Now, I regret very much, Mr. President, that after all is said and done, every single proposed spending reduction or program reform suggested by the President of the United States in his budget submission has been ignored or turned down in this budget resolution. I may be wrong about that, and if someone can mention to me one single instance of the kind of reform the President has suggested which has been incorporated in this budget resolution, I would like to hear about it.

Now, the President said we ought to do away with the UDAG program. For those are not familiar with it, UDAG is a program under which people in various areas around the country are able to get bargain-priced Government moneys in order to build hotels, marinas, condominiums, convention centers, and one thing and another. I do not want to go into detail because I recall one day I got up and made a speech about the UDAG program and one of the Senators said, "Well, the Senator from Colorado just doesn't understand; it is a popular program."

Of course, it is a popular program. If you give away money, the people who get it are going to think that it is a very popular idea.

My question is, Where is the justice, where is the common sense of shuffling out money for a program like this, a program which is proven to be so extravagant that even its chief sponsor, even the person who originated it, said it is time to repeal it?

Well, so did the President. He sent up a budget which called for doing away with UDAG. We have not done that in this budget.

Then there is the HODAG budget. It is the same story—a program which by its own terms have been a failure. In terms of its own defined purpose, this costly program has failed. We are not doing anything about it.

Then there is Amtrak. Amtrak is a program which started out to spend $40 million a year and now we have spent about $14 billion. The amount of passenger railroad service provided for all this cost has declined I think to a third of what we had decade ago. The passenger cost per mile is higher than it has ever been before. The pollution per mile is higher than it has ever been before.

In the meantime we deregulated the airlines and everybody is traveling on unregulated, unsubsidized airlines instead of on Amtrak but we are still spending several hundred million dollars a year on this.

The President said, "Let's do away with it," but the budget resolution says, "No. We don't care." And on and on and on—EDA, mass transit, they are all in there. They are in bigger than ever. Nothing has been cut.

We are going to finance the whole thing through a tax increase.

Mr. President, the conference report on the 1988 budget resolution has almost no redeeming qualities. It proposes no restraint on Federal spending, especially domestic spending. It offers no hope of lower deficits, but relies on phony economic assumptions to meet the Gramm-Rudman-Hollings deficit target. It proposes $64 billion in new taxes on the American people, an indefensible proposition, in my view. It is about as bad a budget plan as I could have envisioned.

Another year is slipping past, about the sixth in a row when Congress has known the magnitude of the deficit problem and failed to take any meaningful action. Each year begins with high hopes, and each year those hopes come crashing down.

In January, the ritual begins with a sound trashing in Congress of the President's budget proposal. The President's budget is seldom perfect—there are things in it I don't like much—but it usually proposes some sound spending reforms and much needed program terminations that would help control Federal deficits. But President-bashing is the order of the day, and everyone feels good about fighting for the programs they hold dear.

Then Congress starts to write its own budget, and things really go haywire. The result of the congressional budget writing process is before us today—and it is not pretty. I believe that, individually, each Member of this body on both sides has a desire to solve the deficit problem and restore our Nation to sound budget practices. But acting collectively, Congress manages to produce a budget which achieves the worst possible result. That is where Congress stands today. Many speeches will be heard today about how progress is being made. But, truthfully, the Senate is just going through the motions, putting off the inevitable for another day.

Mr. President, let me review some of the more odious aspects of this conference agreement.

SPENDING INCREASES

First, the conference report proposes an increase in Federal spending of $46 billion in fiscal year 1988, up 4.5 percent over last year. Let me emphasize that point: This budget proposes no reduction in Federal spending below the amount spent last year. In fact, no budget proposal has even cut Federal spending despite the existence of the deficit problem. The conference report does assume $7.6 billion in "savings"—but these savings are, for the most part, illusory. Generally, they are savings below assumed spending increases in the budget baseline. The Government will not spend $7.6 billion of the built-in increase it assumes will occur each year. Even if one counts such "savings," they amount to a whopping reduction of seven-tenths of 1 percent in projected 1988 outlays.

Let's look at the real facts. Federal spending will exceed one trillion, fifty-five billion next year, another all-time high. Domestic spending alone will increase by $41 billion. Not one Federal program is proposed for termination by this budget. Every termination and significant spending reform proposed by the President is rejected. UDAG, HODAG, AMTRAK, SBA, EDA, mass transit funds, all survive and prosper. This budget makes no pretense to constrain Federal spending. Indeed, it proposes $5.2 billion in budget authority for new spending programs next year.

TAX INCREASES

Despite that sorry effort on the spending side, the conference agreement proposes a tax increase of $19.3 billion in fiscal year 1988 and $64.3 billion for the fiscal year 1988-90 period. Actually, that understates the revenue increase in the plan. When receipts from loan asset sales, user fees, the REA refinancing are counted, the budget proposes an increase in Federal revenues of $29.3 billion in fiscal year 1988 and $80.6 billion by 1990.

And even that understates things because, according to CBO projections, growth in the economy will itself generate $66 billion in additional revenue next year and $217 billion by 1990—without the $80.6 billion proposed increase in this budget. You would think this $200 billion in higher revenues generated by the current tax system would be enough to meet the Nation's spending needs and help lower the deficit. Not according to this budget.

This Senator finds it unjustifiable to ask people to pay higher taxes so that Washington can increase spending by $50 billion next year. I've heard it said that these revenue increases will be used to reduce the deficit. If you believe that, you'll also believe there's some ocean front property in Death Valley. With every passing year, the notion that higher taxes would go toward deficit reduction becomes more transparent and pathetic.

Just take a look around: this budget proposes a spending increase of $50 billion next year. It starts $5 billion worth of new programs. This year, Congress voted itself a pay raise and overrode Presidential vetoes of two budget busting authorization bills for highways and water. The Senate passed a major housing authorization bill. It passed a new bill to help the homeless. It is about to consider a new and unlimited trade assistance entitlement in the trade bill. It will shortly consider a vast expansion of the Medicare program for catastrophic care. It will later consider an expansion of the welfare system—so called welfare reform. And, for the past 2 weeks, the Senate has been debating whether to use taxpayer money to pay for Senators election campaigns.

The notion that higher taxes will help reduce the deficit is about as preposterous as they come, and, frankly, Senators discredit themselves by seriously asserting it.

LITTLE DEFICIT REDUCTION

Mr. President, the conference report claims to reduce the deficit to $108 billion in fiscal year 1988—the level required by the Gramm-Rudman-Hollings law. This claim, pure and simple, is phony. The budget incorporates the optimistic OMB economic assumptions to deliberately avoid the structures of Gramm-Rudman. If more accurate CBO economic assumptions are used, this budget leaves a deficit of $133.9 billion in fiscal year 1988—$26 billion in excess of what the law requires.

Let me confidently predict, Mr. President, that before fiscal year 1988 is over, the deficit will be at least $150 billion. Indeed, I think most Senators know this will occur, so why should we acquiesce in this charade and tell the American people we've cut the deficit to $108 billion. What a farce!

Earlier this year, the Senate Budget Committee report claimed that only

CBO economics would "give a realistic and sound basis for constructing the budget." Now the Senate is ready to take advantage of a $26 billion quick fix from OMB economics, plug it into the budget, and say Congress has complied with the law. It reminds me of the days of David Stockman's magic asterisk of 1981 which balanced the budget in 2 years. What the Senate is doing today is that infamous.

Mr. President, of the $36.8 billion proposed deficit reduction in this conference report, $29.3 billion—80 percent—comes from higher revenues. This budget relies on higher revenues almost exclusively. It lacks any semblance of balance, and that is why it is destined to fail. My colleagues may be interested in a more detailed analysis of how this proposal would reduce the deficit, so I ask that a table reflecting this be inserted at this point in the RECORD.

Deficit reduction breakdown in conference report

Baseline deficit	−$170.7
Revenue increase over baseline	+29.3
(Unspecified tax increase	−19.3)
(REA refinancing	+7.2)
(Asset sales/user fees	+1.0)
(More tax collections by IRS	+1.8)
Spending cuts below baseline	−7.6
Nondefense cuts	−5.4
(Discretionary freeze	−2.1)
(Medicare	−1.5)
(Agriculture	−1.4)
(Other domestic programs	−.3)
Defense cuts	−1.0
Net interest savings	−1.2)
Total deficit reduction	−36.8
Remaining deficit	−133.9
Gramm-Rudman-Hollings target	−108.0
OMB economics plug line	−26.0
Claimed deficit level	−107.9

TAXES FOR DEFENSE

Next, Mr. President, I am compelled to discuss the linkage between defense spending and tax increases proposed in this budget. The conference report would allow a $10 billion increase in defense outlays over last year—but only if the President agrees to sign a tax increase of $64.3 billion. $1 for more defense spending for every $6 dollars in higher taxes. That is someone's idea of "paying for defense."

And that isn't the worst of it. The conference report in fact proposes a massive reduction in the President's defense request. Here's the real deal offered by this budget: if the President refuses to sign a tax increase, Congress cuts his defense request by $79 billion over 3 years; if the President agrees to sign a tax increase of $64.3 billion, his defense request is still cut by $51 billion.

Can anyone be serious about that kind of deal? I imagine when the President dismisses such a ridiculous proposition, he will be criticized for not being forthcoming in the budget process, for not "participating." Anyone who expects the President to respond to this kind of provocation is simply ill-advised. You won't get the President to the bargaining table by first insulting his intelligence. That is what this budget does.

Mr. President, I ask that a table detailing the reality of this taxes-for-defense linkage be inserted at this point in the RECORD.

DEFENSE REDUCTION FROM PRESIDENT'S REQUEST

	Fiscal year—			Total
	1988	1989	1990	
President's defense outlays	298	313	331	942
CBO defense baseline	291	303	317	911
Conference "High Tier"	290	292	299	881
Conference "Low Tier"	284	288	292	864
Cut per "High Tier"	−8	−11	−32	−51
Cut per "Low Tier"	−14	−25	−40	−79
Proposed tax increase	+19	+22	+23	+64

DEBT LIMIT INCREASE

Finally, Mr. President, I am compelled to comment on perhaps the most insidious provision in the pending budget proposal. My colleagues should note that this conference report would require that legislation authorizing an increase in the national debt be buried in an omnibus budget reconciliation bill. Last year was the first time the debt limit was included in budget reconciliation, and I feared then the Senate would be setting a terrible precedent. This provision would allow the Senate to escape a separate, open and public vote to borrow more money from the private sector to pay for Federal deficits.

The House has labored under a similar rule for several years, and I find this course of action just deplorable. I must respectfully but emphatically disagree with some of my colleagues who deem the debt limit increase something of a routine, bookkeeping, "paying the bills," good government kind of thing. I'm here to tell you the debt limit is the only true budget bill ever considered by Congress. It's the only bill which forces everyone to face the consequences of the fiscal policies Congress has refused to come to grips with.

I understand the debt limit is a difficult vote to take separately. I realize it is hard to muster a majority for it. Running and hiding from it solves nothing. It only avoids tough decisions and helps Congress skirt accountability to our constituents.

Mr. President, this conference report is beyond repair. it will solve no problems and, indeed, make matters worse. I urge my colleagues to reject it.

Mr. President, I will now yield the floor just with the request that my colleagues think carefully and consider carefully and that if there should be a willingness to turn down this budget resolution we could then get serious about making some spending cuts in areas that have been overspent and put together a budget resolution that would target us toward a balanced budget at some point 3 or 4 years down the road and do so without a tax increase.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. HATFIELD. Mr. President, I have an understanding with the chairman and the ranking member of the Budget Committee to have 10 minutes yielded on his behalf to me.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from Oregon is recognized for 10 minutes.

Mr. HATFIELD. Mr. President, I rise this afternoon to join in the opposition to the concurrent resolution on the budget for fiscal year 1988. And I do so very reluctantly and I do so for different reasons than I believe have been expressed heretofore on the floor of the Senate, for despite my protests against the excesses of the budget process from time to time I have generally been supportive of the budget resolution. But today I cannot vote for this budget resolution. I would like to indicate why.

My principal objection to this resolution has to do with its implicit proposition that it is fine to raise taxes so long as the increased revenues are used to pay for higher levels of defense spending. I am not opposed to raising taxes. I have argued for several years that we must look at both the spending side and revenue side of the budget if we are serious about deficit reduction. But I am opposed to the provision of this resolution that would reserve for defense expenditures a specific share of any new revenues that may be enacted.

I am aware of the politics that created this budgetary contraption. The prospect of higher spending levels for defense is supposed to lure the President into accepting tax increases in a reconciliation bill. I am not at all sure at all he is going to take that bait. From his point of view, $64 billion in new taxes over the next 3 years is a lot to swallow to gain the possibility of $7 billion more for defense in fiscal year 1988, with no guarantee on the outyears. From my point of view, $7 billion more for defense in fiscal year 1988 is too much to swallow to gain $64 billion in new revenues.

It is not the new taxes to which I am opposed, Mr. President. It is the linkage of new taxes with more defense spending. If we are to have greater revenues, why do we need to spend more on defense? Do higher revenues somehow increase the threat to our national security, and therefore increase the need for defense spending? If we are to have higher revenues, why should only defense programs be increased? Why not use some of those revenues for health, for education, for research, for foreign aid, for pollution

abatement, for drug enforcement, or, perhaps, for deficit reduction? Why must we be faced with the choice of winning the additional revenues badly needed to fund necessary programs only at the cost of allocating a specific share of those revenues to military spending? I reject that choice, Mr. President, and I oppose this resolution in part on that basis.

This concern about the special status of defense spending in this resolution is heightened when I look at section 6 of the resolution. That section instructs the Finance and Ways and Means Committees to report legislation in their reconciliation bills creating a "deficit reduction account" in the Treasury into which all the increased revenues and contributions eventually produced by this resolution would be placed and "would not be available for appropriation." I am unsure how the authors of the resolution resolve the apparent conflict between promising higher defense spending if new revenues are enacted and promising that if new revenues are enacted they shall not be available for appropriation. We cannot have it both ways.

But whatever the explanation may be, Mr. President, I am very much opposed to this idea of creating special revenue accounts that are unavailable for appropriation. All revenues raised as a result of tax laws enacted by Congress ought to be available for whatever purposes Congress deems appropriate, whether those purposes are entitlement programs created by the Finance Committee or discretionary programs funded in annual appropriations bills, and it is political gimmicry to attempt to do otherwise. Would the authors of this provision have us believe that the new revenues flowing into this account would not be available for appropriation to pay interest on the national debt, or to pay Social Security benefits, through the permanent indefinite appropriation that funds those programs? I would hope not, because it would be hard to believe.

Finally, Mr. President, I am concerned that in this budget resolution we have yet another example of arbitrary actions of the Budget Committee intruding on the rightful jurisdiction of the Appropriations Committee. Buried in the language of the statement of the managers on this conference report is the arbitrary direction that no less than $500 million in function 150 shall be regarded as mandatory spending to replenish the guarantee reserve fund. The effect of that direction is to tell the Appropriations Committee that it must cut discretionary foreign aid programs by $500 million in order to appropriate $500 million for the GRF or the guarantee reserve fund, and remain within out allocation.

There is nothing mandatory about that fund, Mr. President. It is a discretionary program to which we appropriate funds from time to time in order to cover possible defaults on foreign loans. There is no request from the administration for the guarantee reserve fund, and we have assurances from the Treasury Department and the Federal Financing Bank that no appropriation will be needed in fiscal year 1988.

But the Budget Committee has now deemed this a mandatory program, and if the Appropriations Committee does not provide what the Budget Committee believes necessary, then we will have outcries about "later requirements" and Budget Act points of order.

It is the job of the Appropriations Committee to determine appropriate levels of funding for discretionary programs, Mr. President, and the Budget Committee cannot arbitrarily characterize a program as mandatory and then dictate the spending level for that program. I am sure the chairman and ranking member of the Foreign Operations Subcommittee join me in this concern and will continue to resist these intrusions of the Budget Committee.

COMMENTS ON ENERGY AND NATURAL RESOURCES PORTION OF THE BUDGET RESOLUTION

Contrary to the declarations of some of my colleagues, I am not satisfied that the potential problems for the West, regarding funding for Energy and Natural Resources Programs, have been averted.

Let us look at the two main budget functions:

For functions 270—energy—and 300—natural resources—the conference agreement assumes reductions for all discretionary appropriated programs amounting to approximately $550 million in BA and $450 million in outlays in fiscal year 1988. According to the Budget Committee Republican staff, it would take approximately a 12-percent across-the-board cut in these appropriated programs to achieve this level of outlay savings in fiscal year 1988.

In addition, the reconciliation instructions contained in the resolution directs the Energy Committee to make $170 million in fiscal year 1988, and $730 million over the 3-year period, in unspecified savings.

Although the savings are unspecified, and the joint explanatory statement assumes that no changes will be made resulting in an increase in rates charged by the PMA's, the Energy Committee's direct spending jurisdiction for the energy function—function 270—is almost entirely limited to the power marketing administrations.

While there is every intention to achieve the required savings without affecting such vital programs as the power marketing administrations, the outcome is not certain. There is still much to be concerned about.

Mr. President, I want to close by telling my good friends, the chairman of the Budget Committee and the ranking member, that while I cannot support this final product, I appreciate and admire the diligence and hard work in very difficult circumstances. The various parties in this budget process have become quite polarized, and for one who values concensus as highly as the Senator from Florida, it must be a very difficult role. I want to say to him and to my good friend Senator DOMENICI that I hope to continue to work with them to develop reasonable budgets and enact prudent appropriations bills, and I look forward to our continued cooperation in that endeavour.

Mr. President, I yield the floor.

The PRESIDENT pro tempore. May we have quiet, please?

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

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

The legislative clerk proceeded to call the roll.

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

The PRESIDENT pro tempore. Without objection, the quorum call is suspended.

Mr. BYRD. Mr. President, I ask that all Senators take their seats.

The PRESIDENT pro tempore. May we have quiet, please? The Senate is in session. The Senate is in session.

The Senator from West Virginia.

Mr. BYRD. Mr. President, I ask that all Senators take their seats and Senators who are in the nearby vicinity and within hearing should come to the Senate quickly. The photograph of the Senate is about to be taken and if Senators are not here they will not be in the photograph, because we will not delay the Senate very long, the hour of 2 o'clock having arrived and it already having been announced that there would be a photograph taken at 2 o'clock.

Mr. President, I ask unanimous consent that the time now being taken and during the brief recess be equally charged against both sides.

The PRESIDENT pro tempore. Without objection, the request of the Senator from West Virginia is agreed to.

Now, we must have quiet, gentlemen?

The Senator will suspend until we have order. May we have quiet, please? The Senate will be in order.

RECESS FOR 15 MINUTES

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate

stand in recess for 15 minutes and that the time be equally charged to both sides.

The PRESIDENT pro tempore. The motion is that the Senate stand in recess for 15 minutes.

The motion was agreed to and, at 2:04 p.m., the Senate recessed until 2:21 p.m.; whereupon, the Senate was called to order by the President pro tempore (Mr. STENNIS).

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEARS 1988, 1989, AND 1990—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. BYRD. Mr. President, may we have order in the Senate?

The PRESIDENT pro tempore. The 15-minute recess has expired. The Chair asks that the Senate be in order.

Mr. BYRD. Mr. President, I yield myself 2 minutes.

Mr. President, I thank all Senators and officers of the Senate and employees of the Senate for the cooperation that we had during the 15-minute recess.

The Senate will now resume its consideration of the conference report on the budget. I hope that Senators will be prepared to proceed with the debate.

I also hope that what I am saying will help to bring us back to the point of discussion of the issue before the Senate, the conference report on the budget. This time I am taking now I charge against myself.

Mr. President, I see the distinguished ranking manager. I am ready to relinquish the floor. I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield 5 minutes to the Senator from Wyoming, Senator WALLOP, on the budget resolution.

Mr. WALLOP. Mr. President, I thank the Senator from New Mexico.

Mr. President, I rise more from dismay than anything else about the budget resolution that sits in front of us. This resolution is an inherent betrayal of confidence in the American people who make judgments of their own, and, who spend, keep and save and do as they wish with money which they earn by the sweat of their own backs.

Mr. President, several week ago I read a study prepared by three economists which examined the relationships between tax increases and budget deficits.

It is, Mr. President, a most enlightening study, and grew from the work of Dr. James Buchanan, 1986 Nobel Prize-winning economist.

The study casts doubts—indeed, it does not cast doubt at all. The study disapproves the conventional wisdom which holds that tax increases will reduce budget deficits. In point of fact, throughout the past 20 fiscal years, the study indicates that precisely the opposite occurs, namely, that for every $1 increase in taxes Congress manages to spend $1.58. Thus, 58 cents is added to the deficit for each dollar of new taxes.

We have now before us a budget resolution which, amongst other things, requires a $21.1 billion tax increase. Using the findings of the study to forecast the effects of this tax increase leads me to conclude that we will see no ultimate reduction in the deficit, but rather, an increase. One has only to look at this budget to see that a $46 billion increase in spending has been envisioned by the Congress, and it assumes that Congress is seeking to exceed, let alone match, the performance of its old habits.

I cannot and will not accept or support a budget that calls for such a tax increase, and, in particular, one which does nothing to reduce the deficit which all America decries. The increase in taxes, furthermore, Mr. President, will absolutely wipe out what little gains we made in last year's tax reform.

Earlier I made reference to the work of Dr. James Buchanan. Dr. Buchanan developed an economic theory which does much to explain the behavior of this body. This theory is known as the "public choice" perspective of Government.

The theory holds that politicians are incentive driven, and this incentive is political self-preservation. Read self-preservation to mean reelection. Politicans will then tend to take actions that ensure their reelection. Because raising taxes is unpopular, there is a tendency to mask tax increases with popular spending programs funded by these additional taxes. It is no small wonder that we see spending increases in this budget that far exceed the amount of new taxes we are called upon to raise. I believe that this budget is yet another classic example of the popular choice theory at work. It is unfortunate that the burden of paying for this misbegotten habit falls upon the backs of the citizens of our Nation who work and, through higher taxes and larger deficits, see their work product diminished and taken from them.

So the burden falls not on the politicians who espouse this theory but on those who work for their living in the marketplace of America. Apparently, the authors of this budget view this body as one giant committee to reelect.

I think Democrats and Republicans alike would be wise to: Decry the provisions contained in this budget resolution, go back to the drawing boards, relive the effects of Gramm-Rudman, reduce the huge and enormous budget deficit by eliminating self-electing spending programs, and without enacting self-defeating tax increases.

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

Mr. CHILES. Mr. President, I yield 5 minutes to the Senator from Oklahoma.

The PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. BOREN. Mr. President, I thank my colleague from Florida.

Mr. President, the vote which we will cast on the budget this afternoon is a very difficult vote for me. When the vote is called, there are only two choices with which I am confronted. I can either vote for it or against it. That vote will not reflect the very mixed emotions which I have. It is not the budget that I would have written.

First of all, I would like to see us reduce the deficit more than this budget will allow.

It is not the budget I would have written in terms of the distribution which it makes of the sacrifice which is planned. In one area, for example, I believe agriculture is being called upon, at a time in which it is in a desperate situation, to make more than its fair share of the sacrifice.

I am also concerned about the revenues which are called for in this resolution. I would have written a budget resolution that achieved the deficit reduction where the balance tilted more strongly toward spending reductions than toward revenue increases. Having said that, Mr. President, I make it clear that I intend to use my own individual responsibility as a Senator and my own individual discretion as a Senator to try to improve this budget as it goes along. In casting votes for and against individual appropriations bills, in casting votes for and against revenue changes as a member of the Finance Committee, I intend to exercise my own individual discretion and my own individual conscience. By voting for this budget resolution today, I certainly do not feel bound to vote for any kind of revenue measure that might happen to come out of the Finance Committee. I am not going to vote for increases in income tax rates and there are other taxes I simply cannot support. There are some revenue-raising meaures, like an oil import fee, that I could support.

So, it remains to be seen whether or not proposals for raising revenues are ones that I can ultimately support. It remains to be seen whether the kind of cuts in agricultural programs which would be called for would be fair and balanced and would be the kind of cuts that I could support.

I do not want anyone to misunderstand and feel that in casting a vote

for this budget resolution today, I am binding myself to certain individual parts of that budget resolution which I frankly hope to change to some degree as we move through the process of writing the actual appropriations bill.

Having shared my misgivings with my colleagues, Mr. President, I have to say that, as one who feels very, very strongly that the budget deficits must be reduced, that we are mortgaging the future of this country, that we are undermining the future of our economic well-being if we do not do something about it, I do not believe I could be a responsible Senator and vote against the only real opportunity that we have left this year to make some reduction in the deficit.

This is the only opportunity left to us, Mr. President. The President has chosen to sit on the sidelines. He sent a budget to the Capitol that he knew would not be seriously considered. In fact, only about 40 Members of the House and Senate combined, out of 535—a very small minority of those in his own political party—took that budget proposal seriously enough to vote for it.

So, with the President sitting on the sidelines, we have had no choice but to try to go ahead and achieve as much deficit reduction as we could possibly achieve.

The choice is really not a choice between this budget and a perfect budget; it is not a choice between this budget resolution and one that would reduce the deficit twice as much. We are not faced with a choice between this budget resolution and one that would more fairly distribute the sacrifices called for or one that would minimize the amount of revenues and maximize the amount of spending reductions. This choice with which we are really left is to pass this budget resolution or to do nothing; to get a reduction of the deficit this year of $36 billion or to set out on a course that will leave us with no reduction in the deficit.

Faced with that choice, Mr. President, with misgivings as strong as those that I hold, in conscience, I feel compelled to vote for this budget resolution today because I do not think we can afford to totally cast budgetary discipline to the winds and to leave ourselves in a situation where there is absolutely no force working on the side of budgetary deficit reductions. We cannot afford to do that to our country, Mr. President.

While I hope that we will still be able to improve the process as we vote on the appropriations bill, as we vote on the revenue matters, as we hope that the President might decide to come back to the table and negotiate further, when I vote this afternoon, I feel compelled to vote for the only chance that we will have to reduce the deficit this year at all. Therefore, I shall vote for this budget resolution.

Mr. DOMENICI. Mr. President, I yield 15 minutes to the distinguished senior Senator from Alaska [Mr. STEVENS].

Mr. STEVENS. Mr. President, I am honored and privileged to be here at the same time the distinguished President pro tempore [Mr. STENNIS] is in the Chair because I know he understands the appropriation process better than any man in the Senate. I want to talk about this budget resolution agreement and its relationship to the defense appropriations bill.

We have had a series of years now, since 1983, in which Congress has reduced the President's request annually. In 1983, we reduced the President's budget in defense by $17.2 billion; in 1984 by $15.3 billion; in 1985, $20.5 billion; in 1986, $33.1 billion; in 1987, $30.6 billion. At the same time that we were doing that, Members of this body were going throughout the world, particularly in Western Europe, urging those who are allied with us in the pursuit of freedom to increase their expenditures for defense. Our standard request to our allies was to increase defense expenditures by at least 3 percent, modernize your defense forces, and join us in trying to protect the free world. Yet, we are now reluctant to support the 3-percent standard in our own defense budget.

We now have reached a situation, Mr. President, where the easy cuts have been made. In the past 6 years, we have benefited from lower inflation. Inflation has been lower than predicted. We have been able to take fuel savings. The fuel costs of the Department of Defense declined markedly in the early 1980's. We have enjoyed other savings through competition, to get lower unit prices for production.

Mr. President, the easy cuts are over. The easy cuts are really behind us. Now inflation is slightly edging up. The value of the dollar is different abroad. It costs us more to quarter our troops abroad. It costs us more to operate abroad.

In addition to these economic realities, we have the situation where we are asked now to approve a budget which is based on a contingency.

The contingency is that this Congress will approve a tax increase. Under the terms of this resolution, if Congress does not approve a tax increase, we will have a rather serious reduction in defense spending.

We must cut $2.8 billion, as I understand it, under this budget resolution unless we enact a tax increase. The President has stated his opposition to a tax increase. I am one of those who believes we have not done enough to forestall the growth in other sectors of the budget for us now to turn to a tax increase which is not dedicated solely to defense.

I am also one who is spending a great deal of my time working with the arms control negotiators in Geneva in the hopes that we will be able to bring about a significant reduction in nuclear arms throughout the world. But, Mr. President, this is a critical time in the negotiations. We hope we can bring about reductions that are mutually fair. But we must be on the alert and we must be capable of defending this country. It is no time for us to have a budget which will compel us to make a $2.8 billion reduction without saying where it ought to be made.

Now, it is one thing to say, "Well, Secretary Weinberger presented this budget. Let him decide where these cuts will be made."

Secretary Weinberger's position is, "I need all the money I asked you for because you have cut in the last 2 years alone $63 billion from the defense budget. And you cannot now cut another $23 billion and leave us in a position where we can't defend ourselves."

I remember standing on this floor in the seventies and deploring the fact that we had ships in Norfolk that could not leave the docks because we did not have fuel, we did not have spare parts, we did not have crews. I remember we had built aircraft for which we did not have pilots. We did not have parts for those planes. We were really not up to par.

Now we have on a bipartisan basis—I emphasize "on a bipartisan basis"—over the past few years partially modernized our defense forces. I say to the Senate it is not time to stop that process.

Now, the outlay-budget authority relationship in this budget resolution is out of balance. If we have no tax increase, the outlays that are provided are $1.7 billion too low. Under the terms of the "contingency" we'd have to cut $7 billion in budget authority and $5.9 billion in outlays. That's unrealistic.

We have additional procedural problems. The appropriations bill cannot be considered until after the reconciliation bill is enacted to increase taxes. The President has said he will not sign a bill to increase taxes. So we must proceed in the appropriations process, in my opinion, on the basis that there will be no tax increase and we must deal with the lower defense number.

The administration's request for defense this year is not unreasonable. At a request of $312 billion, a 3-percent real growth figure, this is the smallest increase sought by President Reagan since he has been in office.

Now, even at the "high," with tax, defense level there would still be a $15.8 billion reduction in defense spending. This is a real decline of 2 percent compared to fiscal year 1987.

Defense spending has basically been static, at a nominal level of about $290 billion, since fiscal year 1985 in compliance with budget resolutions.

If we were to try to comply with the "low" budget resolution defense number in the appropriations process, we will have a real decline of 4.5 percent in defense spending. That is contrasted once again to what we are urging our NATO allies to do, to have a positive 3 percent real growth in their defense spending.

What kind of an example does the United States set for the world in this critical time if we unilaterally start to disarm this Nation?

I emphasize that in the defense portion of the appropriations bills I think we have complied with the budget resolutions of the past to a greater extent than those in the nondefense area. But the difficulty we have with this budget resolution before us, with no priorities having been established, is that the Appropriations Committee will have to cut defense at least $23 billion in budget authority and at least $14.7 billion in outlays.

If we compare that to the defense authorization bill which is now before the Senate, it means the appropriators will have to cut $14 billion more in budget authority and $10-plus billion in outlays to comply with the budget resolution.

I do not need to remind my colleagues of the number of times we in the Appropriations Committee have been accused of trying to write the authorization bill. Yet, this is exactly what this Budget Committee report will compel us to do. We will now have to try to establish some priorities with no guidelines from the Senate. There are certainly no guidelines in this budget resolution.

Senators on the Budget Committee should look at how we have attained these budget cuts in the past. Last year we rescinded $5.5 billion of prior year moneys; we imposed a $1.5 billion financing responsibility on contractors by reducing their profit margins and forcing them to pay tooling costs; we reduced $500 million in contract progress payments; we have changed the military retirement accrual system to save $300 million.

Mr. President, I challenge anyone to look at the defense bill and find such savings for the future. These were "one-time" opportunities. We are now talking about cutting into the real red meat of defense if we are going to comply with this budget resolution. To meet this budget resolution we will have to cut into readiness.

Do not anyone in the Senate mislead themselves to think that all we need to do is cut out a few big ticket items. The outlays for those procurement items are very small. It will not meet the budget outlay guidelines to cut big ticket items. We will have to deal with faster spending readiness accounts. We will have to deal with steaming hours at a time we are increasing costs as a result of the emergencies in the Persian Gulf. We are going to have to decrease the amount we spend for ammunition. We are going to have to decrease eventually, if we hold to this budget, the number of people we have in the standing military.

Mr. President, through the leadership of our distinguished President pro tempore, who is in the chair, we have in the past gone to a greater reliance on the Guard and Reserve, which costs roughly one-third that of a person who is full time in the military. So if we try to take money from the Guard and Reserve, we only save one-third if we take it from the standing Army. If we are forced to make this kind of cut, then we are going to see a reduction in the troops in Europe, a reduction in the troops in Japan, a reduction in the number of deployable fighters, a reduction in the number of manned bombers, a reduction in the readiness to defend this country.

In my opinion, this budget is a mismatch. It ought to be sent back to the committee and the committee ought to be instructed to consult with those people who know defense in order to try to reach a workable number.

I do not think that we have the flexibility to continue this downward spiral in terms of real appropriations. This kind of continued, negative growth in defense spending is bad enough, but the restrictive outlay levels are deceiving us into more difficult problems in the future. There's very little near-term cost to opening new production lines, for example, because the initial outlays in the first 2 or 3 years of a program are very low. It is the programs we approved in the past that are maturing now that drive current year outlays. We should restrict the current production lines if we want to control future outlays.

I can only say to the Senate that in my judgement we would have to stretch out production of a great many things, of some things that are too sensitive really to even talk about on this floor. We have made great technological development strides to modernize our defense forces. But that is a high cost defense force, Mr. President.

The Stealth bomber is not going to be cheap, nor are these new defenses against tanks, nor are the new helicopters inexpensive. The V-22 aircraft is going to be a vertical takeoff, fixed-wing, fairly long-ranged aircraft will revolutionize the whole concept of landing as far as our Marines. They very much want that airplane. But this program is in the development stage.

Are those people involved in this budget telling us to do away with the V-22, the No. 1 priority of the Marines?

I cannot believe conferees have really examined the shipbuilding budget, Mr. President. We have a vigorous, ongoing shipbuilding program. To stretch these programs now will increase the cost to prohibitive levels. People will be talking about the excessively high cost for the new Navy vessels when actually we've decreased costs in the past through competition by increasing the rate of construction.

Mr. President, I can only say that in my judgment this budget conference agreement is not in the best interest of the defense of the United States. We are headed back to the game of shortchanging readiness, shortchanging personnel, not being able to respond to the lifestyle needs of those who have committed their careers to the defense of our country.

I really say to you, Mr. President, this budget is out of whack. It is not the kind of budget that we can respond to in the appropriation process with honesty and fairness. We are going to have to use smoke and mirrors. We are going to have to come out on the floor and be duplicitous if we are to comply with this budget resolution which I have not wanted to do. I have avoided and opposed that in the past.

Mr. President, I am one of those Members of the Senate who has told the President of the United States that I will support a tax increase. If we get to the point where we have made all of the reductions in the nondefense area we can make and we still cannot fund what we have to have for defense, I will support a tax increase if it is dedicated to defense, 100 percent dedicated to defense. Otherwise, I cannot see a tax increase.

Mr. President, I cannot support this budget resolution. It will be the first budget resolution since the Budget Act was passed that I will oppose.

The PRESIDENT pro tempore. The Senator's time has expired.

What is the pleasure of the Senate?

Mr. DOMENICI. Mr. President, I yield 15 minutes to Senator DANFORTH off the resolution.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. DANFORTH. Mr. President, I thank the ranking member of the Budget Committee for yielding me this time.

I have been watching some of the debate on television in my office, and I have been here on the floor to hear some of the debate, and I have expressed some sense of commiseration to the chairman of the Budget Committee because I am sure he feels something like a punching bag with one Republican Senator after another standing on the floor attacking the budget resolution, which he and the Democrats both in the House and the Senate have given us.

Some Senators have attacked the defense level in this budget resolution. The Senator from Alaska just did so very eloquently.

Many Senators feel that this is an irresponsible resolution because it is too deep a cut in defense, and I think that many Senators on the other side of the aisle feel that this is too tough on defense as well. So that point has been made by members of the Armed Services Committee and members of the Appropriations Committee.

Then other Senators have stood on the floor and attacked the gimmickry in this budget resolution, the so-called smoke and mirrors, the fact, for example, that we intend to save some money by simply not paying the bills of the Defense Department in the last 12 days of the fiscal year; in other words, what we are saying is that in fiscal year 1986, we are going to cut spending that year by not paying bills for 12 days and holding the bills over until the next fiscal year. Obviously under that kind of strategy we could save even more money by not paying bills for 13 days, or 14 days, or 15 days, and this could be a whole new strategy for us.

We have heard all these criticisms, but I want to be one Senator on this side of the aisle who congratulates the chairman of the Budget Committee and who congratulates the Democratic members of the Budget Committee for producing this budget because I think that it presents such a clear choice to the Senate and such a clear choice to the American people on basic economic policy.

And that is what the Senate is all about, Mr. President. That is what we are here for to debate major issues and major policies and major courses for the future of the country.

We have a real alternative, and we are here to debate that alternative and to vote on that alternative and to make a choice on economic policy for the future of our country.

Since 1981, since the dawn of the Reagan era, the basic strategy of the administration and the basic view of the Republican Party has been to attempt to reduce spending and to reduce taxes, and that is what we voted on back in 1981, very tough votes on spending measures, and we also voted to cut taxes. President Reagan pointed out that he ran for office on the basic philosophy of cutting spending and cutting taxes, and we went along with that.

We had a problem, of course, in that the pieces did not fit, the deficit was too high, many people blamed the President for that, many Republicans blamed the Democrats for that, and my view is that with respect to the deficit and the Federal budget there is plenty of blame to go around. Instead of blaming each other we should try to do something about it. But in any event we have had these three basic issues of the budget. One is the size of the deficit and what to do about the deficit and how to reduce the deficit in the Federal budget and then under that large issue we have the two subsidiary issues of to what extent do we cut spending and to what extent do we raise taxes if we are to raise taxes at all?

This budget resolution that has been presented to us by the Democratic members of the Budget Committee, by the conferees, takes the position that, first of all, we are going to give up on Gramm-Rudman-Hollings. And this resolution does give up on Gramm-Rudman-Hollings. It does not even come close, does not come within $26 billion of Gramm-Rudman-Hollings. Gramm-Rudman-Hollings called for a $108 billion deficit for the next fiscal year. So we are going to miss that target, miss it by a mile.

Now, later today we are going to take up the trade bill. I have been very active in trade legislation. I can tell the Senate that there is nothing that we can do in specific trade legislation that will improve our international trade situation more than reducing the budget deficit. But we are giving up on the budget deficit. We are not only giving up by the underlying figure in this budget resolution, but by the fact that we are not even going to meet that target. We are kidding ourselves when we believe that we are really going to enact a tax cut. And, to the extent that we use gimmicks, we are not coming to grips with the budget deficit.

So the first flaw in this resolution is that it not only misses the Gramm-Rudman targets but it misses those targets by a mile.

The bill increases domestic spending. Since 1981, we have been trying to cut back on spending. This bill increases spending. So it misses the budget deficit and then it increases spending, increases domestic spending by $41 billion next year.

It does not cut out any programs whatever. It creates at least one new program, and that is public financing. It puts in the budget resolution $100 million for taxpayer financing of election campaigns. I think the public feels that about the most productive things we do around here is raise our own salaries and then figure out ways for the taxpayers to pay for our political campaigns. There is $100 million in this budget resolution for paying for taxpayer financing for political campaigns.

And then, in addition to increasing domestic spending, the budget resolution builds in a major tax increase, 19-plus billion dollar tax increases for next year. Now we realize, of course, that that is not going to happen. The President would veto a tax bill if we ever passed one. But the basic policy is established here. The basic policy is established that what we should do is run up a big deficit, increase spending and raise taxes on the American people by the largest amount in the history of our country, $19 billion a year.

Now, it is interesting that within the budget resolution is sense-of-the-Senate language. And the sense-of-the-Senate language says we are not going to have any tax rate increase. Now, for somebody to hear this for the first time, they think, "This sounds like a political trick to me," because the budget resolution says we are not going to raise taxes and yet we are going to raise $19 billion in taxes.

"No tax rate increase." Well, of course, it is possible to raise tax revenue without raising tax rates. And the most speculated-about way of raising tax revenue without raising tax rates is to impose excise taxes. That has been the basic assumption; that we are going to come up with $19 billion, if we come up with anything at all in tax revenues, we are going to come up with $19 billion in raising excise taxes.

The Senate should realize that if we raise excise taxes by $19 billion this would be a tax increase that would be especially targeted to low-income taxpayers. Last year, the Senate, the Congress passed a tax reform bill. I did not think it was a very good bill. I opposed it. But it was not a pure loss. There were some good features in the tax bill last year.

One good feature in the tax bill is that it took 6 million low-income taxpayers and took them off the tax rolls altogether and it did reduce tax rates for low-income taxpayers. That was one of the good things about the bill. It was not totally terrible, just mainly terrible, in my view.

Well, this budget resolution, if the tax feature of it ever became law, would undo those few good points of the bill of 1986.

This budget resolution, if we increase excise taxes by enough to create $19 billion, would wipe out all of the tax cut for those who have incomes below $20,000 and, instead of getting a tax cut after what we do, they would get a tax increase. And, according to the Peat-Marwick accounting firm, according to a study made by that firm, for low-income people, for people with incomes of $10,000 or less, the effect of excise tax increases—taxes on beer and wine and cigarettes, especially—the effect of excise tax increases on people with incomes of under $10,000 would be that instead of cutting their taxes we would increase their taxes by five times the amount of what they got out of the 1986 tax bill. That is what we are doing under this budget resolution.

Mr. President, I want to make my own position as clear as I can. I am

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one Republican Senator who does not totally rule out the possibility of raising taxes someday. I was willing to vote, for example, in the Budget Committee for Senator HOLLINGS' substitute budget resolution which would have raised taxes. I voted for that Hollings proposal on the assumption that we have to come to grips with the Federal deficit and that if we can put together a package, including additional revenues, that meets the Gramm-Rudman targets, I would be willing to vote for that package, grudgingly.

Philosophically, I believe in spending cuts, not tax increases. But I think we have to work out of a budget deficit situation. I am flexible. I am willing to work on a package, even one which increases revenue, but I am not willing to support a budget resolution which calls for the largest tax increase in the history of this country and then blows that tax increase not on reducing the budget deficit, but instead on increasing domestic spending. That is absolutely the worst result that we can come up with. The worst result that we can have is to increase the tax burden on the working people of this country and then, instead of reducing the size of the budget deficit to the Gramm-Rudman targets, use that money to help finance $41 billion of increased domestic spending. That is what this budget resolution would do.

So, Mr. President, I do want to compliment the Budget Committee, and I am sure that the chairman would view this as kind of an unwelcome sort of a compliment, but I do believe that we have before us a fundamental choice on the direction of our country.

Some people believe that the health of the country is best promoted by more spending in Washington, by more programs, by more spending.

Some people believe, almost as a matter of philosophy, that the American people pay too little in the way of taxes and that the job of Congress is to increase taxes, not to reduce the deficit, but to provide for more spending. Some people do not care much about the deficit.

I think that the budget resolution that has been presented to us today presents us with a policy of missing Gramm-Rudman, raising taxes, and increasing spending. I think it is absolutely wrong.

So I would say in just 30 seconds, Mr. President, I would say to the Senate that we can either vote for more taxes and more domestic spending and missing Gramm-Rudman or we can vote responsibly and vote down this budget resolution.

Mr. CHILES addressed the Chair.

The PRESIDENT pro tempore. The gentleman from Florida is recognized.

Mr. CHILES. I thank the distinguished Senator from Missouri [Mr. DANFORTH], I think, for his great compliment about producing this budget.

The Senator from Missouri said that this does provide a basic debate on economic policy. I think that is correct. I concur with that. I think that would have been a much healthier debate if you had had something that you were debating with, if you would have had some alternatives.

The Senator had a chance to sit on the Budget Committee. He has heard me make this kind of talk before, and we asked that side of the aisle to participate with us as we tried to put together the budget; as we participated when we were in the minority. I think we would have a much better debate if that had happened on this economic policy.

The Senator also said that there is a basic difference from the Republican policies. He enunciated those policies as they began in 1981—and he said they were the President's policies—but I think he said they were embraced by the Republicans, and that is that you were going to cut taxes and were going to cut spending. That was a policy the people had a chance to look at.

I see today that the U.S. foreign debt has skyrocketed to $263.6 billion. Our Nation owes more than Brazil, Mexico, and Argentina combined. We have gone from the world's greatest creditor to the world's greatest debtor since 1981 during the time of that policy and that strategy. Yes, there is a basic difference here. That choice is whether we are going to borrow more money, which has been that Republican policy.

By the time the administration goes out of office, according to the letter that was written to us by the Secretary Treasury, Mr. Jim Baker, they want to raise the debt ceiling to $1.8 trillion from May of 1989. That allows the twilight of this policy to start in 1981; 8 years. In 8 years, we would triple the national debt of this country.

It took us 200 years to reach the first $900 billion of that debt. But during this Republican strategy of cutting taxes, and I guess they were supposed to have been cutting spending, we have tripled the national debt.

What has happen to us? Our trade picture is a shambles and the Senator rightly said the best thing we could do about trade: fix the deficit. We certainly concur in that. I am delighted to see that we do. But are we fixing it with the policy that we had presented, again by the President in his budget, which got 18 votes in the Senate?

I am not sure how the Senator from Missouri voted on that, so I do not include him or say how he would be counted, as part of that 18 votes. But the Senator mentioned that this misses Gramm-Rudman-Hollings. The President's budget missed it a little bit more.

We missed it a little bit less.

Again, we have talked about whether anybody can present a budget that gets to $108 billion, and no one did, that truly gets under there, under the CBO figure. But that was the Gramm-Rudman-Hollings target.

The President did not see fit to do that.

The choice, I think, is very clear here. The choice is whether we are going to continue to borrow or whether we are going to say it is time that you have to face up. Whatever you decide is the amount of money that you have to spend, be willing to pay for it. That is the first thing we did.

The Senator used some figures that we were increasing spending with the taxes. That is not correct. That is not correct. We have cut spending in this proposal, overall about $9.7 billion. Then we had some additions that we felt were important, to try to get the country moving forward: Some programs like that we were doing in math and science, some of our university programs that the Senator cares about very much; in job promotion and job training some of the areas that we should do something about there; trying to do something about catastrophic health coverage; trying to do something about welfare reform and trying to put people back to work; some initiatives that the Governors have had. Those were $3.4 billion.

Did we raise taxes to pay for them? No. We cut some programs. We cut $9.7 billion and we ended up with $6.3 billion in domestic spending as a cut. That would be a cut.

Then the revenues that we put in this proposal all come off of the deficit. All are used to reduce the deficit.

This proposal reduces the deficit more than the President's budget.

Now, you are right, that is a policy that we can debate. Maybe we could have done it better with the Senator from Missouri's help and the people from that side of the aisle. I am convinced we could have done it better. I would like to have had that.

You probably could show me the way right now that we could do it a lot better. We do a lot of bumbling and stumbling on this side, certainly this Senator from Florida. But at least we are willing to try. We are willing to say that that great policy that started in 1981 ain't working—ain't working.

The Laffer curve, supply-side economics, that we are going to be able to tax cut ourselves into prosperity, has reached the same fate as the old Democratic philosophy that you could spend yourself into prosperity: It did not work. The Laffer curve, supply side, did not work either.

If you spend more than you take in, that is your deficit, whether you do it with cutting taxes with red ink, which we did in 1981—and a deficit, in 1981. We had a major tax cut. We gave the

people that tax cut with red ink but it was supposed to cause us tremendous stimulation and people were going to take all of their tax money and they were going to put that into new plant, new equipment, new jobs, and it was going to create this great prosperity.

Well, we are seeing what it created now: a tripling of the national debt, an abnormal interest rate, a high dollar that had us lose all of our trading competitive positions across the world. That was what that policy did.

Is this a chance to try to change that? Or, let us say an attempt to change it? It is. It certainly is. And I plead guilty to being a party to doing that.

Could we have done it better? We could have; certainly; much better. With the Senator from Missouri's help and with the help of the other people from that side of the aisle we could have done it much better.

Mr. DANFORTH. Mr. President, would the Senator yield me 1 minute?

Mr. CHILES. I would be happy to.

The PRESIDENT pro tempore. Who seeks recognition?

Mr. DANFORTH. I would, if I could have 1 minute.

Mr. CHILES. Mr. President, how much time do we have remaining on this side?

The PRESIDENT pro tempore. Forty-eight minutes.

Mr. CHILES. I yield.

Mr. DANFORTH. I think the distinguished chairman of the Budget Committee has done an excellent job in stating his opposition to the 1981 tax cut and his defense for a $19 billion tax increase.

I have said previously I do not completely rule out in my own mind the possibility of raising revenue. What I do rule out is raising revenue and still not meeting the Gramm-Rudman-Hollings target. Raising revenue is still having a Federal deficit of over $133 billion when it should be $108 billion, and that $133 billion is constructive deficit. That is what I think. I think much of what the committee has produced is not a tax increase designed to getting at the budget deficit but a tax increase designed solely for the purpose of a tax increase and solely for the purpose of justifying this budget.

Mr. DOMENICI. Mr. President, I yield myself 2 minutes and then the Senator from Alaska will be recognized for 10 minutes.

The PRESIDENT pro tempore. The Senator is recognized.

Mr. DOMENICI. Mr. President, the distinguished Senator from Florida has indicated that they have cut programs in this budget to the tune of $9.6 billion. I think I am right; $7.2 billion of that $9.6 billion is because of REA refinancing; this budget takes credit for refinancing a loan program and calls it a cut.

Frankly, Mr. President, if we want to harken back to what policies are right and what policies are wrong, we can take it to the American people today. I guarantee you that they favor the policies that we have had in the last 4 years over the policies of 21-percent interest, double-digit inflation that at one point reached 20 percent, an economy that was about to go down the tubes. Essentially, this deficit is about 65 percent the result of a recession.

If this budget resolution is going to restore America's prosperity, I know of no one around that suggests that more taxes is the way to do it. It needs fixing; certain areas need repairing. But there are more people working than ever. It is an absolute joke to say that the new jobs are poor. We have been hearing about quality of jobs. Someone has written that the new jobs being created are all poor jobs. It is not even close to true. The quality of jobs is excellent today. America is growing.

We have to fix the deficit, but our argument is, do you reduce domestic expenditures before you impose taxes? Our answer is yes. This budget does not do that. As a matter of fact, the taxes are eaten up almost dollar for dollar by increases on the domestic side and yet it touts a deficit reduction trust account someplace with these taxes.

The deficit is going up on its own under this budget resolution because we are not cutting spending. Then we set up a deficit reduction trust fund and put the taxes in it. That is a sham. What are you setting that up for when you still have a deficit?

If my Democratic colleagues can make a point that this budget is going to fix the American economy, I am sure you will have a lot of converts.

I yield 10 minutes to the Senator from Alaska.

The PRESIDENT pro tempore. The Senator is recognized——

Mr. CHILES. If I might have a minute, I wanted to say to the Senator from New Mexico that the $9.7 billion that I have talked about did not include the REA refinancing.

The PRESIDENT pro tempore. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair and I thank my colleague, the ranking minority member of the Budget Committee for yielding me time. I also thank the American people who are viewing the obviously partisan discussion on the merits of the budget.

It was my hope we would remain conscientious to our commitment to reduce the Federal deficit. It was also my hope that we would not resort to transparent guises to veil the inability of the Congress to squarely take on the difficult task of deficit reduction. It was further my hope, Mr. President, that we would make the deficit reduction which we commited ourselves to just 2 years ago when Congress agreed to be bound, and I emphasize the word "bound," by the Gramm-Rudman-Hollings deficit targets. However, I regret to say that it is my sincere disappointment that we could not meet the deficit reduction targets required by Gramm-Rudman-Hollings without making a mockery of the budget process. I would suggest, Mr. President, that indeed that is what it is.

In the final analysis, the budget recommended by this conference report makes no meaningful impact on reducing the deficit.

Mr. President, I appreciate the difficulty of the unenviable task which the Budget Committee members and the conferees were faced with this year. To attain mandated deficit reduction goals, very difficult and unpopular decisions would have had to be made. Some of them were made and are reflected in this agreement; but, unfortunately, even more of those difficult decisions were completely sidestepped.

The biggest fallacy of this agreement is the decision to use the OMB economic assumptions instead of the CBO assumptions. While this strategy technically satisfies the Gramm-Rudman-Hollings deficit targets of $108 billion, in reality, it does not even come close to complying with the letter and spirit of the law.

If CBO economic assumptions had been used as they should have been, the deficit for fiscal year 1988 would be $134 billion, which is $26 billion over the maximum deficit amount, and which would surely have called for sequestration again next year.

So we squeak by again this year, but who are we fooling and when will the charade stop? If we do not have the will to stick to the mandate of deficit reduction established by Gramm-Rudman-Hollings, why did we take such painstaking efforts to enact such a law? Have we become so hardened that we cannot face up to the responsibility that is ours? If so, where do we go from here, Mr. President? I suggest to my colleagues that perhaps it is time for us, once again, to reassess our priorities, and to face up to the fact that we cannot continue to "pass the buck" on making the tough choices in order to meaningfully reduce the Federal deficit.

Mr. President, I am also disappointed with the balance of priorities which this budget would have between revenues, defense and domestic spending in the aggregate, and the allocation of the funding for several major functions in the conference report.

The revenue increases required by this agreement are too high, Mr. President. What this agreement comes down to is a budget where the American taxpayer will pay directly for the

fenced portion of the defense budget and many other increases in domestic spending programs. This might not be an unreasonable alternative, except this funding alternative follows right on the heels of monumental tax legislation which promised the American public, individuals and corporate entities alike, that the sweeping changes which were just enacted in the Tax Reform Act of 1986 would reduce tax rates in exchange for the forbearance of many credits, exemptions, and deductions, which have been swept away.

Although the conference agreement includes a sense-of-the-Senate provision which states that the assumptions underlying the revenue levels in the resolution will not be achieved by delaying or raising the individual or corporate tax rates enacted in 1986, this conference agreement mandates that $73 billion in new revenue be raised over the next 3 years. So even if there is not an increase in the tax rates, this agreement requires $73 billion in revenue increases.

In the end, whether or not taxes are raised by an adjustment to tax rates or by some other means, there is no uncertainty of the fact that the American taxpayer is going to pay the price for this budget through new taxes. Mr. President, I ask is this fair? Is this realistic? Is this honest? I think not.

Mr. President, much has been said in the debate and the discussion on the merits of this agreement, but there is no reference in this agreement to the fact that the increase in revenues is not going to reduce the deficit. That is the fallacy here. We are talking about approximately $21 billion in total revenue increases in the next fiscal year alone, yet these revenues are not reducing the accumulated Federal debt nor the deficit. If we were raising revenues to reduce the accumulated debt, we would be reducing the principal; we would be reducing our interest payments on the debt; and we would be doing something positive. But as evidenced by this agreement, we are not making those kinds of judgments, and I think that is unfortunate.

We will take more taxes from the American people and they will lose the productive use of those funds. Make no mistake about it, Mr. President, the Government uses those funds to provide more services. The hard decisions to cut spending and to avoid such a large tax increase have simply not been made.

Mr. President, I am also distressed with the defense portion of the budget which I feel is inadequate. It is unfortunate that the conference agreement ties the tier-two defense funding level to the enactment of a reconciliation bill which would yield $93 billion over the 3 years. If it is necessary in the view of the conferees to fence the additional fiscal year 1988 defense funding and tie it to reconciliation, then perhaps the same technique should have been adopted for those domestic spending programs which would receive increases over baseline for fiscal year 1988.

Mr. President, funding for domestic spending programs in this agreement would provide for a myriad of possibilities. Some programs would be funded at baseline levels, some would receive generous increases above baseline, and some would be reduced below baseline funding levels. It all depends on the program and the budget function.

It is hard to pick out which of the many important functions merit funding increases over baseline and which programs will be reduced below baseline. Every program is important in its own right and could be justified. I'm sure that funding can be put to good use for the beneficiaries of each program. However, there are some disturbing results which flow from the funding levels recommended in this conference agreement. It makes me once again ask my colleagues, where are our priorities?

Certainly, funding increases over baseline can be justified for programs such as education, health, and income security. But I question the absolute need for sizable funding increases over baseline for functions such as 800: general government, which will receive a $400-million increase in BA over the fiscal year 1988 baseline level, and no reconciliation requirements. I think it is crucial to point out that a substantial portion of this function 800 funding increase is for Senate campaign financing legislation. We debated the merits of the priority of funding campaign financing legislation just a short time ago during the consideration of the budget resolution, when the senior Senator from Alaska [Mr. STEVENS] and I attempted, unsuccessfully, because of a partisan vote, to amend the resolution by transferring $100 million from function 800 to function 700, veterans benefits and services, to provide additional funding for veterans' programs. I believe now every bit as strongly as I believed then, that funding of campaign financing can never compare with the needs of other vitally important programs, such as veterans' programs which, instead of being increased above baseline level, or even maintained at the fiscal 1988 baseline level, has been cut by $50 million in outlays. It's interesting that the veterans' funding reduction below baseline is slightly less than the amount of funding increase over baseline for campaign refinancing. The fact that new funding for our campaign financing has survived and has been included in this conference report disappoints me—because it's a classic case of what we think is more important, in spite of our token expressions of budget consciousness and responsibility.

Make no mistake about it, Mr. President, the proposal to fund campaign refinancing means that the taxpayers of this Nation, not in the guise of public financing, but indeed the taxpayers themselves will directly finance and fund our elections, and I find the fact that there is still $100 million left in this budget for that purpose very disagreeable.

Finally, Mr. President, let me conclude by making a few observations about the funding for veterans' benefits and services that this agreement would provide.

Funding for veterans' programs would be $50 million below the fiscal year 1988 baseline level, and on top of that reduction will be an additional $50 million reduction imposed by the reconciliation requirements contained in this agreement.

Mr. President, if all the other domestic spending programs had been held to baseline or sub-baseline spending levels to tighten the belt, so to speak, in order to meaningfully reduce the deficit, I could accept this reduction below the baseline level for the veterans' function and so could veterans. But that is not the case. The cuts in domestic programs which were made are not part of a uniform means of reducing the deficit. Rather, those cuts are made, along with huge revenue increases, to pay for increases above baseline in other domestic functions. I find that to be unacceptable.

Also, the fiscal year 1988 funding level for veterans' programs will be less than that unanimously requested by the authorizing committees of both the Senate and the House and less than the funding levels passed in both the Senate and the House budget resolutions. Thus, funding for veterans' programs actually came out of conference with an even lower level than it went into conference with! I think that is not equitable when the reduction in the funding of veterans' programs is to be used for other domestic programs, which clearly have no higher priority than the obligations we have to the veterans of this country.

In conclusion, Mr. President, I think we can do better. I do not believe the right priorities have been picked in the budget proposed in this conference agreement, and I do not think that this budget will serve the American people well. The price of this budget is, without a doubt, too high, and the cost is not justifiable. I do not think the spending choices are wise, and the staggering tax increases can not even be justified by a claim that it is necessary to reduce the deficit, because this budget does not really reduce the deficit in any meaningful way. Rather, the tax increases will merely support more, more, and even more Government spending. I do not believe that

even the logic that "more is better" can justify this budget agreement.

I thank the Chair.

Mr. President, I yield the floor back to the ranking minority member of the Budget Committee, who yielded the time to me.

The PRESIDENT pro tempore. The Senator from Florida.

Mr. CHILES. Mr. President, I yield such time as the distinguished Senator from Connecticut may need.

The PRESIDENT pro tempore. The Senator from Connecticut.

Mr. WEICKER. Mr. President, I would like to address the matter of this budget for just a few minutes. It is not one that I have an easy time with, so let me review exactly the thought processes which brought me to my final conclusion as to how to vote on the matter.

First, insofar as the conference report on the budget is concerned, it is far superior to anything that was proposed by the White House or proposed Senate Republican alternative. When I say far superior, I mean far superior in the sense that the defense figures are lower, the deficit is lower, spending for education, health, housing, science, and transportation is higher. So, clearly, it marks a sea change insofar as the priorities of the Nation are concerned.

It brings an end to the ever-escalating defense expenditures. It brings an end to the never-ending cuts in domestic programs. And it starts to face up to the problems of the deficit.

I have heard many of my colleagues speak on the floor today and I have certainly heard and read about the President's crusade on the road relative to the matter of taxes. I would like to address that subject for a few minutes. I think there are problems on both sides of the aisle, but first, let me address this matter of the fact of no new taxes. That is a great political statement even though it might totally fly in the face of reality. Let me give a very good example, one that I posed to the President of the United States a week ago in the Republican caucus.

We have in our midst a new crisis, the matter of the disease AIDS. This is something of recent vintage. It really was not around, or recognized as AIDS, at the time the President of the United States took office in 1981. It really was not even an issue during the course of the 1984 campaign. It is something that only within the last couple of years, we have recognized as a disease, tried to find an answer to, tried to take care of those who have the disease, and tried to anticipate the costs of the disease into the future. All this is new matter.

On one aspect of it, the cost of health care in the future, the Surgeon General of the United States, indicated in his report that the health care costs to the Nation will be somewhere between $8 billion and $16 billion by the year 1991.

No one anticipated this when they made their political statements of no taxes, either in 1980 or in 1984. It was a matter thrust upon us, but certainly one to which we have to respond. So what do you do now at this juncture? Do you say, we are not going to tend to the matter or do you say we are not going to pay for the matter? Obviously, both of those options are irresponsible—indeed, unthinkable—by this body.

I posed this question to the President a week ago: What do we intend to do with the figure of $8 billion to $16 billion which is going to have to be expended by this Nation in health care costs? I am not now referring to education. I am not referring to research or science. I am just talking about the health care costs.

And the President responded, "Well, constitutionally I will not be around here in 1990 and, No. 2, how do we know these costs are true costs?"

Well, that is a nonanswer. The fact is you ought to take the worst case scenario and prepare for it fiscally. That is fiscal responsibility.

If there is the potential of that liability over the hill—and believe me, there is that potential; it is a figure cited by the Surgeon General of the United States—you better prepare for it.

You cannot say we are not going to take care of these people or it is not going to happen. You better prepare for it, and there is only one way I know how to prepare for a $16 billion tab. You better raise revenues.

I do not intend to turn this into an AIDS argument, but I cite it as a example of how matters change. New problems demand new responses and to go around giving a one-note argument ad nauseum—do not raise taxes—might make great political fodder but it makes no practical sense.

I wonder if the response would be no new taxes if we found ourselves in a shooting war tomorrow. I suspect from this administration all of a sudden there would be a great need for new taxes.

The fact is that this budget is a very cold document when it comes time to toting up or assessing our assets and liabilities and our potential assets and our potential liabilities.

What is needed is a practical argument in terms of fiscal responsibility both in meeting the needs of the Nation and in reducing the deficit.

For too long within this Government we followed the political response, that is, we did not go at the business of reducing the deficit because everybody had their own piece of partisanship or philosophy which made that impossible. Specifically, if you want to reduce the deficit, you have to do three things: You have to reduce the defense spending; you have to put all of our programs on budget, and you have to raise revenue. There is no other way of reducing the deficit.

I am sorry we have the deficit, but it is there. It is there as a result of both Democratic and Republican administrations. The only way you are going to reduce it is in the fashion that I have described.

The difficulty has been that Republicans have not wanted to reduce the defense budget; Democrats have not wanted to put all the programs on budget, and neither party has wanted to raise taxes. It has been a political response to a very real problem, and that is why the problem is still with us.

So when I hear from my own side of the aisle, "Don't raise taxes," fine. That assumes the world is the same in 1987 as it was in 1980, and that is preposterous. It also disregards the costs that we know lie ahead.

Now, let me disabuse my fellow American citizens of one thing, that we have a lot of welfare handout programs here and if we get rid of those, we are going to get rid of the deficit. Forget it. That type of program reduction started in the Carter years and continued through the Reagan years. You are down to the bone now. There is nothing else to cut. There is no money being handed out willy-nilly.

I have told you how to reduce the deficit and there is nobody in this room who can argue the point. The money for deficit reduction is in the defense budget, it is in revenues, and it is putting all programs on budget and making provision for them.

So if anybody is going to act in a responsible way fiscally, let them concede the fact that if you are going to have deficit reduction—and I think many Americans think that is pretty darned important because it is a time bomb waiting to blow up in our face—then you better not rule out any option.

I said I have a few comments as usual on both sides of the aisle. I am not enthralled by this Democratic proposal of raising taxes and applying it to defense. I congratulate my colleagues on the other side of the aisle for at least having a modicum of political courage to suggest the raising of taxes under any set of circumstances. I think they are to be given credit for that.

The problem arises when they then say, "But this is to be applied to defense." Why to defense? It seems to me you cannot have your cake and eat it, too. On that score, if we are going to do it, then it should apply to whatever the priorities happen to be as determined by this body.

I have cited one example, the crisis that we are facing in the area of

AIDS. Let me give you another one in the area of health, the problem of the aged. We know—and this is a matter of statistics—that by the year 2000 the over-85 population in this Nation will have doubled, and by the year 2020 the over-65 population will have doubled. Yet, the provision for the elderly in this budget is penurious indeed—a few extra dollars here and there but cuts in other areas, or level funding certain programs such as geriatric medicine. There is no way this budget meets the problem of the aging. I might add I intend, starting with today's debate, to define the problem of the aging as more than whether we have Social Security or not. That completely obfuscates everything else that involves a quality of life for our elderly citizens.

We know that problem is coming over the hill. This is not my opinion. I am not bleeding over the floor here for the elderly. I am just saying what the statistics are.

We will not have the personnel in medicine to handle the problem. We will not have the programs. We will not have the science. We will not have the facilities or the housing.

It is these types of matters that should be debated on this floor. These are the matters that should be declared priority, and if you are going to have a tax increase, then let it be for those matters that are of a priority nature. I have just disclosed at least two. There are many others. It is not sufficient to go ahead and say, well, we will raise taxes but that money goes to defense.

The last point that I want to make has to do with the budget before us and another aspect of my disquiet with it.

First of all, I compliment my colleague, Senator CHILES, for working closely with this ranking member on the Labor, Health and Human Services, and Education Appropriations Subcommittee. I think we had a fair give and take within the parameters of what was put before us regarding moneys to be allocated for health and education.

My feeling was that the health function in the budget resolution should be at least a billion dollars more, a billion dollars more than that which was in the original proposal. We went back and forth and finally arrived at a figure of $400 million more. I am now informed that in this budget, that $400 million over the original proposal is estimated to be down to $200 million.

I have no doubt of the assurance of the chairman that the matters that relate to AIDS will be taken care of. He has given that assurance and so I do not want to even discuss that any further. The fact is that there are many other areas of science and health that cry out for appropriate allocation of our resources. I repeat day in, day out, thousands of people across the width and breadth of this Nation make the statement one to the other, "If you don't have your health, you don't have anything."

But we have yet to translate that into national policy. Research into heart disease, cancer, diabetes, brittle bone disease, and schizophrenia is not yet a national priority. I can go right down the whole checklist, big illnesses and small, big dollar amounts and little, all causing hurt and all causing death.

Yet we have to sit here and scrounge for every last penny, $200 million more than the original proposal. It is considerably more, I might add, than the proposal of the President, so I am not arguing that one. But when are we finally going to give to health and science the due which each of us believe individually is owed? It is not in this budget.

I was delighted to see again that funding for education is considerably more than proposed either by the President or any proposal coming from the Republican side of the aisle during the budget debate, and that is a good thing.

When are we once again going to be a Nation that lives for our children, all of our children, those going to college, those going to elementary school, those desiring of special education, those desiring of vocational education? Notice not for 1 minute since I have been on this floor have I asked for anything for welfare or handouts. I am talking about the investments in people.

As much as this is an increase over what the President proposes, it still falls far short of what is needed by this society in terms of the enlightenment of all of its people, the quality of life of all of its people, and the health of all of its people.

I realize that my concept of what the Nation's priorities should be are not going to be totally realized in this document. The reason why I am going to vote for it, and I will, is that it comes far closer than any other proposal offered to what I envisage as the future of my Nation, both in terms of its fiscal responsibility and in terms of its priorities.

I think those of us who are going to vote for this document are going to carry the day today, but I would hope that as the debate continues, and the main debate is not going to be here on the floor of the U.S. Senate, the real decision has to be made by the American people as to what they want. Are they finally going to come face to face with reality as to how you reduce the deficit, or are they going to be spoon fed politics to make them feel good?

Do the American people believe that the national security is as much as a matter of housing, transportation, science, health, and education as it is defense?

If they believe that, then not only will we carry the day today, but we will be able to override a potential Presidential veto on legislation to implement the budget resolution.

But in this, as in all matters, it is reality that we have to deal with and not politics and philosophy.

The year is 1987. To my way of thinking, the priorities of the last 6 years have brought us dangerously close to being imperiled in a variety of ways. The deficit speaks for itself. For all the protestations of fiscal responsibility, where does this deficit sit? It grows and grows. For all the protestations of wars on drugs and assistance to those who have AIDS, and on down the checklist, where is the money to do these things? Reality—the reality of the world around us is what calls me to go ahead and vote for this legislation.

I would hope that the time will come when not only will we have the courage to raise taxes, but we will also have to realize that those taxes are far better devoted to the business of life than to the business of death.

The PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield 5 minutes to the junior Senator from California, Senator WILSON.

The PRESIDENT pro tempore. The Senator from California is recognized.

Mr. WILSON. Thank you, Mr. President.

Mr. President, because my friend and the manager of this legislation, the Senator from New Mexico, can yield but 5 minutes, I am going to concentrate on a few main points.

First, to give an appropriate setting to this whole discussion, I would remind all within earshot that in 1984 a major Presidential election was fought explicitly on the issue of deficit reduction and tax increases, and was decided by the American people. Subsequently, the Congress, having in both parties preached the necessity of deficit reduction to avoid mortgaging the future of our children and grandchildren with interest payments on a growing, mounting national debt, finally took action on the Gramm-Rudman-Hollings legislation which held out for the first time within decades of promise to the American people of bringing us back to a balanced Federal budget, and indeed offered to do so by 1991.

With that setting, Mr. President, the first unhappy fact that we need to concentrate on now is that this proposal upon which we shall vote tonight misses the Gramm-Rudman deficit target by over $26 billion. And it does so while substantially increasing domestic spending by $41 billion next

year compared to the levels established in the fiscal year 1987 budget.

Insofar as it does seek to bring about deficit reduction, it does so by a combination of new taxes, still more defense cuts, and a scheme to refinance the Rural Electrification Administration.

What I want to know is where are our colleagues who in 1984 cried out so loud that we must reduce the deficit, who voted for the Gramm-Rudman legislation, and who told their constituents that it was our solemn duty to bring down the deficit and return us to economic health and the level of interest rates that would encourage job creation by small businesses in this Nation?

Where are they now? Are they prepared to vote for a deficit target level that is $26 billion above that called for by the Gramm-Rudman legislation? And if they are willing to make cuts in defense spending what is the impact of those cuts?

This budget plan holds hostage our national security to tax increases. The only segment of spending that is predicated upon approving a tax increase is defense spending. Nondefense spending will increase $53 billion over fiscal year 1987 levels under this plan regardless of what action the Congress takes on tax increases.

I agree with my friend from Connecticut. We do need to make provisions for new spending. And AIDS—he and I happen to share the conviction—is one of the most compelling demands upon this Nation. But there is more than one way to make such a provision. There are other cuts that can be made to programs which, though desirable, are of less importance by far than the kind of health demands made by this new threat, one that did not exist a few years ago.

For example, we passed the 1985 farm bill—a farm bill which was advertised as costing $52 billion over 5 years. Estimates are that its cost will reach $80 billion. At the same time, it does not fulfill the expectations of American farmers and consumers that we will, in fact, be able to assure them a decent farm income.

But the point, Mr. President, is that we are treating defense as a hostage. Even with this tax increase we will underfund not just the administrations' request, but also the real spending required to maintain our Nations' defenses; and to maintain our international credibility.

And how are we going to cut military spending, by the way? I would like those who are proposing this budget to tell me what cuts they plan. Are they going to cut the military pay raise? Are they going to argue for reductions in maintenance and readiness that we hear we are deserting so often in favor of new spending? Are they going to kill the entire shipbuilding account? Are they going to kill all of the new lines of equipment that are so eagerly advocated by so many Members of this body? We do not have the time to get into a reasonable discussion of how we might reduce defense spending.

So let us spend the last minute or two on the nature of these tax increases. If they are raised as proposed, they will be raised by $19.3 billion, the largest single first-year tax increase in history. But how will these new taxes be raised? Are we going to increase individual rates? Are we going to engage in the ultimate hypocrisy of having told the American people last year in the tax reform debate that we are going to lower your tax rates only to turn right around and raise them? Are we going to do it instead by increasing excise taxes, by taxing the poor in a regressive way that will rob them indirectly and less honestly than that if we were to increase tax rates?

Mr. President, neither option is acceptable. I would remind my colleagues that in 1982 this Congress passed a $100 billion tax increase, supported by this President in the name of deficit reduction, and promised to him on the basis that the Congress would produce $3 of spending cuts for every $1 tax increase, but clearly failed to deliver on that promise. No wonder many of us are so highly skeptical that we will, in fact, lower the deficit with this tax increase.

Mr. President, my time has all but expired, so I will take my seat by saying that this is an unwise proposal. It is unfair to the American taxpayer, and unfair to our Nation's future.

The PRESIDENT pro tempore. Who yields time?

Mr. EXON. Mr. President, I yield time necessary to the Senator from North Carolina.

The PRESIDENT pro tempore. For how long?

Mr. EXON. How much time does the Senator from North Carolina need?

Mr. SANFORD. About 10 or 12 minutes.

Mr. EXON. I yield 10 minutes to the Senator from North Carolina.

The PRESIDENT pro tempore. The Senator is recognized for 10 minutes.

Mr. SANFORD. Mr. President, there is one big point that ought to be made before we conclude this debate on the budget. Now that we have before us for our consideration this budget conference report, the administration is once again—the President—going about the land leveling against the Congress its same old tired charge that ours is not a credible budget plan; that it swells the deficit, that it hurts defense, and that if fails to reduce wasteful Federal spending. I believe it is high time to set the record straight about the fiscal ruination being brought down upon us by President Reagan and his administration. It is high time we lay out for the public to see what David Broder refers to as the administration's "spend-now-pay-later fiscal foolishness."

Let me document just a few aspects of this President's budget record.

This is the President who rode into town in 1981 preaching the virtues of a balanced budget while condemning the fiscal waste and unhealthy deficits of prior administrations. Today, 6 years later, the Nation is drowning in a sea of red ink from his policies, which have yielded the six largest budget deficits in our Nation's history.

By 1988, this President will have presided over an unbelievable, and completely irresponsible, buildup in our national debt, from about $900 billion in 1981 to a projected $2.8 trillion in 1989.

This is the President who rode into town in 1981 preaching the virtues of free trade. His anything goes policies have had some astounding results in the last 6 years as our Nation as plunged from having long been one of the leading trading nations in the world to having now become the largest debtor Nation in the world with trade deficits exceeding $100 billion in each of the last 3 years. The total U.S. trade debt at the end of 1986 was greater than the cumulative total of the next three largest debtor nations. These deficits have had the absolutely intolerable effect of creating millions of jobs overseas while taking away millions of jobs from citizens in this country. And the world's largest financial institutions, long concentrated here in the United States, shifted in the 1980's to Japan.

This is the President who rode into town in 1981 clamoring for a smaller Government budget. His strident attacks were based on a Federal budget that in 1980 consumed 23 percent of our total gross national product. And where do we stand today? Surprisingly, in fiscal 1987 under the benign leadership of Ronald Reagan, the Federal budget still consumes 23 percent of total gross national product. Defense spending and interest on our bulging national debt now comprise a much larger share of the total, offsetting the President's imposed cuts in a wide range of domestic programs, from education and training to clean water and transportation.

And what have we gotten for these large budget increases? Interest on the national debt rose from $53 billion in 1980 to $136 billion in 1986—an increase of over 150 percent. And sadly the primary beneficiaries of these interest payments are overseas investors, who are taking good advantage of our fiscal mess by loaning us the money to float our massive deficits at premium interest rates.

In defense, the Reagan administration has added over $500 billion real growth beyond inflation from 1981 to

1987. That is a tremendous portion of our national wealth over this period. And what have we received from this investment? The short answer is, not much. The Reagan team adopted no overall strategy; money was just made available for whatever the military services and their contractor friends wanted. The results included higher prices for all weapons and unprecedented profits for all defense contractors, who then proceeded through tax loopholes to pay little or no taxes in the period from 1981 to 1985. The defense contractors certainly did well but our military capability did not grow proportionately. Our military forces are only slightly larger, the investment in new weapons has produced no major shifts in the military balance, and military commanders still claim large shortfalls in readiness. What was widely described as a defense "boom" might more properly be called a defense "bust."

This is the President who rode into town in 1981 promising to tell the truth to the American people. And what have we seen in recent years? Budgets with false economic forecasts have become the norm each year. These "fudged forecasts" have been deliberately concocted to deceive the Congress and the American people as to the true nature of the budget problem. Outyear projections of expenditure cuts are designated with a "magic asterisk" to avoid telling the Congress and the American people the true extent of the actions that have to be taken.

This is the President who states that he will bear full responsibility for his actions. And yet this is the same President who always seems to find a fall guy for the bad things that happen on his watch—be it the tragic loss of our Marines in Lebanon in 1983, the Iran-Contra affair with all of its unsavory implications, and the budgetary and fiscal mess which he has created, nourished, and now lays at Congress' door for us to clean up. Have you no shame, Mr. President? The American people can see through your smooth talk.

Let us place responsibility for the fiscal situation squarely where it belongs—on the shoulders of this President. What better source can I cite than David Stockman. The chief fiscal expert for President Reagan from 1981 to 1985. Here is what Mr. Stockman says:

> If President Reagan had entirely gotten his way from 1981 to 1986, the atrocious 1986 deficit of $221 billion would have exceeded $350 billion, or more than 8 percent of the Gross National Product.

Mr. Stockman goes on to say that—

> The Reagan administration has never hesitated to turn the substance of the budget into an occasion for political theater.

Mr. Stockman states that—

> Ronald Reagan has no comprehension that Congress saved him from a far more severe budget crisis.

Finally, Stockman concludes that—

> The American economy and the government have literally been taken hostage by the awesome stubbornness of our current President.

A more devastating indictment I could not imagine.

And, finally, this is the President who rode into town in 1981 as a man of great courage and political savvy. Today we see a President who prefers to leave town before dawn to snipe at the Congress or other targets about problems which lay right at his feet. Rather than racing off to Florida and other cities to do his tough talking, a man of "true grit" would sit down with the congressional leadership and hammer out an acceptable compromise. That would be in the best interest of the Nation, but somehow that does not seem to be this President's top concern.

Everyone in the Senate knows what is in this budget. No budget can suit all needs, but this one is a good job of setting the national priorities. And is responsible.

No, Mr. President, we are not the ones whose budget plan lacks credibility. Ours is not the budget that failed 81 to 18 in this Chamber. That was the President's budget. The bottom line figures in his budget for Gramm-Rudman were the same as this budget, but getting there by padded revenue estimates, user fees, sale of assets, was not considered sound. The Senate in a bipartisan vote turned down the President's budget 81 to 18.

The plan introduced this morning is a responsible as well as responsive one. It is the product of considerable foresight and intelligent compromise. I commend the chairman of the conference, my distinguished colleague and good friend from Florida, Senator LAWTON CHILES, for the hard work I know he put into producing this report. I strongly urge my colleagues to give it their full support, and I yield the floor, Mr. President.

The PRESIDENT pro tempore. To whom does the Senator yield time? The Senator from New Mexico.

Mr. CHILES. I yield 5 minutes to the distinguished Senator from Oklahoma [Mr. NICKLES].

The PRESIDENT pro tempore. The Senator from Oklahoma is recognized for 5 minutes.

Mr. NICKLES. Mr. President, I thank my friend, the Senator from New Mexico.

Mr. President, I rise in opposition to the budget before us today and I would like to give a few reasons why. First, I wish to compliment my friend, Senator CHILES, from the State of Florida. I know he has worked hard on this but I do not think the result, the budget that we have before us today, is a product that we should pass in the Senate.

Mr. President, I have been in the Senate for 7 years. We look at the budget and we hear a lot of talk about how bad the deficits are. We hear a lot of statements that it is the President's fault. Some of us think it is the President's fault as well as Congress' fault.

A lot of people decry deficits and say how bad the deficits are, but I say that deficits are nothing but the symptom of the problem. The problem is that spending has been out of control and Congress for the last several years, has been primarily responsible for the enormous growth of spending.

Mr. President, in 1979 we spent $503 billion. This year, 1987, we are spending more than twice that amount; we are spending over a trillion dollars. So spending has grown and it has grown substantially.

We hear all this talk about cuts. I hear talk when I go back to town meetings about all the cuts that have been made, but total spending has grown in every area, not just defense. Yes, defense has grown in the last 6 years but nondefense has grown very rapidly as well.

Last year we made a little progress. I was looking at the summary report that comes from the U.S. Department of the Treasury and noted that the deficit—compared year to date through April—this year is high, it is $126 billion. But last year, for the same months, it was $173 billion. So the deficit thus far this year compared to last year, is almost $50 billion less. The deficit is coming down and that is good news.

The reason this has happened, or part of the reason, is that this year we held to a budget that said that we were going to only increase outlays about 1 percent. We underestimated outlays, which we said were going to be $994 billion. They are now estimated by Treasury to come in at $1.015 trillion. So we underestimated a little bit but the growth in spending has been much smaller than it has been in years.

But the budget that we have before us takes us back into a much faster rate of growth in spending and I am afraid it again grossly underestimates the total amount of money that we will spend.

It limits defense very severely, more than we have limited defense in any time in the last many years. But it provides for increase in nondefense spending of many times the rate of inflation.

Last year's inflation rate was about 2 percent. It is forecast for next year to be 3 or 3.5 percent, I believe, by the budget. We are looking at the figures of growth, and I am talking about growth in outlays, and we see international affairs is growing by 16.6 per-

cent. We see science, space, and technology is growing by 16.8 percent. We look at national resources and it is growing by 9 percent. Transportation is growing by 11 percent. We look at education, training, and employment, and it is expanding 8.5 percent; health is growing by 11.3 percent; Medicare is growing by 10.7 percent; income security, 5.8 percent; Social Security 6.1 percent; administration of justice, 6.8 percent; general government, 8.3 percent; fiscal assistance, 5.8 percent.

So you notice, Mr. President, lots of categories—not every category, but lots of categories are—growing at three, four, five, six times as much as the rate of inflation.

So we have a massive tax increase, one of the largest tax increases in history. I have heard some say it is the largest. It is a massive tax increase, about $20 or $21 billion in the first year. We hear people say this will not be a general tax increase, but if we were going to pay for this by personal income tax, it would equal a 6-percent tax increase on everyone's 1040. Everyone's Federal income tax would be increasing by 6 percent to pay for this $20 billion. That is a very, very large tax increase to pay for very, very large spending increases.

If these taxes were to reduce the deficit, I might be one who would say I would agree, but this isn't a tax increase to reduce the deficit. It is a tax increase to pay for items like the clean water bill, the homeless bill, the space station, welfare reform, jobs retraining, farm credit legislation, AIDS research, a whole multitude of items that are well outside this budget.

Again, my fear is that we are going to spend a lot more than even provided for in this budget if we do not start showing discipline. This budget does not show discipline.

Mr. President, I ask unanimous consent that the figures I have been citing as well as a summary of receipts and outlays of the U.S. Government for April 1987 be included in the RECORD.

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

Revenue	CBO estimate, 1987	Administration, 1987	Conference, 1988	Comparison conference, fiscal year 1987	
				Difference	Percent
New revenues		5.00	21.10		
Total	834.10	905.60	921.60	87.50	10.49
050 Defense—W/taxes:					
Budget authority			296.00	11.7	4.10
Outlay			289.50	12.9	4.70
050 Defense—WO/taxes:					
Budget authority	284.30	311.80	289.00	4.70	1.65
Outlay	276.60	298.30	283.60	7.00	2.53
150 Intl Affairs:					
Budget authority	15.30	19.50	16.20	0.90	5.88
Outlay	13.80	16.60	16.10	2.30	16.67
250 Science, Space, and Tech:					
Budget authority	12.20	11.50	11.30	−0.90	−7.38
Outlay	9.50	11.20	11.10	1.60	16.84
270 Energy:					
Budget authority	5.20	2.50	4.50	−0.70	−13.46
Outlay	3.70	3.50	4.55	0.85	22.97
300 Natural Resrcs:					
Budget authority	13.20	14.10	15.90	2.70	20.45
Outlay	13.80	14.10	15.10	1.30	9.42
350 Agriculture:					
Budget authority	30.50	25.70	29.45	−1.05	−3.44
Outlay	30.20	24.90	28.60	−1.60	−5.30
370 Commerce/Hsng Cr:					
Budget authority	12.10	11.70	12.50	0.40	3.31
Outlay	8.70	4.30	7.80	−0.90	−10.34
400 Transportation:					
Budget authority	26.80	24.90	29.20	2.40	8.96
Outlay	25.40	27.00	28.25	2.85	11.22
450 Comm/Reg Dev:					
Budget authority	8.40	5.60	7.50	−0.90	−10.71
Outlay	7.30	5.20	6.60	−0.70	−9.59
500 Ed/Trng/Emply:					
Budget authority	33.00	29.10	36.45	3.45	10.45
Outlay	30.30	28.50	32.90	2.60	8.58
550 Health:					
Budget authority	40.80	43.50	45.65	4.85	11.89
Outlay	40.30	40.80	44.85	4.55	11.29
570 Medicare:					
Budget authority	83.50	93.90	92.85	9.35	11.20
Outlay	73.70	78.00	81.60	7.90	10.72
600 Income Security:					
Budget authority	158.20	162.10	168.60	10.40	6.57
Outlay	124.20	127.20	131.45	7.25	5.84
650 Social Security:					
Budget authority	226.90	257.30	256.80	29.90	13.18
Outlay	207.90	220.80	220.75	12.85	6.18
700 Vets:					
Budget authority	26.90	27.60	27.90	1.00	3.72
Outlay	26.20	26.70	27.35	1.15	4.39
750 Admn Justice:					
Budget authority	8.40	9.00	9.60	1.20	14.29
Outlay	8.00	9.20	9.35	1.35	16.88
800 Gen Govt:					
Budget authority	6.90	7.80	7.70	0.80	11.59
Outlay	6.60	7.70	7.15	0.55	8.33
850 Fiscal Asst:					
Budget authority	1.60	1.50	1.80	0.20	12.50
Outlay	1.70	1.50	1.80	0.10	5.88
900 Net Interest:					
Budget authority	133.60	139.00	139.25	5.65	4.23
Outlay	133.60	139.00	139.25	5.65	4.23
920 Allowances:					
Budget authority	0.40	−1.30	−0.70	−1.10	−275.00
Outlay	0.40	−1.20	−0.70	−1.10	−275.00
950 Offsetting Rcpt:					
Budget authority	−35.20	−43.50	−40.60	−5.40	15.34
Outlay	−35.20	−43.50	−47.90	−12.70	36.08
Total:					
Budget authority	1,093.00	1,153.40	1,153.20	60.20	5.51
Outlay	1,009.80	1,039.70	1,035.45	45.6	4.5
Deficits	−175.70	−134.30	−133.85	41.85	−23.82

TABLE 3.—SUMMARY OF RECEIPTS AND OUTLAYS OF THE U.S. GOVERNMENT, APRIL 1987 AND OTHER PERIODS

[In millions of dollars]

Classification	Actual this month	Actual this fiscal year to date	Actual comparable prior period	Budget estimate full fiscal year [1]
Budget receipts:				
Individual income taxes	71,850	244,191	208,400	364,002
Corporation income taxes	11,189	46,679	35,131	104,761
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	23,814	12,492	116,806	214,018
Employment taxes and contributions (on-budget)	6,643	35,176	31,716	59,230
Unemployment insurance	2,827	10,378	10,670	23,781
Other retirement contributions	362	2,741	2,755	4,431
Excise taxes	2,471	18,311	19,702	32,602
Estate and gift taxes	810	4,415	3,938	5,998
Customs duties	1,165	8,042	7,310	14,445
Miscellaneous receipts	1,767	11,235	11,883	19,122
Total receipts	122,897	506,661	448,311	842,390
(On-budget)	99,083	381,169	331,505	628,372
(Off-budget)	23,814	125,492	116,806	214,018
Budget outlays:				
Legislative Branch	171	1,008	958	2,131
The Judiciary	112	641	660	1,241
Executive Office of the President	10	65	64	118
Funds Appropriated to the President	810	6,620	6,026	11,830
Department of Agriculture	4,754	36,589	35,888	55,063
Department of Commerce	171	1,297	1,252	2,441
Department of Defense—Military	23,758	158,506	152,510	274,200
Department of Defense—Civil	1,687	11,939	11,836	20,942
Department of Education	1,312	10,686	10,864	16,752
Department of Energy	738	6,168	6,608	10,611
Department of Health and Human Services, except Social Security	14,355	87,497	84,856	145,292
Department of Health and Human Services, Social Security	15,449	114,820	106,184	202,857
Department of Housing and Urban Development	1,678	9,204	9,465	14,622
Department of the Interior	422	2,991	2,582	5,213
Department of Justice	377	2,301	2,199	4,788
Department of Labor	2,155	14,086	14,057	24,456
Department of State	216	1,632	1,766	3,324
Department of Transportation	1,878	13,933	15,177	26,216
Department of the Treasury:				
General revenue sharing	1	72	3,380	66
Interest on the public debt	13,616	105,889	105,310	191,754
Other	−1,571	−7,537	−6,591	−11,589
Environmental Protecton Agency	381	2,817	2,873	4,579
General Services Administration	−270	−293	−64	−73
National Aeronautics and Space Administration	525	4,218	4,511	7,876
Office of Personnel Management	2,333	15,105	13,603	27,732
Small Business Administration	−85	10	152	125
Veterans Administration	2,382	15,755	15,623	26,835
Other independent agencies	1,388	9,141	6,006	17,920
Allowances, undistributed				
Undistributed offsetting receipts:				
Interest	−283	−13,999	−13,625	−34,670
Other	−4,230	−21,227	−19,406	−37,091
Total outlays	84,240	589,935	574,726	1,015,572
(On-budget)	69,215	479,490	472,368	821,074
(Off-budget)	15,025	110,445	102,358	194,498
Surplus(+) of deficit (−)	+38,657	−83,274	−126,414	−173,182
(On-budget)	+29,867	−98,321	−140,863	−192,702
(Off-budget)	+8,790	+15,047	+14,449	+19,520

[1] Based on the submission of the fiscal year 1988 budget released by OMB Jan. 5, 1987. Source: Financial Management Service, Department of Treasury.

Mr. CHILES. Mr. President, I yield myself 2 or 3 minutes.

Mr. President, I enjoy the debate. I enjoyed the way it builds on the first speaker we had, the Senator from New Mexico. He talked about the tax increase as the largest tax increase in the first year. As the debate has progressed, it has become the largest tax increase in history, period.

First in constant dollars, it is not the largest tax increase in history in the first year. TEFRA was higher. But if you want to say that $19.2 billion is higher in the first year than TEFRA in dollars, maybe it is. TEFRA was $92 billion over the first 3 years. This budget has $64 billion over the first 3 years. But license and rhetoric is free around here and that is nice. I have used it myself. I guess we all have. But I like the way this progresses, how this is the greatest and largest tax increase and all these programs and outlays are increasing.

Basically, this budget, this resolution, has slower growth for spending than last year's. When you take out the asset sales, it is 0.3 percent increase above inflation. Last year, spending grew by 1.2 percent above inflation.

The Senator likes to read his figures and talk about the outlay numbers. It has nothing to do with the fact that you have a lot of growth in programs based on formulas and everything else. But the rate of growth is 0.3 percent in this resolution above inflation. Last year it was 1.2 percent above inflation.

So taxes are not as high as TEFRA; the rate of spending growth is not as high; more real spending cuts are included in this bill, basically, than the President's. But we can cut out and call it anything we want to.

Mr. President, I yield 10 minutes to the Senator from Nebraska.

The PRESIDENT pro tempore. The Senator from Nebraska is recognized for 10 minutes.

Mr. EXON. Mr. President, I congratulate Chairman GARY and Chairman CHILES for working together to produce a budget package which goes a long way toward restoring fiscal discipline and setting the priorities of the United States for the future. This proposal is not a perfect work of budget art and I do not agree with all of its provisions. In short this is a product of necessary compromise and therefore imperfect in the eyes of each individual's wishes.

The conference budget was the result of many long hours of hard work and negotiation. Each provision was carefully considered and the proposal before the Senate represents the consensus view of the 100th Congress.

Despite the President's persistent criticism, it should be made absolutely clear that the conference budget reduces the deficit more than the President's budget. I repeat; the conference budget reduces the deficit more than the President's budget. It contains a

rational split between spending reductions and revenue adjustments and is based on long lasting actions which will permanently reduce the deficit rather than just pass the problem along to next year, which has been our customary modus operandi. It is a partisian budget in that the Republicans took their ball home early on and never appeared even on the sidelines, let alone stepping on the playing field. They now groan loudly and moan of the need for more budget reductions. Fine, come forth. I say, and outline in detail your further cuts totaling $18 billion for fiscal year 1988. Let us see your proposals or concede you have no plan other than nonsense political rhetoric.

The "pay for defense" provision is an important step toward fiscal discipline. Under this proposal, the President will have to decide whether he is more interested in rhetoric or deficit reduction. In this budget the Congress tells the American people, defense is so important that the Congress is willing to pay for it. This budget abandons the customary concept that the Nation's defense buildup should be financed through ever increasing deficits and skyrocketing national debt.

The $19 billion in increased revenues, refreshingly enough, is earmarked for deficit reduction. If there are those who decry this, then they must necessarily be for raising the deficit and the national debt, for there can be no other explanation for their lack of specifics. Or they would specifically spell out, responsibly, where the budget cuts come from because I say that above all else the people are weary of doubletalk.

I am especially pleased that the conference package contains only a moderate reduction in the Nation's farm programs next year. Agriculture must make its contribution to deficit reduction. However, its share must be viewed in the context of the continuing crisis in rural America. This proposal significantly improves the agriculture budget approved by the Senate and essentially reflects the figure for agriculture spending that I had advocated during the Senate Budget Committee's consideration of the 1988 budget.

I also applaud the Conference Committee for accepting the Senate provisions on rural electric refinancing. This agreement will allow, S. 912, the Rural Electric Refinancing Act, which I introduced earlier this year, to move forward. This legislation has over 40 cosponsors and is much needed by rural power consumers.

The reason this budget was locked up in conference for so many weeks was that there were fundamental differences between the Senate and the House of Representatives on the issue of defense. The $296 billion in national defense outlays contained in this conference agreement is $1 billion above the level I advocated as the bottom line of authorization. In this regard, the conference came to a good agreement. The defense budget will require both the Senate and the House of Representatives to be very careful in its defense proposals. This close to the bone budget provides little room for error and no room for porkbarrel programs. Producing a defense plan under this budget will be tough, but it can be done.

The President challenged the Congress to reduce the deficit. The conference agreement meets that challenge. In recent weeks, the President and the members of his party have played the roles of critics rather than participants.

We have heard a lot about the budget "process" today. I support budget process reform. I have authored a constitutional amendment to require a balanced Federal budget, and I have authored a proposal to reform the debt limit process. I am also in full support of the Quayle-Exon enhanced rescission legislation and I have been a long-time advocate of the line-item veto.

Mr. President, as much as I want to change the budget process, I most of all want to reduce the deficit. As an advocate of reform, I have always maintained that process reform alone will not magically reduce the deficit.

And the term "budget reform" should not be confused with reducing the deficit.

After 6 years of Reaganomics and Republican control of the Senate, the national debt has doubled and the annual deficit has repeatedly—again and again—hit new highs. Now the Members on the other side of the aisle advocate process reform. The problem is not process. It is time to face reality. If you are going to reduce the deficit, you are going to have to make some tough decisions. You are going to have to march to the table and cast some votes which can be distorted and used against you in a campaign. More than process reform, we need courage reform.

Certainly, with bipartisan cooperation, this budget could have been a better budget. I want to be the first to concede that. Let no one misunderstand, the members of the other party were invited time and time again to participate in the budget process, to put together an alternative plan, to negotiate in good faith with the majority party. Those invitations, almost from the first day of hearings of the Budget Committee, were curtly dismissed.

The Members on the other side of the aisle chose to sit on the side lines, criticize and let the Democrats "stew in their own juices." Now, they do not like the taste of this supper.

Mr. President, the table is set, the food is ready. It's not a perfect meal, but it is wholesome and it is honest. It puts the nation on a diet of deficit reduction and builds the Nation's economic body. The U.S. Senate now faces the decision of whether to come to the table for a healthy home cooked meal or to once again gorge itself with the junk food of deficit spending.

To my Republican colleagues, I say, there is still time for your involvement. I urge your participation. I hope you will join in the effort to convince our reluctant President to face reality. If we do not cooperate, we risk chaos in the coming months.

The budget deficit is no longer a Republican or Democratic problem, it is an American problem. For 6 years, the Congress and President have given nothing but lip service to the deficit and the national debt doubled to over $2.2 trillion and the annual deficit topped $220 billion. One thing is clear, we cannot go on like this much longer.

The conference budget is an action plan which will reverse that trend and make significant progress toward fiscal discipline.

I thank the Chair.

I yield the floor.

The PRESIDENT pro tempore. Who yields time?

Mr. DOMENICI. Mr. President, I want Senators on this side, Senators in opposition to the resolution, to understand that we only had 5 hours on this side and the distinguished majority leader yielded 15 minutes to me, so it is 5 hours and 15 minutes. He did that because he was accommodating me for other time used. For those asking about time, we have almost used up our time. We have about 25 minutes left. I am going to yield 4 minutes to the distinguished Senator from Indiana.

I understand Senator COCHRAN wants to speak and Senator EVANS. Senator D'AMATO has his own proposal upon which he gets time. If he does not, I shall yield him time in that regard.

The PRESIDENT pro tempore. The Senator from Indiana.

BUDGET NONSENSE

Mr. QUAYLE. Mr. President, we are considering a final budget resolution today that claims to reduce the deficit and provide for an adequate level of national defense through an increase in taxes.

The truth, however, is that this budget resolution is a sham. Not only does it revisit the failed tax-and-spend policies of the past, it throws deficit reduction right out the window and actually hurts our national defense posture.

This budget resolution, for instance, claims that all new taxes go to a so-called deficit reduction trust fund. Mr.

President, we talk about blue smoke and mirrors a lot around here—especially around budget time—but this is the granddaddy of them all. This one walks away with the prize as perhaps the greatest budget deception we have ever attempted. There is absolutely no way that this accounting gimmick can ever be enforced.

In order to reduce the deficit by raising new taxes, Congress has to make sure spending at least remains constant. That is basic arithmetic. This budget, however, would increase domestic spending nearly $41 billion in fiscal year 1988—and not one program is to be terminated. Not a single one.

So the question here is a fairly simple one, despite the blue smoke and mirrors. If spending is going to increase next year, how can these new tax revenues go toward deficit reduction? The answer, obviously, is that they cannot. The new taxes will not reduce the deficit—they will pay for that increased spending. Furthermore, many of the spending reductions that are assumed in this budget resolution are neither achievable nor enforceable.

Mr. President, this budget simply does not provide the American public with a guarantee that any of these new taxes will ever be used to reduce the deficit. In fact, if history is any guide, the only thing this tax-and-spend budget guarantees is an expansion of the Federal bureaucracy.

But the badly misnamed "deficit reduction fund" is not the only eyesore in this budget. Besides its other glaring faults, this budget would also hold our national defense hostage to a tax increase.

This budget raises enough new taxes to restore fiscal year 1988 defense spending to a level that is below where it would have been this year after inflation is accounted for. But to achieve this insufficient investment in our national security, the President must first agree to sign a tax increase bill that would raise about $64 billion in new revenues over the next 3 years.

What I find intriguing about all this, of course, is that just $7 billion of that $64 billion in new taxes would go to defense. Most of the remaining $57 billion will go toward new domestic programs. Only a fraction—the remaining $15 or $16 billion—would supposedly go toward deficit reduction. Most likely, however, even these revenues will go to pay for spending that results from Congress' likely failure to achieve some of this budget's nonreconciled cuts, which are in effect unenforceable.

I do not know about anyone else in this body, but I am not about to ask the President to agreed to $64 billion in new taxes so that just $7 billion of it—about 11 percent—can keep next year's defense spending below the baseline level. It just is not right. We should not be tying the defense of this Nation to a whopping tax increase, particularly since most of it will go for everything but defense.

What is worse than any of this blue smoke and mirrors, however, is what this budget does to the long-term prospects for defense spending. For even if we were to adopt the "high tier" in this budget, defense spending would still fall $39 billion below the baseline over the next 3 years. If we were to adopt the "low tier," defense spending would fall some $68 billion below the baseline over the same time period. Either way, Mr. President, this budget would guarantee a 5-year decline in defense spending from 1986 to 1990.

Our defense funding is already dangerously low at a time when our negotiators are continuing to try to reach an accord on verification mutual arms reductions. Reducing defense spending deals a potentially crippling blow to their efforts.

Still more devastating is Congress' practice of appropriating less money for defense than is provided by the budget resolution. Over the past 5 years, Congress has appropriated from $3 to $13 billion less than the amount called for in the final budget resolution.

In fact, according to the CBO, the deficit reductions that have been achieved for fiscal year 1987 from appropriations have come from defense spending over domestic spending in an 18 to 1 ratio. According to CBO, of the savings that will be realized over 3 years from the levels provided by fiscal year 1987 appropriations, defense is anteing up a total of $20 billion in cuts, international affairs accounts for $5.8 billion in savings, but domestic spending will increase the deficit by $1.3 billion. That is hardly a balanced approach to deficit reduction.

Coupled with these cuts, the Department of Defense must also accommodate in its budget congressional add-ons that were not part of the Department's original request. These add-ons totaled $2.1 billion in fiscal year 1985, $3.9 billion in fiscal year 1986, and $2.7 billion in fiscal year 1987. To date, the DOD has received, in writing, requests of $1.9 billion in add-ons for the current fiscal year. These add-ons are forced by Congress, on top of reductions in the Pentagon's planned programs, and then Congress charges the DOD with waste and mismanagement.

In addition to the false claims of this budget, it employs another deceptive and irresponsible tactic that cannot go unnoticed. Last year, to meet its budget restraints, the Pentagon was forced to delay the pay date of military and civilian personnel. This year, we are going to legislate almost the same thing to save money.

In order to meet the fiscal 1988 budget constraints, the chairman of the House Armed Services Committee—LES ASPIN of Wisconsin—has proposed that the Pentagon simply refuse to pay its bills during the last 12 days of the fiscal year. This may save about $6 billion on paper, but it is questionable public policy at best simply to delay payment on bills until a fiscal year has run out.

Somewhere, at some time, this country will have to honor the debts it incurs. Pushing them forward from 1 year to the next for accounting purposes will not make them go away, and such irresponsibility can affect the procurement costs in the future. What business would want to contract with a customer that says 1 year in advance that it will not pay its bills?

Mr. President, this budget will not reduce the deficit, as it claims, and it will not maintain an adequate level of defense spending. What it will do is add still more programs to the bureaucracy and revive the old tax-and-spend policies most of us here thought were long ago discredited.

Mr. President, when we go through the budget process, what we do as a Congress is establish priorities. The budget process forces Congress to establish what in fact is going to be a high priority, what is going to be a low priority, what is going to be somewhat in between. Unfortunately, this budget resolution as compared to others places the national defense as basically the lowest priority. National defense, under this budget resolution, is held hostage to a tax increase.

In other words, what we are saying is that we will take the revenue that we get normally; we will spend it for all the other programs—we will spend it for the domestic programs, we will spend it for perhaps the low-tier national defense. But what is needed for national defense will basically be held hostage to a tax increase, which is very doubtful. Therefore, what we have in essence done is just take national defense, slam dunk, and say it is the lowest priority.

That is not my budget. That is not the budget on this side of the aisle. That is the budget from over there. I think we could have anticipated that the defense would have received this prioritization. Now we are seeing realization. National defense, Mr. President, is no longer the high priority that it had been.

There is no doubt about it. When you take national defense, which is about 28 percent of the budget, you go back and look at what we are spending under this budget resolution and where we were in 1979 and 1980, and you find we are at about the same level as we were at the end of the Carter years, which everybody said, on a bipartisan basis, was simply inadequate to provide for national defense. Now we are getting back to that basic

baseline. We are going to be spending $65 billion less than the baseline of the current services called for over a period of time.

Yes national defense under this budget has the lowest priority. It is held hostage to a tax increase.

Let me tell my colleagues something. There are some risks involved and I think those who vote for this budget ought to understand the risk they are taking, how in fact history is going to record this. We are not talking about a UDAG grant, we are not talking about EDA, we are not talking about fixing the highway, we are not talking about building a building. We are talking about an image. We are talking about national security. We are talking about an investment to preserve a deterrent to our adversaries, an investment to preserve and protect the cherished freedoms of this country.

Yes, there are risks, Mr. President. There are profound risks. There is no doubt in my mind, Mr. President, that you unleash this private sector, you unleash the entrepreneurship, the innovation that this country can go out and make that investment in national defense, a national defense that will be second to none, that will be able to preserve these thing that are so near and dear to our hearts.

When you have a budget that will run roughshod over national defense, that makes these kinds of reductions, what it is saying to this country and to the world is that perhaps we are lacking what they call the political will to do what is necessary to preserve a strong and strengthened and determined national defense.

Political will is a very, very important commodity. Political will makes the determination of where this country is going to go in the future. Where is the political will today? The political will is saying, "Well, we will put national defense aside. We will hold it hostage to a tax increase. It will be the lowest priority."

The political will says, "We will spend everything on our domestic programs and take care of part of national defense. But if we cannot take care of what we think is the high tier and basically the very low high tier, too bad."

Well, it is too bad, Mr. President. I think it is too bad for this Senate, it is too bad for this Congress, and it is too bad for this country that we have now taken this type of position on the priority of national defense.

As we reflect upon this, there is no doubt that we have made much success by reinvesting in national defense. We have made success in reinvesting in arms control.

The PRESIDENT pro tempore. The Senator's time has expired.

To whom does the Senator yield time?

Mr. CHILES. Mr. President, I yield myself a couple minutes.

Mr. President, I listened with great interest to my good friend from Indiana, and he speaks of national defense. It is interesting to note that if we approve the low-tier defense option, then defense is cut the same amount that we cut domestic programs. So it is treated the same.

If we have the high tier for defense, then defense is put in the favored position. It is cut $0.95 billion as opposed to $6.8 billion in cuts on the domestic side, so there is a marked difference.

I listened with great interest to the remarks about political will. Political will is an interesting term. It seems to me that what we are trying to say is we should have the political will to be willing to pay for defense. We should have the political will to say we need not worry about defense if we can borrow the money.

We care about defense enough to pay for it. And we think the American people are willing to pay for it. We think they think it is important. We think they are willing to defend this country adequately and that they will pay for it.

But we have not been doing that. We had a tax cut in 1981. We had some spending cuts, and the spending cuts did not quite equal the amount that we raised defense. But we decided we would cut those revenues and at the time we had that tax cut we were dripping in red ink. So we wrote people a big tax cut with a deficit, red ink all the way. Since then we have continued the defense buildup. The Senator from Florida has participated in that effort like the Senator from Indiana. We want to continue that buildup. But we have not had the will to pay for it.

I think political will is a very interesting term. I think political will says we care enough about this country to believe the American people will support what we need for defense and that they will be willing to pay for it.

Mr. DOMENICI addressed the Chair.

The PRESIDENT PRO TEMPORE. Does the Senator yield time?

Mr. DOMENICI. Mr. President, I yield 4 minutes to Senator EVANS.

The PRESIDENT PRO TEMPORE. The Senator from Washington is recognized.

Mr. EVANS. Thank you, Mr. President. I am somewhat amused listening to my good friends and colleagues on the other side talk about the recent history of this Nation, the awful deficits of the last 6 years. They failed to mention, however, that we have come to a point where inflation is lower than it has been in more than a decade, interest rates have dropped almost in half from their position in 1980. We have created a record 12 million new jobs, good jobs during that period of time. We have a record gross national product. And I say to my friend from Florida that you cannot separate dollars for defense from dollars for any other domestic program. They are all part of the same budget. And you cannot hold hostage one piece of the budget to a tax increase any more than any other.

Let us face reality, Mr. President. We are all responsible for where we are. We all can take partial credit for the good, partial responsibility for the problems. The last time I looked every budget of the last 6 years was passed by a Democratic House, by a Republican Senate, and signed by a Republican President. We all ultimately have to get together on what the budget shall be.

Now, I do not necessarily agree with the President and the administration in all respects on what should come. But I do want to say, Mr. President, that things are perhaps not quite as bleak as we think they are.

The current deficit reduction is down. We had a $221 billion deficit at the end of the last fiscal year. The most recent CBO estimates are that the year-end budget deficit may be as low as $155 billion, $165 billion. That is not bad news. That is moving in the right direction.

Revised gross national product figures for the first quarter look very positive, up 4.8 percent; corporate profits increased 7.8 percent in the first quarter; exports have been increasing quite rapidly since the third quarter of 1986, and our international trade balance is steadily and even more rapidly beginning to come down.

Mr. President, there is no quicker way to slow down the economy, to turn around the positive trends which now exist than to impose another tax increase on our citizens and in doing so take from them the very money that could otherwise be used to invest in our economy and invest in our own future.

There are two ways to get back to a budget balance. One is to invest and invest properly to get back there. Another one purportedly is to tax to get back there. One is positive, one is generally negative.

Mr. President, we have twin dragons, the dragon of the budget deficit and the dragon of the trade deficit, and it is ironic that when we finish this act we will immediately turn to the trade bill.

Mr. President, the best trade bill we could pass in this Congress is no trade bill at all. It is our Federal budget deficit and lack of fiscal responsibility as a country rather than trade deficits that are causing the problem. One is a result of the other and not a cause of the other.

There are some current myths in the trade debate which we will enter into shortly: that the U.S. trade balance

continues to worsen, false; that the U.S. competitive position in the world continues to worsen, false; that Japan, our biggest adversary, continues to increase its exports worldwide, false; that we need to change our trade laws to become more competitive and to erase our trade deficit, false; that reducing the U.S. Federal budget deficit is less important than attacking unfair foreign trade practices as a way of improving U.S. industry competitiveness, false, false, and false.

The bad and the mischievous in the trade bill which we are about to consider far outweighs the good and legitimate in the trade bill. The action we will take on that trade bill, if we take some, will contribute more to growing budget deficits in my view than anything else we can do even including the second worse choice which would be a substantial tax increase.

Let us spend more time talking about the tough choices needed on deficit reduction to do our job properly. Our job is not to increase import barriers and restrictions and deny proper choices to American consumers but to continue to lower our budget deficit and, in doing so, to help ourselves nationally and internationally.

I yield the floor.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER (Mr. ADAMS). Who yields time?

Mr. CHILES. Mr. President, I yield myself 1 minute.

I listened to the first half of the remarks of the Senator from Washington and got to feeling warm all over. He talked about how inflation is down, interest rates are down, the growth of the economy seems to be going up. The good times are right here. And then I heard him start saying we did not need a trade bill and the reason we did not need a trade bill is because of this horrendous deficit.

If times are so good, if things have been so good, how in the heck did we get this big deficit? What in the world happened to us? How did we become the world's largest borrowing nation and how did we lose from a country with the world's largest assets?

It seems to me we did that because we spend more than we were willing to pay for.

The Senator from Washington has been a Governor of his State. I am convinced that out in his State whatever they decided in the year they were going to spend they had to be willing to pay for it. That is what we are really talking about here; are we willing to face up and pay for what we say we have to spend?

Now we want to bring in some plans to cut some spending some more. Fine, we welcome that.

We started out in the Budget Committee asking for participation. We did not get much. We had some amendments on the floor on the budget resolution. One by my good friend from New Mexico would have made some cuts. It got 26 votes. I did not get all the votes off that side. Two or three other amendments that came from that side added to spending, rather than cut spending.

But nobody seems to want to face up to the fact that at some stage you have to pay for all this deficit. We are paying for it now in high interest rates we are paying and the trade deficit, and yet we do not want to deal with this budget resolution. We can find a lot of things wrong with it. We do not like additional taxes. We do not like any of these things. We would prefer to just let that borrowing continue, just let her go, let her keep going.

We are approaching $2.8 trillion and that is what it will be, a tripling of the national debt. We have done all that in a period of 8 years. We triple that national debt. Why worry about paying for it?

Mr. EVANS. Mr. President, will the Senator from Florida yield for a question?

Mr. CHILES. I am happy to yield.

Mr. EVANS. Does the Senator from Florida understand that at least a share, and I would admit not all of the deficit, but at least a share of the deficit comes because we have no capital budget in this country? And I would say to the Senator from Florida in my terms as Governor we always had a balanced budget but we always invested in capital projects and added to the debt of the State just as virtually every other State does, and during the course of the last decade we have added almost a half-trillion dollars to State and local debt, we have added well over a trillion dollars to corporate debt and even more than that to individual debt, and we keep saying, and I think not quite honestly, that we balance our budget as individuals, we balance our budget as States, we balance our budget and make profits as corporations. How in the world is it that all of them add to their debt at the same time.

Mr. CHILES. I will say to my good friend from Washington there is a good philosophical argument that can be made of capital budgets. Whenever we get this thing on a down trend, and we know we are getting close to zero, I will be willing to try to work on that. But it seems to me to start talking about the capital budget to solve our problems over the last 6 or 8 years just would not do it at this point.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield 4 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 4 minutes.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from New Mexico for yielding me this time.

Mr. President, it occurs to me at this stage in the process that it becomes very clear to us once again that this budget procedure that we are following needs to be fixed. We continue to miss deadlines. We continue to figure out ways to get around provisions of the Budget Act with waivers or by just not paying attention to the provisions we voted on in the past. We refuse to meet the targets that are imposed on us by law.

I think we are losing our credibility as a part of the fiscal policy team of the Federal Government.

I have heard Senators come to the floor today to accuse the Republicans of not participating in the process or the President for not being a part of the team on the field. The President has already submitted his budget. That is all the process requires of him.

I can remember when the Congress had no role, in effect, in the budget process; and it was not until 1974 when we enacted the Budget and Impoundment Control Act that the Congress injected itself into the procedure by requiring approval of a budget resolution.

I am not sure that we have accomplished all that much in terms of control over spending or better management of the fiscal policy of the country through the enactment of that Budget Act. But nonetheless, we have it and I think we ought to follow the rules. We ought to abide by the guidelines. We ought to meet the targets. And this resolution does not purport to meet the Gramm-Rudman target. It does, however, suggest a very large tax increase.

I am going to vote against the resolution, Mr. President, not just because it is an imperfect resolution as described by the Senator from Nebraska, because I frankly think that we are short changing defense. We are short changing our ability to protect our Nation's security and we are making it very, very difficult to achieve success in our negotiations in Geneva with this kind of budgeting for defense.

I wonder how our negotiators can expect to have any degree of success in getting concessions from the Soviets when they see through the enactment of a resolution like this that we are willing to take steps to cut back substantially our defense effort without getting anything in return from them?

I think that is the signal that we are sending to those who are in Geneva trying to work out an arms reduction agreement, and I think that is really a sad state of affairs.

I hope, Mr. President, after seeing that we have not met the target for agreeing on a resolution again this year, pushing the appropriations proc-

ess farther along the road as we are doing with the delays that are attendant to the process, that we will take a careful look at reforming the process by developing a 2-year budget cycle instead of this annual exercise in political gamesmanship.

I think it becomes apparent that this is the time every year when the Democrats try to make the Republicans look bad and vice versa in the budget process.

We should not continue this kind of sharply divisive, rancorous, partisan fight that we have been following in the development of fiscal policy every year. We need to work with the administration and our own congressional leaders to develop a new procedure that will help avoid this annual exercise in partisan gamesmanship.

The PRESIDING OFFICER. The Senator has utilized the 4 minutes that were yielded to him.

Mr. COCHRAN. I thank the Chair, and I thank the Senator from New Mexico.

Mr. CHILES. Mr. President, I yield 5 minutes to the distinguished Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 5 minutes.

Mr. CONRAD. Mr. President, first I salute the distinguished chairman of the Senate Budget Committee for extraordinary patience in putting together this document. Anyone who has gone through the process understands the extreme difficulty of developing compromises on the contentious issues that are brought to bear by the budget.

So, again I salute the extraordinary patience that he has displayed in putting together this budget.

As I have sat in my office this afternoon and had the television tuned in to the action on the floor of the Senate, I have heard comments that really require a response.

I have heard comments that the defense of this Nation has become a low priority. That is simply rhetorical excess of the worst sort.

I have heard that we are cutting the defense of this country. I think it is really time for us to share directly with the people of the country what the facts are. The facts are in the 1987 budget, the fiscal year that we are in, the budget authority for the defense function was $284 billion. In the budget that is before us, the budget authority goes up to $296 billion. That is not making defense the lowest priority.

The outlay number, the actual expenditures on defense in the current fiscal year, is $280 billion; in fiscal 1988, according to this budget, $289.5 billion.

I defy others to explain to us where the cuts in defense are. There are no cuts. There are increases. Oh, there are cuts from what was requested. But there are no cuts in what is being paid out for defense in this country. There are increases for defense, and the American people deserve to know that as a fact.

We have heard a lot of talk on the floor here about tax increases, as though the only budget before this body that proposed a tax increase was the budget that is being offered by the majority. Hogwash. Anybody who studied the main alternative, which was the budget of the President, knows full well that it contained $18.1 billion in new revenue. And you can call it a lot of different things. You can call it fees; you can call it excise taxes; you can call it whatever you want. The fact is it was revenue.

Now why did the administration come to the Congress and request more revenue? Because it is apparent to everyone that we have to have more revenue to deal with the budget problems of this country.

And let me just outline very briefly why that is the case. If we look at this budget, 28 percent of the spending, or thereabouts, is going for defense. When we hear people say it is now the lowest priority, that is sheer nonsense. The No. 1 item in this budget is defense—28 percent of our total spending, 21 percent is for Social Security; 7 percent is for Medicare; and 14 percent is for interest.

The President and our friends on the other side of the aisle say you cannot cut one nickle out of defense. They claim 28 percent of the budget is out of bounds. Next, we all agree you cannot cut Social Security. That is another 21 percent. Now we are at 50 percent that cannot be touched. Then there is the interest on the debt, about 14 percent of our total spending. So here we are at close to 65 percent of this budget that supposedly cannot be touched.

Then we add in Medicare, 7 percent, which most of us would agree cannot be cut further. That is 72 percent of the total spending in this budget that people have ruled out of bounds, cannot be touched. That leaves 28 percent of the budget that would be available for cuts. And the size of the deficit is about 14 percent of the budget.

So the question is quite simple. Are we ready to cut 50 percent or more out of every program in this 28 percent category? Nobody supports that. Nobody believes we could cut 50 percent out of education, out of veterans' programs, out of highways, and every domestic discretionary program. It is not going to happen.

So the truth is that we need more revenue; the truth is that we need spending restraint.

The PRESIDING OFFICER. The Senator has consumed 5 minutes.

Mr. CONRAD. I ask for 2 more minutes.

Mr. CHILES. I yield 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Mr. CONRAD. Now this is not a perfect budget. No product of compromise is. But this budget does reduce the deficit. We ought to be reducing the deficit even more. I feel very strongly about that. I do not think there is another Senator in this Chamber who is as committed to reducing the deficit as am I. I do not think there is another Senator who has taken the pledge that I have that, unless the budget deficit is brought under control by the time of my next term, I would not seek reelection. So I am committed to deficit reduction.

I am committed to deficit reduction because I believe that is the way to reduce interest rates and get this country's economy moving again.

How should we do that? Frankly, I believe we ought to have spending reductions. I believe we ought to look to the defense component of the budget and say to our allies in Japan and Western Europe, "The free ride is over. It is time for you to start paying your fair share of your own defense costs." We are providing over $100 billion a year to provide the defense umbrella for Western Europe and Japan. Why not ask them to pick up a larger part of the burden?

On the revenue side, we are passing up $100 billion a year of revenue because we are not collecting what is already owed and due. That is revenue owed under existing tax laws—without any tax increase. That is the money that is owed and due but not being collected.

Now, again, this budget is not perfect, but it is the only game in town. And it is the only game in town because the other side took a walk. After the President's budget——

The PRESIDING OFFICER (Ms. MIKULSKI). The additional 2 minutes that have been yielded to the Senator have expired.

Mr. CONRAD. I would request an additional 2 minutes.

Mr. CHILES. I yield an additional 2 minutes.

The PRESIDING OFFICER. The Senator may resume for 2 minutes.

Mr. CONRAD. Let us review what happened to the President's budget. In this Chamber, the President's budget received 18 votes out of 100—18 out of 100. In the House of Representatives, the President's budget received 27 votes out of 435 Members on the House side. That budget was not serious. It did not receive serious attention here and it did not receive serious attention on the House side because the priorities were kiddiewampus.

The President's budget proposed cutting education 30 percent; it pro-

posed cutting agriculture 20 percent; and it proposed increasing military spending more than $20 billion without asking our allies in Western Europe and Japan to even begin paying their fair share.

Well, that is the reason the President's budget was overwhelmingly defeated. The Republican side did not choose to come forward with a serious and viable alternative. And that is why the budget we have before us, imperfect as it is, is the only game in town. That is why it is going to receive this Senator's support and why I hope in the next round—because, remember, this is not the end game—we will have a chance to take more meaningful action to reduce the deficit. I am hopeful that we will consider in the next round an across-the-board cut, leaving out Social Security, but putting virtually everything else on the table.

With that, I thank the Chair and I thank the distinguished manager of the bill. This budget measure is not perfect, but it is our best alternative.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Madam President, I understand that the distinguished Senator from New York, Senator D'AMATO, wants to offer a motion and that would be on his own time.

I gather that, since I would agree to yield to him next, he is indicating that he would not be upset if I yielded 30 seconds to the distinguished Senator from Virginia, Senator WARNER. I yield 30 seconds to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Madam President, I rise in opposition to the proposed Democratic budget resolution for fiscal years 1988-90.

Mr. President, I am disappointed and very concerned at the direction this resolution would take us. In my opinion, the effect of this bill on our national security would be disastrous.

As my colleagues are aware, this resolution includes a two-tiered approach under which the higher tier for defense spending is held hostage to additional taxation. We are told that this approach requires the President to "pay for defense"—which would give most listeners the impression that defense spending has been the culprit in creating the Federal budget deficit. The facts, however, lead to a very different conclusion.

In fact, because defense spending declined steadily during the decade of the 1970's while domestic spending was growing steadily, the contribution to the deficit made by defense has been just a fraction of that made by domestic spending. Over the past two decades, for example, for every dollar defense spending contributed to the deficit, nondefense spending contributed $7. That is right—7-to-1.

So if the higher taxes proposed in this resolution are necessary, they are needed to reduce the deficit caused by domestic spending—not defense. In fact, as others have already noted, this budget proposal does very little to reduce the deficit. What it does is raise taxes, increase domestic spending, and add $134 billion to the deficit, and then it cuts defense more than 2 percent in real terms below last year's level.

So don't let anyone tell you that this budget proposal raises taxes to "pay for defense." It does not. It raises taxes and still cuts defense below last year's level.

And do not let anyone tell you that the tax increases proposed in this budget resolution would be spent for defense. The Democratic budget requires $64.3 billion in new taxes over the next 3 years, allegedly to pay for defense increases. But this budget only spends $17.4 billion, or a mere 27 percent of those new taxes, for defense. Where is the other $46.9 billion spent?

Mr. President, to be fair, we must focus on the "low tier" defense level proposed in this budget. We all know that the President has vowed to veto any tax increase legislation, even with the "defense as hostage" approach, and I see little prospect of agreement within the Congress on the level of new taxes proposed in this budget. So what we are dealing with in this resolution is the "low tier" defense level. And while I believe the "high tier" budget is itself inadequate for our national security, the "low tier" level is unquestionably too low.

The "low tier" defense budget represents a reduction of $14 billion in budget authority below the defense authorization bill reported by the Senate Armed Services Committee—a bill which already reduced the President's budget request by $9 billion. But even more disturbing is the reduction of $10.2 billion in outlays below the Armed Services Committee bill. This reduction is extreme and is seriously out of proportion to the stated $14 billion reduction in budget authority. The mismatch between the outlay target and the budget authority target will force Congress to choose between huge reductions in the slow-spending investment accounts or further reductions in the faster spending personnel and O&M accounts. In either case, such cuts would have a devastating effect on our military posture.

One of our most important military assets is people. This budget resolution would break faith with our men and women in uniform. For several years, Congress has reduced requested pay raises so that average military pay is almost 10-percent below comparable civilian pay levels. This approaches the largest gap between military and civilian pay comparability since the beginning of the All-Volunteer Force. As a result, there is now evidence that reenlistments have begun to decline. Although we have not yet observed large numbers of people leaving the service, military personnel are hedging their bets, extending their service 1 year at a time rather than reenlisting for the normal 4 or 6 years. They have adopted a wait-and-see attitude about the future desirability of reenlisting.

Skilled people are influenced in their decisions to reenlist by more than just pay. Working conditions, pride in unit training, and modern equipment are also major factors in their decisions. If they can't do their jobs because of a lack of spare parts, or if they have to work 12 hours a day for 6 days a week because they are undermanned or the people junior to them are not sufficiently skilled to do their jobs, we will again face the "people hemorrhages" of the 1970's with an immediate adverse effect readiness. If these people leave the service, it will take many years and considerably greater costs to replace them.

There is another way to meet the outlay targets of the "low tier" budget proposal—that is, to resort to budgetary gimmicks. The House of Representatives used a $6 billion gimmick to meet the outlay target in the House-passed budget resolution—they would prohibit DOD from paying any bills—except to small businesses—during the last 12 days of fiscal year 1988. But those bills will have to be paid in fiscal year 1989, and late payment penalties may cost even more. This is not deficit reduction—it is budget fraud.

This Democratic budget is being portrayed as a "zero real growth" defense budget. According to CBO, this budget—at either level—would make fiscal year 1988 the third consecutive year of real decline for defense. In fiscal year 1986, defense declined 4.2 percent, and in fiscal year 1987, 2.6 percent. The Democratic proposal would result in another real decline in fiscal year 1988 of 2.2 percent at the high tier and 4.5 percent at the low tier. Combined with the real cuts in fiscal year 1986 and 1987, the Democratic budget projections through fiscal year 1990 would result in −11.4 percent decline at the high tier and −15.6 percent at the low tier. Such reductions are simply irresponsible.

In the early 1980's with bipartisan Congressional support, this Nation made substantial advances in restoring America's military strength. I do not believe that this body should turn its back on the progress we have made and give up what we all worked so hard to achieve. I therefore urge my colleagues to reject the inadequate funding for defense, increased taxes, and increased overall spending proposed in this budget.

As President John F. Kennedy so wisely stated, "This Nation can afford to be strong, it cannot afford to be weak * * * we will do what is necessary to make and keep it strong."

So I rise in opposition on behalf of the men and women in the Armed Forces of the United States who are fairly entitled to a pay raise and this budget would deny this raise.

Mr. CHILES. Madam President, I yield myself 30 seconds to correct that.

This does provide for a pay raise. We did nothing to eliminate the pay raise, so I rise on behalf of the Armed Forces men and women of the United States to say that we provide a pay raise for them.

Mr. WARNER. Not in the amount we would provide.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield to the distinguished Senator from New York, Senator D'AMATO.

The PRESIDING OFFICER. The Senator for New York.

Mr. D'AMATO. Madam President, I send a motion to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

The Senator from New York [Mr. D'AMATO] moves to refer the pending report to the Committee on Finance.

The PRESIDING OFFICER. The Senator from New York is recognized on behalf of his motion.

Mr. D'AMATO. Madam President, I move to do so, so that the Finance Committee can be allowed to study the ramifications of the conference report, in particular whether the reconciliation instructions can be complied with without resorting to an oil import fee. We have heard a lot about whether or not it is necessary to raise taxes. We have a substantial portion of this budget with a figure of $64.3 billion that is to be raised somehow. The question is, should we not have an idea as to where dollars are going to come from? We have a figure of over $19 billion for the first year, which would be the largest increase, even larger than that which took place in 1982.

Madam President, where is the Finance Committee going to find all this money? Raising taxes from any source is rather difficult, rather unpopular, and I am very much concerned that there is a predisposition that exists on the Finance Committee and that it will turn to an oil import fee for at least part of that $64.3 billion of new revenue.

Now, this is not just some kind of hypothesis. As a matter of fact, the majority of the committee is already on record as favorably disposed to an oil import fee. The trade bill, reported out by the Finance Committee, includes a Trojan horse that gives the President unilateral ability to enact the oil import fee.

A committee willing to abdicate so much power to the executive branch clearly would have no problem enacting an oil import fee on its own.

Mr. DOMENICI. Would the Senator yield to the Senator from New Mexico for a parliamentary question?

I understand the motion which is to refer this report to the Committee on Finance——

Mr. D'AMATO. I would suggest, if I might, they did not finish reading the motion.

Mr. DOMENICI. I just wanted to know how much time the Senator has and whether that time is off the budget resolution.

The PRESIDING OFFICER. There is 1 hour of debate that the Senator from New York has that is evenly divided by himself and the Senator from Florida; in addition to the 10 hours that are provided for general debate.

Mr. DOMENICI. I thank the Senator for yielding.

The PRESIDING OFFICER. The Senator from New York may proceed, if he so chooses.

Mr. D'AMATO. Thank you, Madam President.

Madam President, why am I concerned? Because I do not believe that there is within this body the ability to come up with $64.3 billion without looking to that oil import fee. I think it is rather important that we get this out on the table, rather than being faced with a fait accompli with a tax bill that comes to this floor which has little, if any, likelihood of being amended, given the constraints that we will be faced with, and we will have that tax on imported oil to deal with and little opportunity to represent the views of most Americans. Because it is mighty difficult, if not impossible, to defeat that kind of a proposition once it is reported out onto the floor.

You have got to get offsetting revenues and how do you find them and where will they be?

Let me refer to my concern on an oil import fee. An oil import fee will probably be the least effective way of generating revenues to reduce the deficit. The Energy Information Administration estimates that an oil import fee would generate 7 cents in net revenue, 7 cents for every $1 that it costs the American citizen. That, to me, is one of the most incredible methods of attempting to raise revenues. It is something that should be discarded.

A major private economic forecaster, Data Resources, Inc., projects that a $5 oil import fee in effect for 5 years would slow the economy, increase Federal expenditures so dramatically that it would actually increase the deficit by about $6 billion as a result of that economic turndown.

The fee that has often been bandied about is a fee of some $10 per barrel on imported oil. What would that do? Well, such a fee would have repercussions throughout the length and breadth of this economy as to reduce the gross national product by $30 billion to $45 billion annually; increase inflation by 2 to 3 percent; cause the loss of some 400,000 jobs. These costs directly hit our consumers.

If you own a home, for instance, and you heat with oil they estimate that it will cost the average family some $408 annually to heat that home and to drive that person's automobile. That is a mighty big cost and it is a small return to reduce the deficit of this Nation.

An oil import fee would be devastating to many domestic industries. Right now, Congress is considering trade legislation to help keep our industries more competitive in world markets.

Madam President, it is a legitimate question to say, Where do we get that $64 billion from? For months now we have had a rather lively debate about how to raise taxes and some have suggested even a stock transfer tax, not allowing trades to be reduced pursuant to the current law in 1988.

The Finance Committee, again, has already included a formal oil import fee as part of the trade bill. My instruction simply makes the Finance Committee find the $64 billion. I think the American public has a right to know where you are going to get these kinds of dollars. I think there are many of us, particularly who live in the Northeast region of the United States, who are dependent upon oil that comes from abroad and who will have a tremendous burden placed upon them who say, "Where will these revenues be raised; and will you come and impose a tax that will be devastating, particularly to those who live in the Northeast part of our country?"

I think it is a serious question. I think it is one that we deserve an answer to. I would hope that before we go further that we would begin to get some answers.

Mr. GRASSLEY. Would the Senator from New York yield?

Mr. D'AMATO. I certainly will.

Mr. GRASSLEY. Madam President, I thank the Senator from New York for this motion. I think it brings to the forefront a major problem that this Senator is going to have to deal with sometime or other during this entire debate. We might as well face it right now, whether or not this country is ready for an oil import fee.

The Senator from New York speaks of the problems that it is going to cause the consumer in the Northeast of the country. Let me say that those problems are just as prevalent and real and costly to us in the Middle West, particularly when agriculture is so dominated by high energy usage and costs.

For the benefit of supplementing Senator D'AMATO's rationale for this, I would like to refer to a report put out by the Iowa Department of Natural Resources, a major State agency in my State of Iowa. They projected the savings due to lower prices in oil as compared to 1985 is going to be $600 million, in 1987, for Iowa consumers.

If a $10 oil import fee were implemented, and we do not know exactly what it might be, but let us just say $10, that would put the current price of approximately $18 a barrel up to $28 a barrel; the cost to consumers, of just my State, would amount to around $600 million. That is well over half a billion dollars.

I am sure the costs would be as great or greater to many other States.

Notwithstanding many other provisions of this budget resolution that are unacceptable, I cannot support instructions that are in that resolution. They may very likely lead to the enactment of an oil import fee that will lead to higher costs for Iowans, and so I urge my colleagues to support the motion of the Senator from New York and I would like to have those Members of this body who are visiting my State on a very regular basis, campaigning for their respective parties' nomination for President, that they would think in terms of what the cost of a possible $10 oil import fee would be to the people of just one of the 50 States.

So I commend the Senator from New York and I intend to fully support it and to work for its passage.

I thank the Senator for yielding.

Mr. D'AMATO. I thank my distinguished colleague for being so supportive and commend him for his forthrightness.

Madam President, I would like to read the statement of purpose attached to my motion to refer the conference report on the budget to the Finance Committee. The full extent of my motion was not read and I want there to be no misunderstanding about what I am attempting to do, so Members and staffs should not be confused about my motion.

That statement of purpose, which I submitted, read:

> To allow the Finance Committee to study the ramifications of the conference report; and in particular whether the reconciliation instructions can be complied without resorting to an oil import fee.

I think there are some interesting facts, as they relate to what the imposition of an oil import fee would do at $10 a barrel. It would increase U.S. petroleum costs by $53 billion per year, raise gasoline costs $24.5 billion a year, heating oil by $1.7 billion a year, diesel fuel by $4.2 billion a year.

It would be a rise in natural gas costs of some $27 billion, since prices would rise to meet higher levels, increasing total costs to the average family with natural gas by about $400 a year.

Madam President, we Senators feel it is rather important that we get an indication of where these dollars are going to come from, will there be a tax, a so-called sin tax, excise tax? Will it be, indeed, what the Senator perceived to be a very strong area of representation from various States as it relates to the energy industry and a method by which to help that area of economic activity by imposing an oil import tax which will bring very little to the Treasury and a great burden to the consumers of this Nation?

Given the matter which one must face, a bill coming to the floor from the Finance Committee, I would suggest we have little or no chance of succeeding in any efforts to strike an oil import fee. In fact, the changes of the tax bill are just about virtually impossible to pass. That is why I think it is important before we are faced with that kind of a battle that we get some kind of indication from the Finance Committee as to just how they intend to deal with this matter.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield time to the Senator from South Carolina?

Mr. D'AMATO. Yes. I yield 4 minutes.

Mr. THURMOND. Madam President, I rise to express my opposition to this $1.1 trillion budget plan which calls for over $73 billion in new taxes in the next 3 years. This is one of the largest tax increases in the history of our Government. The Senate Democrat budget proposal, which I strongly opposed, called for an $18 billion tax increase for next year. The conference report calls for a $21.1 billion tax increase for next year. In other words, a vote in favor of this budget plan is a vote for a tax increase of over $21 billion next year.

Many have suggested that the revenues necessary for such an increase should be derived from excise taxes. Recent studies show that this would eliminate all of the tax benefits provided in the Tax Reform Act of 1986 to households with incomes below $20,000.

Where will these taxes be spent? according to the Democrat budget plan, domestic spending for fiscal year 1988 will increase $41 billion over 1987.

During the course of this debate, the distinguished Republican leader said that in his travels around this Nation he did not hear any hue and cry from Americans to raise their taxes. I can assure my colleagues that the South Carolinians whom I talk to certainly do not want Federal taxes increased. Many of these citizens have family incomes of less than $20,000 per year. They supported last year's historic tax reform bill and looked forward to its benefits.

I find a great deal of irony in this Democrat budget plan. My colleagues from across the aisle seem to give with one hand and take away with the other. They want the opportunity to tell the advocates of increased domestic spending that they have championed their cause. However, they have no hesitation to impose a greater tax burden on the beneficiaries of those spending programs. I can clearly envision a typical American family making less than $20,000 per year saying "Members of the Democrat Congress, we appreciate your thoughtfulness, but we would rather spend our hard earned money on what we think will help us, and not what you think will help us."

In a nutshell, this Democrat budget plan when compared to the Republican tax reform bill clearly illustrates the differences between the two major parties. We would rather reduce the taxes of lower income Americans and let them decide how the savings can best be spent. This budget proposal takes away that freedom of choice and imposes a huge tax burden to pay for $41 billion more in domestic spending. This budget plan basically tells the American people "Our Democrat controlled Congress will decide what we think is important to Americans. We will raise taxes because we want to increase domestic spending. Take it or leave it."

Madam President, for my part, I choose to leave it. I urge my colleagues to do the same.

Mr. D'AMATO. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHILES. Madam President, a parliamentary inquiry. Will the Chair read the motion that is before the Senate?

The PRESIDING OFFICER. The clerk will read the motion.

The legislative clerk read as follows:

> The Senator from New York [Mr. D'AMATO] moved to refer the pending report to the Committee on Finance.

Mr. CHILES. Madam President, I do not think I understood the motion before the Senate. Could I get that read one more time?

The PRESIDING OFFICER. The clerk will read the motion once again.

The legislative clerk read as follows:

> The Senator from New York [Mr. D'AMATO] moved to refer the pending report to the Committee on Finance.

Mr. CHILES. Madam President, I tried to listen to that twice and I did not hear anything about oil import fees either time. Am I wrong in that or did that motion say we are just going to take this report and send it to the

Finance Committee? Could I make a parliamentary inquiry? Is there anything in that motion about oil imports, that the Finance Committee has to study it?

The PRESIDING OFFICER. The Chair will read the motion herself. [Laughter.]

The Chair must advise the Senator from Florida that in reading the motion by the Senator from New York I note no specific reference to oil imports.

Mr. CHILES. I thank the Chair.

Mr. D'AMATO addressed the Chair.

Mr. CHILES. Madam President, I believe I have the floor.

The PRESIDING OFFICER. The Senator from Florida does have the floor.

Mr. CHILES. Now we have had it read twice and the Chair has read it and there still is not anything in there that says the Finance Committee has to study anything. I take it that this is just a motion to send this conference report to the Finance Committee. The chairman of the Finance Committee is here and I will yield to him in a minute. I would like to find out whether he feels that this is something we should send to the Finance Committee. I have not found anything in the Budget Act that says it normally goes that route. I thought we were getting close to an up or down vote in this body. I will yield such time as the chairman of the Finance Committee might require.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Madam President, I think this will get to the Finance Committee quite soon enought under the orderly procedures of the Senate.

Obviously, when it does come to the Finance Committee, we would like to know what we are supposed to be coming back with. We have been working now with staff on the Joint Tax Committee on a whole list of possible revenue raises. You look at the list of $30, $40, $50, $60 billion worth of options and try to decide where you can reach a consensus; but you have to know what the target is. There is no sense in trying to work out in the Finance Committee something that is far in excess of the target or far less than the target. That means we have to know what the Senate wants.

We are carrying out the will of the Senate; that is what will be our job and our responsibility. That is what we will be working on once it comes to us under the orderly procedures of the Senate, which have been long thought out and worked out and which is the logical way to pursue this. To try to short circuit the process will only allow a delay in the overall resolution of the problem that has to be addressed now.

We are looking at a debt ceiling that is going to be facing us about the middle of July. The question is whether we will accomplish it in that period of time or whether we spill over beyond that. Obviously, if you throw this extra study into the procedures, you are going to delay the whole process and I think it would be self-defeating.

I certainly do not want the Members of our committee to sit down without working out what the will of the Senate is as to the attempt to decide where the taxes go and where the revenues should come from. I strongly oppose the referral to the committee at this time until the Senate has exercised its will and tells us what the number is, what the objective is, and what we have to work with.

I yield back the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Madam President, will the Senator from Florida yield 2 minutes to the Senator from New Mexico?

Mr. CHILES. Yes, Madam President, I yield.

Mr. DOMENICI. Let me say briefly to the Senator from New York that I do not think there is anybody in this body for whom I have more respect. But frankly, if this were an argument on the oil import fee, it would not get by this easily. I happen to agree that when it comes to the taxes that we might impose, and I hope we do not have to, one of the best is the oil import fee.

On the other hand, I do not think an oil import fee is the issue. The Senator from New York has a motion before this body. I do not think we have to have it read to us. It is very simple. It moves that this budget resolution be referred to the Finance Committee, period, end of motion. There is nothing else in it. It has nothing to do with import fees, cigarette taxes, user fees, income taxes, or anything else. It is plain and simple: If you want to send this budget resolution to the Finance Committee of the Senate, you vote aye; if you do not want to, you vote nay. There is nothing more to the resolution than that. It has nothing to do with any specific issue whatsoever.

If you want to move that this budget resolution be sent to the Agriculture Committee and then have an hour's debate on military preparedness, that is one of the glitches in this budget process: You get an hour to debate that kind of thing. But you cannot order them to study anything, you cannot order them to report back anything on the oil import fee. That is why it is phrased in this way.

So I do not believe we should be confused on this point. I do not want to be confused. I am for an import fee. I would vote for it. But this has nothing to do with an import fee. We are just getting rid of a budget resolution by sending it to the Finance Committee.

That may be a good thing. People may want to do that. I may want to do that. On the other hand, it has nothing to do with import fees.

We will have an opportunity to have a much more serious debate about the positives and negatives of an import fee if the issue ever arises here in the Senate.

I thank the Senator from Florida for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Madam President, let me indicate that my motion, of necessity, in order to withstand challenge, was drawn in such a way as to refer it to the Committee on Finance. There was a very real question if we could have instructions and whether or not those instructions would then have made the motion subject to a point of order.

Let us make it clear: It may be beyond an import fee. That is what I happen to be most concerned about. I am also concerned about a possible stock transfer tax, two taxes that could be devastating to my State and region. We have heard no less than the Speaker of the House talking about a stock transfer tax.

This budget process is preposterous. I owe my colleague from New Mexico a debt of gratitude. Let us focus in on it.

We are asked to pass on a document here—and we have done it in the past. We did it when the Republicans were in the majority. It will raise x number of dollars, $64.3 billion, not an insignificant sum; and we sign off and say we have a budget process. I want to suggest to my colleagues that it is ludicrous.

Where are we going to get the $64.3 billion? Why should we not ask that the process really be turned around so the Finance Committee says, "Here is where we are going to get the money," or "We do not have the ability to raise $64.3 billion." So we refer it there in this manner.

The Senator is deeply concerned about how we are going to raise that money, if we can raise that money. I certainly respectfully disagree to saying that one of the most ineffective, inefficient ways to raise the revenues is to place an oil import fee on, because there will be tens of billions of dollars raised that consumers pay, that manufacturers pay, that every segment of our economy has to pay, and only a small fraction of that money, relatively speaking—one consumer report, from no less than the energy people, indicated that 7 percent of the total would go to deficit reduction. What a shoddy return.

Let me say that the procedure here is such that it is pretty hard for any Member, unless he is a member of the Finance Committee, to have any impact on a bill that comes out here on the floor, where we have to provide offsetting revenue if we seek to strike. It becomes almost impossible. That is what we are going to be faced with.

So I am setting the stage and saying, let us understand that we are playing a game of deadly Russian roulette. I think the American taxpayers and citizens will be very much affected.

Let me read the statement of purpose attached to my motion, the statement of purpose which was attached to my motion but was not read. It was at the opening part: "To allow the Finance Committee to study the ramifications of the conference report and in particular"—I say study the ramifications—"and in particular whether the reconciliation instructions can be complied with without resorting to an oil import fee."

I think our Members have sufficient ability to understand the statement of purpose.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Madam President, I yield myself 1 minute.

I think the Senator from New York is not properly informed if he feels that he could not move to strike in a reconciliation bill on any taxes. He does not have to have an offset on a reconciliation bill on taxes. A motion to strike is always in order. It does not require that he substitute additional revenue.

Mr. D'AMATO. I thank the chairman for that. It certainly makes this Senator feel better with respect to that matter.

Mr. CHILES. Madam President, how much time does this Senator have on the motion?

The PRESIDING OFFICER. The Senator from Florida has 22 minutes. The Senator from New York has 9 minutes, 16 seconds.

Mr. CHILES. Madam President, I yield 5 minutes to the majority leader.

Mr. BYRD. Madam President, I have a great deal of respect for the Senator from New York. I like him personally. I hope he feels the same way toward me, and I believe he does.

I am not given to using strong, strong adjectives and I hesitate to use one here, so perhaps I will not use such a strong one. The distinguished Senator has used some rather strong adjectives. He use the word "ludicrous." I will simply say that this is a very unusual motion. It is unusual for a number of reasons.

It is very unusual that a conference report should be referred to a committee, with no instructions to report back. It is even more unusual, far more unusual, for a motion to be made to refer the conference report on the budget to a committee.

Why do I say that? Because, to begin with, this whole matter of a budget conference report—going back to the budget resolution itself and all of the other actions and vehicles that are utilized in the budget process—is time-sensitive. Take a look in the book, Standing Rules of the Senate, page 72. We have a timetable.

I will just quote a few items therefrom. The Congress is supposed to complete action on the concurrent resolution on the budget on April 15. The Congress is supposed to complete action on reconciliation by June 15. The House is to complete action an annual appropriation bills by June 30.

Look also at the time constrictions under the statute with respect to debate on this conference report. Debate is limited to 10 hours. Any debatable motion or appeal is limited to 1 hour. And so we can see that this resolution, the whole process itself is time-sensitive.

Now we have a motion that is in order to send this conference report to the Finance Committee, period. The motion does not say it has to be reported back in 1 day, 10 days, 2 months, or ever. There is a provision in the statute for committing the original budget resolution with instructions to report back. So let us take a look at what that says.

With respect to motions to recommit the concurrent resolution—I am not talking about the conference report now, going back to the resolution itself—a motion to recommit the resolution is not in order. The motion to recommit with instructions to report back within a specified number of days is in order, but the specified number of days in which the resolution has to be reported back is not to exceed 3 days. If this is not time-sensitive, I do not know what is.

So here we have a most unusual motion to refer the conference report to the Finance Committee.

What else is unusual about it? The rules in the statute say that the resolution to begin with cannot be recommitted. That is when the resolution is here before this Senate the first time. It cannot be recommitted except with instructions to report back within not to exceed 3 days.

Now, what are we talking about? This is not the concurrent resolution. This is the conference report, which is the work of both Houses. So what are we going to do? Refer to the Finance Committee the conference report which is the work of two Houses and just let the conference report lie there? That is the end of it.

Then how are we going to get reconciliation? Reconciliation flows from this conference report on the budget resolution. What else flows therefrom? The appropriation bills.

So if you want to just stop everything, stop reconciliation, stop the appropriations process, make it impossible for this Senate to act upon the business of the people without a multiplicity of points of order every time we turn to our right and to the left, like the 600 who rode into the Valley of Death, cannons to the right of them, cannons to the left of them, we can have points of order to the right, points of order to the left, points of order in front, points of order behind. If the Senate agrees with this motion, the Senate will be most irresponsible. I do not believe the Senate is going to do that.

As the distinguished chairman of the Finance Committee has indicated, a reconciliation measure will be in that committee soon enough and there and then is when and where the hearings will be held with respect to the revenues that are directed to be raised by this conference report. So the distinguished Senator from New York will then have his day in court. He will have an opportunity to go there and talk about whatever he may object to with respect to the raising of revenues. He will not be denied his due process in that regard.

But let us not deny the Senate its due process now and do a vain, unwise, ridiculous thing by sending this conference report to the Finance Committee. It is laughable if it were not so serious. I hope that the chairman will move to table this motion and I hope that the tabling motion will be upheld by the Senate and that the motion by the distinguished, very distinguished Senator from New York, my good friend, Mr. D'AMATO, will be rejected resoundingly.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Madam President, I think we are ready to yield back our time on this side. I do not know whether the Senator from New York is ready.

Mr. D'AMATO. Madam President, I think that I had an opportunity to adequately express my concerns. I think the American people should know where these revenues are going to come from. There are several areas that I think all of us will be concerned about. I think that really would give us a better opportunity to vote intelligently on this budget and, believe it or not, to eliminate the partisan political wrangling and maybe we will have more wrangling, as it were, with respect to the issue in different areas, but I am prepared to yield back the remainder of my time.

Mr. DOMENICI. How much time does the Senator have remaining?

Mr. D'AMATO. I believe about 8 minutes or so.

The PRESIDING OFFICER. The Senator has 8 minutes.

Mr. DOMENICI. Will the Senator yield me 4 minutes?

Mr. D'AMATO. Certainly.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, let me suggest that I have already spoken in terms of what I think this motion does. But I want to say by way of defending the distinguished Senator from New York, I really do not think a simple little motion of this type at this hour deserves what the majority leader had to say on the floor. That is just my own personal view.

We have not been dilatory with reference to this budget resolution. We have not had a batch of extraneous motions from this side of the aisle. I do not know of any motions besides this one that is pending other than my intention to raise a point of order with reference to a portion of this resolution.

Frankly, if there was any delay in bringing this resolution to the floor, it was not our fault. It was 4½ weeks in conference. I was a conferee and was never invited to a single meeting. So it was a 4½ weeks' stalemate between Democrats, none of which I think are on this side and I do not think the Senator from New York is one.

Now, it is one thing to just say we ought not be doing this and to give us some kind of a historic explanation of what is in a Budget Act and what its history is. It is another to invent adjectives about it that discredit the Senator from New York. He is seriously worried about something. As a matter of fact, he got something cleared up here on the floor. The distinguished chairman said that you can move to strike any portion of a tax bill without an offset. That is very much misunderstood around this body.

Frankly, it is not that simple. That is a true statement. But reconciliation bills are tough, tough animals, and they are intended to be.

I think if nothing else when it comes to taxes, he has made a point. When that Finance Committee gets ahold of this budget resolution, I can guarantee you no Senator will be able to substitute any tax for what they have in there. That is the rules. You might move to strike. But you will not substitute one because that is just the rule of germaneness as it is applied to reconciliation instructions.

So I think there is some genuine concern, and the point of concern has been raised. I do not think we ought to refer this budget resolution indefinitely to the Finance Committee.

The Senator wants to make a point. There are not very many ways to make it. I think he raised the issue here in an admirable way and I commend him for it.

I do not think it is conduct that deserved any kind of look in one's pocket of adjectives to describe it.

Plain and simple, it is what it is. If you do not like it, do not vote for it, and that is it.

I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. D'AMATO. Madam President, I thank my colleague, the distinguished Senator from New Mexico, for the kind words.

Mr. PELL. Madam President, I am strongly, adamantly opposed to imposition of an oil import fee. Indeed earlier this year I introduced in the Senate a resolution opposing an oil import fee, and a number of Senators have joined as cosponsors of that resolution.

An oil import fee would not be in the interests of our Nation as a whole, and in addition would impose an unfair and highly discriminatory tax burden on consumers, business, and industry in the Northeast section of country which is most dependent on oil as an energy source.

I cannot, however, support the motion by the Senator from New York to refer the entire budget resolution to the Senate Finance Committee. This budget resolution does not propose, and does not even recommend or suggest an oil import fee. And referring the budget resolution to the Finance Committee will neither prevent nor encourage enactment of an oil import fee.

Referring the budget resolution to the Finance Committee will simply delay action on the budget resolution. For these reasons, I voted in opposition to the motion to refer the resolution to the Finance Committee.

Mr. D'AMATO. Madam President, I am prepared to yield the remainder of my time.

Mr. CHILES. Madam President, I yield back the remainder of my time and, Madam President, I move to table and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion of the Senator from New York. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] is necessarily absent.

The PRESIDING OFFICER (Mr. ROCKEFELLER). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 43, as follows:

[Rollcall Vote No. 155 Leg.]

YEAS—56

Adams	Fowler	Mitchell
Baucus	Glenn	Moynihan
Bentsen	Gore	Nickles
Bingaman	Graham	Nunn
Boren	Harkin	Pell
Bradley	Hatfield	Pryor
Breaux	Heflin	Reid
Bumpers	Hollings	Riegle
Burdick	Inouye	Rockefeller
Byrd	Johnston	Sanford
Chiles	Kennedy	Sarbanes
Conrad	Kerry	Sasser
Cranston	Lautenberg	Shelby
Daschle	Leahy	Simon
DeConcini	Levin	Stafford
Dixon	Matsunaga	Stennis
Dodd	Melcher	Weicker
Exon	Metzenbaum	Wirth
Ford	Mikulski	

NAYS—43

Armstrong	Hatch	Proxmire
Bond	Hecht	Quayle
Boschwitz	Heinz	Roth
Chafee	Helms	Rudman
Cochran	Humphrey	Simpson
Cohen	Karnes	Specter
D'Amato	Kassebaum	Stevens
Danforth	Kasten	Symms
Dole	Lugar	Thurmond
Domenici	McCain	Trible
Durenberger	McClure	Wallop
Evans	McConnell	Warner
Garn	Murkowski	Wilson
Gramm	Packwood	
Grassley	Pressler	

NOT VOTING—1

Biden

So the motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The PRESIDING OFFICER. Without objection, the motion to table is agreed to.

Who yields time? If no one yields time, time will run equally against both sides.

Mr. GORE. Mr. President, this budget sends a message to the American people that Congress is willing to make tough choices to preserve our national fiscal integrity and to ensure an adequate level of social services. While the budget package is not perfect, it does serve as a blueprint for reducing the burgeoning Federal budget deficit. At the same time, the provisions of this budget reflect our commitment to maintaining essential services and providing for the national defense.

We need a humane and responsible budget. I supported this plan because I believe it accomplishes these twin goals through sustained, long-term deficit reduction and targeted funding for vital programs such as job training, AIDS research, and education.

While the Administration and some of our colleagues refused to negotiate on a bipartisan budget plan, neither could they offer viable budget alternatives. Moreover, the President has threatened to veto legislation that calls for new revenues. Instead, the ad-

ministration calls for the line-item veto and the balanced budget amendment as a smokescreen to solve our economic problems. I fully agree that we must balance the budget, but the President must be a more active participant in the budget process.

America took 176 years to accumulate a $1 trillion debt. The current administration needed only 5 years to double it. This administration's borrow-and-spend policies have made our products more expensive overseas, cost us millions of jobs, stopped investment in economic growth, and squeezed important domestic programs. If inflation was the legacy of economic policies of the 1970's, then surely the trade deficit is the legacy of the fiscal policies of the administration.

The administration's current approach is short-sighted and obstructionist. Yet the administration declines to entertain the idea that we need a comprehensive and realistic policy to attack the Federal deficit. Despite more than doubling the Federal budget deficit, the President adheres to an over-simplified prescription of continued economic growth, the sell-off of Government assets, and hidden taxes known as user fees.

The American people and the Congress realize that short-term gains and absolute faith in economic conditions will not solve our fiscal problems. We must face the issues squarely. To reduce the deficit we must encourage economic growth. More jobs translates to more Americans working and paying taxes.

Congress has achieved a compromise to set the fiscal agenda for the year. The burden is being spread as equitably as possible.

I congratulate my colleagues for their diligence and persistence in crafting this budget resolution. We must face the issues squarely and build a consensus on the budget which achieves the goals of humaneness and responsibility. I encourage my colleagues to join me in supporting this budget resolution.

Mr. HELMS. Mr. President, the conference report before us calls for the largest single tax increase for 1 year in history. It proposes to increase the tax burden on the average American worker by $21.1 billion in fiscal year 1988—a total of $73 billion over the next 3 years. In addition, it assumes new entitlement programs and increases domestic spending at the sake of our national security.

The single most important function of the Federal Government is to ensure the national security of this Nation. Yet it is our national security that is being sacrificed and being used in an attempt to coerce the President into sharing the blame for a tax increase.

Mr. President, year after year, the American people have been led to believe that Congress is finally about to take some action to stop the growth of Federal spending. They've been led to believe that the Tax Reform Act of 1986 will somehow result in a tax break for the average person.

But if this budget resolution is passed, the taxpayers will be getting just the opposite: more Federal spending and more Federal taxes. Supporters of this conference report call these revenue increases but there's not a person listening to this debate who doesn't know precisely where the Government will get the extra $73 billion over the next 3 years. The American taxpayers are about to have their pockets picked again. I am confident that President Reagan will veto this scheme, and I certainly hope he will.

Mr. President, if we are to maintain a sustained economic growth, Congress will have to stop the proliferation of spending by the Federal Government—not raise taxes. Tax increases will only impede economic growth, reduce the standard of living, increase unemployment, and make it more difficult for our industries to remain competitive in the world market.

Will these tax increases help to reduce the deficit? Not a chance. According to the U.S. Chamber of Commerce, for every dollar in new taxes raised between 1947 and 1986, Congress has increased spending by $1.58. If taxes are increased, there is no doubt in my mind that the current Congress will find new ways to spend it—and more.

Mr. President, we started this Congress by adopting several budget-busting authorization bills: the water bill, the highway bill, and the housing bill. I opposed all three. Not content to increase the deficit only for future years, the Senate then passed an emergency supplemental appropriations bill to add $2.6 billion to this year's deficit. That was another cruel hoax perpetrated on the taxpayers.

Now the Senate proposes to adopt a budget resolution which prescribes the largest single tax increase for 1 year in history. Yet we continue to hear talk of fiscal responsibility and budget cuts.

Mr. President, I don't believe the American people will be fooled. The truth will be revealed, not in what is said on this floor, but how each of us votes. The American people will then see who voted to waive the Budget Act to increase the deficit; they will see who votes to increase taxes.

Mr. HATCH. Mr. President, after reviewing in the budget resolution conference report, I had the eerie feeling that somehow—by some mysterious mechanism, perhaps the blue smoke and mirrors that we all talk so much about—I had been transported back in time. The time that I which recall was the 1970's. Mr. President, I don't know how many members here remember the 1970's, but if I could, I would like to take a short trip down memory lane and talk about how the budget was handled in the 1970's.

The 1970's was a period of massive growth in Federal spending, and a period when the deficit started to grow as well. It was at about this time that I joined the Senate Budget Committee as a new member, optimistic about our opportunities to bring spending, inflation, and deficits under control. As you might imagine, I was disappointed by what I found occurring with our newly established budget process, for the process which held out the hope of reorganizing our spending priorities, indeed establishing spending priorities, was in reality a hollow shell; or perhaps worse, a smokescreen which did even more to hide the massive spending agenda of those who ran Congress at that time.

I was amazed to discover, for instance, that the spending level that was occurring during the last half of the decade of the seventies' was even more unconstrained than the first half of that decade. In effect, the congressional budget process was being used as a screen to hide the fact that there was no discipline. Every member had the opportunity to vote for this resolution and claim to their constituents at home that they were fiscally responsible because they voted for that resolution. But a hard look at the resolution's numbers revealed another story. For in each one of the 17 different spending categories, and there were only 17 then, the ceilings were placed at such a high level that the limitation on spending, that were the hope for many of us to believe in discipline and leadership, were so high that they, in effect, had no impact on the spending plans of the different constituencies which came to us for more and more and more.

It was all too often that we took last year's number, which was automatically increased by the current policy formulation at the Congressional Budget Office to account for inflation and growth in constituency, and we added perhaps another 5 to 10 percent on top of that number, so that there was in fact little chance that the ceilings which we established would have any real meaning. Oh yes, there was one exception to that, and that was in the defense category, function 50. We seem to bump up against that ceiling more than the others.

Mr. President, after watching this mechanism with great frustration over a few years I sat down to look at what we had accomplished in the post Budget Act era in the late seventies', and I was not really surprised to find out that with the smokescreen provid-

ed by the 1974 Budget Act we were in fact spending more than we did prior to the implementation of the Act. If, for instance, you compare the 6 years prior to its implementation, that is, fiscal year 1970 through fiscal year 1975, and the 6 years following the implementation of the act, fiscal year 1976 through 1981, we find that total outlays before the Budget Act in constant 1972 dollars—inflation adjusted dollars—was at a 3.2 percent annual compound growth rate, while after the implementation of the act we find a 4 percent annual compound growth rate. Now some might say, "Well, this was the result of inflation," and I would agree, except that, as I said, these numbers were adjusted for inflation. The reason that I would agree that inflation had something to do with it was simply that we were spending more money in large part because we had more money. This was at a time when the high levels of inflation that were caused in part by the deficits of previous years were driving taxpayers into higher and higher brackets. In effect, Mr. President, Congress found a way to raise everybody's taxes without passing new legislation, without modifying the Internal Revenue Code.

In looking at these numbers at the end of that decade, I understood why raising taxes was not the answer that many pretend that it is. Tax receipts were growing by leaps and bounds, but this did little to quench the thirst in Congress for additional spending.

Mr. President, I came to the conclusion that the spending restriction elements of Congressional Budget Act was "dead on arrival," a phrase we like to use here in the Congress, and by looking at the true growth in Federal spending and taxes, I realized that the real intent of the Congress in passing the 1974 act was something other than restricting spending. So it is interesting to go back and look at the record that was established by the Members of Congress when they wrote this apparently revolutionary piece of legislation. And if you look at the transcripts of the debates on that bill you find time and time again references to the need for Congress to control spending, to get spending under control. And if it had not been for the hindsight of several years on the Budget Committee and as a Member of this House, I too, would have read those debates as a statement by Members that they had intended to bring spending to a slower growth rate than had previously existed, but this had not happened, and I then understood in 1980 why it has not come about and what Congress really meant when it said that they needed to control the budget. For the word "control" in the lexicon of those Members who insisted that the act was necessary meant not a reduction in rates of spending increases, but rather the control that is so important for Members who would like to have the spending initiative. "Control" meant the ability for Members of Congress to take the initiative on spending bills, rather than to leave this initiative to the administration, Republican or Democratic.

Mr. President, the Congress had in fact achieved a magnificent victory for itself in the creation of the 1974 Budget and Impoundment Control Act, because it provided itself with a mechanism for taking the initiative on overall spending limits, and this looked good to the constituents back home who worried about such matters, and at the same time Congress provided itself with the expertise to defend itself against the pleadings of the administration or other experts who might have the temerity to complain about Congresses actions. This expertise took the form of a budget committee in each House and a Congressional Budget Office.

And the theme, as well as the actions that emanated from these three bodies, was a cry for more spending. And when some of us suggested that large deficits and rapid increases in spending by the Federal Government were inappropriate, we were told that the economic philosophy which the majority of the Members adhered to permitted such massive spending and its accompanying deficits, because it was stimulative to the economy. And we were told about this stimulative impact time and time again. We were told that it was good for us. Yet when challenged, the "experts" had to admit that they had no sound economic explanation why deficit spending should be stimulative.

The saddest part of the history of the 1970's was that the real variable that should have been watched by those concerned about stimulating the economy was the one variable that no one wanted to address appropriately. No one wanted to control spending.

The bottom line when you added up all of these excuses was more spending, and it was not until the early 1980's that some hope for the reversal of this process was seen on the horizon. The discipline over the last few years has not been as great as I would have hoped. There have been more gimmicks than I would care to see, but the hope for fiscal discipline was much greater and there were some results. In particular, the passage of the Gramm-Rudman resolution raised my hopes even further, and I am sorry that the law provided a loophole in its first year, a loophole that required only $12 billion in spending reductions through and across the board sequester, rather than the $40 billion that would have been required to get to the proper target of a $180 billion deficit.

Mr. President, what bothers me now, however, is not that we might have done better in the past, not that the Gramm-Rudman approach had flaws, but now we appear to have relinquished any pretext of discipline. We are now returning to those undisciplined days of the 1970's when tax increases were the answer to everything and spending increased in leaps and bounds.

Mr. President, I would be the first to admit that there are individual programs that I would prefer to see with more money, but the problem we face here is not that we have individual preferences, not that we prefer one program over another, but the problem here is we want all of it. We have terminated no programs. Yes, we have only slowed defense as a bargaining chip with the President, and we have once again resorted to the answer of the 1970's—more taxes.

There are other similarities in this situation. Like the Budget Act of the 1970's Gramm-Rudman suffered a major assault here on the Senate floor at the end of May. A simple parliamentary ruling, a simple whisper from a member of the staff, and the enforcement provisions of Gramm-Rudman were dead. Mr. President, this is a whisper that may be heard around the world. Unfortunately, with the sequester mechanism of Gramm-Rudman-Hollings in suspension, I suspect that the sequestration provisions which have been so important in developing the disciplinary architecture of Gramm-Rudman-Hollings will also be nonexistent this year.

Once again, back to the 1970's with the same trends, and the same excuses. We are told we cannot spend less, we cannot cut any programs, we must raise taxes, there is no other way out. This conference report provides higher outlays than either the Senate or House versions of the budget. It assumes over $73 billion in new taxes over the next 3 years. Do we need these taxes? Of course we don't. Tax revenues over the next few years are slated to increase by significant amount, $70 billion in 1988 alone and by more than $320 billion over the next 4 years, even without any tax increases. We need spending discipline, not tax increases.

But on the bright side, at least in this decade of the 1980's we are not being told it's good for us. Maybe that is what we will have to call progress this year.

Mr. DODD. Mr. President, I rise in strong support of the fiscal year 1988 budget resolution conference report.

First, I would like to commend Senator CHILES and Congressman GRAY, the cochairmen of the budget conference, for their hard work and patience in bringing this budget conference report to the floor of the Senate and House, respectively.

Mr. President, this budget is not perfect. In all likelihood, this budget is not the budget that any one of us might design individually.

However, I believe that on balance, the budget conferees have done an admirable job of crafting a budget that is far preferable to the budget sent to us by the President. I believe that what we have before us is a budget that takes into consideration the needs and concerns of the American people in the midst of a time of unprecedented deficits.

I support this budget because it both confronts the sources of our deficit and addresses the future needs of the country. I think that is what a budget ought to do. An enormous deficit, as we all know, cannot be assumed away by unrealistic projections about future economic performance. It will not be reduced through illusory savings such as certain asset sales which were included in the President's budget that artifically reduce the deficit in the first year but have no lasting impact at all.

The budget conference report, however, with all of its imperfections, achieves real savings to reduce the structural deficit we face in this country. In 1988, the first year of the plan, the deficit would be reduced by some $36.8 billion, which is consistent with the $36 billion annual reduction required by the Gramm-Rudman-Hollings legislation; legislation that I strongly supported when it came before the Congress of the United States in the last Congress.

We cannot continue to finance Government spending by massive borrowing. Under this conference report, the current spend-now-and-pay-later approach would be replaced by what I have advocated for many years, a pay as you go system which would result in significantly less borrowing over the next 3 years.

Mr. President, both spending cuts and revenues must play key roles in the deficit reduction effort. Without additional revenues, including taxes, the forbidden word at the White House, the borrow and spend pattern of recent years will continue. Any realistic budget resolution, obviously, must include revenues. Moreover, it is my firm belief that the American people agree with that.

The budget plan before us includes modest revenue increases in 1988 and subsequent years. These revenues are designed to reduce borrowing, and not to increase spending.

Mr. President, I support the conference agreement because I believe that on balance it defines the major policy priorities which will best serve this country over the next 3 years. The budget includes adequate funding for essential health programs such as catastrophic health insurance; AIDS research, education, and prevention; and Medicaid. It includes an additional $550 million for assistance to the homeless. It provides funding for new initiatives in areas such as education, child development, trade, and welfare reform.

The budget plan includes increased funding for children's programs, with sufficient resources to bring hundreds of thousands of additional children into proven programs that will reduce long-term health, nutrition, and educational costs. This budget plan provides an approximately $150 million increase for the women, infants and children supplemental feeding program. The WIC Program saves $3 for every $1 it costs us to provide nutritional supplements to high risk women and their infants.

The budget provides increased funding for science and technology programs essential to enhancing our international competitiveness and for key environmental programs, including Superfund. It also preserves funding levels for veterans medical care, income security programs, and community and regional development programs.

Mr. President, let me speak briefly about the other side of this budget—national defense.

Like all of my colleagues here, I support keeping this country strong. Those of us from my home State of Connecticut are deeply proud of our contribution to the national security of this country. While my State is a small State, we are responsible for some of the major parts of our defense arsenal today. Our modern submarine fleet, our jet engines, our helicopters, and our tank engines are just some of the Connecticut products that make us a stronger nation.

It is my belief that the people of my home State of Connecticut, as well as all Americans care enough about the national security of our country that they are willing to pay for it. In that regard, I believe that the American people would support a budget which ties the level of defense spending to the President's acceptance of revenues for deficit reduction.

If the President signs reconciliation, defense would be funded at $296 billion in budget authority and $289.5 billion in outlays. If he doesn't sign reconciliation, defense budget authority would be $289.0 billion and outlays would be $283.6 billion.

Thus, if the President accepts revenues for deficit reduction, defense spending could grow by $6 billion in 1988, bringing it nearly to the inflation-adjusted CBO baseline. That ought not be considered skimping on defense spending.

I happen to believe that these amounts are sufficient for sustaining improvements in the U.S. defense posture, resulting from the trillion dollar military buildup in the early 1980's.

This budget deserves the support of all Members of this body. It is a workable plan that provides for the important priorities and needs of our Nation. It is a budget that reflects the priorities that make an investment in the future of this country and its people.

The President and our friends on the other side of the aisle have criticized this budget plan. The President says he wants reforms in the budget process before he will even talk to us about the budget.

Just last week, the President was calling his budget responsible and refusing to negotiate, except on the same old basis of more domestic cuts, higher defense spending, and absolutely no taxes. I would remind the President that his fiscal year 1988 budget received only 18 votes in this body in early May and only 27 votes out of 435 in the House in April. The President criticizes the so called Democratic budget for missing the Gramm-Rudman-Hollings deficit target in fiscal year 1988, yet even the White House concedes that the President's budget falls $27 billion short of reaching the target.

Mr. President, I would favor some changes in the Federal budget process. I currently am serving on a Senate task force which is examining ways of improving the process.

However, the budget process can never work unless there is participation by the key parties—the President and both Republicans and Democrats in the Congress—working together in a spirit of good will and compromise.

Is the budget plan before us perfect? I would be the first to say no, it is not. However, it is the best one we can produce now with the consensus that is available, since our Republican friends are not participating in the process.

I would simply ask those who stand here on the floor of the Senate and urge you to vote no on this budget plan—where is their budget? They did not produce one several weeks ago. They still do not have one, and they voted against their own President's budget.

The budget plan before us is not perfect, but I support it because it begins to make the hard choices essential to deficit reduction and sound long-term economic growth. It recognizes our Nation's priorities—education, science, and technology, job training, job promotion, catastrophic health insurance, infant mortality, welfare reform, and a strong national defense. It is a budget that presents us with a balanced approach that puts us on a glidepath to reducing deficits and investing in our country's needs. It is a budget that reflects the hopes and desires of the American people, their priorities and their sense of reality.

Mr. ADAMS. Mr. President, I rise in support of the budget conference report. This is a bill that has been intensely discussed and debated in both Houses. As the original chair of the House Budget Committee, I am acutely aware of the negotiations that had to take place to bring this document to the floor today.

I congratulate my colleague from the State of Florida, Senator CHILES, Chair of the Budget Committee, who provided the necessary leadership to bring us together on this issue. I also want to recognize the important and critical role my friend from the State of Pennsylvania, Representative WILLIAM GRAY played as Chair of the House Budget Committee. I am sure there were many times that the chairs of both committees were frustrated with the progress of the conference, but with the assistance and participation of key Democratic members, they persevered and were able to hammer out a well-thought-out and realistic budget for our consideration.

This is a good budget, but it could have been better if the President and members of his party had joined with congressional Democrats in an effort to address the problems we face. That didn't happen. So as we review this budget, we need to remember what we were given to work with.

Earlier this year, we were given a budget proposal from the President which was as unrealistic as the six that came before. It relied on the same drastic domestic spending cuts that had been rejected by Congress before. It would, for example, have detrimentally affected programs for low-income individuals, who are in the most need of help. Although such programs constitute only one-ninth of the Federal budget, the administration's budget proposed to make one-third of its 1988 programmatic spending reductions in low-income programs. Further, the President proposed that we continue to overfund defense without telling us how we could pay for it. His initial proposal, then, contained unacceptable priorities, unrealistic economic assumptions, and unsupportable deficits.

Our Republican colleagues joined us in rejecting that proposal. But they did not join with us in developing an alternative. Rather than accept the opportunity to shape a bi-partisan proposal, they elected to sit on the sidelines and criticize. That may have been smart politics, but it was bad policy. Their criticism has a hollow ring to it given their failure to participate in shaping this budget.

Even given those handicaps, Democrats developed a budget which is, as I have suggested, both realistic and reasonable. In the area of defense, for example, this proposal suggests that if we are to give the defense budget a substantial increase in 1988, then it is only fiscally responsible to give the Government the means to pay for that increase. If the President deems it unnecessary to raise the revenue to pay for defense, this budget function will still retain its 1987 budget authority level. It is now for the President to decide. Congress has done its job and laid out the options.

In the domestic area, the congressional budget proposal contains $6.3 billion in domestic savings, yet includes provisions for critical programs such as catastrophic health insurance, increases in Medicaid and assistance for the homeless.

This conference report also includes $36.8 billion in deficit reduction for 1988. Congress has recognized the need to seriously confront this national problem. Nonetheless, Mr. President, there are real questions about how well we can deliver on that promise to reduce deficits. We need to continue to effectively prioritize our spending and thereby reduce our deficit. And we need to do that in our appropriation and authorization bills as well as in this budget.

In that context, Mr. President, there has been a lot of talk about reforming the budget process. I agree that reforms are needed. But we also need a change in attitudes—a change which suggest that everyone needs to participate in the process. If the President wants to have a balanced budget—he can submit one even without a constitutional amendment. If our colleagues want to make sure that the budget process does not stretch on for months, they can participate in the process and speed up the deliberations.

Finally, Mr. President, I would like to recognize the hard work of many Senators from the West who devoted their time and energy to develop a western budget package that will protect our regional interests by enhancing our employment opportunities and containing energy costs. In that context, I want to pay special tribute to the hard work and dedication of my two friends from the Washington State delegation, House Majority Leader TOM FOLEY and Representative MIKE LOWRY. Majority Leader FOLEY and Representative LOWRY continually monitored the needs of the West, sought to include pertinent facts and figures when appropriate, and provided critical leadership and input throughout the budget conference process.

In conclusion, Mr. President, this budget may not be perfect; however, we live in an imperfect world that requires us to confront new questions and problems daily. Accordingly, on balance, I believe that the budget before us today meets many of our critical national needs. That is why I will be supporting it. I congratulate the leadership and the Budget Committee for their work.

Mr. KASTEN. Mr. President, the Federal budget is a political and economic blueprint for America. This budget represents the Democratic Party's vision on where this country should be headed.

The big question is: Do the American people want to follow? I think not. Let's look at what the Democrats are proposing in this budget plan.

First, the budget calls for the largest 1 year tax increase in the history of this country. It proposes to increase taxes by $19.3 billion in 1988 and $64 billion over the next 3 years.

Second, wasteful spending is not restrained. Total spending would rise nearly 4.5 percent next year under the Democratic budget compared to 2.5 percent last year. I think the American people will be surprised to find out that domestic spending would increase nearly $41 billion next year under this budget plan.

Given this proposed increase in domestic spending, does anybody truly believe the $64 billion in new taxes will go to deficit reduction?

Past experience shows that tax increases are likely to be used to increase spending rather than to reduce the deficit. The Government's tax collections have skyrocketed from $150 billion in 1967 to over $834 billion in 1987. But so has spending which has risen from $158 billion to over $1 trillion and, not surprisingly, deficits which have risen from $8 billion to $174 billion.

In fact, for every dollar in new taxes raised in the last 20 fiscal years, the Congress has increased spending by $1.58. This pattern has been confirmed by recent experience, and there is no reason to believe that this pattern will not continue.

Is the tax burden on the American people too low? The Democrats seem to think so. They believe that the tax cuts of 1981 were too generous. Well, I believe they weren't enough. The original Kemp-Roth tax rate cuts were reduced, diluted, and delayed. As a result, the American people were denied the full economic benefits of the tax cuts. Delaying the rate cuts until 1984 was partly responsible for prolonging the recession and thus, widening the budget deficit.

Furthermore, since 1981, taxes were raised in 1982, 1983, and 1984. Virtually every dollar of the 1981 tax reduction has been retrieved. If the tax increases called for in this budget resolution become law, taxes will be higher than they were in 1980.

Tax Freedom Day, the day the average American begins working for himself rather than for the Government, now is May 4, as late in the year as it has ever been, tying the record set in 1981. It seems that the Democrats want to extend Tax Freedom Day to

Independence Day, the Fourth of July.

Mr. President, I believe that the budget deficit is a serious problem. But raising taxes is a counterproductive solution. Tax increases will impede economic growth, reduce the American public's standard of living, increase unemployment, and limit the opportunities available to the least fortunate among us.

Substantive deficit reduction can occur only if the economy remains strong and the growth rate of Federal spending is reduced. This budget does the exact opposite: it will cripple economic growth with large tax increases and increase Federal spending to nearly $1.1 trillion.

It is a disastrous fiscal blueprint for America and I urge my colleagues to reject it.

Mr. RIEGLE. Mr. President, reducing the Federal budget deficit is one of the most critical tasks facing this Congress today. This budget resolution puts us clearly on the path of significant deficit reduction. This budget makes significant, real reductions in the Federal deficit not only next year but for the next several years, while setting realistic Federal priorities. It reduces the deficit more than the budget submitted by the President. The chairmen of both the Senate and House are to be commended for their patience and persistence in putting this budget together.

Bringing down the budget deficit in a reasonable and responsible manner is vital toward strengthening our national economy and an important part of improving our trade position in the world. As we worked through the budget process, it became clear that there was no way to continue to achieve the kinds of savings that are necessary through reductions in domestic programs alone. This budget does in fact assume over $6 billion in savings from domestic programs. We took our cue from the President to achieve significant reductions in the deficit from new revenues. This budget assumes less in deficit reductions from the revenue side of the ledger than the President's own budget called for.

This budget resolution is notable for its emphasis on strengthening programs that will help stimulate economic growth. I am particularly pleased that the conferees have agreed with me that urban development action grants and community development block grants should be fully funded. These programs have absorbed more than their share of cuts over the last 6 years. CDBG has been cut by 20 percent and UDAG has been cut by 66 percent since 1980. These programs are essential for solving economic problems in distressed areas. We cannot continue to balance the budget at the expense of urgent needs in our economically depressed communities.

This budget also gives priority to education, science and technology, job training, and trade promotion in order to bring down our trade deficits and improve our ability to compete in international markets. Providing for a well-educated and well-trained work force is absolutely critical for the future strength of our economy and our ability to compete in the world economic marketplace.

This budget also accommodates important initiatives to begin to solve growing national problems. It provides for the creation of a catastrophic health insurance program to help senior citizens who face unbearable medical expenses as the result of a severe illness. It provides for increased funding to fight infant mortality, and to improve maternal and child health care programs. Funding will also be available to improve air traffic safety. This budget acknowledges that we must face the AIDS crisis head on by providing funding for accelerated research. We have a responsibility to respond to these kinds of national problems. This budget does so in a responsible manner.

This budget takes a hard line on defense spending. It tells the President that if he wants to maintain the current level of spending at the Pentagon, he cannot continue to do it through deficit financing. Instead he is going to have to raise the revenues to pay for it. Defense spending has increased 24.5 percent as a percent of GNP since 1981 while discretionary programs have been cut 27 percent. I believe that we cannot continue to make significant progress in deficit reduction without demanding responsible spending practices from the Pentagon.

In conclusion, I believe that this budget resolution takes the kind of bold, responsible action that is needed to make real deficit reductions while restoring a balance to our Federal spending priorities. I commend the distinguished chairman of the Budget Committee for his leadership and dedication in crafting this budget resolution. I support this plan even with its shortcomings because I believe that the future strength of our national economy depends on steady reduction of massive Federal deficits while addressing critical national needs. I urge my colleagues to join with me in supporting this budget.

Mr. LEVIN. Mr. President, I compliment the Senator from Florida for his efforts and his success at achieving this budget compromise. In some respects, such as in the area of community development and education, the conference report is an improvement over the resolution which the Senate approved in May. I would have liked to see more deficit reduction in this conference report, but I recognize that this is probably the best that can be done at this time. One of the reasons why we will fall short of our deficit-reduction goals is that our options for deficit reduction through tax loophole closing were greatly reduced as a result of last year's tax bill. I regret to see the tax reform bill bear this bitter fruit so quickly.

However, what I find to be most troubling is that we are passing this budget resolution in an environment of partisanship and misinformation, or as part of a salvage operation for a faltering Presidency. The challenges we face are too important to be shaped and debated only as a way of positioning ourselves for electing a new Congress and a new President 2 years from now. Each year we delay, the risks of inaction to our economy and our national security grow, and each year we delay the solutions will become more difficult.

I would like to take just a few minutes to comment on a few points which we should keep in mind as we debate how to implement this budget resolution over the next weeks and months.

First, it is important to keep clear as the President goes throughout the country complaining that this budget resolution misses the Gramm-Rudman deficit targets, that his budget proposal also misses the Gramm-Rudman targets. In fact, today before a subcommittee of the Government Affairs Committee, the Deputy Director of OMB, Joseph Wright, acknowledged for the first time that I am aware of that the congressional budget resolution has approximately as much deficit reduction in it as does the President's budget. If the congressional budget misses the Gramm-Rudman targets using realistic economic assumptions, then so does the President's budget. And the President's own Office of Management and Budget now admits that. So, as we debate this issue in the coming weeks, it should be clear to all that it is not a debate between a President's budget that hits the Gramm-Rudman targets and a congressional budget that does not. What we are debating is the content of a budget.

And when we are debating the substance, we should listen to what the American people have to say before speaking for them. The President indicates that he will veto any tax increase which comes to his desk. Putting to the side the fact that the President's own budget included billions of dollars of tax increases, the President is operating under a false impression if he believes that his adamant opposition to tax increases of any kind is reflected by the American public. He should not be under this misimpression as he campaigns on the budget

issue and we should not be under such a misimpression as we legislate on it.

In a question which I commissioned in a nationwide poll conducted by the Opinion Research Corporation of Princeton, NJ, by a margin of 61 percent to 21 percent, the public indicated that they would prefer to see the top income tax rate frozen at 38.5 percent for the wealthiest taxpayers and to use that additional revenue for deficit reduction rather than to see the maximum tax rate cut from 38.5 percent to 28 percent. I ask unanimous consent to have the results of this poll included in the RECORD following my remarks. I would ask my colleagues to note those results held pretty steady throughout the country and throughout income categories. So before we speak about the American public's consensus about not touching last year's tax bill, we should listen to what the American public has to say for itself.

Specifically, in this regard I am concerned that the budget resolution contains in it sense of the Congress language ruling out any freezing of the maximum income tax rate as part of the deficit-reduction effort. I trust that the comments of the chairman of the Finance Committee and the majority leader after the vote on this provision still hold true. At that time, they indicated that this language, while suggesting a preference, should not be read as foreclosing any revenue raising options by the Finance Committee. I have talked with the chairman of the Budget Committee and he has assured me that this budget resolution in no way binds the Finance Committee—or any committee for that matter—on how it will meet the reconciliation instructions contained within it. Even though I believe that in addition to spending restraint, an effective and equitable deficit-reduction package must include revenues, my support for this budget resolution does not automatically mean that I will support every kind of revenue bill reported out as part of meeting reconciliation instructions. I say that as one who opposed last year's tax reform bill, in part, on grounds that it could lead us to rely heavily on regressive tax increases in order to meet our deficit-reduction goals, and as one who made that point over and over again on the floor of the Senate. It will be hard to justify, for instance, a reconciliation bill that relies heavily on excise tax increases and does nothing at all about freezing income tax rates for the wealthiest taxpayers in our society, those earning over $200,000, a majority of which will be receiving a tax cut next year averaging out to $50,000.

Mr. President, we have a lot of difficult choices in front of us, if we are going to be serious about reducing the deficit in an effective and equitable manner. Those choices are not going to be made any easier by partisan rhetoric. The folks who elected us are not going to be impressed by arithmetic gymnastics. They will and should only be impressed by action and effective leadership. And that is what the Congress, hopefully with the assistance of the President, should set out to demonstrate as we work to implement this budget resolution in the weeks and months ahead.

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

POLL QUESTIONS ON DEFICIT REDUCTION AND TAXES CONDUCTED BY OPINION RESEARCH CORP., PRINCETON, NJ

Question. 1. Do you think the top federal income tax rate for the wealthiest taxpayers should be cut next year, as scheduled, to 28%; or should the rate for the wealthiest taxpayers stay at the current 38½%, with the money gained being used to reduce the federal budget deficit?

	Percent
Cut rate to 28 percent	20
Keep rate at 38.5 percent	61
No opinion	19

Question 2. There have been a number of suggestions to reduce the federal budget deficit. If more money has to be raised to reduce the deficit, which one of the two approaches would you prefer?

(1) Increase taxes on beer, wine and telephone bills;

(2) Freeze the top federal income tax rate for the wealthiest taxpayers at 38½% instead of cutting the rate to 28% next year, as scheduled?

	Percent
Increase selected excise taxes	20
Keep rate at 38.5 percent	63
No opinion	17

The questions were asked of a national sample of 1,015 adults in telephone interviews during the period of May 22-27, 1987. ORC was founded in 1938. The firm has conducted surveys for virtually every U.S. government agency, including the Departments of Defense, Treasury, State, HHS, Labor, Transportation and Agriculture and many of the Fortune 500 companies. The results of this poll are subject to a margin of error of plus or minus 3 percentage points.

INTERNALS FOR QUESTION 1

[In percent]

	Cut to 28 percent	Keep at 38.5 percent	No opinion
Under age 35	21	62	17
Age 35 to 44	18	67	14
Age 45 to 54	25	58	17
Age 55 to 64	17	61	21
Age 65 and over	17	55	28
High school graduate	17	66	17
College graduate	26	55	19
$15,000 to $25,000	21	66	13
$25,000 to $35,000	17	66	17
$35,000 or more	26	60	14
Professional/manager/owner	29	60	11
Blue collar	16	67	17
Northeast	16	66	19
North Central	18	65	18
South	22	59	19
West	25	57	19
Nonmetro	20	62	18
Metro under 1 million	17	62	21
Metro over 1 million	23	61	16

INTERNALS FOR QUESTION 2

[In percent]

	Selected excise tax increases	Keep at 38.5 percent	No opinion
Under age 35	25	65	10
Age 35 to 44	17	66	17
Age 45 to 54	17	65	18
Age 55 to 64	20	61	20
Age 65 and over	13	56	31
High school graduate	17	70	10
College graduate	27	53	20
$15,000 to $25,000	18	68	14
$25,000 to $35,000	16	70	14
$35,000 or more	26	58	16
Professional/manager/owner	26	58	16
Blue collar	19	68	14
Northeast	18	66	16
North Central	16	67	17
South	25	61	14
West	19	59	22
Nonmetro	22	60	17
Metro under 1 million	19	63	18
Metro over 1 million	19	65	15

REDUCTIONS IN FUNCTION 370 AND 450

Mr. BOSCHWITZ. Mr. President, in response to my comments made earlier about the agricultural function, the chairman of the Budget Committee noted that spending was going down in at least two other functions: function 370, commerce and housing credit, and function 450, community and regional development.

It is true that outlays in fiscal year 1988 for these two functions are lower than in 1987. But most of the reduction is built into the CBO freeze baseline. That means spending will go down in these functions because of decisions made in the past or other technical reasons, not the action of this budget.

Outlays for function 370 in the budget resolution are $0.9 billion below the fiscal year 1987 level. But over half of this amount—$0.5 billion—represents built-in reductions.

Seventy percent of the reduction in function 450—$0.5 billion out of $0.7 billion—is built in.

The rest of the reductions in these functions can hardly be described as real program cuts:

Function 370 includes $140 million in fiscal year 1988 savings by assuming a provision in current law which changes the way we calculate payments to the Postal Service. It simply changes the way we pay for postal subsidies; it doesn't reduce those subsidies.

It also assumes $300 million in savings reconciled to the Commerce Committee, which presumably can be achieved through some form of fees or asset sales related to broadcast licenses—not through program cuts.

Finally, the chairman of the Budget Committee noted that function 450 assumes $200 million in fiscal year 1988 savings reconciled to the Banking Committee. I believe that he called this a real cut.

But since the conferees did not specify the assumptions behind these reconciliation instructions—and the

record doesn't provide much of a clue—it is hard to conclude that they will result in any real program cuts. More likely, these savings will be achieved through some kind of fee or other receipts.

In summary, spending is going down in these two functions. But in large measure, that is not due to this budget resolution. Moreover, reductions assumed in the resolution in all likelihood will not result in any real program cuts.

Mr. LEAHY. Mr. President, I rise today to support the conference report on the budget resolution for fiscal year 1988. While I do not agree with every provision of this measure, especially its questionable economic assumptions, the Senate must pass a budget which reduces the Federal deficit, makes our Nation more competitive, and ensures a strong national defense.

Mr. President, there are two alternatives to this budget. We can trigger the mechanistic, across-the-board cuts called for by the Gramm-Rudman-Hollings law or we can approve the President's budget whose misplaced priorities garnered only 18 votes in the Senate earlier this year.

The budget conference report will reduce the deficit by more than $37 billion next year. More than $6 billion is saved by making sensible changes in domestic programs—changes that reduce waste and inefficiency without cutting vital programs and services for Vermonters. In addition, the budget holds the line on defense spending, while still maintaining our readiness as a nation.

The General Accounting Office recently reported that the Pentagon has overestimated the costs of major weapons contracts by more than $55 billion over the last 5 years. This kind of inflation padding breeds waste and fraud by Government contractors. I cannot support billions of dollars in increases for defense spending, until this kind of institutional abuse is eliminated.

The conference report also calls for $19 billion in new revenues. I believe the revenue level is too high. During Senate consideration of the budget resolution, I voted to cut the taxes in the budget by $6 billion over 3 years by rooting out waste at the Pentagon. I also supported an amendment which will ensure that individual income taxes will not be increased to raise the revenues called for in the budget. I am pleased that the amendment was included in the final budget conference agreement.

I have one final concern about the conference report on the budget resolution. During Senate debate on the budget, I voted to eliminate the funny numbers used to meet the deficit targets set out in the Gramm-Rudman-Hollings law. Unfortunately, the amendment failed, and the final Senate budget used a combination of economic assumptions provided by the Congressional Budget Office and the Office of Management and Budget.

OMB's economic assumptions are widely recognized as politically driven. For the past 6 years, the administration has used OMB economics to sell the Nation on the notion that by cutting taxes and increasing defense spending we can reduce the Federal deficit. The American people have seen through the smoke and mirrors. Vermonters want honest action to reduce the Federal deficit. Congress should not get into the "hocus pocus" business of massaging economic forecasts to make ends meet.

With these reservations, I will support the conference report on the budget resolution. For, Mr. President, we must consider the alternatives.

If we were to trigger the across-the-board cuts under the Gramm-Rudman-Hollings law, 600,000 needy students would lose their Pell grants and might be forced to leave college. Five out of six Superfund toxic waste clean up projects would have to be abandoned. Scientific research at the National Institutes of Health, including efforts to find a cure for AIDS, would be cut by $2 billion. Finally, national defense spending could be cut by $55 billion—not held to a freeze—but cut by almost 20 percent.

In short, Mr. President, the Gramm-Rudman-Hollings sequester would set off wholesale, unthinking cuts in programs, including national defense, which would threaten our security, our competitive position in the world, and our ability to educate our children and care for the elderly and those in need.

The budget conference report, while far from perfect, provides a much more responsible course of action—by setting priorities and making tough choices.

The second alternative, Mr. President, is the budget sent to Congress by the President in January. That budget reduces the deficit by exactly the same amount as the budget conference report. But it does so by setting priorities which are out of line with the priorities of Vermonters. The President's budget calls for massive increases in star wars spending, while proposing to cut Federal support for education by 22 percent. This, at a time when the United States is struggling to maintain its position as the world leader in scientific research—research that can only continue if we make a commitment to educate scientists and engineers.

To fund increases in defense spending, the administration's budget also calls for deep cuts in child nutrition programs, the elimination of compensatory education for poor and minority students and the virtual elimination of all mass transit programs.

These are not Vermont's priorities. These priorities do not offer our country a vision for the future.

In addition, the President's budget again uses "funny numbers" to give the impression that the budget complies with the Gramm-Rudman-Hollings law.

According to the independent, nonpartisan Congressional Budget Office, the President's budget includes more than $4 billion in faulty economic assumptions, $27 billion in false savings and $19 billion in savings that have been rejected previously by Congress. The President's budget clearly does not comply with the Gramm-Rudman-Hollings law.

Finally, the President's budget calls for $22 billion in new revenues, including tax increases and asset sales. While I support a lower level of revenues than the $19 billion in the budget conference report, it strikes me as ironic that the administration opposes the congressional budget which actually contains a lower level of revenues.

The American people are counting on Congress and the President to reduce the Federal deficit. This cause is not served by partisan quarreling. The budget conference report produced this year by a Democratic Congress is virtually identical to the budget reported last year by the Republican-controlled Senate Budget Committee. The Federal deficit is not a Democratic problem or a Republican problem. It is all of our problem.

The budget conference report, while not perfect, sets sound priorities in Federal spending and reduces the deficit by more than $37 billion. I hope Congress and the President can work together in the best spirit of bipartisanship to implement this budget and sustain our efforts to bring the deficit under control.

Mr. DURENBERGER. Mr. President, I rise in strong opposition to the pending conference report on the first concurrent budget resolution.

The story is told of two men on a camping trip in Alaska. Sitting on a log in front of their tent, the men look across a glacier in front of them, they see a huge grizzly bear up on its hind legs, roaring. The bear then charges right toward them. One man says, "That bear is going to be here in 1 minute and he's going to rip us to shreds."

The other man reaches into his back pack and takes out a pair of running shoes. He puts them on and laces them up. His companion says, "You've got to be kidding. There is no way in the world you're going to be able to outrun that bear."

He answers, "I don't have to outrun the bear. I just have to outrun you."

And that, Mr. President, is the message of the majority party of the Congress in the budget agreement before us today.

We face a monstrous deficit Mr. President. It threatens our economy and our Government and our people like nothing we have every experienced. The majority party of this body apparently would like to blame the deficit on a Republican President and the erstwhile Senate Republican majority and make a run for it. Well I've got news for them, this bear has an appetite big enough for all of us.

We have tried a number of techniques to "stop the bear" over the last several years. In 1985 we passed Gramm-Rudman-Hollings, which established a binding process for reducing the deficit to zero. That ended on this floor during the consideration of the budget resolution last month. Not with a bang—but a whimper. When the Chair allowed and the body affirmed the Chiles amendment, which declared Gramm-Rudman-Hollings had been complied with, the facts not withstanding, the letter and the spirit of that act died.

Earlier that same year, this body passed a budget resolution by the barest of majorities—one Member going into the hospital that morning, another coming to the floor on a hospital gurney to make the vote and the Vice President breaking the tie. We eliminated programs in that budget. We restrained entitlements in that budget. We raised some taxes in that budget. And we would have balanced the budget with that budget. But unfortunately, both the President and the Speaker of the House reached for the running shoes.

Mr. President, as bad as our budget picture looks now, imagine where we will be if the economy begins to turn down. Expenditures would go up, revenues would go down, and the deficit would explode by the sum of those two changes. A leaky roof doesn't bother you much during a drought, but when the rains come, the problem becomes painfully apparent. The tragedy is that we are bypassing another previous opportunity to get our house in order.

I cannot support the resolution before us because it violates an implicit contract between the people of this country and those who serve them in Government. That agreement says that we will not take more of their paychecks without something significant to show for it. We are asking the American people to ante up $75 billion in new taxes in this budget. As a member of the Finance Committee, I know that will probably mean a whole raft of regressive excise taxes and fees on everybody who wants to buy a gallon of gasoline, a pack of cigarettes, or a long-distance telephone call.

We're asking lower income people, who spend a large share of their income on those things, to make a lot of changes. What kind of hardship are we putting on Government, to make it change the way it does its job? How many programs are being eliminated? How many programs are being reformed? Where are future savings going to come from? This budget has no answers to those questions. So what does the American taxpayer buy with his $75 billion? Not hope of a declining deficit, only more of the same old, tired thinking. I think that's an offer they can and will refuse.

Mr. President, the situation we find ourselves in is dangerous, but not hopeless. But what I think is clear is that none of us is going to get out of it by running for cover or letting anyone else do the same. This problem can be solved by Senators, Members of Congress, Department Secretaries, Republicans, Democrats, and the President doing their part. That means each of us taking a little more than our share of the blame, and a little less of the credit.

Winston Churchill said that democracy is the worst form of government, except for all the others. We are deeply fortunate to have a system which miraculously responds, often just before it is too late. My hope today is that it is late enough already for us to put aside our labels and dogmas and narrow constituencies and get to work.

Mr. BOND. Mr. President, I would like to take this opportunity to comment on my first experience with the congressional budget process. Certainly it would be accurate to say it was not quite what I expected.

As one of seven former Governors currently serving in the Senate, I would like to share with my colleagues how different, and difficult our process is in comparison:

First, the State of Missouri—along with many other States—has a constitutionally mandated balanced budget requirement.

Second, the Governor has line item veto power—as do 42 other State Governors.

Third, at the State level we did not factor inflation into our spending baseline—so all our proposed cuts were real, rather than cuts in the level of increases. This means if we wanted an inflation increase we had to ask for it—not simply assume it.

And fourth, if revenues ever fell short, then the Governor had the authority to withhold spending.

This process meant we were forced to make tough choices every year on taxes and spending, and I think the discipline provided by the process was imperative to its success.

Unfortunately our Federal process has no such imperative:

We don't have a constitutional balanced budget requirement.

The President does not have line item veto authority.

We use a "current services" baseline which includes inflation automatically.

And for all intents and purposes the President does not have any withholding or recission authority.

In addition, Gramm-Rudman-Hollings is being ignored.

So I would like to make a brief comment about the product that has resulted from our process.

This budget resolution calls for the highest first year tax increase in U.S. history, raising $73 billion over the next 3 years.

Eighty percent of the deficit reduction accomplished by this bill coming from only three areas: tax increases, cuts in defense, and a one-time accounting savings from refinancing REA loans.

And overall spending increasing 4.5 percent above last year's level.

Mr. President, in my travels around Missouri no one is calling for higher taxes—let alone a tax plan that could best be described as a $200 tax hike being forced on to each taxpayer next year. Thus it is very easy for me to oppose this resolution.

However, we cannot give up on our efforts to produce a responsible budget. I believe that where there is a will there is a way—but clearly that will is simply not present when it comes to dealing with the deficit. Therefore I must conclude that if we cannot handle the problem under the current rules—we must change the rules so we can.

For starters I suggest we put teeth back into Gramm-Rudman-Hollings; and that we look at our successful State models—meaning we give the President line item veto power; we reform recission and deferral authority; and that we purge the process of budget gimmicks.

Perhaps then we can have a process and a product which will work.

Mr. BINGAMAN. Mr. President, I am happy to support the conference agreement on the first congressional budget resolution for fiscal year 1988. I believe that this measure strikes an acceptable balance between raising new and necessary revenues to fund essential programs and decreasing Federal spending on other programs in order to reduce our budget deficit. In fact, I think this is the very best budget I have seen in my service in the Senate.

For quite some time, I have been talking about the urgent need to make our country more competitive. The budget resolution puts a high priority on funding for education and training and science and technology—key elements in keeping the United States

competitive. The President has this year finally also begun talking about improving U.S. competitiveness and making this one of his highest priorities. Yet despite the President's rhetoric, he continues to demand cuts in the very programs designed to make us more competitive.

It's not possible for us to compete internationally on an equal footing if we continue to cut educational programs. It's not possible for our technology to advance if we do not fund technological innovation. It's not possible for us to maintain a decent standard of living if we are not trained to compete in the rapidly changing work force. And it's not possible for our country to prepare for the future if we remain short-sighted.

I am pleased the congressional budget resolution resists cuts in these important procompetitive programs and takes a more long-term view at our trade and competitiveness problems.

The goal is to attack the root of the problem. For example, instead of putting the unemployed or unskilled worker on welfare, we should help retain and educate him. We should take care that we and/or children are educated up to a world class level. It doesn't make sense to wait until kids drop out of school before we deal with the problem. We should "get ahead of the curve." Drop-out prevention programs would do this. This resolution earmarks $2.3 billion in increased funding for education programs. It also provides nearly $1 billion for welfare reform and dislocated worker initiatives. In addition, this budget understands the fundamental importance of health care. The resolution allots $400 million for the homeless, $150 million for child care, $600 million for Medicaid, $150 million for the WIC Program, and $800 million for AIDS research. The bottom line, which the authors of this measure realize, is that we as a nation must maintain and develop programs to help people help themselves.

This bill also makes a strong commitment to improving science and technology—the cornerstones to our success as a nation. It earmarks funding for manufacturing technology, simulators and training, general science research, the space station, and more—all leading to a sharper competitive edge. Funding for space and science programs would be increased by $1.1 billion.

Despite all of these positive elements, this is not a perfect bill, especially in the field of defense. I would have preferred that the original figure of $303 billion for defense spending, which was in the Senate budget resolution, had been retained. The conference agreement calls for a two-tier program of either $289 billion or $296 billion, provided that the President accepts the reconciliation bill. I certainly hope the President accepts this measure and allows for the higher figure. In the likely event, however, that he rejects this bill, my colleagues and I on the Armed Services Committee stand ready to allocate the $7 billion in spending cuts in the way that best preserves our national security and minimizes damage to our most crucial programs.

These programs do not come without a price. The resolution calls for $19.3 billion in additional revenues for 1988, and $64.3 billion over the 3-year period of fiscal years 1988-90. I remain hopeful that this money will come from sources other than tax rate adjustments and I am encouraged by the fact that this resolution retains the Senate language prohibiting an increase in individual tax rates. However these funds are raised, I believe we must realize that if we are to have procompetitive, prohealth, and proeducation programs and an adequate national defense, we must be able to pay for them. In my opinion these funds can not be raised from budgetary quick-fixes or spending cuts alone, and I commend the authors of this bill for having the courage to call for new revenues.

Mr. President, I believe this legislation is more compassionate, realistic, and effective than the President's budget. It calls for a realistic level of defense spending and recognizes the need for other spending that is important to the Nation's economic health and prosperity. It does this while reducing the deficit by $36.8 billion in 1988 and over $150 billion by fiscal year 1990. I think this budget can be summed up not by the old cliche of "spend, spend, spend, tax, tax, tax" that its opponents have levied against it, but by the phrase "spend, but spend wisely." It's a budget that makes sense to me because it puts the priorities where they belong. I strongly support this budget and urge my colleagues to vote for passage of this resolution.

Mr. SIMON. Mr. President, this country is a crossroads. We can begin to budget responsibly or we can continue the spend and spend, borrow and borrow policies of the Reagan era.

The budget before us today takes the responsible path. It is far from perfect, but it is a good first step. Under this proposal, we can educate our children, train our unemployed, protect our interests abroad and make a major cut in the deficit.

The key to deficit reduction is jobs. If we cut the current unemployment rate in half, we would eliminate the deficit. Putting people back to work reduces spending on welfare and unemployment compensation, while it increases our tax revenues.

The best measure of a budget, then, is its ability to stimulate job creation. And by this yardstick, the budget before us stands tall. Jobs are stimulated in three ways. First, the deficit is reduced, thereby easing pressure on the interest rates and helping to create jobs. Second, while the administration tried to retreat from our commitment to education, this budget will strengthen it. And third, while the administration tried to cut back on job training in the face of 7-percent unemployment rates, this budget allows us to retrain those people so they can return to work.

In other areas, the budget also makes strides. During my work on the Budget Committee and on the Senate floor, I fought to maintain current levels of support for our cities and towns. I am pleased that the conference committee took my advice and made room for those funding levels in CDBG and UDAG. I also was concerned about the cuts called for in Medicare. Those cuts were tempered by the conference committee, though I would prefer even less of a cut.

On the trade front, Mr. President, this budget is the most important step we can take to redress our incredible troubles. Our trade problems are multifaceted and must be approached from several angles. The most critical factor, however, is the budget deficit. The deficit props up interest and exchange rates, stifling our exports and creating a flood of imports. By refusing to deal with the deficit, this administration has chosen to export our jobs and our standard of living. This budget begins the climb back to international competitiveness.

I am very disappointed in several parts of the budget. Spending on transportation is due for a rise, not the cut called for in this budget. We have neglected our roads and bridges for too long already. They must be repaired if America is to travel safely. In addition, mass transit funding is desperately needed in many of our clogged cities. These areas are investments in our economy; as with all investments, we should consider the long-term effects of these programs to decide on the appropriate funding levels. If we take that long view, I believe most will agree that this funding level is too low.

The second disappointment is the lack of restraint in defense spending. The defense budget has grown dramatically over the past 7 years. Can anyone say they are more secure today? I do not think so. Some increases may have been in order, but the time has come for restraint in our Defense Department. This budget does not follow that advice, and we have missed the chance for further deficit reduction as a result.

The third disappointment concerns our economic aid abroad. The funds provided simply are not adequate to the task at hand. The budget will put

a great strain on the many desperately poor nations we should be helping. Sadly, this administration has tilted the balance in our foreign policy toward military aid at the expense of economic aid. With the low total levels of aid allowed by the budget, Congress will have to be very diligent to keep the administration from taking food from the poor in the Sahara to fund some weapon it decides to give away.

The most disappointing aspect of this budget debate is the lack of good faith exhibited by the administration. Instead of seriously negotiating with the Republicans and Democrats in Congress, the President just lobbed cheap shots from the sidelines. Instead of learning the issues involved, he turned to one-liners on 3-by-5 cards for insights that belonged on bumper stickers, not a serious debate. The leadership we desperately need was desperately lacking.

Mr. President, I commend the hard work of Senator CHILES, Congressman GRAY and their staffs. This budget strikes a good balance between the competing needs of our Nation. While I supported greater deficit reduction, this budget nonetheless reduces the deficit more than the plan submitted by the President. It serves this Congress and this country well and it should be passed.

Mr. FORD. Mr. President, last week, after more than a month of negotiations, the conferees on the budget announced that they had reached an agreement on House Concurrent Resolution 93, the $1 trillion budget for fiscal year 1988. This 3-year plan, which we will be considering shortly, will also reduce the Federal budget deficit to approximately $134 billion by the end of fiscal year 1988—some $37 billion below the CBO baseline.

The annual budget resolution has proven to be one of the most difficult and contentious legislative items that must be considered. I have enormous respect for the chairman of the Budget Committee, Senator CHILES, as well as the committee's ranking member, Senator DOMENICI, for their continuing efforts to gain approval of a budget that is acceptable to both the Members of this body, as well as those in the House of Representatives. And I applaud them for having crafted a budget for fiscal year 1988 that will enable us to continue to fund critical Federal programs, while at the same time reducing the deficits that have put a drag on our economy.

Increasingly, one of the most visible of all programs is the Federal Aviation Administration's effort to ensure aviation safety. Record numbers of near-misses, air traffic controller errors, airline delays, and consumer complaints have focused the public's attention on the importance of aviation safety to the traveling public. These problems have also made clear the need for significant expansion of the capacity of our Nation's air transportation system.

On June 4, the Commerce Committee unanimously approved legislation to significantly increase funding levels for the FAA and its airport and airway development programs. S. 1184, the Airport and Airway Capacity Expansion Act of 1987, increases spending on airport development to $1.6 billion—60 percent over current levels—and authorizes a substantial increase for the modernization of air traffic control facilities and equipment. These programs are critical to providing the additional capacity needed to accommodate current and projected levels of air traffic.

As chairman of the Aviation Subcommittee, and sponsor of S. 1184, I am convinced that $1.6 billion is the absolute minimum that can be spent on airport development in the coming year. During our hearings on this reauthorization bill, the subcommittee learned that in the last 5 years, the FAA has been forced to turn down funding requests for almost $10 billion in airport development and expansion projects—solely because of a shortage of appropriated funding. And today, because of that funding shortfall, we are seeing ever-worsening problems with airline safety, airport congestion, and passenger delays.

These FAA programs are funded entirely by the airport and airway trust fund—which is supported by aviation users. The trust fund is designed to support not only aviation capital development, but to defray a portion of the Federal Government's cost of operating the air traffic control system. Yet, even though the trust fund has a surplus of over $5.6 billion—that's right, $5.6 billion in surplus funds—the Federal share of airport development has failed to keep pace with the growth in aviation.

I am pleased that in the proposed budget agreement, specifically function 400—which covers all transportation programs—provides the $1.6 billion needed for the Airport Improvement Program, as well as increases adequate to provide for the continued modernization of the air traffic control system. The budget also assumes an increase above current funding levels for FAA operational expenses—thus giving the Appropriations Committee the room it needs to approve the 955 air traffic controllers and support staff recently requested by the Secretary of Transportation.

Development of our airports and airways—needed to ensure air safety and efficient travel—requires a substantial financial commitment. In our reauthorization legislation, which we hope to bring to the Senate sometime before the August recess, we have attempted to provide the framework through which Federal funding can be made available. The fiscal year 1988 budget takes the next step by providing the resources needed to fulfill that commitment. And it is my intent to continue to work until we have an appropriations bill in place that will ensure that our air transportation system is equipped to safely handle the current and future levels of air traffic.

Mr. SYMMS. This budget conference report is a sad commentary on the ability of the Congress to manage public policy. It is about 2 months late. It does not meet the spending target limits that Congress embraced with the Gramm-Rudman-Hollings bill. It is a budget plan that increases spending and increases taxes. The President is going to veto tax increases, and this Congress is going to sustain that veto; so this budget is one that is going to end up increasing the deficit.

Last year this Congress was able to hold total spending to an increase of 2.5 percent. That was a step in the direction we should be going. This year the spending increase would be 4.5 percent, and that is after greater than a 2-percent real decrease in defense. If the President caves in and agrees to raise taxes, the defense cut would be 2 percent.

Domestic spending will increase under the conference agreement by nearly $41 billion. No domestic programs are assumed to be terminated by the budget resolution.

What is, after all, the most important responsibility of the Federal Government? National defense. Defense is the one function of Government that no State government can perform. It is a function that we can't "privatize." Yet it is the one part of this budget resolution that you want to cannibalize to pay for special interest programs.

I noticed in the New York Times this week a remarkable statement by candidate Jesse Jackson at the leadership conference in Atlanta. He believes it is a bad label to call these programs "special interest." I think, however, that the treatment in this budget of national defense—the one truly general interest program in the United States—demonstrates that the majority on the conference committee very much shares the views of the Reverend Mr. Jackson.

This budget guarantees 5 consecutive years of real cuts in spending for defense, fiscal years 1986 through 1990. Although there is supposedly a "two tier" system for defense spending, more taxes, less defense or no taxes, cripple defense, even at the high-tier and high-tax level, there will be negative growth this year.

Mr. President, the world appears to have been swept off its feet by the charming Mikhail Gorbachev and his "new" policy of "openness". Maybe it

seems to the budget conference majority that we don't really need a stronger national defense now.

Polling in a number of countries would indicate that many people worldwide view Gorbachev as being more interested in "world peace" than is President Reagan.

In light of the "positive" changes taking place within the Soviet Union, many in this country see the United States as the main obstacle in the United States and the U.S.S.R. embarking upon a new era of beneficial relations.

Many believe that we are on the verge of a bright and progressive period of cooperation and peaceful coexistence with the U.S.S.R. If only we will try harder. If only the United States will not act so provocatively toward Moscow and would adopt a conciliatory defense posture, then peace must surely follow.

Mr. President, "hope springs eternal in the human breast." Would the world be such that real "peace" and "freedom" may indeed follow. But I am afraid that the "charming" Gorbachev and the "openness" and supposed "internal reforms" within the Soviet Union are nothing more than a well advertised program of disinformation; a program of disinformation similiar to numerous other programs coming from Moscow designed to mislead and confuse the West.

For our own future welfare, we cannot allow ourselves to be led away by this latest "siren song" emanating from the keepers of the gulags. We must not delude ourselves into thinking we no longer need necessary and proper defense systems such as the SDI.

Until Moscow's real actions match their protestations of good intentions we must provide a strong defense of our liberties.

Mr. President, I would bring to my colleagues' attention an editorial written by Mr. David L Gray, publisher of Air Force magazine. In the editorial, Mr. Gray highlights a cautious and proper course for the United States to follow. I believe he realistically evaluates the situation within the Soviet Union and commend his thoughts for all to read. I ask unanimous consent that the June 1987 Air Force magazine editorial be reprinted in the RECORD.

Mr. President, some Senators on that side of the aisle have tried to create the impression that the defense budget is solely responsible for this country's immense deficit. On the contrary, the figures show that taxes and nondefense spending are rising a lot faster than defense spending.

I wish to share with my colleagues some interesting figures. The on-budget revenue figure in 1986, the last full fiscal year, was $568.9 billion. The conference majority has proposed to raise taxes so that in 1988 the on-budget revenue will be $692.3 billion. This is a $123.4 billion annual tax increase.

I thought the issue of raising taxes to pay for more government spending programs had already been settled in the 1984 elections. The notion of increasing taxes to pay for government programs is unacceptable to the American people.

At the same time, the on-budget outlays in 1986 were $803.3 billion. Under this majority budget proposal, on-budget outlays would be $836.2 billion in 1988, $868 billion in 1989, and $888.3 billion in 1990. This would result in total 3-year outlays of $173.6 billion in excess of what outlays would have been if spending had been frozen at last year's level.

Let me repeat that. The majority budget would result in total 3-year outlays of an additional $173.6 billion.

The majority budget would increase spending, between 1988 and 1990, in international affairs by $3.95 billion in excess of the amount we would spend if the figure had been frozen at the level of the last full fiscal year. Spending in the general science, space, and technology field would increase $11.7 billion. The increased spending in natural resources and environment $7.7 billion.

Mr. President, I think we can all see that the budget reported by the conference majority would increase spending in most nondefense areas. To finance these spending increases, it would raise taxes. This budget package is not what the American people want. The American people do not want these tax increases.

As for the rhetoric about massive "defense increases," since President Reagan took office, there is also a certain amount of hypocrisy about this.

For years and years, taxes and domestic spending have gone up and up. But the advocates of increasing spending have wailed about "tax cuts" and "spending cuts" because these increases were less than the current services baseline.

What does the current services baseline for defense look like? Well, according to the CBO, defense spending, in order to stay even, would have to rise to $290.5 in outlays in 1988, $303.4 in 1889, and $317.1 in 1990.

Using these figures as a guideline, the conference majority budget will—and this is the so-called high-tier budget—will cut defense spending by $1 billion in 1988. It cuts defense spending by $11.1 billion in 1989. And it cuts defense spending by $17.9 billion in 1990. This means that the total defense cuts embodied in the majority proposal over 3 years amount to $30 billion.

I repeat: The Democrat proposal would cut our Nation's military preparedness by $30 billion over what the CBO says is necessary merely to remain abreast with current spending.

This goofy system of holding defense hostage to the tax increase only promises to add 47 billion back to the defense budget in exchange for $64 billion in new taxes without holding any of the domestic spending in the same way hostage to taxes.

As a matter of fact, it is a complete deception of the American people to even make the argument that we have to pay for defense with a tax increase. What this budget resolution really is doing is paying for domestic spending increases with a tax increase. First, the conference majority proposes to shift $6.7 billion in budget authority away from defense in order to apply that sum elsewhere in the budget. Then they make the offer to restore the defense spending only if taxes are enacted to pay for it.

Mr. President, I am going to vote against this conference report and I hope, for the sake of the national security of the American people that some of the Senators on the other side of the aisle will join me. We must reject this budget resolution and send it back to the conference committee with a strong message that tax increases and defense cuts must be eliminated.

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

THE RUSSIANS AND THEIR REFORMS

(By David L. Gray)

The Soviet Union may—or may not—be in the midst of fundamental change. In either case, General Secretary Mikhail Gorbachev has won the enthusiastic acclaim of the international community for his well-advertised program of internal reforms. Even before Gorbachev decided it was all right for the babushkas to read Doctor Zhivago, though, many Westerners were already in the habit of straining to find positive interpretations for the behavior of the Soviet Union. Now, each time Gorbachev frees another dissident or promises to pull his invasion troops out of Afghanistan, the perception grows that the Soviet threat is melting away.

The Soviet Union is well into its third decade of the most relentless and massive buildup of military power the world has ever known. This continues unabated, although obscured considerably by the new talk of peace and cooperation flowing steadily out of Moscow. So strong is the desire to believe a Russian Renaissance is under way that those who urge caution are likely to be regarded as obstructionists.

Gorbachev is no doubt sincere about economic, political, and social reform insofar as it suits his purposes. The Soviet economy is a scandal. The work force is unmotivated and lethargic. Both industry and the military are largely dependent on stolen technology. Soviet per capita GNP trails not only the major Western nations but also East Germany and Czechoslovakia in the Eastern bloc. It is roughly on a par with that of Hungary. Any superpower with such shabby credentials would have reason to welcome change.

But does this mean that the Russians, after seventy years of struggling for world domination, are ready to renounce the October Revolution, chuck out Marxism-Leninism, and hammer their MiGs into plowshares? Don't bet on it.

A recent editorial in the Economist observed that free nations have long been repelled by three aspects of the Soviet regime: "It has been an undemocratic police state of the worst kind: its economy for the past twenty-five years has done shamefully badly; and it has been a geopolitical menance." We would do well to watch developments in all three of these areas as we assess the Gorbachev Revolution. Although The Economist did not rank its three factors by severity, the one that threatens the West most directly is Soviet ambition for global power.

Despite Gorbachev's talk of change, growth of the Soviet military machine has actually accelerated during his tenure. (See "The Guns of Glasnost." p. 84 of this issue.) The GNP of the Soviet Union is only about fifty-five percent of that of the United States, yet some fifteen to seventeen percent of it is allocated for military use. (The U.S. allocates just over six percent of its GNP to defense.) A major motivation for Gorbachev's reforms, in fact, may be concern about the ability of the Soviet Union to sustain its military power objectives.

Improved productivity is a big element in Gorbachev's plan. He says he intends to get two-thirds of his increase from industrial modernization and the other third from "human factors." More money has already been channeled to industrial reconstruction and tooling. The aspiration is to bring quality up to "world standards." which is revealing in itself.

The inability to match Western technology worries and sometimes obsesses the Russians. Stealing secrets is one way to narrow this gap. East-West trade cooperation—which Gorbachev has been applauded for promoting—is another. A pervasive envy and awe of American technical ingenuity, especially fear of what it might achieve in defense against ballistic missiles, have stimulated Soviet interest in arms control.

Gorbachev says he intends to increase quantity and quality at the same time, which is difficult under the best of circumstances, and that is hardly the prevailing condition in the USSR today. So far, what the workers have gotten out of this, mainly, is more work. Consumer demands go unmet. There are indications of dissatisfaction as a result of the crackdowns on factory inefficiency and shakeups of a system that has been comfortable for bureaucrats and petty officials.

To make his reform program really work. Gorbachev would probably have to take the Soviet Union much farther in the direction of a market economy, with supply geared to demand, greater freedom of choice, and more encouragement of innovation. That would almost certainly lead to a revision of budget priorities—more butter, fewer guns—a loosening of control by the power elite, and a drift toward democratic capitalism.

The Soviet Union qualifies as a superpower in one respect only: its huge military establishment, which it has used effectively to intimidate other nations and to keep its vassal states from breaking free. Unless the Russians maintain their military posture, their status in the world will be diminished. Even if industrial reform works to an improbable degree, the Soviet Union will still not be a leader in the economic arena. And if Gorbachev manages to direct the yields of increased productivity toward military purposes, then reform has only made the Soviet Union a more formidable adversary.

We should give Gorbachev his due and listen to what he has to say. He is an energetic reformer, and some good may come of what he is doing. But we should also inspect his offerings carefully. They may not be as they seem on the surface. For example, the Soviets made a great show of withdrawing some forces from Afghanistan—but quietly had brought in two infantry units from Central Asia for the express purpose of being able to withdraw them. We should also remember that we have seen apparent reform in the Soviet Union before.

Nikita Khrushchev looked like the antidote to Stalin's despotism, and American college students nearly made a cult figure of him in 1959. Yet it was he who made the aggressive bid for Soviet domination by introducing missiles into Cuba. Partly for his failure in that and partly for his reform notions, the Old Guard toppled him eventually and launched a wave of counterreform. And then there was détente in the 1970s, when the optimists thought the Russians might tear down the Iron Curtain. It proved to be only a screen for business as usual.

The Soviet Union remains a totalitarian state—which is one reason why its economy is in a mess—and its military power continues to grow and threaten the rest of the world. Are we to believe that the Russians will suddenly stop being Russians? It would be foolish to expect too much and relax our guard. When something seems too good to be true, it probably is.

Mr. BYRD. Mr. President, I yield myself 1 minute.

Mr. President, for the information of Senators, I believe there will be two more rollcall votes. One will probably be in reference to a point of order that will be made by, I suppose, the distinguished ranking manager of the bill, who will make a point of order, and the Chair will rule, and there may be an appeal of the Chair's ruling. There will be a vote on that procedural matter.

Then, unless someone else raises another procedural matter, why, the Senate would be ready to vote upon the yielding back—all time would have already been yielded back. The Senate would then report on the conference report and then it would be my plan to go to the trade bill.

So, the sooner we can get Senators speaking now—how much time remains to all sides? May I ask the Chair?

The PRESIDING OFFICER. The Senator from Oregon controls 1 hour 30 minutes, the majority leader controls 41 minutes, and the Senator from New Mexico controls 18½ minutes.

Mr. BYRD. I thank the Chair.

Mr. DOMENICI. Mr. President, I yield 4 minutes to the distinguished Senator from Wyoming, Senator SIMPSON.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. DOMENICI. Could we have order, Mr. President?

The PRESIDING OFFICER. The Senator from New Mexico is correct. We will have order in the Chamber so the Senator from Wyoming can be heard. There will be order in the Chamber.

The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I wish to express my opposition to the conference report on the budget for fiscal year 1988. I think this agreement falls very, very short of the deficit-cutting goals that we all said we wanted to meet. We set those for ourselves. We even shackled ourselves with Gramm-Rudman-Hollings because we knew we could not do it ourselves.

The old business of using your self-discipline and your will power do not work on us. They do not work on me, either. So we visited upon ourselves Gramm-Rudman-Hollings. I voted for that; 76 of us did, in this Chamber; both parties. That was what we tried to do.

Now here we are back here dealing with something that I think is not at all an equitable tradeoff, and certainly one I cannot support.

Mr. DOMENICI. Can we have order?

The PRESIDING OFFICER. The Senate is not in order.

Mr. SIMPSON. This budget agreement would increase spending. We heard the figures: $46 billion up from current year spending for a total budget of $1.1 trillion. I think that is very far from the spending restraint the Congress has been working toward over the past several years.

The conference agreement also raises the year's total taxes by $21.1 billion in fiscal year 1988 alone. It calls for a whopping increase in taxes.

The PRESIDING OFFICER. Will the Senator suspend? The Chair does not have order in the Chamber. It is not proper for the Senator from Wyoming to proceed if the Senate is not in order. The Chair would appreciate if the Chamber would be silent and listen to the Senator.

Mr. SIMPSON. Mr. President, it was getting so bad I just roared right ahead anyway. I thank my colleagues.

My remarks shall be very short.

I am curious, really, as to just how the proponents of this resolution intend to reach those large revenue figures. Let us see how we are going to do that. We are not going to get there. We cannot get to those revenue figures. I am a Senator who is ready to vote for some revenue enhancement. I hate to use that term, but I would. I always have said that. I think there is going to come a time at the 11th hour of the 11th day when we are going to say we are going to have to have some.

But certainly in this budget we are in for some very "creative accounting". It really is not just smoke and mirrors this time—It is really kind of a laugh

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and a rip-roaring joke. We cannot get there.

The President has told us what he will do. I guess that is the reason we do this budget exercise. We know what he will do. We may not agree but we know what he will do. He says no to spending and we say new revenue.

Sometimes I think the budget is like kind of a giant bomb where they have rigged it up with about 14 trip wires going off from it hoping one will blow up at 1600 Pennsylvania Avenue and one will blow up over here and one will blow up over there. It takes some real kid gloves to go out there and defuse this baby.

That is what we have done. We are all kidding ourselves. We do it often. We did it when we were doing it, "creative accounting". Boy, we have some creative stuff this time.

REA—there is the doozy of the century. We are going to get $7.2 billion. Well, that is absurd. We are going to subtract that and say that that is going to be deficit reduction. If you took that out of there, there would not be any deficit reduction at all. There is not any anyway. Nobody does any heavy lifting here.

We are going to take a real blow in the chops on this one. When we do this one for REA alone, the forgiven interest will cost us $24 billion over the 20 or 30-year lifespan of the loan. I do not think that is what we had in mind. We must protect rural America and REA users, but this is not the way.

On technical reassessments, my mind cannot reach into the——

The PRESIDING OFFICER. The Senator from Wyoming has used 4 minutes.

Mr. SIMPSON. Will the Senator yield one additional minute?

Mr. DOMENICI. Yes.

Mr. SIMPSON. On "technical reestimates", I cannot conjecture into the gray area of what that may be as we cover all that to meet a target and then going up to $41 billion from the 1987 level on domestic programs.

I oppose this dazzling inconsistency and double standard. Both parties do it and the American public suffers. But I think to rig it in a way which hopefully will detonate over the President's pen is not the best way to do our business. I just share with you that to my mind "boys will be boys", but this is really quite ridiculous and I think offensive. We are not cutting anything, except always only proposed increases. I have heard that said. Then we maybe ought to freeze everything. Maybe that is the way to do it. We scaff at it but maybe we ought to do that someday and quit playing around as we are doing here—for we all do it.

This budget, I think, is quite a ridiculous thing and it is surely not intended to do what we said we would do under Gramm-Rudman-Hollings.

I yield the floor.

Mr. DOMENICI. Mr. President, I yield 4 minutes to the distinguished Republican leader, Senator DOLE.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. DOLE. Mr. President, I know the hour is late and there have been a number of good speeches on this budget resolution. I have listened to many in my office. I do not believe anybody is going to change any votes. I believe the majority party has the votes. But, as I indicated yesterday when people are shopping around looking for a difference, the fundamental difference in the two parties, this budget resolution should be exhibit A. It would seem to me that it may be described as exhibit A in the weeks and months ahead.

I know the difficulty in passing a budget resolution. Believe me. I know the difficulty in putting it together and keeping it together and getting enough votes to pass it.

I can recall the vote on May 10, 1985, where at 2 o'clock in the morning by a one-vote margin, with one member of the other party voting for the budget resolution, we passed the budget resolution by one vote. So I guess in a way I commend the majority for having a budget resolution.

But I do not believe we can escape the fact that there is going to be a lot of new taxes. I do not know where they are going to come from. Excise? Import Fees? Loopholes? Whatever. Changing the 1986 Tax Reform Act? I doubt it. I would remind by colleagues that by a vote of 90 to 10 this body voted for an amendment that would not tamper with the 1986 rates, the individual or corporate rates.

I guess the next big step will be whether or not reconciliation would pass, when we really get down to voting for something real instead of the budget resolution, which sort of sets the priorities and establishes the guidelines for reducing the deficit.

I would just urge my colleagues to vote against the budget resolution. I can count and I know the votes are there.

Mr. DOLE. Mr. President, the point of the budget process is to set priorities and to establish guidelines for cutting the budget. And there is no question that the time for the adoption of a fiscal blueprint is now here. As a matter of fact, the law requires that we have this accomplished by April 15—over 2 months ago.

But Mr. President, what we have before us is no blueprint for success, it is a map leading to a disaster.

NONDEFENSE SPENDING

This Democratic plan assumes $93 billion in reconciled savings over the next 3 years—three quarters, or over $70 billion, in savings from just REA refinancing and taxes, alone.

The increased taxes, $21.1 billion in total taxes next year alone, is the single largest tax increase ever proposed. Should we turn to excise taxes to raise this money, recent studies have shown that families earning less than $20,000 would lose almost all of the benefits we provided in the Tax Reform Act just last year. This would mean a substantial increase in taxes for the working poor.

Most Americans might expect that a resolution purporting to reduce the deficit by $34 billion would include some reduction in spending. But, domestic spending is not restrained at all in this budget. Total spending would increase nearly 4.5 percent next year, approximately $41 billion. And this of course includes along with a number of other bad ideas, money to pay for our campaigns. The original Senate-passed resolution which I also opposed was bad enough, but this conference agreement actually picked up additional spending of $2.5 billion above the current policy baseline.

DEFENSE OF THE NATION

But perhaps the most frightening aspect of this conference report is the impact on our national security.

The conference agreement holds hostage our national security to those reconciled tax increases of $64 billion. And for this $64 billion, the defense budget for next year would be adjusted by a mere $7 billion.

This level would still result in defense spending being reduced in real terms over 2 percent next year. Such a level is below the Senate-passed resolution level, below the Senate authorization level, and significantly below the President's request.

And if the President does not embrace the largest tax increase in history, spending for our Armed Forces would suffer a negative 4.5-percent real growth.

Even assuming the high-end defense numbers, personnel end strength reductions will create serious imbalances in force structure. Many of the higher trained troops simply will not be allowed to reenlist. Even more may elect to jump ship when they find out that any further pay raises will be reduced or delayed. We could easily witness the personnel exodus experienced in the late 1970's. And do not expect the Reserves and National Guard to pick up the slack, for the Reserves and Guard will also be cut back in drill strength and some full-time support will be cut back.

Regardless of what the present Senate defense authorization bill espouses, significant reductions in operating accounts will result in a serious deterioration of readiness, support, and sustainability. Air Force flying hours will fall below the fiscal year 1980 levels and the Navy's primary mission readiness figures will decrease

from 87 to 81 percent. Ship operating tempos will be reduced for both deployed and nondeployed fleets resulting in less support to battle groups throughout the world.

Modernization of aircraft, missiles, and ships will be deferred resulting in an increased average age of our resources, which will deny our troops the important technological edge that we need. More specifically, you can expect reductions in the much needed Amraam missiles, Aegis ships, and ground launched cruise missiles—the very ones that are providing the Soviets with the incentive for an INF agreement.

In the research and development area, the strategic defense initiative could be doomed to a "research forever" program, canceling all experiments and eliminating exploration of several competing technology approaches. Further research on a basing mode for the remaining Peacekeeper missiles will deny us an essential element of our deterrent strategy.

And finally, quality of life programs such as family housing will require reductions. The living and working conditions will not be modernized thus resulting in poor morale, lower productivity, and higher personnel turnover.

SUMMARY

Mr. President, in short this resolution is nothing more than a blueprint for more taxes, more domestic spending, and a reduction in defense spending to dangerous levels. It is a blueprint of a map—a map of the road to ruin.

Mr. President, just to sum up, I think what we have in this budget resolution is something that not many American people voted for in 1986, 1984, 1982, or 1980. It is higher taxes, severe cuts in the defense budget—in fact, you do not get the $7 billion increase in defense unless you vote for $64 billion in taxes—and a sharp increase in nondefense domestic spending.

If that is what the American people are aching for across the land, then this is their opportunity. But I must say as I travel around the country I do not have many people clamoring for higher taxes. Not many people rush up to me and say, "Please raise my taxes," particularly at $20 billion a year, the biggest single tax increase in any 1 year, ever. That is a big, big tax increase.

Maybe there is some painless way to raise $20 billion. If there is, it escapes my notice, and I was chairman of the Finance Committee. I recall the 1982 tax bill when not a single Member of the other party voted for it and I know how difficult it is to raise revenues, to close loopholes, to do whatever it is that has to be done.

It would seem to me that we have been able to escape our responsibility again, that we have been able to tell the American people that we are reducing the deficit when that is not accurate. We are, in effect, spending more money by raising taxes and by cutting defense. Certainly, defense ought to be scrutinized like everything else in the budget. I had in my statement a number of areas that I think are going to start to show.

But I do not know of any alternative if we fall behind, and a good alternative.

So this budget resolution separates the two parties philosophically and any way you want to slice it. If the American people want higher taxes and more domestic spending and radical cuts in defense, this is what they ought to hope we pass and go to reconciliation. I do not think that is what the American people want.

Mr. DOMENICI. Mr. President, I imagine that the majority would desire to close on this matter, so I am going to yield whatever time I have to myself. Then we will be finished on this side.

Let me first dispel any notion that I have given up on the budget process. I have not. Let me just suggest to a few Senators—not very many, but some have alluded to the fact that we have not helped and it is all their product and they have had to do it all alone on the Democratic side. That is right. I just remind Senators that that is not the first time that has happened. It has happened the reverse way when we had to do it.

We had to do it when the Democrats were in the minority and we did it without them. We did get one Democrat, Senator Zorinsky. He is dead now.

We have had to pass taxes. We passed TEFRA when we were at the peak of recovery. We had to do it. Not one single vote to help on that side.

Someone said, they put the plate out and we are not participating. That is right, because we do not like what is on the plate. It is plain and simple.

The distinguished minority leader said it very plain and clear: This is not our cup of tea. This is not our solution to the problems we have in this country. This budget resolution, despite all the high-sounding phrases, is not going to change one thing that is wrong with the United States of America. It is spoken of as a budget for the future, a budget to help us become more competitive.

Mr. President, I submit that before this budget runs its way through the appropriations process, if there is a major new, exciting American program that helps competitiveness, I will stand here on the floor and compliment the other side. I do not believe that is going to happen.

It is really more of the same: $41 billion in domestic spending increases and a couple of new programs in the health and senior citizens field that we probably ought to have. Except we ought to do it another way.

You ask the American people and they will tell you how to do it. They will say, spend more money in a few of these major areas, but get rid of some programs that are less effective; reduce the programs. Do not consider all programs to be created equal in this inventory of American programs, 1,500 plus. That is one point.

The second point is very plain and simple: The American people will pay taxes and will stand behind tax increases and those who propose them when they know we have reduced spending abolutely to rock bottom, as has happened in many States, many sovereign States of the United States. We are not there in this budget.

Third, if you want to keep America first and you do not want to worry about the next 5 or 6 years, make sure that you are doing one thing that is absolutely right: Do not cut defense as much as we are cutting it here.

I had occasion to add in this budget resolution defense spending and foreign assistance. If my arithmetic is right, the sum total of the two under the budget trends here will soon be at the lowest point in the history of the Republic. What we have committed to our allies, the budding democracies, and to the defense of freedom will soon be at the lowest point in the history of the Republic. All in the name of some futuristic budget for America.

Frankly, Mr. President, we have heard all about defense here, it is true, on the floor of the Senate. You can see the lines, they were shown to you today. We will soon be back to the 1978 era, when even the Democrats had enough of it and they said to President Jimmy Carter, "Enough is enough; increase defense." Now we have spent money on modernizing it and we are about to turn our backs on the young people who are in the military, on the modernization that we paid our money for and say now, we cannot afford it.

I tell you, Mr. President, the American people are getting a double whammy on that one. They paid for it and now they are not going to be able to use it because there is no way to get to the low levels of this defense budget, especially tier 2, without literally causing American military personnel to go down in every respect; operations and maintenance of the new equipment to go down in every respect.

I submit, when you have those kinds of ingredients in a budget, it is pretty clearcut. If you are for that, you vote for this budget. If you are not, you do not vote for it. It is as simple as that. I hope we are around to put together a bipartisan budget one of these days. This one is not it.

Mr. President, I regret that they had to do it alone, but in a sense, it is really, in that respect, a distinguishing feature. If they think this is good for America's future, is going to solve all kinds of problems that somebody envisions out there in this country, this Senator disagrees.

I just do not think it has any chance of solving any of the major American problems—none. Competitiveness, international trade, freedom in the world, the kind of umbrella of peace that has permitted the industrial nations to progress—none of those are enhanced under this budget resolution. In a very real sense, it is spend more and tax more. I regret that I have to say that. I have never said that before but I truly can say it about this budget. It will pass, but I think another day will come.

I do not see any way that it will be implemented. I still have a ray of hope that we might be able to get ourselves together on something that is more moderate, yet achieves some more deficit reduction. But my hope is waning.

I say to my fellow Senators that when the debate is finished, I shall raise a point of order on a very serious point. I cannot do it until the debate is finished but it has to do with including a debt limit in reconciliation. Senators are going to hear a little about that, how important that issue is. I am sure there are not 10 Senators here who know that in this budget resolution, we have said that you may include in the next reconciliation bill the next debt limit bill for the United States.

That is historic. I believe it is out of order. I believe we should vote on whether or not it is out of order to do it this way.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. I yield to the Senator from Nebraska

Mr. EXON. Mr. President, I thank the chairman of the Budget Committee. I have a question of him.

All afternoon I have been listening to these moans and groans and cries of irresponsible budgeting. I am a member of the Budget Committee, and I remember all during those years when it was customary in the Budget Committee to have different marks offered by different Senators, Democrats or Republicans. We freely debated.

Is there any way that the Senator, as chairman of the Budget Committee, has prevented the Republican minority from offering any kind of a total reduction in spending that we have heard so much about on the floor of the Senate this afternoon? How many marks did the Republicans offer during our deliberations on the budget to make anywhere near the cuts that they are talking about making and criticizing this budget for on the floor this afternoon?

Mr. CHILES. I think, as the Senator from Nebraska knows, there were no marks made by the Senate Republicans in the Budget Committee. There was one provision, an amendment offered by the Senator from New Mexico, on the floor during the budget reconciliation. I think it got 24 votes.

Mr. EXON. Does the Senator remember all our years when not a single Democratic mark was put up when the Republicans were in control of the committee and in control of the U.S. Senate?

Mr. CHILES. No, sir; I do not, Mr. President.

Mr. EXON. Can the Senator explain why they offered nothing in the form of a specific reduction in the Budget Committee when it could have been debated for the good and information of all?

Mr. CHILES. No, Mr. President; I cannot.

Mr. EXON. I thank the Senator very much.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I yield myself such time as I may require.

One of the fundamental elements of leadership is the willingness to face up to tough decisions. Another aspect of honest leadership is the willingness not to duck sensible if somewhat painful solutions. The Budget Committee has met those requirements of leadership—courageous leadership, honest leadership.

This country is in a very bad situation. We have a public debt that has more than doubled within the past 5½ or 6 years. Through 39 administrations and 192 years, this country accumulated a national debt of a little under $1 trillion. In fiscal year 1982, the first fiscal year for which President Reagan was responsible as our President, we had a budget deficit which, for the first time, was of triple-digit proportions, $128 billion. In the next year it increased $80 billion to $208 billion; the next year, $185 billion; the next year, $212 billion; the next year, $221 billion.

We saw the public debt more than double, so that it stands now well over $2 trillion. And it happened on this President's watch.

This President goes around the country and he talks about the "tax and spend Congress." Well, I have done my part of taxing and spending. Those of us who have been here on this Hill for any length of time all have done some taxing and spending. The American people have asked for some taxing and spending.

Mr. President, this President talks about a constitutional amendment to balance the budget. He talks about how things were when he was Governor of California. I keep hearing all these Presidents who have previously been Governors talk about how things were when they were Governors of such and such States. President Carter talked about how things were in the State of Georgia when he was Governor, and now President Reagan keeps talking about how the California constitution requires a balanced budget and how, as Governor, he saved money and turned money back to the treasury.

Well, I was in the State legislature 41 years ago in West Virginia. We also had a requirement for a balanced budget, but the State of West Virginia does not have to bear the U.S. constitutional burden to provide for the national defense. It does not have to maintain a Federal postal service. One reason why West Virginia was able to balance its budget for a long time—it is having real troubles right now—was that the Federal Government provided a good many of the moneys that were needed for our interstate highways and other programs, and the same thing is true with California.

But the President goes around with this old quack nostrum about a constitutional amendment. I voted for a constitutional amendment. I probably would do so again. But I can tell you one thing, it will not solve this country's problems. It will take years for it to be ratified if it is ever ratified by three-fourths of the States.

So what we have here is a President who will not play. And these triple-digit budget deficits have occurred on his watch.

I voted for the tax cut in 1981, and been sorry of it ever since. But I voted for it because the people back home said, "Give him a chance." Well, I voted to give him a chance. I voted for that tax cut.

I have also supported his buildup in defense. We hear our friends on the other side talk about Democrats, how weak they are on defense. I will match my defense record with anybody on the other side of the aisle, anybody.

As I said to the President the other day when I was down at the White House, "I voted for Midgetman missile, the Trident missile, the Trident submarine, the MX, SDI. You had two votes last year and you won by 1 vote on each of those two votes on SDI. I voted for SDI." So I have voted for everything in the book when it comes to national defense, but as I also pointed out to the President, I am getting a little tired of reading in the newspapers where we are wasting all this money on national defense.

Look here in the newspaper, a story that says one-third of our MX missiles will not fire. One-third of our MX missiles will not fire.

So I am beginning to have some questions as to just how wise we are in judging how patriotic we are simply by

putting a price tag on our vote for every defense program that comes along. I voted for this, I voted for that, I voted for something else; therefore, I am strong on national defense.

Mr. President, nobody can challenge this Senator with respect to his support for national defense. I supported the President's $1.5 trillion buildup of national defense.

I will not go into the history of all this, but I will say that I did try to persuade the President in 1981 to make the third year of that tax cut conditioned on the economy of this country, which we could not foresee at that time when we were being asked to vote for a 10-percent tax cut for every year for 3 years and vote for it all at once without knowing what the third year was going to be like as to the economy. In any event, my request was turned down.

But here we are now, we have seen this public debt increase to the tune that 37 cents out of every individual income tax dollar that you pay and I pay goes for interest on that national debt—$136 billion last year, $140 billion this year, and it is going to keep on and on and on.

How much is it, a trillion dollars? $1,000,000,000,000—12 zeroes. That is a trillion dollars. What does it mean? I said to my younger granddaughter the other day, "Let us figure up how long it would take to count a trillion dollars. At $1 per second, how long would it take to count a trillion dollars?" Thirty-two thousand years.

It begins now to take on some proportions that mean something. And that granddaughter of mine and her grandchildren's grandchildren are going to be paying taxes on that national debt which you and I ought to be doing something about today.

So one of the essentials of leadership then is the willingness to face up to tough, though questions, and the Democrats on the Budget Committee have faced up to some tough questions.

Now, we have heard it said by our Republican friends many times, "Well, back so and so, way back when, there was only one vote, one Democratic vote cast for the budget." Well, that is true. But we are not living way back when. We are living now. We have got to be responsible for what we do now as well as way back when. And by now we have a $2.2 trillion public debt.

The President talks about this "tax and spend" Congress, this "tax and spend" Congress, the same old speech that we have been hearing ad infinitum over the past several years and now he is going around the country to tell it all over again.

But if you look at that public debt, the President in 1981 on television pointed to the public debt as represented by a stack of $1,000 bills. He said that stack of bills would reach 67 miles into the stratosphere.

Mr. President, you will never see President Reagan do that again, never. He will never get on television again and point to that stack of $1,000 bills as an image of the national debt. If he ever does point to that stack of bills again, it is going to be almost 150 miles in the air, way more than 67 miles in the air. I do not think he will do that ever again.

That happened on his watch. Why did it happen? Because we are borrowing and spending—not taxing and spending, but borrowing and spending.

How does the public debt go up? Because we borrow. We are borrowing and spending. And we are paying interest to other countries. They are loaning us the money to fund that debt with. So we are going in hock to foreign countries so that we can pay the interest on that public debt today.

So, what the Democrats in this Senate are trying to do is tear up our national credit card. It is time to tear up our national credit card, and it is time for some truth in budgeting.

No one likes to pay taxes, but the President had taxes in his budget. Why does he not say so?

He never has sent up a balanced budget during all his years as President. Yet he pushes for a constitutional amendment requiring a balanced budget. He says Democrats are proposing to raise taxes. He does not say anything about his own budget which was sent up to this Senate and which was voted down. His budget got only 18 votes, out of 100 Senators, and 46 of those Senators were Republicans. He got 18 votes. Why? Because his own party did not believe in his budget. They saw through it. Eighteen Senators, and he had taxes in his own budget, but you will never hear him admit it.

No one likes to pay taxes, but to assert that America can keep on borrowing and borrowing and borrowing and spending our way into debt and that all will be well is a fundamental dishonesty.

A great nation must be willing to pay some price if it wants to remain a great nation.

So it is time, Mr. President, to give the next generation a leg up.

The Government of the United States has been borrowing from their piggybank, their piggybank.

So the next time the President talks about that tax-and-spend Congress—I mean when he talks about Congress he talks about Republicans, too, his own party—when he talks about that tax-and-spend Congress I hope someone will ask him about that piggybank of future generations from which he apparently wants to go on taking money and running up the public debt.

This budget says it is time to put it back in that piggybank, time to put back what we have taken out.

Mr. President, I am well aware, as I have indicated, that the President has mounted a campaign to criticize this budget. A great deal of taxpayers' money will be spent as the President travels around this country bashing this budget and bashing the Congress which he has been doing for over 6 years—continually bashing the Congress.

I would like to remind the President what the question is. Are we willing to pay the price to keep America No. 1? The President will spend a great deal of time flying around the counry talking about an economic bill of rights. I understand that speech will occur on, I believe, about the 3d of July, the economic bill of rights.

He will tell the American people a fairy tale about the future that he does not want to pay for. The American people know there is no tooth fairy. They want a serious debate about America's future and what we need to do to keep America No. 1.

The budget is based on that assertion, the assertion that each of us has a stake in this country's future that is more than the sum of what each of us can get out of it.

It is a budget that speaks to America's future, and America's future cannot be built on a foundation of debt that we owe to other countries. It is time to think about what we are leaving to our children and our grandchildren.

Mr. President, it took a long time to build this country and it has been built out of the blood and treasure of the American people—people of all races, all religions, people of many origins. It has taken decades and decades to build, and I hope we will stop and ask ourselves what do we owe our country?

I watched them tear the building down,
A gang of men in a busy town;
With a ho-heave-ho, and a lusty yell,
They swung a beam and a sidewall fell.
I asked the foreman, "Are these men skilled,
And the men you would hire if you had to build?"
He gave a laugh and said, "No, indeed;
Just common labor is all you need.
I could easily wreck in a day or two
What builders have taken years to do."
I thought to myself as I went away,
Which of these roles have I tried to play:
Am I a builder who works with care,
Measuring life by the rule and square,
Am I shaping my deeds to a well-made plan,
Patiently doing the best I can?
Or am I a wrecker who walks the town,
Content with the labor of tearing down?

Mr. President, we can play either role. We can go around the country playing the role of tearing down; we can bash the Congress; we can bash the Democrats; we can offer these fake nostrums that will not work, because it will take years if they are ever

ratified by the American people through conventions or legislation, or we can face up to the problem, admit that it occurred on our watch, get the cooperation of those in both parties and get to work on finding a solution so that when we leave office, as all of us will one day, we can look in that mirror and say, "I haven't cheated the man in the glass." The future generations are going to hold us responsible. They are going to hold me responsible, and they are going to hold this President responsible, and they are not going to deal with us lightly.

When you get all you want
In your struggle for pelf,
And the world makes you king for a day,
Then go to a mirror and look at yourself,
And see what that guy has to say.

It isn't your father, mother or wife
Who judgment upon you must pass.
The fellow whose verdict means most in your life
Is the man looking back from the glass.

He's the fellow to please, never mind all the rest,
For he is with you clear down to the end,
And you have passed your most difficult, most dangerous test
If the man in the glass is your friend.

You may be a Jack Horner and chisel a plum,
And think, "Boy, you are a wonderful guy,"
But the man in the glass will just say you're a bum
If you can't look him straight in the eye.

You may fool the whole world down the pathway of years,
And get pats on the back as you pass;
But your final reward will be heartaches and tears
If you cheated the man in the glass.

Mr. President, I think it is about time we all stopped and took inventory of where we stand when we look in the glass. It is about time we stopped bashing and finger pointings and start sitting down and work together. This chairman of this Budget Committee has offered his hand to the President. Let us work together. I say the same thing. Let us work together. Let us develop a package. It is going to be painful. It is going to hurt me. It is going to hurt all of us.

But if we work together, I do not clobber you and you do not clobber me, and we hammer out a bipartisan approach to cutting the deficits and reducing the national debt.

But if this President will not listen, and I regret to say that I do not think he is going to listen, I do say that we still have our responsibility and I hope that we will have the support of both parties in this Senate as we face up to our responsibilities.

I do not attempt to judge any other person as to how he shall decide how he shall vote. I know a lot of Senators are opposed to this budget for fundamental reasons, basic good reasons in their own viewpoint, but we are going to have to face up to the fact that we have serious problems in this country and that we need each other to solve them.

So I hope that the President along with myself will take a look in the glass and ask ourselves, "Where do you stand?"

Mr. President, I yield the floor.

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

The PRESIDING OFFICER (Mr. GRAHAM). The Senators from West Virginia has yielded the floor.

Who yields time?

Mr. CHILES. Mr. President, just before yielding back all of our time, I know the hour is late and we have been on the floor since 9:30 debating this. The Senator from Florida is not going to take any more time. I think that everyone understands what is before us.

Mr. President, I ask for the yeas and nays on the adoption of the conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

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

Mr. DOMENICI. Mr. President, I yield back the balance of my time. I understand I had 35 seconds.

The PRESIDING OFFICER. (Mr. REID). All time is yielded back.

Mr. DOMENICI. Mr. President, I would like to propound a series of parliamentary inquiries. As I understand it, the only limitation placed on the authority of the Senate conferees is that they may not report language which is "entirely irrelevant" to what is initially agreed to in each House. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Mr. President, after having reviewed the proceedings in each House as they deliberated their two versions of the budget resolution for fiscal year 1988, I find that neither Chamber agreed to language which instructed the Finance Committee to report, as part of its reconciliation submission, legislation increasing the statutory limit on the public debt.

I would ask Chairman CHILES, the chairman of the committee, if that is correct.

Mr. CHILES. I think that is correct.

Mr. DOMENICI. And I would ask the Chair if that is correct.

The PRESIDING OFFICER. That does appear to be the case.

Mr. DOMENICI. Mr. President, because this conference report contains a reconciliation instruction regarding the debt limit, and because that language was not agreed to in any form in either House, I raise a point of order that the conferees on this measure have exceeded their authority by reporting language which is entirely irrelevant to the House and Senate-passed measures.

The PRESIDING OFFICER. The point of order will not be sustained, because the Senate conferees are authorized to agree to a conference report that contains provisions germane to any provision in either the Senate or House version of a measure in conference. Under the precedence of the Senate, the term "germane," as it applies to material in a conference report, means any matter not entirely irrelevant to the subject matter contained in either version of the measure in conference.

The budget resolution as it passed the Senate contained an appropriate figure for the public debt limit and reconciliation instructions to the Finance Committee. It is not entirely irrelevant to instruct the Finance Committee to report such a measure.

Mr. DOMENICI. Mr. President, I appeal the ruling of the Chair and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. DOMENICI. Mr. President, do I understand now that the Senator from New Mexico has a half hour to debate this appeal?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. And that the distinguished floor manager has a half hour in opposition?

The PRESIDING OFFICER. The Senator is also correct.

Mr. DOMENICI. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 10 minutes.

Mr. DOMENICI. Mr. President, Members of the Senate, today, as on many occasions in the past, we have heard a debate that, because we are Democrats and Republicans and U.S. Senators, has had a certain amount of political flair to it and, perhaps, on this particular resolution more than on many other occasions.

Now, the Senator from New Mexico has participated in that debate and I have, from time to time, had a bipartisan budget when it was not so much a partisan issue. But I would hope that the Senate would not consider what the Senator from New Mexico is raising tonight and talking about to have any partisan overtones whatsoever.

I could not be more honest with the Senate than to tell you that my raising of this point of order and appealing the ruling of the Chair has to do with the Senate as an institution and nothing whatsoever to do with Republican politics or Democratic politics.

I think I understand the institution now fairly well and I believe it is fair to say that I understand the budget process reasonably well. And I believe it is fair to say that I understand reconciliation and what it was intended for and how its use has progressed over the years. As a matter of fact, I assume that this Senator may, when a little bit of history is written on the budget process, even be accused of using the budget resolution on reconciliation in some very different ways than were contemplated when the people wrote it many, many years ago, 12 or 13.

But, Mr. President, I think this is a serious issue and I want the Senate to listen seriously. It would appear to me that the ruling of the Parliamentarian clearly would indicate that the U.S. Senate has decided to throw out the window the Byrd rule, 60 votes required for nongermane items on reconciliation. And I note the distinguished majority leader is here. I hope he will listen. I think I make a point and I hope the Senate will listen.

Mr. President, a reconciliation bill is one of the truly phenomenal pieces of legislation in the U.S. Senate. As you look at this Senate's history, a reconciliation bill may indeed be the most extraordinary bill affecting legislation, from taxes to programs to anything else in between that is ever used in the U.S. Senate. Why? Because, automatically, there is no filibuster. By operation of the definition of what a reconciliation bill is, no filibuster.

The Senate takes filibusters seriously. We only changed it once in decades and still cherish it and we are still profoundly confused about how to close off a filibuster. But we take it seriously and that stems from the Constitution, whose 200th birthday we celebrate.

One of the main arguments in that Constitutional Convention was that the U.S. Senate was not the U.S. House; never intended to be. The framers of the Constitution made sure we were not. It said, you will represent States and there will be two of you, one in the original document and two eventually, regardless of the population. And from that day on, as the Senate evolved, we took seriously the rights of the minority because we were not supposed to become a body like the U.S. House that was elected essentially every 2 years, each by an equal number of people. We are not elected by an equal number of people. We are elected by sovereign States, two to each one.

So there is one very important credential, quality, that goes out the window when you have reconciliation. And those who put the budget process together thought long and hard about that reconciliation, because there goes a right.

Now I am not arguing that we should abolish reconciliation. I think I am somewhat suggesting why a number of Senators are pretty frustrated about reconciliation. You heard them a while ago. They were wondering about amending it. Somebody clarified that you could strike. Yes, you could strike, but it is pretty difficult to amend a reconciliation bill. As a matter of fact, the precedents of this Senate make it nigh on impossible to significantly amend a reconciliation bill other than the motion to strike.

And so what did we find? We found that a small group of Members of Congress, meeting in some little room could put legislation in a reconciliation bill and so long as it got packaged up and got to the floor as part of a reconciliation package, a very, very small minority of both Houses got their way and you could hardly amend it.

Extraneous material was put in by the bushel loads to the frustration of this place. Then one day the distinguished majority leader, when he was minority leader, joined with us in saying: We are getting pretty tired of extraneous material. It is not that we do not like legislation on reconciliation bills. Some people love it and they have learned how to put anything in there. Some of it is wonderful. Some people love the legislation. But the then-distinguished minority leader, now distinguished majority leader, joined with us in saying we ought to have some kind of rule limiting extraneous material.

We now have the Byrd rule that says if you are going to put in extraneous material—and that process of defining extraneous material is evolving in this place—you need 60 votes in order to put extraneous material in.

We really did that as tightly as we could.

Mr. President, the Chair has just ruled that if the U.S. House of Representatives has not debated in a budget resolution and not included any language about putting in reconciliation a debt limit bill, if the Senate has put absolutely nothing in a budget resolution about a debt limit bill, that a few Senators can go off, meeting in a conference, and put in a conference report that a debt limit bill is in reconciliation, just wiping out the Byrd rule because it only takes 51 votes to pass a budget resolution.

But, worse than that, it has not been debated in the Senate. It was not debated in any committee. It was not included in the House resolution and now we get a ruling from the Chair that the next time the Finance Committee produces a reconciliation bill here in the Senate under this budget resolution, they shall include the debt limit extension as piece of legislation in their reconciliation bill.

We have actually in this budget resolution, interestingly enough, told them what the level of the debt limit should be in that bill. Interestingly enough, that is going to be rather confusing, just as an aside, because the dollar number that is in there is OMB's calculation of what the deficit is going to be and we are using CBO's economics. So it probably will last 5 or 6 months. But if it was intended to cover the expenditures and deficits under this budget resolution, it is probably wrong, it probably is off the mark.

Mr. President, and Members of the Senate, I repeat: Tonight, this part of what I am talking about has nothing whatsoever to do with being a Democrat or Republican. It has to do with what I perceive to be—5 additional minutes?

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes without interruption.

Mr. DOMENICI. What I perceive to be a dramatic departure from what should be a ruling of this Chair and what this Senate should be adopting; that if you are going to include in a reconciliation instruction the debt limit bill of the United States, that it ought not come out of a conference for the first time, not voted out by a committee, and not even considered by the U.S. Senate.

I really believe that we ought to overrule the Chair. I am loath to overrule the Chair. I think the Chair is dead wrong. Because the size of the debt is debated in it, discussed in it, the Chair has ruled that makes the mandating of the debt limit bill in reconciliation relevant.

Fellow Senators, if you want a reconciliation bill to include the debt limit, then you say the Chair is right.

A few weeks ago we extended the debt limit here. I think I heard—I think I heard the distinguished majority leader, the minority leader, the President of the United States and a number of Senators say: Senators, vote to extend to debt limit and do it clean. Do not put any amendments on it because we are going to have another debt limit coming down the line and let's all work together to put budget reform on it, to fix Gramm-Rudman-Hollings on it.

I think I heard that. I think we were encouraged to do that: vote for the debt limit bill clean. Do not use your rights to amend because there is going to be another debt limit. We will work on Gramm-Rudman-Hollings and all the other things you want to fix.

When you adopt this budget resolution tonight with the majority members of the Budget Committee having inserted this language in a conference report, all of that is gone. You will bet the debt limit sometime after the 29th day of July, 28th day of July. You will get it in a reconciliation bill. You

cannot filibuster it so you have given up your right here.

I am not for filibustering debt limits but I am trying to tell the Senate the significance of it. That is gone, because it is in reconcilation.

You want to amend the debt limit to include a Gramm-Rudman-Hollings fix? You want to amend the debt limit to put some kind of reform of the budget process into that bill? You cannot do it.

Somebody will get up and say: Of course you can do it. We can agree to put it in that reconciliation bill.

Why, of course you can do it. Of course you can. Because in some committee you can agree to violate the Byrd rule, which says it cannot be germane, does not have to be germane, and then bring it to the floor and sustain it.

Let me tell you, it will not be germane to the debt limit bill. It will be extraneous to it. It does not belong on it. If you do not want to do the reform there, you bring that big reconciliation bill here and it is as simple as that. If you want to offer Gramm-Rudman-Hollings to it, you have got to get 60 votes for the amendment because it is obviously not germane to that bill.

I think it is a very major change and I urged my friend, the chairman, not to do it. When they brought this language to us the last day of the conference, they did not even have it written in its completed form.

I urged him in behalf of the Senate not to do it, that it is a very significant decision. It is in here anyway.

Frankly, had we had an opportunity to thoroughly debate this issue in the appropriate forum with the appropriate legislation, if it had been offered to a budget resolution and we had time to debate: Does the U.S. Senate want to include within reconciliation, debt limit bills so we do not have them come up any more, I can tell the U.S. Senate this is one Senator who has an open mind, because I am of two minds about those debt limit bills.

On the one hand, I am not so sure we ought to do them as a matter of running government. On the other hand, I understand from time to time it is the only relief and, in a sense, the only relief valve for this place, is that debt limit that we can offer amendments to. So I am of two minds and we could have had a good debate on it and perhaps it would have been the Senate's will.

But, Mr. President, to go about it this way, for the Chair of this Senate at the urging of the Parliamentarian to rule that in a budget conference report with neither House having considered it that we can make the debt limit bill part of reconciliation and say that is relevant, in this Senator's opinion, that ruling deserves to be overturned.

I wish I could find a simpler way. I wish I could find an easier way to get it out of this bill. I cannot. The only thing I can do under the rules is appeal to the rules of this body.

The Chair and the Parliamentarian have applied the rules and I think they have applied them wrong and I think we will regret this, although it seems to me that there may never be a reconciliation bill. Perhaps it will never see the light of day on this particular measure. I hope—on this one I doubly hope it does not, because I think we have a standing commitment to the U.S. Senate to bring a freestanding debt limit bill here so that we can accomplish some Gramm-Rudman type fix and some reform.

Nonetheless, we are establishing the precedent that in this kind of conference report under the guise of being relevant we can do this kind of major surgery to the processes of this institution just like that, out of a conference committee that in all deference I say to my good friend, the chairman, never held a meeting until the day the language was handed to us, was never thoroughly discussed. It is someone's idea or the chairman would not have agreed to it, would not have put it in. But I would hope that the Senate would say, "No, this time, no, take it out. Let us get on with doing it the orderly way. Maybe someday we will decide not to have freestanding debt limit bills, but not this back door method that will accomplish it if we do not overrule the Chair."

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Florida is recognized.

Mr. CHILES. Mr. President, section 310(a)(c) of the Budget Act specifically applies to applying the debt limit to reconciliation. I would say this is not extraneous, this is not something that is not in the Budget Act. It is there and has been used before. Last year, at the suggestion of the then majority leader, Senator DOLE, we provided for the debt limit to be in the Reconciliation Act. So this is not something that has never been done before. It has been.

What we are simply saying is that—and the Senator from New Mexico, I think, has said this as well—if you want to try to get a compromise, you want to try to get all of the pieces into one package so you can hope to have a compromise, and the way you do that is you have debt limit a part of that reconciliation bill as well.

Are we not saying in the reconciliation bill that what we are trying to do is say we are going to make some savings here? We are going to cut off the deficit, and we are going to increase the debt limit enough that will take care of that. Should we be able to say, "Mr. President, if you do not think that is right, if you do not think that is enough for the debt limit, then you can veto this." Then we will have a debate as to whether that should shut down the Government or not, if he vetoes that.

We think we are borrowing enough money. The debt limit should not be higher, should not need to be higher than we are talking about in here.

To me, when we were drafting the Budget Act, we thought of putting that in there. It has been in there. It has been used before. I do not think we are doing anything extraordinary here. It is a part of the process. Why should it take 60 votes? It is not extraneous. It is a part of what we are talking about in the deficit reduction process.

I want to make it clear at the outset that this is not an attempt to rule out procedural reforms to the budget process, such as restoring the automatic mechanisms under Gramm-Rudman-Hollings. We are certainly willing to work out a procedure through which we can include procedural reform in the reconciliation bill.

What we would like to do, of course, is to wrap all those key elements into one package. That is obviously the reconciliation package where it would be. It would include domestic spending cuts, effective funding for the military, deficit reduction revenues, changes in the process to implement the agreement on substantive policy.

Frankly, if we can work that out, I think everybody will gain. The President would get the reform. He would get a higher level of defense funding. He can get an increase of the debt limit for at least a year, and Congress is going to get key investments and the deficit reduction they want. Certainly, the Nation is going to get lower deficits and a healthy economy both for now and in the future.

If that cannot be worked out, then, as you well know, a freestanding debt limit bill will come over from the House under the Gephardt rule. Under those circumstances, the President would have to persuade the Congress to increase the debt limit if he feels that increase is necessary.

I think it is within the best interests of everybody to see that we include this as a part of the reconciliation package. I think it is the best way to work toward trying to sit down and to have a reasonable compromise worked out. I think it is the best way for us to be able to express ourselves that we think we have sufficient money saved in this and we think the debt limit could be held to an area and why should we borrow more?

To me, it is a very legitimate part of the reconciliation package. We are not trying to do anything that is strange. It has been done before. I urge the Senate to sustain the ruling of the

Chair. I think the Parliamentarian could not have been more correct. I do not think his ruling could have been more clear. It is covered in the Budget Act. It has been done by the Senate before. It is well within the province in which it would be in the reconciliation bill. I think it is a ruling that had to be made in that way. I think the ruling should be sustained. We would be working a bad precedent against our rule if we fail to sustain the ruling of the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time have I remaining?

The PRESIDING OFFICER. Two minutes fourteen seconds.

Mr. DOMENICI. I yield myself the remainder of the time.

Mr. President, whether we are going to have good deficit reduction or not has nothing to do with my argument. I really hope the Senate will understand. It has nothing to do with whether this budget resolution and the debt limit under it are appropriate or not. It has to do with this simple proposition: the Budget Act says that indeed you may include debt limit in reconciliation. We brought out of the Budget Committee a budget resolution. The House brought a budget resolution out. That is subject to debate. That is subject to amendment. That is subject to the Senate working its will. No mention in those documents, no debate by the United States Senate, no inquiry as to what it means, no offers by way of amendments or substitutes to it. We go to conference. The conferees decide that even though it is permissive under the Budget Act, never was considered in the budget resolution, we will put it in a conference report.

Normally, under normal conference rules, any reasonable scope limitation would throw that out. We never even thought about it and we just added it in conference.

You cannot do that in conference. The Parliamentarian, however, says on a budget resolution it is this different rule, totally irrelevant, and he is saying that it is relevant to add to a budget resolution after it passes both Houses and while it is in conference a change in our rules such that the debt limit that comes up under it, regardless of whether the debt limit is high or low, what you are talking about then is that it is no longer debatable, it is no longer amendable, amendable under some extreme rule. That is what the Senator from New Mexico suggests the U.S. Senate ought not agree with the Chair on.

If you want to do this, do it in the full light of debate, not off as part of a conference when it was not debated in either body, when it is a thing as major as a debt limit bill which heretofore has been subject to delay, has been subject to open amendment. We have just changed that by the stroke of a conference with a few words and a Parliamentarian who says it was relevant. That is the issue. It is not the issue of whether it is a good budget or a bad budget, whether we should extend the debt limit to the number it says or not. That has nothing to do with my argument. I would be making this argument under anyone's budget, if, as a matter of fact, the Senate had not considered it and we put in the abolition of debt limit debate by putting it in reconciliation.

If I have any additional time I yield it back and I thank the Chair and my friend from Florida.

The PRESIDING OFFICER. Who yields time? The Senator from Florida.

Mr. CHILES. Mr. President, this is not a new rule that the Chair has made. This is a rule that has been in effect, I think, since 1932. The rule states that a conference report may not include new matter entirely irrelevant to the subject matter not contained in the House or Senate versions of the measure as distinct from the substitute thereof.

Mr. President, this has been the rule of the Senate. It would be the rule of whatever committee. It is true that neither the Senate-passed language nor the House-passed langauge specifically include an instruction to the Finance Committee to include an increase in the debt limit. Both sets of language include figures on the appropriate level of the national debt for this year. In the House, of course, the Gephardt rule makes automatic an increase in the debt limit.

Mr. President, the figures were included in both of them and the ruling is a ruling that has been part of the Senate rules since 1932. I repeat, the Budget Act itself explicitly allows this to be in.

It has been done before. We are not plowing any new ground or setting any new precedent. I think it improves the reconciliation bill and gives us a better chance to get a reform package. I hope the Senate will uphold the ruling of the Chair.

Mr. CONRAD. Will the Senator yield for a question or two?

Mr. CHILES. I yield.

Mr. CONRAD. There are those of us who would like an opportunity, at least, to have a vote at a later time on some sort of across-the-board cut with certain exclusions. I am inquiring whether or not, if we sustain the Chair's ruling, we would be then precluded at a later time, as part of the debt ceiling, from getting a vote?

Mr. CHILES. I think that the cuts the Senator contemplates could still be offered in the reconciliation bill. I do not think this ruling would have anything to do with that.

Mr. CONRAD. I want to make very sure when I cast my vote that if we sustain the ruling of the Chair, we will not be precluded from having a vote on the debt limit extensions that would provide for an across-the-board cut, because there are those of us who believed we have jousted now over how the pie ought to be divided; some of us would now like to see the pie reduced in size using the debt limit. I just want to make sure that I shall have the opportunity to have a vote like that.

Am I correct in my understanding of that, I would?

Mr. CHILES. I think the Senator is correct that he would have that opportunity.

Mr. DOMENICI. Mr. President, I have no time, but I ask unanimous consent that I may have 1 minute for a parliamentary inquiry.

The PRESIDING OFFICER. The Senator may reclaim his time.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Under the language that we are talking about, if a reconciliation bill is reported out to the Senate and has the debt limit as presecribed by this budget resolution, would an across-the-board budget cut be in order?

The PRESIDING OFFICER. The Chair would have to see how the amendment is drafted to determine if the amendment is germane.

Mr. DOMENICI. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. DOMENICI. What kind of across-the-board cut would be germane to a reconciled debt limit bill as prescribed by this resolution?

The PRESIDING OFFICER. Without seeing the proposal recommended by the committee or seeing the amendment itself, it would be impossible to determine whether or not it is germane at this time.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I have 1 additional minute.

The PRESIDING OFFICER. The Senator has time remaining, about 7.5 minutes.

Mr. DOMENICI. Let me give my version, since the Parliamentarian—and I do not say this with regard to the occupant of the Chair, but rather the Parliamentarian—since he does not seem to want to answer the question, or perhaps I am not asking it with enough specificity, let me give my version.

I say to the Senator from North Dakota, I believe "you just done lost your rights" to offer an across-the-board appropriations cut, an across-the-board cut of any type on a debt limit bill if you expect to do it on a debt limit bill that comes out of this

mandated reconciliation. I believe it would be out of order, is not germane, and requires 60 votes under the Byrd rule.

If the Senator wants to have 60 votes instead of a majority, I think the Senator could get his amendment there.

Mr. CHILES. Mr. President, let me say I differ with that. I think the amendment could be so drafted that it would be germane and he could make the across-the-board cut.

I yield back my time and ask for the yeas and nays.

The PRESIDING OFFICER. The Senator has yielded back his time. All time has expired or been yielded back.

The question is, Shall the decision of the Chair stand as the judgment of the Senate? The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 54, nays 45—as follows:

[Rollcall Vote No. 156 Leg.]

YEAS—54

Adams	Ford	Mikulski
Baucus	Fowler	Mitchell
Bentsen	Glenn	Moynihan
Bingaman	Gore	Nunn
Boren	Graham	Pell
Bradley	Hatfield	Pryor
Breaux	Heflin	Reid
Bumpers	Hollings	Riegle
Burdick	Inouye	Rockefeller
Byrd	Johnston	Sanford
Chiles	Kennedy	Sarbanes
Conrad	Kerry	Sasser
Cranston	Lautenberg	Shelby
Daschle	Leahy	Simon
DeConcini	Levin	Stafford
Dixon	Matsunaga	Stennis
Dodd	Melcher	Weicker
Exon	Metzenbaum	Wirth

NAYS—45

Armstrong	Harkin	Packwood
Bond	Hatch	Pressler
Boschwitz	Hecht	Proxmire
Chafee	Heinz	Quayle
Cochran	Helms	Roth
Cohen	Humphrey	Rudman
D'Amato	Karnes	Simpson
Danforth	Kassebaum	Specter
Dole	Kasten	Stevens
Domenici	Lugar	Symms
Durenberger	McCain	Thurmond
Evans	McClure	Trible
Garn	McConnell	Wallop
Gramm	Murkowski	Warner
Grassley	Nickles	Wilson

NOT VOTING—1

Biden

The PRESIDING OFFICER. The decision of the Chair stands by a vote of 54 yeas, 45 nays.

Mr. BYRD. Mr. President, we cannot hear the Chair.

The PRESIDING OFFICER. The Senate will come to order.

The yeas are 54, the nays are 45; the decision of the Chair stands.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the decision of the Chair stands.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BYRD. If I may have the attention of the Senate.

The PRESIDING OFFICER. The Senate will come to order.

The majority leader is recognized.

Mr. BYRD. Mr. President, this will be the last rollcall vote this evening.

ORDER FOR RECESS UNTIL 8:45 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 8:45 tomorrow morning.

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

ORDER OF PROCEDURE TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that at 9:15 tomorrow morning the Senate proceed to the consideration of the trade bill.

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

PROGRAM

Mr. BYRD. Mr. President, upon the final action today on the conference report on the budget resolution, I will introduce the trade bill. Under the order that was previously entered, I will introduce the trade bill. I ask unanimous consent that I be recognized at 9:15 tomorrow morning to call up that trade bill.

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

Mr. BYRD. Mr. President, under the order previously entered, after consulting with the distinguished Republican leader, I am at liberty to call up that trade bill. I will do that tomorrow morning at 9:15 a.m. The chairman, Mr. BENTSEN, and the ranking manager of the Finance Committee will be on hand to proceed with opening statements. I hope that tomorrow morning we could get a consent order to take up the bill title by title.

The PRESIDING OFFICER. Will the majority leader withhold? The Senate will be in order.

The majority leader may proceed.

Mr. BYRD. Nine committees have reported components of the overall trade bill that we will put together. It is hoped that each chairman of each committee that has jurisdiction over a particular title, at a given moment when the Senate reaches that title, will be able to deal with that title so that we could proceed title by title and all nine chairmen will not have to be over here all the time to protect all nine titles. So I hope we could get that consent tomorrow morning. But, in any event, we will proceed on tomorrow morning at 9:15 to act on the trade legislation.

Now, tomorrow evening, I expect to be a late evening. This would have been a later evening than it is going to be had it not been for the fact that the chairman of the Finance Committee wants to wait until the morning to begin action on it, and I think he is entitled to that consideration. So that is the way it will be.

But there will be votes throughout the day on tomorrow. We will have a late, late day tomorrow, going well into the evening. As long as we can make progress, I want to do so.

We will come in early on Friday. We will have business all day long and into the evening. We will be in on Saturday. We will be in early on Saturday and I expect to have rollcall votes on Saturday, because there is no purpose in being here if we are not going to have rollcall votes. There is no point in coming in just for the fun of it. So there will be votes on Saturday. And next Tuesday, we will have rollcall votes early. I can guarantee that one. There will be rollcall votes early on Tuesday.

I only say that because we only have Tuesday and Wednesday of next week and then we are out for the break. I hope we can complete action on the trade bill by the close of business on Wednesday, and that could be late. I do not know what the chances are; maybe they are 50-50, maybe they are not.

But that is the program as well as I can lay it out at the moment.

Does the distinguished Republican leader have anything to say?

Mr. DOLE. I am just curious about how late we might go on Friday. There are a number of us who were headed out toward the Midwest.

Mr. BYRD. Inasmuch as we are going to be in on Saturday, Mr. President, I do not see any reason why we should not be in late Friday evening, as late as we are doing business, because, if you come in on Saturday, it does not make sense if you are going to get out early on Friday.

Mr. DOLE. I was talking about Saturday. Saturday, probably 3 or 4 o'clock Saturday?

Mr. BYRD. Yes;

Mr. DOLE. So we could catch the late flight to Des Moines?

Mr. BYRD. Yes.

Mr. DOLE. If the majority leader will yield further, I think with reference to the amendments that you will introduce, as I understand it there is no disagreement on this side to any of the modifications of the Finance Committee, the Banking Committee, Foreign Relations, Agriculture, Governmental Affairs, and Commerce. And, as I understand it, the Small Business

section, Judiciary, and Labor will be as reported by the committee.

Mr. BYRD. Well, I had understood that the provision coming out of the Labor Committee would be as reported.

It is also the case, I am told, with regard to Judiciary and Small Business. So the minority leader is correct.

Mr. DOLE. So we have consent that you may proceed on that basis.

Mr. BYRD. Yes, the minority leader is correct.

Mr. President, I thank all Senators for their patience.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEARS 1988, 1989, AND 1990—CONFERENCE REPORT

The PRESIDING OFFICER. The question now is on agreeing to the conference report. 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 Delaware [Mr. BIDEN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 53, nays 46, as follows:

[Rollcall Vote No. 157 Leg.]

YEAS—53

Adams	Exon	Mikulski
Baucus	Ford	Mitchell
Bentsen	Fowler	Moynihan
Bingaman	Glenn	Nunn
Boren	Gore	Pell
Bradley	Graham	Pryor
Breaux	Harkin	Reid
Bumpers	Hollings	Riegle
Burdick	Inouye	Rockefeller
Byrd	Johnston	Sanford
Chafee	Kennedy	Sarbanes
Chiles	Kerry	Sasser
Conrad	Lautenberg	Simon
Cranston	Leahy	Stafford
Daschle	Levin	Stennis
DeConcini	Matsunaga	Weicker
Dixon	Melcher	Wirth
Dodd	Metzenbaum	

NAYS—46

Armstrong	Hecht	Proxmire
Bond	Heflin	Quayle
Boschwitz	Heinz	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Shelby
D'Amato	Karnes	Simpson
Danforth	Kassebaum	Specter
Dole	Kasten	Stevens
Domenici	Lugar	Symms
Durenberger	McCain	Thurmond
Evans	McClure	Trible
Garn	McConnell	Wallop
Gramm	Murkowski	Warner
Grassley	Nickles	Wilson
Hatch	Packwood	
Hatfield	Pressler	

NOT VOTING—1

Biden

So the conference report was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

Mr. CHILES. Mr. President, I ask unanimous consent that the Senate recede from its amendment to the title.

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

Mr. CHILES. Mr. President, with the Senate's adoption of this conference, we bring to a close action on the budget resolution for fiscal 1988.

The budget process is both exacting and demanding. Throughout the past 6 months, the professionals at the Congressional Budget Office have been invaluable. There have been countless times when they responded in short order to complicated questions. There have been other times when they were asked to do exactly the same work, only faster.

They live by the rule that, regardless of the timeframe, neither objectivity nor accuracy can be sacrificed in the process. Because of that rule and because of the quality of the people themselves, the Congressional Budget Office has won the trust and respect of us all.

I want to offer my thanks to all for their work, and express my particular appreciation to the following who have worked most closely with the Budget Committee.

Jim Blum, Assistant Director, Budget Analysis Division.

C.G. Nuckols, Deputy Assistant Director, Budget Analysis Division.

Paul Van de Water, Chief Projections Unit.

Analysts, Projections Unit: Dave Bashore, Paul Christy, Andy Haughwout, Richard A. Krop, Kathy Ruffing.

Priscilla Aycock, Chief, Scorekeeping Unit.

Analysts, Scorekeeping Unit: Janet Aris, Ed Blau, Betty Embrey, Glen Goodnow, Bob Sempsey, Carla Trujillo.

Charles E. Seagrave, Chief, Human Resources Cost Estimates Unit.

Analysts, Human Resources Cost Estimates Unit: Diane Burnside Murdock, Hinda R. Chaikind, Paul Cullinan, Marianne S. Deignan, Carmela Dyer, Deborah Kalcevic, Julia Isaacs, Anne Manley, Donald Muse, Janice Peskin, Kenneth G. Pott, Michael F. Pogue, Kathleen W. Shepherd.

Michael Miller, Chief, Defense and International Affairs Cost Estimates Unit.

Analysts: Defense and International Affairs Cost Estimates Unit: Lisa R. Brown, Eugene Bryton, Kent R. Christensen, Diane Griffith, Barbara Holinshead, Alex Manganaris, Michael J. McCord, William Myers, Joseph Whitehill.

Robert Sunshine, Chief, Natural and Physical Resources Cost Estimates Unit.

Analysts, Natural and Physical Resources Cost Estimates Unit: Hsin-Hui Hsu, Mary Maginniss, Marjorie Miller, Andrew Moton, Deborah Reis, Brent G. Shipp.

William J. Beeman, Assistant Director, Fiscal Analysis Division.

Jacob S. Dreyer, Deputy Assistant Director, Fiscal Analysis Division.

Robert A. Dennis, Chief, Economic Projections Unit.

Analysts, Economic Projections Unit: Suszanne Cooper, Lucia Foster, Douglas Hamilton, John Peterson, Matthew Salomon, John Sturrock, Eng Meng Tan, Bragi Valgeirsson.

Rosemary D. Marcuss, Assistant Director, Tax Analysis Division.

Eric Toder, Deputy Assistant Director, Tax Analysis Division.

Kathleen O'Connell, Chief, Revenue Estimating. Analysts: Valerie Amerkhail, Neil Fisher, Richard Kasten David Lindeman, Rosemarie Nielsen, Larry Ozanne, Linda Radey, Pearl Richardson, Frank Sammartino, Jan Sundgren.

Mr. BYRD. Mr. President, I extend my thanks to the distinguished chairman, Senator CHILES, for another splendid demonstration of dedication and skill. He has had a very, very difficult, long, arduous period of labor in trying to bring this conference report to the floor. It has required weeks. But he prevailed. His leadership on the floor and his managership of the conference report were excellent. I personally not only thank him and congratulate him, but I feel that the Senate is in his debt. He has done a splendid, splendid job.

Mr. President, does the distinguished Republican leader have any further business?

Mr. CHILES. Mr. President, I thank the majority leader and the minority leader for their courtesies.

Mr. BYRD. I also thank Senator DOMENICI for his courtesies and the Republican leader. They did not agree with us, but that is their right. We cannot always agree. Whereas we do not agree today, when we go on tomorrow perhaps we will agree tomorrow on the next matter that comes before the Senate.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The minority leader.

Mr. DOLE. Mr. President, I want to extend my congratulations to both the chairman of the committee, Senator CHILES, and the ranking Republican member of the committee, Senator DOMENICI. As indicated by the majority leader, we did not agree on this issue, but that does not detract from the hard work that the chairman of the committee, Senator CHILES, expended on behalf of the successful vote that we just cast on the budget resolution. I congratulate him for his effort and the effort of members of

his staff, and Senator DOMENICI on the other side of the issue for his determination and usual skill in presenting the arguments from our viewpoint on the Republican side.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Emery, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that he had approved and signed the following enrolled bill and joint resolution:

On June 16, 1987:

S.J. Res. 5, joint resolution designating June 14, 1987, as "Baltic Freedom Day."

On June 19, 1987:

S. 626, an act to prohibit the imposition of an entrance fee at the Statue of Liberty National Monument, and for other purposes.

MESSAGE FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 10:47 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 284. Joint resolution designating the week beginning June 21, 1987, as "National Outward Bound Week."

The enrolled joint resolution was subsequently signed by the President pro tempore [Mr. STENNIS].

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

H.R. 1320: A bill to amend the Land and Water Conservation Fund Act of 1965, and for other purposes (Rept. No. 100-86).

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1164: A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes (Rept. No. 100-87).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs:

Roger William Jepsen, of Iowa, to be a Member of the National Credit Union Administration Board for the term of 6 years expiring August 2, 1993;

Edward H. Fleischman, of New Jersey, to be a Member of the Securities and Exchange Commission for the term expiring June 5, 1992;

M. Danny Wall, of Virginia, to be a Member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1991; and

Simon C. Fireman, of Massachusetts, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 1991.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. GLENN, from the Committee on Armed Services:

The following named officer for appointment as Commandant of the Marine Corps under Title 10, United States Code, section 5043:

To be Commandant of the Marine Corps

Lt. Gen. Alfred M. Gray, Jr., [redacted], United States Marine Corps.

Mr. GLENN. Mr. President, on behalf of the 20 members of the Armed Services Committee and my fellow former marines on the committee—Senators WARNER, WILSON, and SYMMS—I am pleased to report favorably to the Senate the nomination by the President of Lt. Gen. Alfred M. Gray, Jr., to be Commandant of the Marine Corps.

Mr. President, many fine officers and enlisted men over the years have been referred to as a "marines' marine." While all, I'm sure, deserve the title, I would say none rate it more than Al Gray. General Gray has already had a distinguished career spanning some 37 years in the corps. He enlisted in the Marine Corps in 1950 during the Korean conflict, attaining the rank of sergeant before he was commissioned a second lieutenant in April 1952.

He has served in combat with distinction in two wars: Korea and Vietnam, and has convincingly demonstrated that he is a forceful and inspiring leader. He has held a wide variety of command and staff positions, and currently is commanding general, Fleet Marine Force Atlantic in Norfolk, VA. FMFLANT, I might note, is the largest single combat organization in the Marine Corps, and is comprised of over 50,000 marines, or over one quarter of the total strength of the Marine Corps.

General Gray's experience includes training and duty in infantry, artillery, communications, intelligence, and special operations. He also has served as the Deputy of Development, and the Director of the Marine Corps Development Center, at Quantico, VA. His substantial formal military schooling includes the Army War College at Carlisle Barracks, PA.

Mr. President, there is no question in my mind, that Lt. Gen. Al Gray is superbly qualified to be promoted to general and to lead the Marine Corps. As a retired marine myself, I welcome him to the helm or our corps for the next 4 years. He is a worthy successor to the long line of distinguished commandants and soldiers of the sea with whom the corps has been blessed in its over 211 years of history in defending this Nation and its ideals.

Mr. President, at this point I also would like to ask unanimous consent to have printed in the RECORD General Gray's official Marine Corps biography.

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

LT. GEN. ALFRED M. GRAY, JR., USMC

Lieutenant General Alfred M. Gray Jr., is the Commanding General, FMF, Atlantic/Commanding General, II MAF and Commanding General, FMF Europe (Designate), Norfolk, Virginia.

General Gray was born June 22, 1928 and hails from Point Pleasant Beach, N.J. He enlisted in the Marine Corps in 1950 and served overseas with the Amphibious Reconnaissance Platoon, FMF, Pacific, attaining the rank of sergeant. He was commissioned a second lieutenant on April 9, 1952.

After attending The Basic School, at Quantico, and the Field Artillery School, Fort Sill, Okla., he joined the 1st Marine Division in Korea. He served a tour as an infantry officer with the 2nd Battalion, 11th Marines, and a subsequent tour as an infantry officer with the 1st Battalion, Seventh Marines. In October 1953, he was promoted to first lieutenant.

Returning to the United States in December 1954, General Gray was assigned to the Eighth Marines, 2d Marine Division, at Camp Lejeune, N.C., until August 1955, when he attended the Communications Officer School, Quantico. He was promoted to captain in July 1955. From April 1956 until May 1961, General Gray served overseas in special command billets.

In May 1961, he was assigned to Headquarters Marine Corps, Washington, D.C., for duty as special operations and plans officer, G-2 Division. During this tour he saw service in Guantanamo Bay, Cuba, and in Vietnam. He was promoted to major in February 1963.

General Gray joined the 12th Marines, 3d Marine Division, Vietnam in October 1965, serving concurrently as Regimental Communication Officer; Regimental S-3 Officer and Artillery Aerial Observer. In April 1967, he was assigned command of the Composite Artillery Battalion and the U.S. Free World Forces at Gio Linh. In September 1967, he was reassigned to the III Marine Amphibious Force in DaNang, where he commanded the 1st Radio Battalion elements throughout I Corps. He was promoted to lieutenant colonel in October 1967.

In February 1968, he returned to Washington, D.C., for duty with the Defense Special Projects Group as Chief, Intelligence and Operations Division.

He was reassigned to the Marine Corps Development and Education Command at Quantico, in November 1968, and tasked with the development of interim doctrine for employment of sensor technology in the Marine Corps. During the period June through September 1969, General Gray returned to Vietnam in conjunction with surveillance and reconnaissance matters in the I Corps Area.

Upon his return to Quantico, he was assigned duty as Chief, Intelligence and Reconnaissance Division, at the Development Center, until August 1970. He attended the Command and Staff College and upon completing the course in June 1971, was transferred to the 2d Marine Division at Camp Lejeune, where he assumed command of the 1st Battalion, Second Marines, and Battalion Landing Team (BLT). The BLT was deployed to the Mediterranean in September 1971, as part of the 34th Marine Amphibious Units, and returned to the U.S. in March 1972. General Gray commanded the Second Marines from April through December 1972, when he was reassigned as Assistant Chief of Staff, G-3, 2d Marine Division. He was promoted to colonel in August 1972.

General Gray attended the Army War College, Carlisle Barracks, Pa., from August 1973 to June 1974, and upon graduation, was assigned to the 3d Marine Division on Okinawa, as Commanding Officer, Fourth Marines and Camp Commander, Camp Hansen. He later served as CO, 33d MAU/CO, RLT-4/DepCdr, 9th MAB, during the Southeast Asia evacuation operations.

Reassigned to HQMC in August 1975, he was assigned duty as Deputy Director, Training and Education Division, Manpower Department. He was advanced to brigadier general on March 24, 1976, and presided over a special group on the Marine Corps Reserve until June 11, 1976, when he was assigned duties as Commanding General, Landing Force Training Command, Atlantic, and Commanding General 4th Marine Amphibious Brigade. He served as the Deputy for Development/Director, Development Center, Marine Corps Development and Education Command, Quantico, from October 1978 to May 1981. While serving in this capacity, he was selected in January 1980 for promotion to major general. He was promoted to that grade in February 1980, with a date of rank of April 1, 1976. On June 4, 1981, General Gray was assigned duty as the Commanding General, 2d Marine Division, FMF, Atlantic, Camp Lejeune, N.C. Following his promotion to lieutenant general on August 29, 1984, he assumed his current assignment.

General Gray is married to the former Jan Goss of Burlington, Vermont.

By Mr. NUNN, from the Committee on Armed Services:

Mr. NUNN. Mr. President, from the Committee on Armed Services, I report favorably the attached listing of nominations.

Those identified with a single asterisk (*) are to be placed on the Executive Calendar. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of March 23, June 16, and June 18, 1987 at the end of the Senate proceedings.)

**Captain Everette D. Stumbaugh, U.S. Navy, to be Deputy Judge Advocate General of the Navy (Ref. 208)

*Lieutenant General Forrest S. McCartney, U.S. Air Force, to be placed on the retired list in the grade of lieutenant general (Ref. 412)

*Major General Robert D. Beckel, U.S. Air Force, to be lieutenant general (Ref. 413)

*General Jack N. Merritt, U.S. Army, to be placed on the retired list in the grade of general (Ref. 414)

*In the Army there are 39 promotions to the grade of major general (list begins with Charles E. Edgar III) (Ref. 415)

*Colonel Clara L. Adams-Ender, U.S. Army, to be Brigadier General (Ref. 416)

*Vice Admiral Jonathan T. Howe, U.S. Navy, to be reassigned in the grade of vice admiral (Ref. 417)

**David L. Franks, U.S. Air Force, to be appointed in a grade no higher than major (Ref. 418)

**In the Air Force there are two appointments to the grade of major (list begins with Richard R. Digney) (Ref. 419)

**In the Air Force there are 31 promotions to the grade of colonel and below (list begins with Drue L. Deberry) (Ref. 420)

**In the Navy there are 7 appointments to the grade of second lieutenant (list begins with David T. Anderson) (Ref. 421)

**In the Air Force there are 55 promotions to the grade of colonel (list begins with Charles M. Baier, Jr.) (Ref. 422)

**In the Army there are 50 promotions to the grade of major (list begins with David C. Ballew) (Ref. 423)

**In the Army there are 886 promotions to the grade of major (list begins with John S. Ahmann) (Ref. 424)

**In the Marine Corps Reserve there are 116 appointments to the grade of lieutenant colonel (list begins with Francis P. Ahearn, Jr.) (Ref. 425)

**In the Marine Corps and the Marine Corps Reserve there are 450 appointments to the grade of major (list begins with David R. Aday) (Ref. 426)

*Vice Admiral Thomas J. Hughes, U.S. Navy, to be placed on the retired list in the grade of vice admiral (Ref. 441)

**In the Air Force Reserve there are 15 appointments to the grade of lieutenant colonel (list begins with Sidney C. Wisdom) (Ref. 442)

**In the Air Force there are 39 promotions to the grade of lieutenant colonel (list begins with Larry L. Allen) (Ref. 443)

**In the Navy Reserve there are 218 promotions to the grade of captain (list begins with Philip B. Bailey) (Ref. 444)

**In the Navy Reserve there are 373 promotions to the grade of commander (list begins with Dorrit E. Ahbel) (Ref. 445)

*General Duane H. Cassidy, U.S. Air Force, to be reassigned in the grade of general (Ref. 446)

*General Joseph T. Palastra, U.S. Army, to be reassigned in the grade of general (Ref. 447)

Total: 2,291.

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. JOHNSTON (by request):

S. 1413. A bill to amend the Reclamation Project Act of August 4, 1939, to authorize modification of certain contracts, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. McCONNELL (for himself and Mr. KARNES):

S. 1414. A bill to improve the operation of agricultural price support programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ARMSTRONG (for himself, Mr. WIRTH, Mr. DOMENICI, and Mr. BINGAMAN):

S. 1415. A bill to facilitate and implement the settlement of Colorado Ute Indian reserved water rights claims in southwest Colorado, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. DASCHLE (for himself and Mr. PRESSLER):

S. 1416. A bill to authorize the Lyman-Jones, West River and Oglala Sioux Rural Water Development Projects; to the Committee on Energy and Natural Resources.

By Mr. HARKIN (for himself, Mr. WEICKER, Mr. KENNEDY, Mr. METZENBAUM, Mr. STAFFORD, Mr. SIMON, and Mr. COCHRAN):

S. 1417. A bill to revise and extend the Development Disabilities Assistance and Bill of Rights Act; to the Committee on Labor and Human Resources.

By Mr. CRANSTON:

S. 1418. A bill to direct the Secretary of the department in which the United States Coast Guard is operating to cause the vessel M/V Polar Ice to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade; to the Committee on Commerce, Science, and Transportation.

By Mr. DURENBERGER (for himself, Mr. LEAHY, Mr. BAUCUS, Mr. CHAFEE, Mr. STAFFORD, Mr. MITCHELL, Mr. HARKIN, Mr. GORE, Mr. COHEN, Mr. PROXMIRE, Mr. DODD, Mr. KERRY, and Mr. DASCHLE):

S. 1419. A bill to prevent ground water contamination by pesticides; to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Environment and Public Works, jointly, by unanimous consent.

By Mr. BYRD:

S. 1420. A bill to authorize negotiations of reciprocal trade agreements, to strengthen United States trade laws, and for other purposes; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JOHNSTON (by request):

S. 1413. a bill to amend the Reclamation Project Act of August 4, 1939, to authorize modification of certain contracts, and for other purposes; to the Committee on Energy and Natural Resources.

MODIFICATION OF CERTAIN CONTRACTS

● Mr. JOHNSTON. Mr. President, pursuant to an Executive Communication referred to the Committee on Energy and Natural Resources, at the request of the Department of the Interior, I send to the desk a bill to amend the Reclamation Project Act of August 4, 1939, to authorize modification of certain contracts, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the bill, and the executive communication which accompanied the proposal from the Acting Assistant Secretary be printed in the RECORD.

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

S. 1413

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 8 of the Reclamation Project Act of 1939 (43 U.S.C. 485g(h)) is amended to read as follows:

"(h) If any classification or reclassification of irrigable lands undertaken pursuant to this section results in an increase in the outstanding construction charges or rate of repayment on any project, as established by an existing contract with an organization, the Secretary shall amend the contract to increase the construction obligation or the rate or repayment. No other modification in outstanding construction charges or repayment rates may be made by reason of a classification or reclassification undertaken pursuant to this section without the approval of Congress."

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, DC., June 12, 1987.

Hon. GEORGE BUSH,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is enclosed a draft bill, "To amend the Reclamation Project Act of August 4, 1939, to authorize modification of certain contracts, and for other purposes."

We recommend that the draft bill be introduced, referred to the appropriate committee for consideration, and enacted.

The draft bill would require the Secretary of the Interior to increase the contractual repayment obligation or accelerate the rate of repayment of contracting entities where such changes result from the classification or reclassification of Reclamation project lands. In the context of the proposed legislation, the classification or reclassification of project lands refers to the results of an assessment by the Secretary of relative irrigability or productivity. Under existing law, any such change in an existing repayment obligation requires express congressional authorization.

Section 8(h) of the Reclamation Project Act of 1939, as amended by the Act of January 2, 1975 (88 Stat. 1970; 43 U.S.C. 485g(h)), provides "No modification of any existing obligation to pay construction charges on any project shall be made by reason of any classification or reclassification undertaken pursuant to this section without express authority therefor granted by Congress upon recommendations of the Secretary made in a Report under subsection (f) of this section." Pursuant to Public Law 93-608 (1975), this requirement for a report from the Secretary on land classifications and reclassifications was eliminated. Thus, under current Federal law, Congress has deleted the requirement for a periodic land classification and reclassification report from the Secretary but at the same time has retained its discretion to approve any modification in the existing contractual repayment obligation.

The draft bill would amend 8(h) of the Reclamation Project Act to provide that if any land classification or reclassification resulted in an increase in such repayment obligation or rate of repayment, the Secretary would amend the contract without first securing express approval from Congress. It should be emphasized that congressional consent to any reduction in an existing contractual repayment obligation or other change in the rate of repayment would still be required.

The proposed legislation would not change existing Reclamation law with respect to the allocation of costs associated with classification or reclassification work. Any increase in project net revenues derived from the irrigation of new lands made possible by the increase in the project repayment obligation or rate of repayment would be used to repay, as appropriate, the contracting entity's existing or increased financial obligation to the United States.

The current requirement of congressional approval of any increase in contract repayment terms is costly and time-consuming. We believe that these modifications could be more effectively handled by the Secretary on an administrative basis. The 1975 deletion by Congress of the reporting requirements removed much of the substantive informational base on which congressional assent to such contract modifications has rested. We therefore believe that enactment of the draft bill would be of significant benefit to the Department of the Interior in our continuing effort to reduce paperwork and increase efficiency in the administration of reclamation project contracts.

The Office of Management and Budget has advised that there is no objection to the submission of this proposed legislation from the standpoint of the Administration's programs.

Sincerely,

WAYNE N. MARCHANT,
Acting Assistant Secretary.●

By Mr. McCONNELL (for himself and Mr. KARNES):

S. 1414. A bill to improve the operation of agricultural price support programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

IMPROVED AGRICULTURAL PRICE SUPPORT PROGRAMS

Mr. McCONNELL. Mr. President, I rise today, along with my distinguished colleague, the junior Senator from Nebraska, Senator KARNES, to introduce a piece of legislation which deserves the immediate attention of this Congress. As many of you are aware, our Nation's farmers have not been able to receive their Federal farm program payments in over 6 weeks. While Congress has been forced to debate and ponder the merits of various line items attached to the supplemental appropriation bill, which contains the necessary appropriations to allow the Commodity Credit Corporation [CCC] to fund farm payment checks, farmers have been forced to wait, and they have become understandably impatient. They have made plans months ago based on the terms established in the contract they signed with the Federal Government, and now they have found themselves waiting for the Federal Government to fulfill its end of the agreement.

The irony in this whole situation is that there is no valid reason for CCC's inability to fund Federal farm program payment. Not one valid reason. Farmers have been waiting on their farm program payments for weeks because of a simple, arbitrary bookkeeping convention. CCC has merely hit the ceiling of their borrowing authority in their account with the Treasury.

Farmers call me up daily, frustrated, desperate, wanting to know why the Federal Government has stopped paying them. I don't have a good answer for them, because there is no good answer. This is a classic example of how Washington bureaucratic redtape gets in the way of the end we are trying to accomplish, and this particular example has become a common occurrence in recent years. This is ludicrous and unfair to those men and women on the farms trying to make a living from day to day; were the situation reversed, I do not think we would be so calm about addressing the situation.

The legislation I am introducing, which I hope Congress chooses to act upon with urgency, would simply change the law to work around the arbitrarily low ceiling on CCC's borrowing authority at the Treasury Department. It would, first, raise the ceiling to $40 billion, and, second, in the future would give CCC current, indefinite spending authority from year to year. These changes in accounting and appropriation procedure have absolutely no effect on the deficit. The Federal Government has already entered into contracts with the farmers. The money for these payments has already been committed. The bottom line is that farmers, under the provisions of my bill, will never be put in the position of waiting for their Federal program payments again.

I would note for my colleagues that the first of these changes was a part of President Reagan's budget request package. The second element—current, indefinite annual appropriations to cover net realized losses of the CCC—was included in the Senate version of theagriculture, rural development, and related agencies appropriation bills for fiscal year 1986 and fiscal year 1987. I ask unanimous consent

that excerpts from the committee reports accompanying each of these bills be inserted in the RECORD, for the purpose of establishing legislative intent.

I implore my colleagues to give this piece of legislation urgent consideration. It represents a change toward common sense in our Government, and it is the only fair way to treat our Nation's farmers.

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

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL, 1986

The Committee on Appropriations, to which was referred the bill (H.R. 3037) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1986, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

COMMODITY CREDIT CORPORATION

Committee recommendations

For reimbursement for net realized losses, the Committee recommends a current, indefinite appropriation. The budget requested a permanent, indefinite appropriation, and the House appropriated $9,195,240,000. Under the current, indefinite budet authority, it is estimated that at least $9,396,240,000 will be necessary to reimburse the Corporation for net realized losses.

The Committee does not, under ordinary circumstances, approve indefinite appropriations. However, the current state of affairs in the agricultural economy is far from ordinary. Several overriding issues make a current, indefinite appropriation a justifiable alternative to the potential problems that could occur in fiscal year 1986 if a direct appropriation is provided.

First among the issues is the probability that CCC will acquire a large volume of commodities due to record crops which are projected for the upcoming harvest. CCC has no control over the volume of business it must handle. The relationship of the market price to the support price for each commodity largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This, in turn, is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production. The volume of acquired commodities is also affected by existing supplies, domestic and export demand, the strength or weakness of the dollar, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods of time in the volume of CCC support operations. Due to this year's increased level of uncertainty concerning the volume of commodities to be acquired, and the flexibility needed to react to this volatility, a current, indefinite appropriation is justified.

Second, the Secretary of Agriculture has proposed to establish a 10-year, 20 million acre conservation reserve. Both the House and Senate Agriculture Committees have tentatively approved some form of such a reserve. At least one of the proposals under consideration would call for initial funding from the Commodity Credit Corporation. While the Committee does not favor this approach, it nevertheless recognizes the possibility of its occurrence. This reserve is estimated to cost at least $1,000,000,000 per year for the 10-year life of the reserve. Depending on the magnitude of the program as it may ultimately be approved, the cost of this program would likely drain the balance of CCC's borrowing authority if contracts were signed during a particularly volatile time of CCC activity. That would be the least opportune time for CCC to be forced to cease operations as it did in July 1985, as is discussed below.

Third, the Committee recalls that all CCC activities were halted in July 1985, as pending supplemental appropriations bill, which included funds for reimbursement for net realized losses, was stalled in conference committee. Only an emergency supplemental appropriation bill prevented a lengthier shutdown. Through a current, indefinite appropriation, the Committee hopes to alleviate the need for similar action in fiscal year 1986.

The President's budget requested a permanent, indefinite appropriation. The Committee rejects this proposal because of the diminished oversight it would afford the Committee. In providing a current, indefinite appropriation, and in light of the factors discussed above, the Committee will expect to be more closely and consistently informed as to the status of the Corporation's financial position and its use of the current, indefinite authority. Therefore, the Committee directs the Department to submit to the Committee quarterly reports which include the balance of borrowing authority, the level of net outlays, the level of net realized losses, and any other relevant information concerning the Corporation's financial condition. If a conservation reserve is funded from the CCC, the quarterly reports should detail any activity associated with the funding of the reserve. Further, the Committee directs that the Department notify the Committee each time net realized losses are reimbursed in accordance with the current, indefinite authority provided in this bill.

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL 1987

The Committee on Appropriations, to which was referred the bill (H.R. 5177) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1987, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

COMMODITY CREDIT CORPORATION

Committee recommendations

For reimbursement for net realized losses, the Committee recommends a current, indefinite appropriation. The budget requested a permanent, indefinite appropriation, and the House appropriated $16,808,806,000. Under the current, indefinite budget authority, it is estimated that at least $16,808,806,000 will be necessary to reimburse the Corporation for net realized losses.

Last year, the Senate approved a current, indefinite appropriation for this account, but House opposition in the conference committee on the agriculture appropriations bill (H.R. 3037) necessitated that a direct appropriation be approved. The House had originally approved a direct appropriation of $9,195,240,000. The conferees agreed to that amount and approved an additional $4,000,000,000 to be available upon congressional receipt of an official budget request. The subsequent submission of that budget request was, in effect, the first supplemental appropriation for CCC. On February 6, 1986, an additional $1,492,857,000 was approved in House Joint Resolution 520 (Public Law 99-243). On March 24, 1986, a further amount of $5,000,000,000 was appropriated in House Joint Resolution 534 (Public Law 99-263). It was anticipated that that amount would be sufficient for the remainder of the fiscal year. On June 4, however, CCC once again reached its statutory ceiling on borrowing authority and was forced to instruct local ASCS offices to discontinue the issuance of checks to farmers. In anticipation of that action, this Committee on May 12 approved a $5,300,000,000 supplemental appropriation, which was subsequently passed by the Congress and signed into law on July 2.

It is obvious that an indefinite appropriation would have served the farmers of America more effectively and would have prevented the disruption in local ASCS offices caused by repeated shutdowns and delayed appropriations. Uncertainties in the farm programs and wide-ranging estimates of the potential costs of CCC operations in fiscal year 1987 indicate that multiple supplemental appropriations bills may be required next year as estimates are periodically adjusted.

As stated by the Committee in its report on the fiscal year 1986 agriculture appropriations bill (S. Rept. 99-137), an indefinite appropriation is not the optimal means of financing government programs, because it could curtail somewhat the congressional review of such spending. However, the Committee recognizes the unique nature of this reimbursement account and considers it to be a proper exception to standard appropriations practices.

CCC programs are not the equivalent of other entitlement programs which are funded by specific appropriations (including child nutrition programs in this bill), which are based largely on economic indices and/or fairly predictable participation rates (for example, projected school attendance). Participation estimates and costs for CCC programs are affected by numerous factors which are difficult, if not impossible, to predict, including whether—and to what degree—individual farmers will choose to participate. While this situation is not new to CCC, the problem is exacerbated by the fact that most CCC's $25,000,000,000 borrowing authority has been used to make commodity loans and acquire inventories, neither of which is reimbursable as a realized loss. In previous years, when the amount of outstanding commodity loans and inventory levels were lower, CCC could withstand fluctuation in participation and cost because of an adequate balance of borrowing authority.

The Committee rejects the administration's request for a permanent, indefinite appropriation. The Committee hopes that the high levels of loans and inventories will be reduced in the near future, at which time it may once again be appropriate to provide a specific appropriation.

In providing a current, indefinite appropriation, and in light of the factors discussed above, the Committee will expect to be more closely and consistently informed as to the status of the Corporation's financial position and its use of the current indefinite authority. Therefore, the Committee directs the Department to submit to the Committee quarterly reports which include the balance of borrowing authority, the

level of net outlays, the level of net realized losses, and any other relevant information concerning the Corporation's financial condition. Proper detail should be included in the report. Should any aspect of CCC's financial condition become critical, reports should be made more frequently—at least monthly. Further, the Committee directs that the Department notify the Committee each time net realized losses are reimbursed in accordance with the current, indefinite authority provided in this bill.

By Mr. ARMSTRONG (for himself, Mr. WIRTH, Mr. DOMENICI, and Mr. BINGAMAN):

S. 1415. A bill to facilitate and implement the settlement of Colorado Ute Indian reserved water rights claims in southwest Colorado, and for other purposes; to the Select Committee on Indian Affairs.

COLORADO UTE INDIAN WATER RIGHTS SETTLEMENT ACT

● Mr. ARMSTRONG. Mr. President, today, on behalf of myself and Mr. WIRTH, and on behalf of Mr. DOMENICI and Mr. BINGAMAN, I am introducing legislation which will implement the Colorado Ute Indian Water Rights Settlement Agreement.

The settlement agreement which this legislation implements will conclude years of complex and costly litigation by the Ute Mountain and Southern Ute Indian tribes to resolve their claims to water in southwest Colorado. The agreement not only settles the Colorado Ute Indian water rights question, but saves millions of dollars and many years of effort that would have been spent by Indians and non-Indians, Government and private parties on litigation.

Not only will the water rights settlement fulfill a century-old obligation to Colorado Ute tribes, it will remove a serious cloud from the adjudicated water rights of seven rivers in southwest Colorado and the water supply of Mesa Verde National Park.

The Colorado Ute Indian Water Rights Settlement Agreement is a remarkable document. The agreement represents more than 2 years of negotiation by as diverse a group as you can imagine. Involved in the monumental challenge of resolving the Indian reserved water rights question while recognizing existing uses of southwest Colorado water were representatives of several agencies of the Federal Government, the States of Colorado and New Mexico, the two Indian tribes, and numerous water conservancy districts, cities and other entities representing the non-Indian water users of southwest Colorado and northwest New Mexico. At the beginning of the negotiations, no one seriously believed that such a final settlement agreement could be attained. But, it has been accomplished. Now it is necessary for the U.S. Congress to implement the agreement.

In addition to those parties, key leaders in the administration, led by Wayne Marchant, Principal Deputy Assistant Secretary for Water and Science, have labored long and hard to perfect this legislation. The administration has approved components of this settlement agreement two different times: once as a signatory to the detailed Animas-La Plata Project Cost-Sharing Agreement, and again as a signatory to the Colorado Ute Indian Water Rights Final Settlement Agreement.

The implementing vehicle for the Indian Water Rights Settlement Agreement is the Animas-La Plata reclamation project to be located near Durango, CO. Not only does the Animas-La Plata project enable the resolution of the Indian water rights question, it is another step the Federal Government must take to meet its commitment to the States of Colorado and New Mexico under the Colorado River Storage Project Act of 1956, as amended by the Colorado River Basin Project Act of 1968.

Contributions by non-Federal parties to the project will approach 40 percent of project costs. Non-Federal parties will contribute $73.2 million through cash contributions, ad valorem taxes or revenue bonds, of which $5 million will be for the tribal development funds to aid the two tribes in developing their natural resources. Non-Federal parties will further assume a $133 million obligation toward construction of proposed Animas-La Plata project facilities. In addition, the State of Colorado will spend $6 million to construct a domestic pipeline and distribution system to the town of Towaoc on the Ute Mountain Ute Indian Reservation. Once this pipeline is built, the people of Towaoc will no longer have to daily haul their drinking water to the reservation.

This legislation is being introduced with the entire delegations of Colorado and New Mexico as cosponsors, which indicates the kind of accord that has been reached on this bill. A companion bill to this measure is being introduced in the House. Seldom has any piece of legislation received such word by word scrutiny. Every phrase and sentence has been carefully negotiated. Because of this, I hope that amendments can be avoided and the bill be given speedy approval by the U.S. Senate.

Mr. President, I ask unanimous consent that the bill be printed in the CONGRESSIONAL RECORD.

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

S. 1415

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

That this act may be cited as the "Colorado Ute Indian Water Rights Settlement Act of 1987".

SEC. 2. FINDINGS.

The Congress finds that—

(1) The Federal reserved water rights claims of the Ute Mountain Ute Indian Tribe and the Southern Ute Indian Tribe are the subject of existing and prospective lawsuits involving the United States, the State of Colorado, and numerous parties in southwestern Colorado.

(2) These lawsuits will prove expensive and time consuming to the Indian and non-Indian communities of southwestern Colorado.

(3) The major parties to the lawsuits and others interested in the settlement of the water rights claims of the Ute Mountain Ute Indian Tribe and Southern Ute Indian Tribe have worked diligently to settle these claims, resulting in the June 30, 1986, Binding Agreement for Animas-La Plata Project Cost Sharing which was executed in compliance with the cost sharing requirements of chapter IV of Public Law 99-88 (99 Stat. 293), and the December 10, 1986, Colorado Ute Indian Water Rights Final Settlement Agreement.

(4) The Ute Mountain Ute Indian Tribe and the Southern Ute Indian Tribe, by resolution of their respective tribal councils, which are the duly recognized governing bodies of each Tribe, have approved the December 10, 1986, Agreement and sought Federal implementation of its terms.

(5) This Act is required to implement portions of the above two agreements.

SEC. 3. DEFINITIONS.

For purposes of this Act—

(1) The term "Agreement" means the Colorado Ute Indian Water Rights Final Settlement Agreement dated December 10, 1986, among the State of Colorado, the Ute Mountain Ute Indian Tribe, the Southern Ute Indian Tribe, the United States, and other participating parties.

(2) The term "Animas-La Plata Project" means the Animas-La Plata Project, Colorado and New Mexico, a participating project under the Act of April 11, 1956 (70 Stat. 105; 43 U.S.C. 620; commonly referred to as the "Colorado River Storage Project Act") and the Colorado River Basin Project Act (82 Stat. 885; 43 U.S.C. 1501 et seq.).

(3) The term "Dolores Project" means the Dolores Project, Colorado, a participating project under the Act of April 11, 1956 (70 Stat. 105; 43 U.S.C. 620; commonly referred to as the "Colorado River Storage Project Act"), the Colorado River Basin Project Act (82 Stat. 885; 43 U.S.C. 1501 et seq.), and as further authorized by the Colorado River Basin Salinity Control Act (98 Stat. 2933; 43 U.S.C. 1591).

(4) The Term "final consent decree" means the consent decree contemplated to be entered after the date of enactment of this Act in the District Court, Water Division No. 7, State of Colorado, which will implement certain provisions of the Agreement.

(5) The term "Secretary" means the Secretary of the Interior.

(6) The terms "Tribe" and "Tribes" mean the Ute Mountain Ute Indian Tribe, the Southern Ute Indian Tribe, or both Tribes, as the context may require.

(7) The term "water year" means a year commencing on October 1 each year and running through the following September 30.

SEC. 4. PROJECT RESERVED WATERS.

(a) WATER FROM ANIMAS-LA PLATA AND DOLORES PROJECTS.—The Secretary is hereby authorized to use water from the Animas-La

Plata and Dolores Projects to supply the project reserved water rights of the Tribes in accordance with the Agreement.

(b) APPLICATION OF FEDERAL RECLAMATION LAWS.—With respect to the project reserved water supplied to the Tribes or their lessees from the Dolores and Animas-La Plata projects, Federal reclamation laws shall not apply to those project reserved waters except to the extent that those laws may also apply to the other reserved waters of the Tribes. Federal reclamation laws shall not be waived or modified by this subsection insofar as those laws are required to effectuate the terms and conditions contained in article III, section A, subsection 1 and 2, and Article III, section B, subsection 1 of the Agreement.

SEC. 5. TRIBAL WATER USE CONTRACTS.

(a) GENERAL AUTHORITY.—Subject to the approval of the Secretary and to the provisions of its constitution, each Tribe is authorized to enter into water use contracts to sell, exchange, lease, or otherwise temporarily dispose of water in accordance with Article V of the Agreement, but the Tribes shall not permanently alienate any water right. The maximum term of each such water use contract, including all renewals, shall not exceed 50 years in duration.

(b) APPROVAL BY SECRETARY.—(1) The Secretary shall approve or disapprove any water use contract submitted to him within 180 days after submission or within 60 days after any required compliance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) whichever is later. Any party to such a contract may enforce the provisions of this subsection pursuant to section 1361 of title 28, United States Code.

(2) In determining whether to approve or disapprove a water use contract, the Secretary shall determine if it is in the best interests of the Tribe and, in this process, the Secretary shall consider, among other things, the potential economic return to the Tribe and the potential environmental, social, and cultural effects on the Tribe. The Secretary shall not be required under this paragraph to prepare any study regarding potential economic return to the Tribe, or potential environmental, social, or cultural effects, of the implementation of a water use contract apart from that which may be required under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

(3) Where the Secretary has approved a water use contract, the United States shall not thereafter be directly or indirectly liable for losses sustained by either Tribe under such water use contract.

(c) SCOPE OF AUTHORIZATION.—The authorization provided for in subsection (a) shall not amend, construe, supersede, or preempt any State law, Federal law, interstate compact, or international treaty that pertains to the Colorado River or its tributaries, including the appropriation, use, development, storage, regulation, allocation, conservation, exportation, or quality of those waters.

(d) PER CAPITA PAYMENTS.—The proceeds from a water use contract may not be used for per capita payments to members of either Tribe.

SEC. 6. REPAYMENT OF PROJECT COSTS.

(a) MUNICIPAL AND INDUSTRIAL WATER.—(1) The Secretary shall defer, without interest, the repayment of the construction costs allocable to each Tribe's municipal and industrial water allocation from the Animas-La Plata and Dolores Projects until water is first used either by the Tribe or pursuant to a water use contract with the Tribe. Until such water is first used either by a Tribe or pursuant to a water use contract with the Tribe, the Secretary shall bear the annual operation, maintenance, and replacement costs allocable to the Tribe's municipal and industrial water allocation from the Animas-La Plata and Dolores Projects, which costs shall not be reimbursable by the Tribe.

(2) As an increment of such water is first used by a Tribe or is first used pursuant to the terms of a water use contract with the Tribe, repayment of that increment's pro rata share of such allocable construction costs shall commence by the Tribe and the Tribe shall commence bearing that increment's pro rata share of the allocable annual operation, maintenance, and replacement costs.

(b) AGRICULTURAL IRRIGATION WATER.—(1) The Secretary shall defer, without interest, the repayment of the construction costs within the capability of the land to repay, which are allocable to each Tribe's agricultural irrigation water allocation from the Animas-La Plata and Dolores Projects in accordance with the Act of July 1, 1932 (25 U.S.C. 386a; commonly referred to as the "Leavitt Act"), and section 4 of the Act of April 11, 1956 (70 Stat. 107; 43 U.S.C. 620c; commonly referred to as the "Colorado River Storage Project Act"). Such allocated construction costs which are beyond the capability of the land to repay shall be repaid as provided in subsection (g) of this section. Until such water is first used either by a Tribe or pursuant to a water use contract with the Tribe, the Secretary shall bear the annual operation, maintenance, and replacement costs allocable to the Tribe's agricultural irrigation allocation from the Animas-La Plata Project, which costs shall not be reimbursable by the Tribe.

(2) As an increment of such water is first used by a Tribe or is first used pursuant to the terms of a water use contract with the Tribe, the Tribe shall commence bearing that increment's pro rata share of the allocable annual operation, maintenance, and replacement costs. During any period in which water is used by a tribal lessee on land owned by non-Indians, the Tribe shall bear that increment's pro rata share of the allocated agricultural irrigation construction costs within the capability of the land to repay as established in subsection (b)(1).

(c) ANNUAL COSTS WITH RESPECT TO RIDGES BASIN PUMPING PLANT.—(1) The Secretary shall bear any increased annual operation, maintenance, and replacement costs to Animas-La Plata Project water users occasioned by a decision of either Tribe not to take delivery of its Animas-La Plata Project water allocations from Ridges Basin Pumping Plant through the Long Hollow Tunnel and the Dry Side Canal pursuant to Article III, section A, subsection 2.i and Article III, section B, subsection 1.i of the Agreement until such water is first used either by a Tribe or pursuant to a water use contract with the Tribe. Such costs shall not be reimbursable by the Tribe.

(2) As an increment of its water from the Animas-La Plata Project is first used by a Tribe or is first used pursuant to the terms of a water use contract with the Tribe, the Tribe shall commence bearing that increment's pro rata share of such increased annual operation, maintenance, and replacement costs, if any.

(d) TRIBAL DEFERRAL.—The Secretary may further defer all or a part of the tribal construction cost obligations and bear all or a part of the tribal operation, maintenance, and replacement obligations described in this section in the event a Tribe demonstrates that it is unable to satisfy those obligations in whole or in part from the revenues which could be generated from a water use contract for the use of its water either from the Dolores or the Animas-La Plata Projects or from the Tribe's own use of such water.

(e) USE OF WATER.—For the purpose of this section, use of water shall be deemed to occur in any water year in which a Tribe actually uses water or during the term of any water use contract. A water use contract pursuant to which the only income to a Tribe is in the nature of a standby charge is deemed not to be a use of water for the purposes of this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be appropriated such funds as may be necessary for the Secretary to pay the annual operation, maintenance, and replacement costs as provided in this section.

(g) COSTS IN EXCESS OF ABILITY OF THE IRRIGATORS TO REPAY.—The portion of the costs of the Animas-La Plata Project in excess of the ability of the irrigators to repay which are to be repaid from the Upper Colorado River Basin Fund pursuant to the Colorado River Storage Project Act and the Colorado River Basin Project Act shall be repaid in 30 equal annual installments from the date that the water is first available for use.

SEC. 7. TRIBAL DEVELOPMENT FUNDS.

(a) ESTABLISHMENT.—There is hereby authorized to be appropriated the total amount of $49,500,000 for three annual installment payments to the Tribal Development Funds which the Secretary is authorized and directed to establish for each Tribe. Subject to appropriation, and within 60 days of availability of the appropriation to the Secretary, the Secretary shall allocate and make payment to the Tribal Development Funds as follows:

(1) To the Southern Ute Tribal Development Fund, in the first year, $7,500,000; in the two succeeding years, $5,000,000 and $5,000,000, respectively.

(2) To the Ute Mountain Ute Tribal Development Fund, in the first year, $12,000,000; in the two succeeding years, $10,000,000 and $10,000,000, respectively.

(b) ADJUSTMENT.—To the extent that any portion of such amount is contributed after the period described above or in amounts less than described above, the Tribes shall, subject to appropriation Acts, receive, in addition to the full contribution to the Tribal Development Funds, an adjustment representing the interest income as determined by the Secretary in his sole discretion that would have been earned on any unpaid amount had that amount been placed in the fund as set forth in section 7(a).

(c) TRIBAL DEVELOPMENT.—(1) The Secretary shall, in the absence of an approved tribal investment plan provided for in paragraph (2), invest the moneys in each Tribal Development Fund in accordance with the Act entitled "An Act to authorize the deposit and investment of Indian funds" approved June 24, 1938 (25 U.S.C. 162a). Separate accounts shall be maintained for each Tribe's development fund. The Secretary shall disburse, at the request of a Tribe, the principal and income in its development fund, or any part thereof, in accordance with an economic development plan approved under paragraph (3).

(2) Each Tribe may submit a tribal investment plan for all or part of its Tribal Development Fund as an alternative to the investment provided for in paragraph (1). The Secretary shall approve such investment plan within 60 days of its submission if the Secretary finds the plan to be reasonable and sound. If the Secretary does not approve such investment plan, the Secretary shall set forth in writing and with particulrity the reasons for such disapproval. If such investment plan is approved by the Secretary, the Tribal Development Fund shall be disbursed to the Tribe to be invested by the Tribe in accordance with the approved investment plan. The Secretary may take such steps as he deems necessary to monitor compliance with the approved investment plan. The United States shall not be responsible for the review, approval, or audit of any individual investment under the plan. The United States shall not be directly or indirectly liable with respect to any such investment, including any act or omission of the Tribe in managing or investing such funds. The principal and income from tribal investments under an approved investment plan shall be subject to the provisions of this section and shall be expended in accordance with an economic development plan approved under paragraph (3).

(3) Each Tribe shall submit an economic development plan for all or any portion of its Tribal Development Fund to the Secretary. The Secretary shall approve such plan within 60 days of its submission if the Secretary finds that it is reasonably related to the economic development of the Tribe. If the Secretary does not approve such plan, the Secretary shall, at the time of decision, set forth in writing and with particularity the reasons for such disapproval. Each Tribe may alter the economic development plan, subject to the approval of the Secretary as set forth in this subsection. The Secretary shall not be directly or indirectly liable for any claim or cause of action arising from the use and expenditure by the Tribe of the principal of the funds and income accruing to the funds, or any portion thereof, following the approval by the Secretary of an economic development plan.

(d) PER CAPITA DISTRIBUTIONS.—Under no circumstances shall any part of the principal of the funds, or of the income accruing to such funds, be distributed to any member of either Tribe on a per capita basis.

(e) LIMITATION ON SETTING ASIDE FINAL CONSENT DECREE.—Neither the Tribes nor the United States shall have the right to set aside the final consent decree solely because subsection (c) is not satisfied or implemented.

SEC. 8. WAIVER OF CLAIMS.

(a) GENERAL AUTHORITY.—The Tribes are authorized to waive and release claims concerning or related to water rights as described in the Agreement.

(b) CONDITION ON PERFORMANCE BY SECRETARY.—Performance by the Secretary of his obligations under this Act and payment of the money authorized to be paid to the Tribes by this Act shall be required only when the Tribes execute a waiver and release as provided in the Agreement.

SEC. 9. ADMINISTRATION

In exercising this authority to administer water rights on the Ute Mountain Ute and Southern Ute Indian Reservations, the Secretary, on behalf of the United States, shall comply with the administrative procedures in Article IV of the Agreement.

SEC. 10. INDIAN SELF-DETERMINATION ACT.

The design and construction functions of the Bureau of Reclamation with respect to the Dolores and Animas-La Plata Projects shall be subject to the provisions of the Indian Self-Determination and Education Assistance Act (88 Stat. 2203; 25 U.S.C. 450 et seq.) to the same extent as if such functions were performed by the Bureau of Indian Affairs. Any preference provided the Tribes shall not detrimentally affect the construction schedules of the Dolores and Animas-La Plata Projects.

SEC. 11. RULE OF CONSTRUCTION.

(a) IN GENERAL.—This Act shall be construed in a manner consistent with the Agreement.

(b) INDIVIDUAL MEMBERS OF TRIBES.—Any entitlement to reserved water of any individual member of either Tribe shall be satisfied from the water secured to that member's Tribe.

SEC. 12. EFFECTIVE DATE.

Sections 4(b), 5, and 6 of this Act shall take effect on the date on which the final consent decree contemplated by the Agreement is entered by the District Court, Water Division No. 7, State of Colorado. Any moneys appropriated under section 7 of this Act shall be placed into the Ute Mountain Ute and Southern Ute Tribal Development Funds in the Treasury of the United States together with other parties' contributions to the Tribal Development Funds, but shall not be available for disbursement pursuant to section 7 until such time as the final consent decree is entered. If the final consent decree is not entered by December 31, 1991, the moneys so deposited shall be returned, together with a ratable share of accrued interest, to the respective contributors and the Ute Mountain Ute and Southern Ute Tribal Development Funds shall be terminated and the Agreement may be voided by any party to the Agreement. Upon such termination, the amount contributed thereto by the United States shall be deposited in the general fund of the Treasury.●

● Mr. WIRTH. Mr. President, I am pleased to join with the senior Senator from Colorado in introducing this legislation. Many people, in my home State of Colorado and in New Mexico, have worked hard to put together the cost sharing and water rights agreements that are embodied by this legislation.

The Ute Mountain Ute and Southern Ute Indian Tribes have negotiated with their neighbors on water rights, and have reached an agreement that will provide the tribes with water that they can use to develop their reservations and provide the basic services that most of us take for granted. And this agreement will also provide water for several communities in New Mexico and Colorado and for irrigation of non-Indian farm lands.

The Animas-La Plata project is an integral part of this agreement. The water that will be stored in that project, and water from the Dolores project in the same part of Colorado, are the keys to making this agreement work. The States of New Mexico and Colorado recognize the importance of this agreement and they have committed to an unprecedented cost-sharing agreement, along with the local conservancy districts.

This legislation is supported by the States of Colorado and New Mexico, the Ute Indian Tribes, and the conservancy districts. It is the product of many long hours at the negotiating table. It is a fair agreement, and I urge our colleagues to support this legislation.●

By Mr. DASCHLE (for himself and Mr. PRESSLER):

S. 1416. A bill to authorize the Lyman-Jones, West River and Oglala Sioux Rural Water Development projects; to the Committee on Energy and Natural Resources.

AUTHORIZATION OF CERTAIN WATER PROJECTS

Mr. DASCHLE. Mr. President, I rise today to introduce legislation to authorize the construction of the Lyman-Jones/West River/Oglala Sioux Rural Water Pipeline. For the sake of simplicity, I will refer to this project as the West River rural water pipeline, in reference to the West River region of South Dakota in which the Oglala Sioux Tribe, the Lyman-Jones Rural Water District, and the West River Rural Water District are located.

I join my good friend and colleague from South Dakota, Mr. PRESSLER, in introducing what must be considered one of the most critical bills for the people of our State currently before this body. As the lead sponsor of similar legislation in the Senate last Congress, the senior Senator's leadership on this issue has been exemplary. I look forward to working with Senator PRESSLER in strong bipartisan partnership to authorize this model project. The West River pipeline is not a luxury item on our list. It is, quite frankly, the only means we have to deliver safe drinking water to a large portion of our people.

The setting for the proposed West River rural water pipeline is an 11,000 square miles area on the prairie grasslands of western South Dakota, one of the most geographically isolated and starkly beautiful areas of the United States. This vast, rugged land is inhabitated by approximately 12,000 Indians and 8,300 non-Indian individuals, most of whom eke out a modest living raising livestock. While this is a land that is blessed with many things, it lacks one of the most basic life-sustaining elements for human beings—safe ground water.

The few people in western South Dakota who can afford it transport their water by truck from hundreds of miles away. It is not hard to imagine why they choose this expensive option. Simply viewing and smelling the water in western South Dakota gives one an indication that all is not well with the water. A laboratory analysis of the water confirms that suspi-

cion. The water that is consumed by the typical western South Dakota citizen in the project area contains unsafe levels of sodium, dissolved solids, sulfates, iron, and radium 226/228. It has been estimated that the average water consumer in this area consumes the equivalent of a 1.8 pound rock in dissolved solids every year. Perrier, France, this is not.

The high content of these dangerous elements is directly related to a wide variety of serious health problems for area residents, including high blood pressure from the water's high sodium content and a variety of serious digestive disorders caused by the high levels of dissolved solids in the water. The problem is so pervasive that members of the Oglala Sioux Tribe have joined with ranchers in seven counties in western South Dakota to try to do something about it.

The West River pipeline will be similar to the highly successful WEB rural water pipeline in northeastern South Dakota. Like WEB, West River will draw easily treatable water from the Missouri River, purify the water at a plant adjacent to the river tap, and deliver the water via pipeline to areas where clean ground water is not available. It is notable that WEB is perhaps the only Bureau of Reclamation project around that was supported by national and State conservation groups and is being constructed ahead of schedule and under budget. We plan to follow that lead with the construction of the West River pipeline.

As we begin the debate over this project, you will probably not find anyone in the administration or the Congress that will oppose this legislation on the premise that the water in the project area is safe to drink. It is not safe, and no one can dispute that fact.

What we can expect to hear from the administration, however, is that the modest $100 million price tag for this pipeline is too much for the Government to pay for drinkable water for a handful of geographically isolated ranchers. Granted, the per user cost of this project is higher than we are accustomed to seeing in much of America. But I can assure you that these people, who are used to paying anywhere from $10,000 to $30,000 to drill a shortlived well producing water that often cannot begin to meet Federal safe drinking standards, will pay their fair share to be able to serve clean water to their children.

I must reiterate that South Dakotans are not asking for a free ride in this instance. The consumers in the project area, which includes the poorest county in America, are willing to bear a significant portion of the cost of this protect. The State of South Dakota, despite the fact that its coffers have been drastically reduced due to the depressed state of the farm economy, is also willing to do as much as it can to share in the cost of the project. But State and local governments cannot afford the means to deliver clean water for these people without Federal help. The bottom line is that construction of a rural water pipeline from the Missouri River is the only way to deliver drinkable water to these citizens, and the pipeline will never become a reality without some degree of Federal assistance.

I remind my colleagues that the Federal Government sets safe drinking water standards for a reason. We strive to protect the American people from the whole range of serious health hazards associated with the consumption of impure water. For the most part, we are remarkably successful in that endeavor. If we do not authorize the West River rural water pipeline, however, we will, in effect, be making a statement that "Congress is only concerned about providing safe drinking water for Americans when it is convenient to do so."

Mr. President, that is not the message that we sent the American people last winter when we boldly overrode a Presidential veto to enact a revitalized Clean Water Act. I think this body is sincere in wanting to ensure that all American families have safe water for their children, even in those pockets of rural America where ground water is not drinkable and a pipeline is the only feasible way to deliver clean water. I join Senator PRESSLER in urging Senators to authorize the West River rural water pipeline and send that positive message clearly to the American people.

At this time, Mr. President, I ask unanimous consent that the text of S. 1416 be printed into the RECORD.

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

S. 1416

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSE AND AUTHORIZATION.

SECTION 1(a) The Congress declares that the purposes of this Act are to:

(1) Meet the domestic and livestock water needs of residents of Haakon, Jackson, Jones, Lyman, Mellette, Pennington and Stanley Counties, South Dakota; and

(2) Meet the domestic and livestock water needs of the Pine Ridge Indian Reservation:

(b) The Secretary of the Interior (hereinafter referred to as "the Secretary") is authorized to direct planning and construction of a municipal, rural and industrial water treatment and distribution system in Haakon, Jackson, Jones, Lyman, Mellette, Pennington and Stanley Counties, South Dakota, as described by the engineering reports for the West River Rural Water System and the Lyman-Jones Rural Water System; and to provide funds for such planning and construction.

(c) The Secretary is authorized to direct planning and construction of a municipal, rural and industrial water treatment and distribution system for the Oglala Sioux Tribe to meet the economic, public health and environmental needs of the Pine Ridge Indian Reservation, hereinafter referred to as the Oglala Sioux Rural Water System, including such off-Reservation facilities as are necessary to assure adequate water supply for the Reservation.

(d) Nothing in this Act is intended, nor shall be construed, to preclude the State of South Dakota or the Oglala Sioux Tribe from seeking Congressional authorization to plan, design and construct additional Federally-assisted water resource development projects in the future.

(e) Nothing in this act shall:

(1) Impair the validity of or preempt any provision of state water law, or of any interstate compact governing water;

(2) Alter the rights of any state to any appropriated share of the waters of any body of surface or ground water, whether determined by past or future interstate compacts, or by past or future legislative or final judicial allocations;

(3) Preempt or modify any state or federal law or interstate compact dealing with water quality or disposal;

(4) Confer upon any non-federal entity the ability to exercise any federal right to the waters of any stream or to any ground water resources; or

(5) Affect any water rights of any Indian or Indian tribe which were established by the setting aside of a reservation by treaty, executive order, agreement or act of Congress. Nothing in this act is intended, nor shall be considered, to diminish or affect the quantity or quality of water from the Missouri River basin or elsewhere which is owned or claimed by the Oglala Sioux Tribe under aboriginal title, recognized title or under the Winter's doctrine.

SECTION 2. SPECIFIC FEATURES.

SEC. 2(a) The service area of the West River Rural Water System and the Lyman-Jones Rural Water System shall be generally as described by the engineering studies for the respective projects, except that the Secretary may approve adjustments to the service area boundaries, within the counties named in Section 1, so as to maximize the project benefits.

(b) The service area of the Oglala Sioux Rural Water System shall be the boundaries of the Pine Ridge Indian Reservation and any area near or adjacent thereto which the Secretary may approve to maximize the project benefits. Notwithstanding the service area boundary, the facilities provided for the Oglala Sioux Rural Water System may include capital contributions toward water supply and transmission facilities of the Lyman-Jones or West River Rural Water Systems by the Oglala Sioux Rural Water System shall be recognized in setting water rates charged to the Oglala Sioux Rural Water System, in accordance with such rules and regulations as the Secretary may prescribe.

(c) Facilities authorized under this Act for rural water systems shall include water intake, pumping, treatment, storage and pipeline facilities, appurtenant buildings and access roads, necessary property and property rights, electrical power transmission and distribution facilities necessary for service to water system facilities, planning and design services for all facilities, and other facilities and services customary to the development of rural water distribution systems in South Dakota.

(d) In addition to the features described in Section 2(c), the Oglala Sioux Rural Water

System shall include such other facilities as are necessary to meet the domestic, municipal, livestock and industrial water needs of the Pine Ridge Indian Reservation; including but not limited to purchase, improvement or repair of water storage tanks, water lines and other facilities for the Oglala Sioux Tribe and reservation villages, towns and municipalities. The Oglala Sioux Rural Water System shall also include connection fees of Oglala Sioux tribal members as may be assessed by the Oglala Sioux Rural Water System, and purchase, improvement or repair of existing water systems of individual tribal members located on the Pine Ridge Indian Reservation. The Secretary shall provide technical assistance as may be necessary to the Oglala Sioux Tribe to plan, develop, construct and operate the system including operation and management training.

(e) The Secretary may, when benefits will not be decreased and costs will be reduced by such action, authorize with the consent of the Rural Water System or Systems affected, changes in Project plans, including changes of water sources; provided that no such change shall result in delivery of water to any project beneficiary which is substandard to the quality of water provided from Lake Oahe in South Dakota.

SECTION 3. POWER.

SEC. 3(a) Section 5 of the Act of September 30, 1982 (96 Stat. 1182), is hereby made applicable to the Pine Ridge Indian Reservation, and the Oglala Sioux Tribe shall, in addition to the purposes contained in Section 5 of that Act, be eligible to obtain pumping power for facilities constructed with funds authorized by Section 4(b) of this Act.

SECTION 4. AUTHORIZATION OF APPROPRIATIONS.

SEC. 4(a) There is authorized to be appropriated $65,000,000 for carrying out the provisions of Section 1(b) of this Act. Such sums shall remain available until expended.

(b) There is authorized to be appropriated $35,000,000 for carrying out the provisions of Section 1(c) of this Act. Such sums shall remain available until expended.

(c) The authorization amounts of Sections 4(a) and 4(b) of this Act shall be adjusted plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in development costs incurred after January 1, 1987, as indicated by the engineering cost indices applicable to the types of construction involved.

SECTION 5. ADMINISTRATION.

(a) The Secretary shall use funds authorized under Section 4(a) of this act to provide financial assistance to plan, develop and construct the Lyman-Jones and West River Rural Water Systems. Administration of funds authorized shall be under the terms and conditions of Public Law 97-273 section 2(c), the WEB Rural Water Development Act and the rules and regulations promulgated under that Act, except to the extent such Act or rules or regulations are inconsistent with the provisions of this Section. Funds appropriated under Section 4(a) of this Act shall be made available in a combination of grants and loans that will provide grants for not less than 75 per centum of eligible development costs; and such loans as may be necessary to complete the Lyman-Jones and West River Water Development Projects.

(b) The Secretary shall use funds appropriated under Section 4(b) of this Act to provide financial assistance to plan, develop and construct the Oglala Sioux Rural Water System on the Pine Ridge Indian Reservation. The design and construction of the Oglala Sioux Rural Water System shall be subject to the provisions of Public Law 93-638 (25 U.S.C. 450 et seq.). All funds provided under Section 4(b) shall be grants. The Oglala Sioux Rural Water System, including electrical power facilities, shall be owned and operated by the Oglala Sioux Tribe provided however, that the Oglala Sioux Tribe shall not sell, mortgage or otherwise encumber the system without the approval of the Oglala Sioux tribal membership in a referendum election conducted by the Secretary of the Interior.

(c) All agreements between the Oglala Sioux Tribe and any governmental or private entity executed pursuant to or in fulfillment of this act shall be subject to the approval of the Secretary of the Interior pursuant to 25 U.S.C. 81.

Mr. PRESSLER. Mr. President, today I am introducing legislation with my colleague from South Dakota, Senator DASCHLE, to authorize the development of the Lyman-Jones, West River and Oglala Sioux rural water project in South Dakota. Congressman JOHNSON is introducing a companion bill in the House of Representatives today. In July of 1985, I introduced the initial bill, S. 1471, to authorize the Lyman-Jones and West River rural water system. A companion House bill was subsequently introduced. Hearings were held by the appropriate subcommittees in both the House and the Senate and further action was scheduled but time ran out. On the first day of the 100th Congress, I introduced S. 55 authorizing the Lyman-Jones and West River project. Since that time, S. 55 has been modified to include the Oglala Sioux Tribe to provide good quality water to residents of the Pine Ridge Indian Reservation.

The Lyman-Jones, West River and Oglala Sioux rural water project is the result of a grassroots effort to bring good quality water to western South Dakota. For over 25 years local residents in western South Dakota have been working to make this project a reality. Several years ago during a public listening meeting I held in Chamberlain, SD, Frank Woster, a director on the Lyman-Jones rural water project, talked to me about the poor quality of water in the area. Following our meeting, I worked with the water district in an effort to obtain FmHA financing. The project would not fit FmHA criteria so I drafted legislation to authorize the project. Last year during Senate field hearings representatives of the Oglala Sioux Tribe expressed an interest in participating in the project. Early this year, engineering studies were completed and S. 55 was modified to include the Pine Ridge Indian Reservation.

The best testimonial to the need for this project would be to have Senators drink the water from this area. I don't want all of my colleagues to become ill so I will try to explain the problem. Water in the area to be served contains dissolved solids far in excess of the recommended EPA limit. The water contains exceedingly high levels of sodium, sulfate and iron which cause digestive problems in humans and livestock. A recent study conducted by South Dakota State University linked the high level of radioactivity in the water in this area to cancer. The study linked 29 percent of all cancer in people under 20 years of age to radioactivity in the water. The highest levels of radioactivity in South Dakota is the area to be served by this project. The high sodium content also causes problems for residents with high blood pressure.

Owners of restaurants and service stations in western South Dakota must caution visitors about the possible hazards of drinking the water. This is of particular concern since Interstate 90, the primary route for tourists traveling to the Black Hills, passes through this area. The large amount of dissolved solids in the water is not only bad for human health, but also substantially increases the cost of maintaining water systems and household appliances.

In this area, most of the water comes from deep wells. The wells are very costly to drill and have a short useful span. The average community must spend near one-quarter of a million dollars to drill a new well. The area ranchers also pay an average of between $10,000 and $30,000 to drill a well. Even with these high costs, the average lifespan of a well is only 4 to 12 years with average annual maintenance costs of 10 percent of the construction costs. Having to live with this poor quality water and expensive water systems has made the area residents very thirsty for good quality water from the nearby Missouri River.

The project will provide good quality Missouri River water to over 20,000 Indians and non-Indian residents in seven counties and the Pine Ridge Indian Reservation.

The Lyman-Jones rural water system was originally organized in 1971. Initially, no signup fee was assessed; but later, when the signup fee was collected, approximately 85 percent of the area residents paid the signup fees. Six municipalities also signed up for the project. A similar signup occurred in the West River rural water system area in the 1980's. The need and desire for good quality water in the area has been clearly demonstrated.

The estimated total cost of the projects is approximately $100 million. The non-Indian portion of the project would cost an estimated $65 million and be financed with a combination of loans and grants. The State of South Dakota has also expressed support for the project and provided funding to continue to develop the project. Local residents have also raised over a mil-

lion dollars to fund engineering studies and develop the project. The State and local people have already made a significant investment in the project.

The Pine Ridge Indian Reservation includes Shannon County, which has the lowest per capita income in the Nation. The per capita income in this area is approximately $3,000 annually. The project features serving the Indian reservation would be 100 percent grant. The estimated cost for the Indian share of the project would be $35 million.

Mr. President, the residents of this area desperately need good quality water for domestic use. The proposed pipeline project is the only feasible means of providing the area with good quality water.

By Mr. HARKIN (for himself, Mr. WEICKER, Mr. KENNEDY, Mr. METZENBAUM, Mr. STAFFORD, Mr. SIMON, and Mr. COCHRAN):

S. 1417. A bill to revise and extend the Developmental Disabilities Assistance and Bill of Rights Act; to the Committee on Labor and Human Resources.

DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT AMENDMENTS

Mr. HARKIN. Mr. President, I am pleased to introduce today, along with Mr. WEICKER, Mr. KENNEDY, Mr. METZENBAUM, Mr. STAFFORD, Mr. SIMON, and Mr. COCHRAN, legislation amending and extending for 3 years programs authorized under the Developmental Disabilities Assistance and Bill of Rights Act.

While the programs authorized under this act are small compared to other legislation providing assistance to persons with special needs, they have significant impact on the lives of many persons with severe handicaps. This legislation is critical to enable persons with developmental disabilities achieve their maximum potential through increased independence, productivity, and integration into the community and to ensure the protection and advocacy of the legal and human rights of persons with developmental disabilities.

Only a generation ago, persons with developmental disabilities and their families had limited options, consisting primarily of institutionalization. We, as a nation, viewed persons with developmental disabilities in terms of their limitations—limitations on what persons with severe handicaps could accomplish and contribute to society.

The Developmental Disabilities Assistance and Bill of Rights Act has been a major impetus for the creation of the many and varied programs now available and initiatives that facilitate the creation of opportunities enabling individuals with developmental disabilities to assume socially valued roles, to live in communities, to participate in competitive employment, and to develop greater self-respect and dignity.

Let me give you an example of what the DD Act has meant for Ron, who lives in my home State of Iowa. The following description appeared in the Iowa Governor's Planning Council for Development Disabilities, 1986 Annual Program Report.

Ron is a young man who has mental retardation and a history of emotional problems. His educational needs have been addressed through special education classes in the local school, primarily in classrooms for individuals with behavior disorders. For a time, it appeared that his emotional problems would severely restrict his opportunity for future independent living. His inability to cope with social pressures was largely responsible for this failure to make progress mastering academic and independent living skills that he was capable of learning. His behavioral outbursts had seriously jeopardized his foster home placement.

Ron's school brought his needs to the attention of a community-based residential and vocational program that included service coordination (case management) among the services offered. Ron went to live in a group home staffed by individuals professionally trained to respond to disruptive behavior creatively and with a range of appropriate alternatives. A new diagnosis and evaluation stressed the need for strong direction in planning and early vocational training.

The community agency's social worker initiated communication between the residential program and the school so that each program began reinforcing the skills and learning strategies taught in the other setting. In addition, placements at community job sites, supervised by staff from the agency's vocational program, were integrated into Ron's individualized service plan. Through the success he experienced in these community job placements, Ron became much more comfortable in social situations.

Today, Ron has as long, and probably broader work history than most teenagers his age. He is making more decisions at the group home than ever before. He is talking about living in his own apartment some day and holding a full-time job. This progress is due not only to the particular services Ron receives, but to the case manager who coordinates these services in a meaningful way and monitors his access to them.

The Developmental Disabilities Assistance and Bill of Rights Act has four components: The basic State Grant Program; the protection and advocacy systems; the university affiliated programs; and special projects.

The bill reaffirms the thrust of the basic State Grant Program and includes several amendments that clarify and strengthen the program. The basic State Grant Program provides payments to States to plan and conduct activities to increase and support the independence, productivity, and integration into the community of persons with developmental disabilities.

The findings sections of the legislation focuses on the capabilities, competencies, and preferences as well as the needs of persons with developmental disabilities and emphasizes the important role the family and members of the community can play in enhancing the lives of persons with developmental disabilities, especially when necessary support services are provided.

The bill specifies that it is in the national interest to offer persons with developmental disabilities the opportunity, to the maximum extent feasible, to make decisions for themselves and to live in typical homes and communities where they can exercise their full rights and responsibilities as citizens.

The bill also clarifies and strengthens the independence of the State planning councils to carry out their advocacy role under the act and refocuses the activities the councils may fund to include policy analyses and other activities that are most likely to have a positive impact on the greatest numbers of persons with developmental disabilities. The bill also amends the State plan to require States to take a hard look at how they are meeting the needs of persons with developmental disabilities attributable to physical impairment, a mental impairment, or a combination of physical and mental impairments. The bill also increases state flexibility in selecting priority areas in which to focus their efforts.

The bill increases the minimum State allotment under the basic State grant to $350,000. It authorizes to be appropriated $62,200,000 for fiscal year 1988, $69,900,000 for fiscal year 1989, and $77,400,000 for fiscal year 1990.

The bill adds several provisions designed to enhance the accountability of the protection and advocacy system by: ensuring particular attention be paid to the needs of members of racial and ethnic minorities who are developmentally disabled; requiring the establishment of a grievance procedure; and providing the public with an opportunity to make public comment on the priorities established by the system.

The bill clarifies that access to the records of a person with developmental disabilities applies to a person who resides or was abused or neglected while residing in a facility for persons with developmental disabilities. The bill also clarifies the authority of the protection and advocacy system to investigate incidences of abuse and neglect reported to the system if there is

probable cause to believe that the incidents occurred. These changes are consistent with comparable authority set out in the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319.

The bill increases the minimum State allotment for protection and advocacy systems to $200,000. The bill authorizes to be appropriated $20,000,000 for fiscal year 1988; $22,000,000 for fiscal year 1989; and $24,200,000 for fiscal year 1990.

The bill retains the current focus of the part of the legislation establishing university affiliated programs, which are designed to assist in the provision of interdisciplinary training, the demonstration of exemplary services and technical assistance and the dissemination of information which will increase and support the independence, productivity, and integration into the community of persons with developmental disabilities.

The bill establishes a new grant program for university affiliated programs under which the Secretary is directed to make training grants of sufficient size and scope in areas of emerging national significance—particularly in the areas of early intervention; programs for the elderly; and community based service programs.

The bill permits universities to apply for funds to study the feasibility of establishing a new university affiliated program or a satellite. In addition, the bill increases the amount of core funding for existing university affiliated programs and provides authority for expanding this program into States which currently do not have or are not served by a university affiliated program. The bill requires in the application that the university affiliated program demonstrate coordination between its activities and the activities conducted by the State under the State plan.

Separate line-items are established for core funding and for the funding of grants. The bill authorizes to be appropriated for core funding $9,400,000 for fiscal year 1988, $10,200,000 for fiscal year 1989, and $11,000,000 for fiscal year 1990. For grants to university affiliated programs, the bill authorizes to be appropriated $4,500,000 in fiscal year 1988, $5,000,000 in fiscal year 1989, and $5,500,000 in fiscal year 1990.

Finally, the bill renames the special projects part of the bill to read "projects of national significance." The Secretary is authorized to make grants to or enter into contracts with agencies and nonprofit entities for projects of national significance relating to persons with developmental disabilities to train policymakers, develop an ongoing data collection system, determine the feasibility and desirability of developing a nationwide information and referral system, pursuing interagency initiatives and other projects of sufficient size and scope which hold promise of expanding opportunities for persons with developmental disabilities. The bill authorizes to be appropriated $3,650,000 for each of the fiscal years 1987-90.

Mr. WEICKER. Mr. President, I rise today as an original cosponsor of the Developmental Disabilities Act Amendments of 1987. This legislation will reauthorize the Developmental Disabilities Act for 3 years and continue to strengthen the Federal mandate for increasing the independence, productivity and integration of our Nation's developmentally disabled citizens.

As the state of the art changes with respect to the provision of services for persons with disabilities, Federal disability policy must evolve to ensure we are not attempting to solve today's problems with yesterday's solutions. Since its creation 17 years ago, the Developmental Disabilities Act has supported research and demonstrations that have provided the impetus for Congress to continually refine its policies to keep up with our expanding knowledge and understanding, and assist those with disabilities to lead dignified and fulfilling lives.

During the last reauthorization, important priorities were added to the act to emphasize independent living and supported employment opportunities for individuals with developmental disabilities, in order to ensure expanded opportunities for integration of such individuals into the community and the workplace upon completion of their education.

The reauthorization bill introduced today contains numerous provisions which will further refine the programs authorized by the Developmental Disabilities Act. Specifically, the bill will strengthen the ability of the State Planning Councils to ensure that all individuals who are developmentally disabled, including individuals with mental or physical impairments or a combination thereof, will have access to the supports and services necessary to enable them to achieve their maximum potential. In order to accomplish this objective, State Planning Councils are authorized to conduct policy analyses and other activities which will ultimately impact all individuals who are developmentally disabled. Thus the State Planning Councils become a catalyst for change—from accessing existing service systems and identifying service gaps, to attempting to mobilize systems and communities toward the goals of increased independence, productivity and integration for all who are developmentally disabled. At the same time that the legislation encourages this evolution, the bill recognizes the importance of the disabled individual, the family, and members of the community in this process.

Another major component of the Developmental Disabilities Act is the Protection and Advocacy System, which has been critical in protecting and advocating the rights of individuals with disabilities. These Protection and Advocacy Systems were mandated by Congress in response to public outcry against the abuse and neglect to which disabled persons were subjected. During this 10th anniversary of their establishment, the range of Protection and Advocacy System activities is broad—and includes protection of individuals from abuse and neglect in institutions and nursing homes, assisting disabled children secure their right to a free, appropriate public education, and advocating for accessible transportation and housing, among other activities.

The reauthorization bill will enable these systems to continue their important work, and expand their authority to include investigation of incidences where there is probable cause to believe that abuse or neglect has occurred, with special emphasis on minority populations who are developmentally disabled and in need of protection and advocacy services.

The reauthorization bill retains the current focus for the University Affiliated Program and authorizes the Secretary to expand these systems in geographically unserved areas. The bill also authorizes the Secretary to establish a new grant program to enable University Affiliated Programs to examine areas of emerging national significance, such as in the areas of early intervention, the elderly disabled, and the area training for community based service programs.

Finally, the Special Projects Section of the act has been changed to Projects of National Significance, again reflecting the role of the Developmental Disabilities Act in supporting projects which will ultimately benefit all individuals with disabilities.

Thus the mandate of each of the programs authorized under the Developmental Disabilities Act has been strengthened and refined through this reauthorization. Accordingly, the authorization levels have been increased, since we cannot expect to expand and strengthen programs without adequate financial support. Although small in comparison to other Federal discretionary activities, funds from the Developmental Disabilities Act have a multiplier effect, and stimulate additional funds from States and other organizations. Clearly, these dollars represent a worthwhile investment.

I urge my colleagues to join with me in reaffirming our Federal commitment to all developmentally disabled Americans through prompt consideration and passage of this reauthorization bill, and I would like to especially thank Senator TOM HARKIN, chairman

of the Subcommittee on the Handicapped, for his leadership in its development.

Mr. KENNEDY. Mr. President, I am pleased to join my colleagues on the Handicapped Subcommittee in introducing legislation to reauthorize the Developmental Disabilities Assistance and Bill of Rights Act.

In 1963, President Kennedy initiated the first mental retardation legislation. He said then that the nonsystem of mental health care "has been tolerated too long. It has troubled our Nation's conscience, but only as a problem unpleasant to mention, easy to one's conscience, but only as a problem unpleasant to mention, easy to postpone and despairing of solution."

In the Developmental Disabilities Assistance and Bill of Rights Act, we took a major step to give substance to the national policy of deinstitutionalization, we were determined to enact a Federal-State partnership aimed at comprehensive services to the developmentally disabled citizens in our Nation.

In the ensuing years, advanced technology, a more sophisticated way of addressing the needs of our Nation's developmentally disabled citizens, and educational efforts aimed at mainstreaming these citizens has helped make the lives of these individuals more productive and fulfilling. But just as importantly, society as a whole has benefited tremendously from the insights and contributions these individuals have made to our Nation.

I am especially pleased that this legislation establishes, under the University Affiliated Programs, a new grant system for programs of emerging significance in the developmentally disabled population. Important among these grants is a commitment to our Nation's elderly developmentally disabled population.

The current lack of services for the aging mentally retarded is of great concern to me. When most of the retarded elderly were growing up there were no community-based services available. These people were sent to State institutions and have been, for the most part, deinstitutionalized.

The retarded elderly who are now living at home are living long enough to see their own parents become disabled or die. These individuals need special assistance from recreation to adult education to a social support network. This legislation takes important steps to address those needs and I am pleased the members of the subcommittee have joined me in addressing those needs.

I would like to thank the members of the subcommittee and their staffs for their hard work and dedication in addressing the needs of our Nation's developmentally disabled population. In addition, I am especially grateful to Senator HARKIN and Senator WEICKER for their leadership in drafting this important legislation.

Mr. STAFFORD. Mr. President, I am pleased to join my colleagues, Senator HARKIN and Senator WEICKER, in support of the Developmental Disabilities Act Amendments of 1987 that are being offered today. Since its inception in 1963, this act has maintained a mechanism to plan and coordinate services for persons with developmental disabilities and to advocate for and protect their rights.

Some of the new provisions that are of particular significance to my own State of Vermont are the changes in the State planning councils; the training grants; and the change in the State minimum for the State grant program and for the protection and advocacy system.

The changes in the State planning councils will allow greater independence of the State developmental disability councils from the administering agency. It will also allow the council's staff to be responsible only to the council and not assigned other duties by the administering agency and that the staff will be hired by the council and not the agency. These are key issues that the Vermont Developmental Disabilities Council has been interested in and I feel they will strengthen the role of each State's council.

This legislation also establishes a new grant program for university affiliated programs for training personnel in order to better address the needs of persons with developmental disabilities. The bill targets the areas of early intervention, elderly persons with developmental disabilities and community-based service programs. For the first time in the history of mankind, due to the advances in medical technology, we are seeing a generation of elderly disabled individuals. Their ongoing and future needs must be addressed.

Also, of particular interest to Vermont and other small States is the increase in the State minimum for the State grant program from $300,000 to $350,000. The State grant program is the foundation by which the planning of and services to persons with developmental disabilities are carried forth. The minimum allocation for the protection and advocacy systems is increased from $150,000 to $200,000. These P&A's are the primary entities which are out in front advocating for the rights and programming for persons with developmental disabilities thereby fulfilling a critical role in the lives of these individuals.

Mr. President, I support the goals and objectives contained in this legislation and commend my colleagues for their unfailing support for initiatives that truly seek to integrate individuals with disabilities into the mainstream of American life.

By Mr. CRANSTON:

S. 1418. A bill to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *MV Polar Ice* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade; to the Committee on Commerce, Science, and Transportation.

DOCUMENTATION OF VESSEL "MV POLAR ICE"

Mr. CRANSTON. Mr. President, today I am introducing a bill which would remove a technical restriction on the vessel *MV Polar Ice* and allow it to engage in coastwise trade.

In April 1979, the Coast Guard determined that the vessel's ownership technically was "alien" since two of the three directors, one of whom was an alien, constituted a quorum, hence, an alien could have 50 percent control in violation of section 2 of the Shipping Act.

In 1981, the *MV Polar Ice* was sold by the U.S. marshal at Seattle pursuant to an order of the Bankruptcy Court and was purchased by a group of American citizens.

The *MV Polar Ice* was built for the U.S. Navy at Camden, NJ, in 1945. She has been an American vessel except for the brief period of time in 1979 when she came under a technical form of alien ownership. This bill would document the *MV Polar Ice* as a vessel of the United States with the privilege of engaging in coastwise trade.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1418

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883), or any other provisions of law to the contrary, the Secretary of the department in which the United States Coast Guard is operating shall cause the vessel *MV Polar Ice* (official number 604676, owned by Polar Ice Seafoods, Inc., a Washington corporation which is a wholly owned subsidiary of Fishking Processors, Inc., a California Corporation, to be documented as a vessel of the United States, upon compliance with the usual requirements, with the privilege of engaging in the coastwise trade so long as such vessel is owned by a citizen of the United States.

By Mr. DURENBERGER (for himself, Mr. LEAHY, Mr. BAUCUS, Mr. CHAFEE, Mr. STAFFORD, Mr. MITCHELL, Mr. HARKIN, Mr. GORE, Mr. COHEN, Mr. PROXMIRE, Mr. DODD, Mr. KERRY, and Mr. DASCHLE):

S. 1419. A bill to prevent ground water contamination by pesticides; by unanimous consent, referred jointly to the Committee on Agriculture, Nutri-

tion, and Forestry, and the Committee on Environment and Public Works.

GROUND WATER SAFETY ACT

Mr. DURENBERGER. Mr. President, today Senator LEAHY and I join with several of our colleagues, including Senators BAUCUS, CHAFEE, STAFFORD, MITCHELL, HARKIN, GORE, DODD, PROXMIRE, and COHEN to introduce the Ground Water Safety Act of 1987. This bill is designed to prevent pesticide contamination of the Nation's ground water resources.

Pesticides in drinking water is rapidly rising to the top of the national agenda of public health issues. Some 23 different pesticide products applied in normal agricultural activities have been found in drinking water wells in 24 States. Another 50 pesticides have reached underground equifers as a result of spills and accidents. Thousands of drinking water wells have been closed across the country as a result of pesticide contamination.

My own State of Minnesota has recently completed a test of 500 public and private drinking water wells. They found pesticides in 38 percent of the wells tested. The people in these communities are unwillingly—and in most cases unknowingly—consuming 11 herbicides and 3 insecticides in their drinking water. The principal pesticides of concern in these tests were atrazine and Lasso, both herbicides used on row crops.

Studies in Iowa indicate that 25 percent of all families consume water containing some amount of pesticide and that in vulnerable areas 70 to 90 percent of all farm wells have been contaminated. In a high percentage of cases several pesticides are detected in a single well.

Even the USDA is now sounding the alarm. It has just released a report indicating that the water supply for 50 million Americans is at risk of contamination from pesticides used in agriculture; 767 counties in the United States have a combination of vulnerable ground water and moderate to high pesticide use which together put the drinking water supply at risk. Those counties occur in every region of the Nation.

Pesticide contamination of ground water is a public health problem with national dimensions.

The Ground Water Safety Act is designed to address the pesticide contamination problem. Under the bill EPA is required to examine all of the pesticides on the market to determine whether they have the potential to leach to ground water as the result of normal agricultural practices. For those that are potential leachers EPA is to set a health-based standard, the ground residue guidance level or GRGL, which will serve as a foundation of the regulatory program for that pesticide.

The manufacturers of leaching pesticides will be required to monitor uses and report any evidence of ground water contamination. There are two regulatory action levels in the bill. If the pesticide is detected at 25 percent of the GRGL, EPA is to tighten up on the label to restrict uses and practices that may contribute to contamination. If the pesticide is detected at 50 percent of the GRGL, EPA and the State in which the contamination is occurring are charged to take site-specific action including a prohibition of further use of the pesticide in the area and the provision of alternative water supplies to assure that public health is protected.

This bill is stronger than the ground water amendment that both Houses of the Congress adopted last year. It is stronger because the ground water resources protected are more broadly defined. It is stronger because the standard—the GRGL—is tied more directly to scientific evidence on adverse health and environmental effects. And it is stronger because it includes new prevention programs that require the pesticide producers, the States and EPA to assist the farmer with the management practices that are necessary to prevent contamination.

The real test of this bill is what it does for the American farmer. The economic well-being of most American farmers is tied to the use of agricultural chemicals.

Farmers won't abide a program that takes all these products off the market because of detectable amounts in ground water at the very lowest ranges of today's analytical science, unless the program is designed and run to give them a central role in protecting the resource. Show them how to prevent contamination and they will, because the drinking water supply that is at risk is their water supply serving their family, neighbors and community.

I am very pleased that we have been able to draft this bill jointly with the members of the Agriculture Committee and the Environment Committee in the Senate. The bill will be referred to both committees and each will play a role in the legislative process.

Mr. President, back in October of 1984, the Office of Technology Assessment issued a major two-volume study on ground water contamination. The report called for a national ground water protection strategy that would have three parts: First, prevention; second, detection; and third, correction.

OTA argued that the national strategy must emphasize prevention because a strategy that relies on detection or correction, only, would not work. To fully appreciate their conclusion, you must understand a little bit about ground water.

Ground water does not mix like surface water or air, so plumes of contamination which move like slugs through the soil can be highly concentrated.

Because contaminants percolate to ground water slowly, pollution can go on for several years before any hint of the problem would be identified by a detection strategy. Even if the source of the pollution is then capped or closed, damage to the ground water resource may continue and even increase for many years afterward.

Testing ground water supplies for contamination is expensive. The average water sample—for a limited number of parameters—costs between $200 and $2,000 to analyze. There are 240,000 public and 14 million private ground water wells in the Nation. That is a cost of $3 to $30 billion just to test each well once. So we can't rely on a strategy that allows the resource to be degraded in the belief that we can detect the contaminants at the point where we use the water.

Ground water is generally delivered to the consumer without treatment. Unlike surface water supplies, where we often filter the water or apply disinfectants, we drink our ground water raw—untested and untreated.

Ground water, once contaminated, is very expensive to clean up. Superfund—really a ground water protection program—will cost the Nation $8.5 billion over the next 5 years, averaging more than $8 million in cleanup costs at each site. Preventing contamination at those sites would have been far less costly.

Prevention of ground water pollution by pesticides is possible. Let me use the case of the pesticide aldicarb as an example. Aldicarb—which is also called Temik—is a pesticide applied to soil to kill nematodes, small worms that invade plants in the root zone. In the late 1970's and early 1980's, aldicarb was found to be a ground water pollutant over extensive areas of the United States including Long Island, upstate New York, Wisconsin, Florida, and California. In fact, it has been identified as a problem in 15 different States. Hundreds of water wells have been lost to aldicarb contamination. Union Carbide, the manufacturer of aldicarb, has installed carbon filtration systems on over 2,600 private water supplies to remove aldicarb from household water. Union Carbide has found it necessary to sample an additional 20,000 wells to determine the extent of the contamination problem.

Only after all of that expensive experience with detection and correction did Union Carbide begin to search for ways to prevent ground water contamination by aldicarb. There prevention research was highly successful. By making only small changes in the timing and rate of application, by

using very simple best management practices, it was demonstrated that the leaching rate for aldicarb on many crops could be reduced by as much as 70 percent without losing the efficacy of the pesticide.

The lesson, here, is that no one thought to look for the management practices that would reduce the leaching rate before the pesticide had contaminated water supplies in 15 States. And even today, EPA is not requiring the use of those practices in the application of aldicarb. We can and we must find means to prevent contamination by pesticides.

PURPOSE

Prevention is the focus of this amendment. Mr. President, in that regard I would like to emphasize language which is contained in the statement of purpose for this legislation. Those words are as follows:

> It is the purpose of this section to establish standards, regulations and requirements that will prevent contamination of underground sources of drinking water by pesticides and to authorize and require the Administrator of the Environmental Protection Agency to take appropriate regulatory and other actions to protect human health and the environment from injury or damage that may result from the presence of pesticides in ground water.

It is most important that we not lose sight of the environmental aspects of this legislation. Most of the pesticide contamination discussion is conducted in the context of protecting human health and preventing contamination of drinking water wells. But the reference to environmental protection which has been carefully included all through this bill is not some vague invocation of magic words. What is the significance of the phrase, "protect the environment from pesticides in ground water?" Well, 30 percent of the water that flows in our streams and rivers each year is discharged to the surface from a ground water supply. At critical times and in flow periods, ground water discharge may be the entire source of water in some surface water bodies. If that water is contaminated by pesticides, serious environmental damage—damage to fish, aquatic life, and other wildlife—may result. Therefore, in carrying out the provisions of this act, the Administrator is to give all necessary attention to the responsibility for environmental protection which is assigned to the EPA under this amendment. When we review the actions taken by EPA under this new authority, we expect to see a recognizable component or components that are designed to protect environmental resources from damage by pesticides which reach the surface environment as a result of ground water contamination.

SUMMARY

Mr. President, perhaps it would be helpful at this point in my comments to include a brief summary of the Ground Water Protection Program that we are proposing today.

First, the bill is designed to prevent the contamination of ground water resources broadly defined. This includes current and future drinking water supplies and water that may be used for other purposes. The definition of underground sources of drinking water is taken from an EPA regulation which has been in place for 10 years in the underground injection control program.

Second, when registering a pesticide for use, EPA will examine research and monitoring data to determine whether the pesticide has the potential to leach to ground water. Any pesticide found at three or more sampling points is defined to be a leacher.

Third, if a pesticide is classified as a leacher, EPA will set a ground water residue guidance level for the pesticide. The GRGL is to be set at a level which is protective of public health. If the pesticide is a carcinogen and EPA has established an MCL for the pesticide, the MCL may be used as the GRGL but only if there is negligible risk of chronic health effects at the MCL level. If EPA fails to set a GRGL and the pesticide is detected at three or more locations, a five parts per billion GRGL is established automatically. The objective of the program is to assure that the GRGL will not be exceeded. The authority for the GRGL is included in an amendment to the Safe Drinking Water Act.

Fourth, if a pesticide is classified as a leacher, the producer of the pesticide is required to develop management practices which will be effective in preventing leaching. Information on these practices is to be disseminated to State agencies and pesticide users.

Fifth, if a pesticide is classified as a leacher, the registrant of the pesticide will establish a representative ground water monitoring program at a number of sites where the pesticide is used to detect contamination at the earliest possible time. EPA can also require registration monitoring to determine national exposure to the pesticide and remedial monitoring to determine the extent of contamination at any particular site.

Sixth, registrants and other persons with information on the detection of a pesticide in ground water are to report that information to EPA.

Seventh, if a pesticide is detected in ground water and EPA determines that there is a reasonable likelihood that the GRGL will be exceeded as a result of the registered use or normal agricultural practice, EPA is to impose further restrictions on the use of the pesticide to prevent contamination. These are national requirements applying to all users of the pesticide and appearing on the label for the product; 25 percent of the GRGL is the presumptive trigger for these amendments.

Eighth, if the pesticide is detected at more than 50 percent of the GRGL at any site, the EPA and the State in which the detection occurred are to take action to protect public health and the environment in the vicinity of the contamination. This action may include a ban on further use of the pesticide in the area of the detection and orders to require the provision of alternative water supplies or other abatement action.

Ninth, EPA is to provide various forms of technical assistance and information to the States and to the users of pesticide products to improve management practices.

Tenth, States are to establish programs to prevent surface water pollution and ground water contamination by pesticides. These programs are to be coordinated with the new nonpoint source pollution programs under the Clean Water Act. State programs must be approved by EPA and pesticides which present a significant threat of polluting surface waters or contaminating ground waters are not to be used in States without approved programs.

Eleventh, annual authorizations of $50 million for the EPA program and $25 million for grants to the States are included in the bill.

And finally, the legislation contains an authorization of $25 million per year for 5 years to carry out this new Ground Water Protection Program.

DEFINITIONS

The bill that we are introducing today seeks to protect ground water from contamination in a variety of ways and the resource protected is broadly defined. Protection is afforded not only to current drinking water sources, both public and private wells, but also to any other waters which may serve drinking water or for other purposes in the future. The definition of "underground sources of drinking water" in this legislation tracks the definition that is used in current EPA regulations for the underground injection control program. That definition turns on two notions, one related to quantity and the other to quality. To be an underground source of drinking water, an underground supply must be able to yield a sufficient quantity of water to a well to meet daily needs. Yield is, of course, a function of the depth of the well and also of the permeability of the geologic formation. Water that is above the zone of saturation in the root zone would not generally be a potential source of drinking water because it would not yield a sufficient quantity of water to meet daily needs which is about 50 gallons per day per person.

On the issue of quality, this definition, and the definition of under-

ground sources of drinking water in the current EPA regulations, affords an extra margin of protection. Human beings will generally drink water only if the mineral content is less than about 500 parts per million total dissolved solids. But the definition of underground sources of drinking water in this legislation includes waters with total dissolved solids up to 10,000 parts per million. Extending the definition to this range provides protection from pesticide contamination for water that might be treated to remove dissolved solids to bring it within the normal range considered appropriate for human consumption and also protects ground water for other uses such as livestock watering where use is not excluded because of the presence of dissolved solids at low levels.

Of course, any source, whatever the yield of the well, the depth of the well or the quality of the water produced which is currently used as a drinking water supply would be afforded protection under this legislation.

Mr. President, there are two other aspects of the definitions in this amendment which I would like to mention. First, the definition of "ground water sampling point" indicates that the sampling well should be of an adequate depth to assure the collection of ground water samples. This language does not mean that the sample has to be representative of the quality of all the water in the aquifer. It is not required that one go to a depth of 500 feet in a 1,000-foot thick aquifer to get a representative sample. All that is required is that the sampling well be of depth adequate to sample water that could eventually enter a drinking water well taking into account the quantity of water that is necessary to meet daily needs.

The second item in the definitions that needs to be mentioned relates to the meaning of the term "reliable analytical data." Such data is information on the presence of a pesticide in ground water. The methodology used to produce the data should be of sufficient validity and reliability so that a positive indication in a sample can be used for regulatory purposes. To assure this level of quality the definition refers to recognized standards and good laboratory practices. No extraordinary effort to verify or prove contamination is intended.

Another important definition in this bill is the definition of the term pesticide. As used in this legislation that term includes all of the active and inert ingredients and their metabolites and degradation products associated with a pesticide product. It is not necessary under the provisions of this definition that a ground water sample contain ingredients in precisely the same chemical formulation as is found in the pesticide product when it is sold. Because ingredients will be transported and degraded at different rates once they are released into the environment, ground water samples will not match the formulations of the pesticide product in its manufactured form. Therefore, it is necessary to read the use of the term pesticide broadly here to include all of the chemical constituents and byproducts in order to assure adequate protection of ground water resources.

It is not intended by the inclusion of this definition that EPA be required to set a standard for all of the possible degradation products of a pesticide at the time of registration. However, if it is apparent at the time of registration or becomes apparent through use of the pesticide that one or more degradation products are a significant ground water contamination problem, standards must be established by EPA.

POTENTIAL TO LEACH

Moving on from the definitions to the substantive provisions, an important element of this bill is a requirement that EPA establish criteria to determine whether a pesticide has the potential to leach into ground water. This is an essential element, if we are serious about preventing, rather than simply responding to, ground water contamination. In developing such criteria, the Administrator of EPA is to begin with the factors listed in subsection (c)(1) of the new section 31. EPA has been working to develop such criteria and the purpose of this language is simply to give a legislative home to the work that is already underway.

At the time of registration or at the time EPA proposes a registration standard for a pesticide, the Administrator is to determine whether the pesticide has the potential to leach into ground water. The Administrator will require the person proposing to register a pesticide to provide data on the fate and transport of that pesticide in the environment including the saturated and unsaturated zone. Based on that information, the criteria that the Administrator has established and other information that may be available, the Administrator will make a determination whether the pesticide has the potential to leach into ground water.

Any pesticide that has been detected at three or more sampling points is considered to have leaching potential. If at the time of registration, EPA makes a determination that a pesticide does not have the potential to leach, but subsequently, that pesticide is discovered at three or more ground water sampling points, then the determination is to be changed to classify the pesticide as a potential leacher. In addition, we would expect EPA to revisit the criteria, if they fail to flag pesticides which are subsequently found in ground water supplies.

A determination that a pesticide has the potential to leach into ground water is the first step in prevention of contamination. For this reason, the Administrator should err on the side of protecting human health and the environment and make a determination that a pesticide has no leaching potential only when any other conclusion is unsupportable.

RECOMMENDED PRACTICES

If a pesticide is determined to be a leacher, the registrant of the pesticide is to develop best management practices which will be effective in preventing ground water contamination. Information on these practices is to be disseminated to the users of the pesticide and to the State agencies which are developing management programs under the new section 32. It is important to emphasize the authority of the States to get information from the registrants—including fate and transport data—that would be helpful in putting together prevention programs. The management practices to be developed under this new subsection are in addition to the label requirements which EPA identifies as necessary to assure that the GRGL will not be exceeded.

Mr. President, this is an important new prevention subsection of the bill which was not included in the ground water amendments which the House and Senate adopted last year. The information generated and made available as a result of these requirements is to be helpful to the farmer in managing his or her operation to prevent ground water contamination. It is a means to enlist the stewardship of our agricultural producers to achieve the goals and objectives of this bill.

MONITORING

Mr. President, there is an additional element of ground water protection in subsection (e) of this new section 31 of FIFRA. If EPA determines that a pesticide has the potential to leach into ground water, then the registrant is required to conduct ground water monitoring with respect to that pesticide. The purpose of the monitoring is to assure that we get the earliest possible information on the actual fate of the pesticide in the environment. We should not wait for the pesticide to be accidentally discovered by a person monitoring a drinking water supply for some other purpose, but rather should require the registrant of the suspected leacher to conduct a targeted monitoring program at sites that are representative of the places where the pesticide is used.

It is not intended that the registrant be required to install monitoring wells at all or even a very large number of locations. It is only intended that EPA design a reasonable monitoring program for the pesticide to be conducted by the registrant at sites reasonably representative of the crops, climates, soils, and hydrogeology associated

with use of the pesticide so as to assure that reliable analytical data will be available at the earliest practicable time should the pesticide, in fact, leach to ground water.

Mr. President, one aspect of the pesticide contamination problem that is especially troubling is the long lag time that may occur between application of the pesticide and the date that it actually shows up on a ground water sample. Contaminants move very slowly in the soil and ground water. It may take years for a pesticide applied on the surface to reach the water table 40 or 50 feet below. Because of this long period of percolation, pesticides will build up on the soil and, even if the pesticide is banned for use on the surface after the first detection is made in the ground water below, the level of contamination will continue to increase as the built up pesticide moves into the saturated zone. It is for this reason, Mr. President, that we have focused in this amendment on provisions that will assure the earliest possible detection of ground water contamination. That is the purpose of the representative monitoring provisions included in this legislative language.

Mr. President, this representative monitoring requirement is one of three new monitoring provisions included in the bill. The other two might be called registration and remedial monitoring. Authority to require monitoring exists under the data collection provisions of existing law. This new language is simply to clarify the likely conditions under which that authority might be used. Registration monitoring would occur in a situation where EPA was reviewing the registration of a pesticide and needed to determine the exposures which might be experienced across the country. Remedial monitoring is intended to determine the nature and extent of contamination at a specific site for the purpose of planning response actions. In both cases this monitoring would be conducted by the registrant or registrants of the pesticide.

In addition to the actions legally required here, it is my hope that EPA will also be exploring monitoring technology that does not rely solely on ground water samples. We need to develop and take advantage of technology that focuses on monitoring of the unsaturated zone so that ground water contamination might be predicted even before it occurs. I know that monitoring technology for the unsaturated zone is not entirely reliable at this time, but EPA should be making every effort in its research and development program to perfect monitoring techniques for the unsaturated zone so that they can be implemented as a part of the FIFRA program and in other ground water protection regimes like the Solid Waste Disposal Act. We have included an authorization for that kind of research at a later point in the bill.

NOTIFICATION

Another important aspect of this amendment is the notification requirement. Registrants are required to notify EPA within 15 working days if a registrant obtains, through its own testing source or through some other source, reliable analytical data that a pesticide has been detected at any ground water sampling point. The notification report to EPA is to include information regarding the detection, and circumstances under which the pesticide was detected. The amendment mentions factors such as well type, soil type, method used, date, information on the accuracy of the method, and quality assurance and control procedures.

GROUND WATER RESIDUE GUIDANCE LEVEL

Mr. President, one of the principal elements in this consensus package is not actually an amendment to FIFRA, but rather is drafted as an amendment to the Safe Drinking Water Act. Under a new section 1429 of the drinking water law, EPA will be setting new health-based standards for drinking water supplies to assure that pesticide contamination does not become a threat to the health of our citizens. These new standards are called ground water residue guidance levels—the acronym is GRGL, pronounced "gurgle" in the discussions that we have been having. However frivolous the nickname, the purpose embodied in this amendment to the drinking water law is a serious and important effort to assure adequate protection for our drinking water and ground water supplies.

We have made the ground water residue guidance level a part of the drinking water law because the considerations that are to be taken into account when setting a GRGL are very similar to those that are employed when setting standards under the drinking water law. The MCLG standard in that law is based on a level of protection that assures no adverse effect on human health. The standard in this proposed legislation in the same standard.

Mr. President, FIFRA is a risk balancing statute. It instructs the Administrator to allow the use of a pesticide where no unreasonable risk of injury to human health, welfare, or the environment can be expected. The Safe Drinking Water Act does not call upon the Administrator to balance the risks and benefits of a pesticide, or any other chemical, in setting standards. It is not like FIFRA in that respect.

The Environment and Public Works Committee conducted a hearing on legislation similar to the bill we introduced today in September of last year. At that hearing every witness—including representatives of EPA, the States, the pesticide manufacturers, the environmental community and farm organizations—all of those witnesses testified that the GRGL established by this legislation should be solely health-based and that no consideration of the benefits of the pesticide should be taken into account when setting drinking water standards for the pesticide. So we decided in this bill to make the GRGL setting authority a new part of the Safe Drinking Water Act, rather than FIFRA, to assure that the standard is one that protects human health from any adverse effect.

The GRGL is consistent with the health protection requirements of SDWA, as specified in the authority of the Administrator to set maximum contaminant level goals under that law. The language in this bill requires that the Administrator set the GRGL at the level which presents no adverse effect on the health of persons. This is an appropriate standard for the GRGL, Mr. President, because this standard is intended to be a part of a regulatory program that protects ground water from contamination. This is not a cleanup program. This is not a program for treating contaminated water. This is a prevention program, and as such, it is appropriate that the standard for the GRGL parallel the standard for the maximum contaminant level goal in the Safe Drinking Water Act.

The Administrator is to establish a ground water residue guidance level for a pesticide whenever the Administrator registers or reregisters a pesticide that has the potential to leach into ground water. In addition, GRGL's are to be issued if: First, the pesticide has been detected at ground water sampling points at three different locations; second, the pesticide has been detected in drinking water wells or wellfields serving more than 500 people, or three, a Federal agency or the Governor of a State petitions the Administrator to set a GRGL for a pesticide.

Based on these criteria, it is expected that GRGL's would be established for a large number of pesticides. EPA is preparing to conduct a national survey on pesticide contamination of ground water. As a part of that survey EPA is developing health advisories for several dozen pesticides. It is expected that EPA will be able to use the information in the health advisories to quickly develop the GRGL's authorized by this amendment.

But it must be understood that GRGL's will not be serving the same purpose as those advisories. Health advisories have been developed by the drinking water office at EPA as an informal mechanism to assist others in preventing short-term exposures that may present an imminent and substan-

tial endangerment to public health. They are not intended to substitute for regulatory standards, nor do they reflect the same considerations as to health protection which the Administrator is instructed to take into account under this legislation.

I cannot overstate the importance of the health standard, Mr. President. It has been and continues to be fundamental to all our environmental statutes. Here the the Administrator is required to establish GRGL's that are sufficiently stringent to protect human health, including populations such as children who may be particularly sensitive to pesticide exposure. He must also take into account other factors which, if present, would indicate that an additional margin of safety in the standard is necessary.

Mr. President, there is some resistance to using a health-based standard in this and other ground water protection programs. Much of this resistance comes from the present Administrator of the Environmental Protection Agency, Mr. Lee Thomas. His concern arises because EPA has traditionally—and rightly—interpreted the MCLG mandate of the Safe Drinking Water Act as a zero standard for some drinking water contaminants. The zero standard results from the fact that there is no known threshold for the adverse effects of some substances. In particular, cancer-causing substances are not thought to be safe—of no effect—in any amount.

EPA has proposed that they be given authority to set a non-zero GRGL for carcinogenic pesticides which will be regulated under this legislation. Generally, the authors of this bill are very uncomfortable with this proposal by the Agency. Risk assessment is the source of substantial and continuing friction between EPA and its authorizing committees in the Congress. It is a complicated scientific methodology, easily manipulated for political purposes and relatively new and unsettled as a major tool in the decisionmaking processes of the Federal Government.

Nevertheless, and with considerable caution, we are willing in the context of this legislation to discuss with EPA nonzero standards for carcinogens in very limited circumstances. Where EPA has adopted a maximum containment level under the Safe Drinking Water Act which presents no more than a negligible lifetime risk of chronic adverse health effects, the MCL may be used as the GRGL for purposes of this program.

We must be extremely cautious and thoroughly consistent in our understanding of the term "negligible risk" throughout this debate. It is offered in response to the Agency's request for a reference standard which would expose persons to no more than a 1 in 1 million lifetime risk of chronic adverse health effects with an adequate margin of safety using traditional and conservative risk assessment models and inferences. In some cases negligible risk might require standards affording even more protection where especially sensitive populations will be exposed or where there are other significant exposures in addition to the presence of the pesticide in ground water. In no event would the term "negligible risk" imply or authorize a GRGL with a risk of chronic effects greater than 1 in 1 million.

Mr. President, the Environmental Protection Agency has established guidelines for risk assessment which have been published in the Federal Register. These guidelines are to serve as the foundation for any MCL which would meet the "negligible risk" test which I have just outlined. We don't wish to freeze these guidelines in place. They will gradually evolve as we learn more about the science of risk assessment. But any MCL established as the result of a radical departure from these guidelines shall be disqualified as a potential GRGL under this legislative language.

It should be clear that we take this step with great reluctance. But we do so here to protect a larger concern. It is our impression that the drinking water program at EPA is moving—and moving rapidly—away from adequate health protection in the maximum contaminant levels which it is setting. Because MCL's are now being used in other programs including Superfund and RCRA there is growing and inappropriate pressure on the drinking water office to set less stringent standards—standards that will trigger less regulation and impose lower costs on the regulated community. MCL's in the risk range of 1 in 10,000 are simply unacceptable. But that is the direction in which the program is going. And to reach this accommodation with purposes other than protecting drinking water supply, the Agency has completely abandoned the standard-setting procedures which the Congress established in SDWA and the 1986 amendments.

The bill we offer today imposes incentives that may move the program in the other direction. Only if the MCL affords protection against all but negligible risk can it be used as a GRGL in the pesticide program.

We sincerely hope that this will be deemed an adequate response to the concerns which the Agency has expressed with respect to standards for nonthreshold contaminants. We offer it in the spirit of cooperation and conciliation. But we do not intend to move further. Using MCL's which are not protective of human health is not an option. It would also not be appropriate to establish negligible risk GRGL's completely independent of the drinking water program. We need to be integrating, not balkanizing, the various ground water protection authorities that are being developed. This bill does that. It is a good faith response to the concerns that the Agency has expressed.

Mr. President, the ground water residue guidance level established under the Safe Drinking Water Act will serve as a standard for prevention measures taken under the two other major sections of this legislation. Those sections are amendments to FIFRA. One section requires the Administrator to regulate pesticides through so-called registration amendments to prevent the ground water residue guidance levels from being exceeded in drinking water and potential sources of drinking water. And subsection (i) of this new section 31 of FIFRA will require the States and EPA to work together, taking measures that may necessarily go beyond general registration requirements, to assure on a site-specific basis that the GRGL is not exceeded in any underground source of drinking water.

REGISTRATION AMENDMENTS

One of the principal elements of pesticide regulation under FIFRA are the restrictions that are put on the use of a pesticide at the time of registration. Subsection 31(h) of this bill uses these registration amendments to assure that GRGL's will not be exceeded in ground water. Nothing in this language authorizes the Administrator to register a pesticide that may present an unreasonable risk of injury to human health or the environment as a result of the potential for the pesticide to leach into ground water. This legislation is not designed to license leachers, but to protect ground water and, thus, the Administrator's authority and current policy to decline to register pesticides that present an unreasonable risk because of the likelihood that they will leach to ground water or for any other reason is not disturbed.

Furthermore, EPA is to include at the time of registration all the restrictions on the use of a pesticide which the Administrator determines are necessary to meet the requirements of the FIFRA statute. We do not intend to send a signal with this bill that restrictions on the registration or label of a pesticide to protect ground water are only appropriate after contamination has actually been discovered. That would be completely contrary to the intent of this bill. Rather it is our purpose to assure that when the EPA learns that a ground water residue guidance level for a pesticide is likely to be exceeded, a mandatory and judicially enforceable duty is imposed on the Administrator to restrict the use of the pesticide to avoid that result. Again this language is designed to prevent contamination and to assure that

the health-based ground water residue guidance level will not be exceeded.

Mr. President, this bill includes certain provisions that define the point at which the Administrator is required to impose registration amendments to protect ground water supplies. To give definition to the phrase "determine whether there is a reasonable likelihood that the ground water residue guidance level will be exceeded" this legislation explicitly includes a presumption that such a determination will be triggered whenever the pesticide has been detected in an amount which exceeds 25 percent of the ground water residue guidance level in different localities. The 25 percent standard—which is a fraction of the health-based standard—is appropriate in this instance because ground water is, as I have said earlier, not thoroughly mixed and as a result the quantity of a contaminant at a particular sampling point may vary by as much as an order of magnitude in separate samples drawn from that single site over a short period of time. So at one time we may find that the level of contamination is only 25 percent of the GRGL, but could find, even on the next day, a sample that is contaminated at a level which is two-and-one-half times the GRGL. Thus, it would be reasonable to conclude that a GRGL might be exceeded, even if a sample or samples indicate contamination at a fraction of the health-based standard established under the drinking water law. Again, as in other public health and environmental protection programs, when there is doubt or uncertainty, EPA is to err on the conservative side—on the side of protecting health and the environment.

In this section of the amendment the phrase "in different localities" is to indicate that EPA is not required to impose registration amendments because the 25 percent trigger has been exceeded at a single place. There is no need to set in motion a national restriction because of a unique contamination incident. However, the phrase is not intended to allow EPA to ignore the first signs of contamination which may result from normal practices of pesticide use. EPA is not to set some arbitrary trigger based on the number of locations at which contamination has been detected in excess of 25 percent of the GRGL and wait to act until after that number of incidents has been discovered. EPA should impose restrictions even if the 25 percent level has been exceeded at only one site, if at that site the contamination resulted from normal practices which can be expected to result in contamination at other places where the pesticide is used.

The registration amendments required by this section are to be imposed promptly. The procedures for imposing amendments are specified in the FIFRA statute rather than this bill. EPA is to begin the process by proposing the amendments within 60 days after the 25 percent trigger has been reached and is to proceed with the regulatory process so that the restrictions necessary to protect ground water are effective as soon as practicable thereafter. Although the administrative processes are those of FIFRA, we do not intend to substitute the "unreasonable risk" standard of FIFRA for any part of the determinations that are triggered by the ground water residue guidance levels which are established under the Safe Drinking Water Act.

RESPONSE AUTHORITIES

Mr. President, another major provision of this legislation is subsection 31(i) which establishes authority for response to ground water contamination at a specific site. Again, the purposes of this section are to assure that the ground water residue guidance level for a pesticide will not be exceeded. Here, the Administrator is required to take action, action which goes beyond that required by general registration amendments, only after EPA receives information that a detection of 50 percent of a GRGL has been made at a particular ground water water sampling point. The action taken by the Administrator in the first instance will rely on the States which are given 180 days to take steps that will bring and retain the level of the pesticide in the water supply to a point that is below the GRGL. If the State do not have sufficient authority or fail to act within the 180 day period, the duty to bring and retain the contamination to a level that is below the GRGL falls on EPA. The general standard which applies to EPA's actions under this section is one which will protect human health and the environment from adverse effects as a result of the presence of the pesticide in the drinking water well.

The authority for EPA to conduct a response is available immediately. There is no time lag between the date of enactment and the time when EPA may use this response authority. There are thousands of wells in the Nation that are already contaminated with pesticides and it is expected that response to that contamination will begin as soon as GRGLs are promulgated under the Safe Drinking Water Act.

People should not drink contaminated water. And authority to prevent the distribution of contaminated water should be used. Alternative water supplies should be made available immediately. But the response should also include cleanup of the contaminated supply so that the original resource is restored to productive use.

Mr. President, we have made significant modifications in the site-specific response authorities which were included in the bill last year. The purpose of these changes is to reduce the resource burden that the response program will impose on EPA. It is estimated that significant pesticide contamination has already been discovered in 7,000 wells. Responding to contamination of that extent will be a very big job.

The way the bill was structured last year, site-specific response was very resource intensive. It included substantial administrative procedure and was open to challenge and review by all affected persons. This bill takes a more generic approach. EPA is to promulgate a regulation which includes a formula to determine the land area in which any use prohibition will be effective. The regulation may be reviewed in court at the time of promulgation but will not be subject to review when it is applied on a site-specific basis. The response shall to the extent practicable rely on readily available data.

These modifications are intended to respond to legitimate resource concerns which were raised by EPA. But they are not intended to diminish the public health protection afforded by this part of the program. Response authorities have not been removed—the administrative process is simply streamlined.

Mr. President, the Administrator of the Environmental Protection Agency has authority to respond to contamination of drinking water supplies by pesticides pursuant to the provisions of several laws. In addition to FIFRA, the EPA may also respond under the Safe Drinking Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Solid Waste Disposal Act and perhaps other statutes. These authorities are very broadly drafted and include everything from imposing monitoring requirements to mandating cleanup of a contaminated aquifer. Although the language of the bill we are introducing only makes reference to the specific response authorities of FIFRA, there is nothing in this bill which displaces or alters the response authorities that are contained in these other statutes or which would suggest that only FIFRA authorities should be used to respond to pesticide contamination of ground water.

The other response authorities do exist. They were intended to be used. And they should be applied by EPA to incidents of pesticide contamination which come to light as a result of implementing the provisions contained in these amendments. The duty of the Administrator to prevent human exposure to dangerous levels of drinking water contaminants which is contained in the Safe Drinking Water Act is not a duty to be segregated from the

responsibilities created here. All of the authorities that have been granted by the Congress to the Environmental Protection Agency should be used in a coordinated way to protect public health from the threat that is posed by pesticide contamination of ground water supplies.

INFORMATION

Mr. President, an additional element of this legislation creates an authority for EPA and other agencies of the Federal Government, including the Department of Agriculture, to enter into arrangements that will make available to individual farmers information that has been collected on soil and climate characteristics that would be helpful to the farmer as he or she makes decisions with respect to the use of a particular pesticide. Mr. President, much of this site-specific information has already been developed by the soil conservation districts and natural resource agencies of this country. What we are promoting here is an effort to organize this information in a way that makes it useful to the farmer as decisions on pesticide uses and application practices are made.

I wanted to mention this section on site-specific information, in particular, so that I could thank the distinguished Chairman of the Environment Committee, Senator BURDICK, for his efforts in developing the legislative language that is included here. It is quite a thorough and carefully crafted subsection and is an important complement to the other preventive measures that we are proposing.

STATE PREVENTION PROGRAMS

This bill includes a new section 32 of FIFRA which provides that each State will develop a program to prevent pollution of surface water and ground water by pesticides. These programs will build on the new nonpoint source pollution control programs which the Congress recently authorized in the Water Quality Act of 1987 and on the ground water protection program established in section 31 of FIFRA.

These programs will focus on best management practices for pesticide uses that prevent run-off and leaching as the result of agricultural practices. Registrants of the pesticides are to provide the States the information necessary to develop these management practices.

EPA will approve the general program that each State develops. The State will then apply its program to each pesticide registered for use in that State which has been determined to be a "leacher" by EPA or which has been identified by any State as a problem for surface water quality. The bill includes criteria for approval of State programs. It also authorizes $25 million per year in grants to the States to develop and implement the programs.

Finally, in this area there is a sanction. No pesticide which has been identified as a surface water or ground water problem can be registered for use in a State which does not have an approved program.

I will just conclude by once again thanking the cosponsors of this amendment. Senator BAUCUS, who is the chairman of the Toxic Substances Subcommittee, and Senator MITCHELL, who together with the Senator from Montana has introduced comprehensive ground water protection legislation, have been steadfast partners in this effort. Their expertise in matters relating to the drinking water law, ground water protection, and cleanup has been an essential element in developing a workable program. I have mentioned Senator BURDICK's role already. I also want to thank the distinguished former chairman of the Environment Committee, Senator STAFFORD, for supporting our work on this legislation.

Finally, let me offer to the chairman of the Agriculture Committee, Senator LEAHY, the assistance and support of all of us on the Environment Committee as he begins efforts to reauthorize the Nation's pesticide law. We wish him well and hope this bill gets that effort off to a good start.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD along with my comments this afternoon.

Thank you, Mr. President.

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

S. 1419

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.—This Act may be cited as the "Ground Water Safety Act of 1987".

SEC. 2. FIFRA AMENDMENT.—The Federal Insecticide, Fungicide and Rodenticide Act is amended by—

(a) redesignating section 31 (7 U.S.C. 136y) as section 33; and

(b) inserting after section 30 (7 U.S.C. 136x) the following new sections:

"SEC. 31. PROTECTION OF GROUND WATER.

"(a) PURPOSE.—It is the purpose of this section to establish standards, regulations and requirements that will prevent contamination of underground sources of drinking water by pesticides and to authorize and require the Administrator of the Environmental Protection Agency to take appropriate regulatory and other actions to protect human health and the environment from injury or damage that may result from the presence of pesticides in ground water.

"(b) DEFINITIONS.—For purposes of this section—

"(1) DRINKING WATER WELL.—The term 'drinking water well' means a well or spring currently supplying water for human consumption;

"(2) GROUND WATER.—The term 'ground water' means water below the land surface in the zone of saturation;

"(3) GROUND WATER RESIDUE GUIDANCE LEVEL.—The term 'ground water residue guidance level' means—

"(A) with respect to a pesticide for which a ground water residue guidance level has been established under section 1429 of the Safe Drinking Water Act, such level, or

"(B) with respect to any other pesticide which has been detected at 3 or more ground water sampling points, 5 micrograms per liter;

"(4) GROUND WATER SAMPLING POINT.—The term 'ground water sampling point' means a public or community water supply, a private water supply, a spring, or a monitoring well or other ground water source, if the well or source is reasonably designed and of adequate depth to permit the collection of ground water samples;

"(5) PESTICIDE.—The term 'pesticide' includes any active or inert ingredient of a pesticide product and the metabolites and degradation products of such ingredients;

"(6) RELIABLE ANALYTICAL DATA.—The term 'reliable analytical data' means information indicating the presence of a pesticide in a ground water sample at or above the limit of detection and developed according to generally recognized standards and good laboratory practices for sampling and analysis of pesticides in ground water; and

"(7) UNDERGROUND SOURCE OF DRINKING WATER.—The term 'underground source of drinking water' includes current and potential sources of drinking water and means an aquifer or its portion which:

"(A) supplies any public water system; or

"(B) contains a sufficient quantity of ground water to supply a drinking water well and which—

"(i) currently supplies drinking water of human consumption; or

"(ii) contains fewer than 10,000 mg/1 total dissolved solids.

"(c) LEACHING POTENTIAL.—

"(1) CRITERIA.—The Administrator shall publish and seek comment on criteria to determine whether a pesticide has the potential to leach into ground water. Such criteria may include, but are not limited to, factors such as: the intended use of the pesticide; the timing, rate and method of application for the pesticide; the mobility of the pesticide in soil and water under various conditions; the persistence of the pesticide in the environment; the use of the pesticide in combination with other agents; and the level of care necessary to assure that the pesticide is properly used.

"(2) DATA SUBMISSION.—Each person seeking to register or reregister a pesticide under this Act shall submit complete and adequate data and information with respect to the potential for the pesticide to leach into ground water and the fate and transport of the pesticide.

"(3) DETERMINATION OF LEACHING POTENTIAL.—At the time of the initial registration of a pesticide or upon issuing a reregistration standard for a pesticide (and using the criteria developed under paragraph (1)) the Administrator shall determine whether the pesticide has the potential to leach into ground water. With respect to a determination made under this paragraph, any pesticide detected at three or more ground water sampling points shall be determined to have the potential to leach into ground water. Any determination that a pesticide does not have the potential to leach into ground water made under this paragraph shall be amended, if the Administrator receives reliable analytical data that the pesticide has been detected at three or more ground water sampling points.

"(4) AUTHORITY TO DENY REGISTRATION.—Nothing in this section shall be interpreted,

construed or implied to authorize the Administrator to register or reregister a pesticide for use, if, in the judgment of the Administrator, the requirements of section 3(c)(5) are not satisfied.

"(d) RECOMMENDED PRACTICES.—If the Administrator determines that a pesticide has the potential to leach into ground water according to the provisions of subsection (c) of this section, the registrants of the pesticide shall develop management practices designed to prevent, to the maximum extent practicable, the potential for the pesticide to leach into ground water. In developing such practices, the registrants shall consult with agencies of the various States which have been designated pursuant to subsection (p) to develop and implement programs to prevent water pollution and shall provide such agencies any information necessary to carry out such programs. The registrant shall disseminate information on such management practices as recommended practices to applicators and other persons using the pesticide in a form that will facilitate use of the management practices. Such recommended practices may include, but are not limited to, practices with respect to—

"(1) the purposes for and the locations at which the pesticide should be used, considering factors such as environmentally sensitive areas and conditions.

"(2) the rate at which the pesticide should be applied;

"(3) the time or frequency of pesticide use;

"(4) the method of pesticide application, storage, handling or disposal;

"(5) the appropriate training of pesticide applicators and other persons using the pesticide;

"(6) the appropriate response if the pesticide is spilled or otherwise released in a manner likely to significantly increase the potential for leaching to ground water.

The recommended practices required by this subsection shall be in addition to label requirements that are imposed under this Act to assure that use of the pesticide will not present an unreasonable risk of damage or injury to human health or the environment.

"(e) MONITORING.—In addition to any monitoring which may be required under section 3(c)(2)(B) of this Act, monitoring shall also be conducted pursuant to the following authorities.

"(1) LEACHING PESTICIDES.—If the Administrator determines that a pesticide has the potential to leach into ground water according to the provisions of subsection (c) of this section, the registrants of the pesticide shall conduct ground water monitoring at representative geographical and hydrogeologic areas associated with locations where the pesticide is to be used and under conditions of concern and for such time as determined by the Administrator. Monitoring by a registrant of a pesticide pursuant to this paragraph shall be conducted according to generally recognized standards and good laboratory practices (which may be identified by the Administrator) for sampling and analysis of pesticides in ground water taking into account seasonal and other factors which may affect the fate and transport of pesticides in soil and ground water.

"(2) CONTINUING REGISTRATION.—

"(A) If, in the judgment of the Administrator, additional data on the presence of a pesticide in ground water are required to maintain in effect an existing registration of the pesticide, registrants of such pesticide shall conduct ground water monitoring.

"(B) The design and the scope of the monitoring requirement should take into account information such as the magnitude and frequency of detection, pattern of pesticide use and soil types involved in the detection, physical and chemical properties of the pesticide, rainfall patterns, well construction, rates of degradation, reliability and analytical accuracy of the detection, and results of State or other sponsored monitoring.

"(C) To the extent feasible, monitoring should be conducted at representative geographical and hydrogeologic areas associated with locations and conditions of concern as determined by the Administrator.

"(3) AREAWIDE MONITORING.—Notwithstanding any other provision of this Act, if the Administrator (or the designated State agency) determines, based on reliable analytical data, that:

"(A) a pesticide has been detected in an underground source of drinking water;

"(B) the concentration of the pesticide equals or exceeds 50 per centum of the ground water residue guidance level for that pesticide or, on the basis of reliable analytical data as to a specific site, the Administrator determines that there is a likelihood that the ground water residue guidance level for that pesticide will be reached or exceeded at that site; and

"(C) the presence of the pesticide in the underground source of drinking water may be the result of use of the pesticide in accordance with the label or widespread and commonly recognized practice;

the Administrator (or the designated State agency) may require registrants of the pesticide to conduct monitoring within the vicinity of the underground source of drinking water. The purpose of such monitoring shall be to determine the extent of pesticide contamination of ground water and the geographic area that will be subject to the use prohibition under subsection (i) and, to the extent feasible, to determine the cause of the contamination.

"(4) SAVINGS CLAUSE.—Nothing in this section shall limit the authority of any State or policital subdivision thereof to require ground water monitoring by a registrant at any location within that State or subdivision.

"(f) NOTIFICATION.—

"(1) REQUIREMENT.—When a registrant of a pesticide obtains reliable analytical data that the pesticide has been detected at any ground water sampling point, the registrant shall file a report containing such information within 15 working days with the Administrator, the State where such pesticide has been detected, the owner of the property at the ground water sampling point, and any other person relying upon the underground source of drinking water for drinking water or household needs.

"(2) CONTENT OF REPORT.—A report required under paragraph (1) upon detection of a pesticide shall contain information known to the registrant on the level detected, frequency of detection, location (including depth), date, well construction, soil type, the analytical method used, including information on the precision, accuracy, and limit of detection of the method and any quality assurance and control procedures and such other information as the Administrator may specify.

"(3) OTHER INFORMATION.—The Administrator may receive reports of such information from any other person and if such information is received by the Administrator it shall be transmitted by the Administrator to the designated agency in each State where the pesticide has been detected and to the owner of the property at the ground water sampling point.

"(g) REVIEW FOR FURTHER ACTION.—On receiving information of a detection of a pesticide at any ground water sample point, the Administrator shall promptly review the information to determine the reliability of the detection and to determine whether action should be taken to protect ground water resources.

"(h) REGISTRATION AMENDMENTS.—

"(1) REQUIREMENT.—

"(A) After reviewing reliable analytical data, the Administrator shall determine whether there is a reasonable likelihood that the ground water residue guidance level for a pesticide will be reached or exceeded in underground sources of drinking water in different localities as a result of uses of the pesticide in accordance with the labeling on the pesticide or as a result of widespread and commonly recognized practice.

"(B) If the Administrator determines that there is a reasonable likelihood of reaching or exceeding such level in different localities, the Administrator shall within 60 days propose and require as expeditiously as practicable amendments to the registration of the pesticide with respect to which the determination has been made which will assure that the use of the pesticide in accordance with the amended registration will not cause the ground water residue guidance level to be reached or exceeded in underground sources of drinking water.

"(C) The Administrator shall make public any determination (including information on which such determination was based) under subparagraph (A).

"(D) If the Administrator proposes to require registration amendments under this paragraph, the Administrator shall notify registrants of such amendments and shall publish notice of the determination in the Federal Register.

"(2) CONSULTATION.—In taking action under paragraph (1), the Administrator shall notify the Secretary of Agriculture and the designated agency in any State where the pesticide (with respect to which the determination is made) has been detected in any ground water sampling point and the designated agency in each other State in which there is significant use of the pesticide or potential for use. The Administrator shall provide each designated State agency with information relevant to this determination. Designated State agencies shall promptly provide the Administrator with information (including information on the actions which the State intends to take under any prevention program approved pursuant to section 32 of this Act) relevant to taking action under this section and shall make recommendations regarding necessary registration amendments with respect to that State.

"(3) REASONABLE LIKELIHOOD.—

"(A) The Administrator shall determine that there is a reasonable likelihood that the ground water residue guidance level for a pesticide will be reached or exceeded whenever such pesticide is detected in amounts which exceed 25 per centum of such level unless, considering the other factors described in subparagraph (B) of this paragraph, the Administrator determines that there is not a reasonable likelihood that such level will be exceeded as a result of use of the pesticide in accordance with the labeling on the pesticide or as a result of

widespread and commonly recognized practice.

"(B) Notwithstanding subparagraph (A), the Administrator may, after consideration of all relevant information, including the frequency and time of occurrence at the site of detection and elsewhere, use patterns, soil types, physical and chemical properties of the pesticide, rainfall patterns, well construction, analytical accuracy, and rates of degradation determine that the ground water residue guidance level for a pesticide will not be reached or exceeded. The Administrator shall make available a statement supporting any determination made under this subparagraph and shall publish notice of the availability of such statement in the Federal Register.

"(4) HEALTH EFFECTS OF ALTERNATIVES.—In taking action under paragraph (1), the Administrator may consider the health and environmental effects of chemical and nonchemical pest control measures which are available for use as alternatives to the pesticide under review in the event amendments to the registration are imposed under this subsection. If the Administrator determines that all such alternative measures present a substantially greater risk of adverse health and environmental effects, the Administrator may delay implementation of the registraton amendments which would otherwise be required under this subsection, provided that—

"(A) the Administrator requires pursuant to subsection (e)(2) that the registrant of the pesticide conduct a monitoring program of sufficient scope to determine where the pesticide occurs in underground sources of drinking water;

"(B) site-specific response actions pursuant to subsection (i) will be taken at all locations as necessary to assure that the ground water residue guidance level will not be exceeded in any water supply used for drinking water or household needs; and

"(C) the Administrator establishes a schedule for implementing the necessary registration amendments which is as expeditious as practicable (but not later than 60 months after the determination under paragraph (1)) and which encourages the development of alternative pest control measures that are safe. In no event shall the absence of an effective alternative pest control measure be reason for the Administrator to delay imposition of registration amendments as may be required by this subsection.

"(5) SCOPE OF AMENDMENTS.—

"(A) Amendments to the registration of a pesticide required pursuant to this section may include—

"(i) limitations on the purposes for and location at which the pesticide may be used, considering factors such as environmentally sensitive areas and conditions;

"(ii) limitations on the rate at which the pesticide is applied;

"(iii) limitations on the time or frequency of pesticide use;

"(iv) limitations on the method of pesticide application, storage, handling, or disposal;

"(v) reporting or other requirements, including label changes or changes in classification;

"(vi) requirements for the training or certification of pesticide applicators or other persons using the pesticide;

"(vii) required site-specific responses; or

"(viii) any other requirement under this Act to ensure that the ground water residue guidance level for such pesticide will not be reached or exceeded.

"(B) The amendments to the registration of a pesticide should, to the extent feasible, be directed to the same or similar uses of the pesticide, similar or potentially more vulnerable geographical and hydrogeologic areas and other similar conditions that led to the determination under subparagraph (A) or (B) of paragraph (1).

"(C) In taking regulatory action under this subsection, the Administrator may utilize recommendations provided by the designated State agencies under paragraph (2).

"(6) REVIEW.—If the Administrator has imposed registration amendments on the use of a pesticide according to the provisions of this subsection, the Administrator shall

"(A) periodically review reliable analytical data on the occurrence of the pesticide at ground water sampling points representative of the locations at which the pesticide is used to determine whether such amendments are effective in meeting the requirements of pargraph (1) of this section;

"(B) require additional registration amendments, if such amendments are necessary to assure that the ground water residue guidance level for such pesticide will not be reached or exceeded in underground sources of drinking water;

"(C) report to the Congress and transmit the report to the States at 36 months, 60 months, and 96 months after such amendments are first imposed indicating whether the amendments have been effective in meeting the requirements of pargraph (1) of this subsection and describing any additional actions which are being taken by the States pursuant to section 32 to prevent water pollution.

"(i) SITE-SPECIFIC RESPONSE.—

"(1) REQUIREMENT.—

"(A) If the Administrator determines that a pesticide is present in an underground source of drinking water at a concentration that reaches or exceeds 50 per centum of the ground water residue guidance level for such pesticide, the Administrator shall—

"(i) notify the designated agency for the State in which the underground source of drinking water is located of the determination of the Administrator; and

"(ii) provide the designated State agency with information relevant to the determination;

"(B) The State shall take action within 180 days of such notification to prevent any adverse effect on human health or the environment which may result from the presence of such pesticide. The State shall take appropriate action with respect to the sale or use of the pesticide detected at such underground source of drinking water to bring and retain concentration of the pesticide at or below the ground water residue guidance level applicable to the pesticide.

"(2) ACTION BY THE ADMINISTRATOR.—

"(A) If—

"(i) a State does not have the authority to take action required by paragraph (1) of this subsection with respect to a pesticide detected in an underground source of drinking water or fails to take such action within the time period prescribed by such paragraph;

"(ii) a pesticide is present in an underground source of drinking water in the State at a concentration that reaches or exceeds 50 per centum of the ground water residue guidance level; and

"(iii) the presence of the pesticide may be the result of use in accordance with the labeling or of widespread and commonly recognized practice,

the Administrator shall issue an order prohibiting the use of the pesticide in the vicinity of the underground source of drinking water or take such other action, including but not limited to issuing such orders as may be necessary to protect human health or the environment (including an order that the registrant provide water treatment facilities or alternative water supplies) or commencing civil or ciminal action for appropriate legal, equitable or other relief to assure that the concentration of the pesticide in the underground source of drinking water will not reach or exceed the gound water residue guidance level for such pesticide.

"(B) The Administrator shall publish notice of the action in the Federal Register and take appropriate steps to inform all registrants, potentially affected persons, and interested members of the public. Such notice shall specify the factual findings and conclusions relied on in support the decision.

"(C) The Administrator shall promulgate regulations which shall govern and define prohibitions ordered under this paragraph. Such regulations shall include a formula or other method to be used in determining the land area over which any prohibition ordered under this section shall extend. Such formula or method shall be designed to facilitate an expeditious and definitive determination of such land area using readily available data and may reflect factors including, but not limited to, climate and soil characteristics, hydrogeologic conditions and the concentrations of the pesticide detected at ground water sampling points within the area. The regulations shall provide for a county-wide prohibition on use of a pesticide whenever such pesticide has been detected at 50 per centum of the ground water residue guidance level at 5 or more different locations within the county. Any judicial review of regulations promulgated pursuant to this subparagraph shall be obtained under section 16(b) of this Act and application for review shall be made within 60 days of promulgation. Regulations promulgated pursuant to this subparagraph shall not be subject to judicial review in any civil or criminal proceeding resulting from the application of the formula on a site-specific basis.

"(D) The Administrator shall provide reasonable procedures for a petition to modify or terminate the action of the Administrator under this paragraph, if the concentration of the pesticide in the water from the underground source of drinking water no longer reaches or exceeds 50 per centum of the applicable ground water residue guidance level and will likely remain below such level.

"(j) INFORMATION ON PESTICIDES IN GROUND WATER.—The Administrator shall collect and make available through a public information file information concerning the detection of pesticides at any ground water sampling point. The file may summarize for each pesticide that has been detected in ground water, based on reliable analytical data, whether the pesticide has been detected at a concentration that exceeds 25 per centum of the applicable ground water residue guidance level and whether the presence of the pesticide in ground water appears to have been caused by use of the pesticide in compliance with this Act.

"(k) TECHNICAL ASSISTANCE TO STATES.—The Administrator shall provide technical information to a designated State agency for the purpose of implementing this section. The technical information shall in-

clude, but not be limited to, data on the toxicity, environmental fate, physical or chemical pesticide ingredient characteristics, predictive modeling, exposure, hydrogeologic conditions relative to areas specifically vulnerable to ground water contamination for the purpose of providing vulnerability mapping and other relevant subjects. In addition, the Administrator may provide information, to the extent reasonably available, on the alternative methods of pest control and on agricultural or other management practices that could minimize the presence of pesticide in ground water.

"(l) SPECIAL REVIEW.—On receiving reliable analytical data that a pesticide has been detected above the ground water residue guidance level in ground water not in an underground source of drinking water or that pesticide concentrations which are detected below such level in an underground source of drinking water may have an adverse effect on the environment as a result of discharge to surface waters, the Administrator may initiate a public interim administrative review under section 3(c)(8) of this Act to determine whether the pesticide may cause unreasonable adverse effects on the environment from such use.

"(m) MONITORING IN THE UNSATURATED ZONE.—The Administrator shall undertake research activities to develop and demonstrate techniques to monitor for the presence of pesticides in the unsaturated zone and to develop models that are predictive of the potential for leaching of pesticides to ground water based on data gathered by monitoring in the unsaturated zone.

"(n) SITE-SPECIFIC INFORMATION.—The Administrator shall enter into a memorandum of understanding with the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior, for the purpose of initiating and developing information management systems and other techniques designed to make readily available to State and local officials and agricultural producers, applicators and other persons using the pesticide information on the soil, hydrology, climate and other characteristics at specific sites of pesticide application to be used by such officials and users in developing practices and making application decisions that will prevent the contamination of ground water by pesticides.

"(1) Under the direction of the Administrator a council will be established in order to assist the Environmental Protection Agency in developing a site-specific pesticide information system. This council shall consist of experts on information management who have experience with information retrieval from the following agencies: the Environmental Protection Agency, the National Agricultural Library, the Soil Conservation Service, the U.S. Geological Survey, and the National Oceanographic and Atmospheric Administration. This council shall—

"(A) review existing information retrieval and referral services which access information on soil, hydrology, climate, and other characteristics at specific sites important to pesticide application;

"(B) determine what information relevant to making site-specific pesticide decisions is available to users of the pesticide products and designated State agencies directly from existing data banks; and

"(C) develop and submit to the Administrator a plan for an information management system which would direct and assist users in gaining access to site-specific information available in printed and electronic form.

"(2) The Environmental Protection Agency shall take the plans developed by the council into consideration when developing the site-specific pesticide information management system.

"(o) EFFECT ON OTHER PROVISIONS.—

"(1) Nothing in this section shall limit the authority of the Administrator under other provisions of this Act or under any other law.

"(2) Nothing in this section shall preclude or deny any right of any State or political subdivision thereof to adopt or enforce any regulation, requirement or standard that is more stringent than a regulation, requirement or standard of performance in effect under this section or to preempt any State or local statute or common law with respect to liability for damages and injury caused by pesticides.

"(p) DESIGNATED STATE AGENCIES.—Not later than 90 days after the date of enactment of this section, the Governor of each State shall designate a single State agency which shall have the duty and responsibility to carry out the requirements of this section and section 32 of this Act.

"(q) AUTHORIZATION.—For purposes of carrying out the provisions of this section there are authorized to be appropriated $50,000,000 for each of the fiscal years ending on September 30, 1988, 1989, 1990, 1991 and 1992. Of such amounts $5,000,000 in each fiscal year shall be available only to carry out the purposes of subsection (m).

"SEC. 32. STATE PROGRAMS TO PREVENT WATER POLLUTION.

"(a) IN GENERAL.—Not later than 24 months after the date of enactment of this section, the Governor of each State (acting through the agency designated pursuant to section 31(p)) shall, after notice and opportunity for public comment, prepare and submit to the Administrator for approval a program to prevent surface and ground water pollution by pesticides which the Administrator had determined have the potential to leach to ground water pursuant to section 31 of this Act or which have been identified by the State for control pursuant to section 303, 307 or 319 of the Clean Water Act. Such program shall include—

"(1) an inventory of the pesticides used in the State which may cause or contribute to the pollution of surface water resources or the contamination of underground sources of drinking water;

"(2) an identification of the areas (including information of the crops, climate, soil characteristics, hydrological conditions, and pesticide application practices in such areas) where such pesticides are used and information with respect to the surface water pollution or contamination of underground sources of drinking water which may have already occurred;

"(3) an identification of the process, including intergovernmental coordination and public participation, the State will use to develop and implement management practices that would be effective in preventing surface water pollution or the contamination of underground sources of drinking water by such pesticides; and

"(4) a schedule for the implementation of such practices and identification of the methods the State will use to assure that such practices are employed in the use of pesticides which may cause or contribute to surface water pollution or the contamination of underground sources of drinking water at the earliest practicable date.

"(b) PUBLIC PARTICIPATION.—Each State shall establish procedures including, but not limited to, the establishment of technical and citizens' advisory committees, to encourage public participation in developing the prevention programs required by this section. The procedures shall include notice and opportunity for public hearing and comment on the State program before it is submitted to the Administrator.

"(c) APPROVAL OF STATE PROGRAMS.—Not later than 180 days after the date of submission of any State program under this section, the Administrator shall either approve or disapprove such program. The Administrator shall disapprove a program if the Administrator determines that—

"(1) the proposed program does not include each of the elements specified in subsection (a);

"(2) adequate authority does not exist or adequate resources are not available at the State level to implement the program;

"(3) the schedule for implementing the program is not sufficiently expeditious; or

"(4) the practices and measures proposed in such program are not adequate to prevent the pollution of surface water resources and the contamination of underground sources of drinking water in the State by pesticides.

If the Administrator disapproves a proposed program, the State shall be notified in writing of any modifications which are necessary to obtain approval. The State shall thereupon have an additional 3 months to submit a revised program which shall be subject to approval or disapproval according to the provisions of this subsection. Whenever the Administrator determines after public hearing that a State is not administering and enforcing a prevention program approved pursuant to this subsection in accordance with the provisions of this section, the Administrator shall so notify the State and, if appropriate action to bring such program into compliance with this section is not taken within 90 days, the Administrator shall withdraw approval of such prevention program. The Administrator shall not withdraw approval of any such prevention program unless the State shall have been notified and reasons for withdrawal shall have been stated in writing and made public.

"(d) FAILURE TO SUBMIT AN APPROVABLE PROGRAM.—After 36 months after the date of enactment of this section, no pesticide which has the potential to leach to ground water (as determined pursuant to section 31 of this Act) or which has been identified for control in a State nonpoint source pollution management program submitted pursuant to section 319 or identified pursuant to section 303 or 307 of the Clean Water Act may be registered for use in a State under this Act unless the Administrator has approved (and not withdrawn) under this section a program submitted by the State to prevent surface water pollution and the contamination of underground sources of drinking water by pesticides. Notwithstanding the provisions of this subsection, the Administrator may register a pesticide for use in a State without an approved program if the Administrator determines that the registered use or normal and widespread practice, and the labeling requirements imposed for such use, will assure tht leaching or runoff of pesticide will not occur under all hydrogeologic conditions found in that State. Any such registered use shall be immediately cancelled upon detection of the pesticide in surface water or in an underground source of drinking water.

"(e) FINANCIAL ASSISTANCE.—The Administrator may make grants, subject to such terms and conditions as the Administrator determines appropriate, to any State for the purpose of developing and implementing a water pollution prevention program under this section. The Federal share shall not exceed 50 per centum of the cost of developing and implementing any State program under this section. Any grant to a State made after 3 years after the date of enactment of this section shall be made only on the condition that the State is making adequate progress in implementing the program approved according to the schedule set forth pursuant to subsection (a)(4).

"(f) DEFINITIONS.—For purposes of this section the terms "pesticide", "ground water" and "underground source of drinking water" shall have the same definitions as are assigned to such terms in section 31 of this Act.

"(g) AUTHORIZATION.—There are authorized to be appropriated to carry out the purposes of this section not to exceed $25,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.".

(c) UNLAWFUL ACTS.—Section 12(a)(2) (7 U.S.C. 136j(a)(2)) is amended by adding at the end thereof the following new subsection:

"(U) to violate an order issued under section 31(i)(2).".

SEC. 3. SAFE DRINKING WATER ACT AMENDMENT.—Part C of title XIV of the Public Health Service Act (the Safe Drinking Water Act) is amended by adding at the end thereof the following—

"SEC. 1429. GROUND WATER RESIDUE GUIDANCE LEVEL.—

"(a) REQUIREMENT.—

"(1) The Administrator, on the Administrator's own initiative, may issue a ground water residue guidance level for a pesticide registered under the Federal Insecticide, Fungicide, and Rodenticide Act. The Administrator shall issue a ground water residue guidance level for a pesticide at the time the Administrator initially registers the pesticides or upon issuing a reregistration standard for the pesticide under such Act if the Administrator determines that the pesticide has the potential to leach into ground water. In addition, the Administrator shall issue a ground water residue guidance level for a pesticide if—

"(A) based on reliable analytical data, the pesticide has been detected at ground water sampling points in three different locations;

"(B) based on reliable analytical data, the pesticide has been detected in a drinking water well or wellfield that serves a public water system; or

"(C) a Federal agency or a State petitions the Administrator to set a ground water residue guidance level for the pesticide.

"(2)(A) If the Administrator has promulgated or promulgates a maximum contaminant level goal under section 1412 that applies to a pesticide, the ground water residue guidance level required under paragraph (1) for the pesticide shall be set at such level within 30 days of being required under such paragraph.

"(B) Notwithstanding the provisions of subparagraph (A), the Administrator may set the ground water residue guidance level for a pesticide at a level equivalent to the maximum contaminant level for such pesticide, if—

"(i) it is determined that there is likely to be no threshold for the chronic adverse health effects of the pesticide; and

"(ii) the maximum contaminant level has been set at a level which assures, considering other exposure to the pesticide including dietary exposure, that concentrations of the pesticide in drinking water will not present more than a negligible risk of chronic adverse health effects with an adequate margin of safety for groups of sensitive individuals and other subpopulations.

"(C) If a maximum contaminant level or maximum contaminant level goal that would be applicable to a pesticide for which a ground water residue guidance level is required by paragraph (1) has not been established under section 1412, the Administrator shall issue a ground water residue guidance level for such pesticide at a level at which no known or anticipated adverse effect on the health of persons occur and including an adequate margin of safety, taking into consideration the nature of the toxic effects caused by the pesticide, and the validity, completeness, and adequacy of data about the pesticide. If all required chronic, oncogenicity, reproduction, neurotoxicity, or teratogenicity date are absent or invalid for the pesticide, the ground water residue guidance lever for the pesticide shall be set at the limit of detection. If any required chronic, oncogenicity, reproduction, neurotoxicity, or teratogenicity date are absent or invalid for the pesticide, the ground water residue guidance level for the pesticide shall include an additional margin of safety that takes into account the absence of such data.

"(3) If the Administrator is required under paragraph (1) to issue a ground water residue guidance level for a pesticide and the ground water residue guidance level is to be issued pursuant to paragraph (2)(C), the Administrator shall issue such level within 180 days after it is required pursuant to paragraph (1) and may issue an interim guidance level for use as an advisory during such 180-day period.

"(4) The Administrator may revise a ground water residue guidance level for a pesticide. The Administrator shall allow at least 30 days for public comment on any proposed revision.

"(5) An interim ground water residue guidance level shall not be subject to judicial review before the expiration of 180 days after its issuance. Judicial review of any final ground water residue guidance level or failure to establish an interim or final ground water residue guidance level shall be governed by section 1448. A ground water residue guidance level established under paragraph (2)(A) or (B) shall not be subject to judicial review except that review of any action which sets a ground water residue guidance level at a level equivalent to a maximum contaminant level for a pesticide may be obtained under this Act to determine whether such action may present more than a negligible risk of chronic adverse health effects or is otherwise inconsistent with paragraph (2)(B)(ii).

"(b) STATE AUTHORITY.—Nothing in this section shall preclude or deny any right of any State or political subdivision thereof to adopt or enforce any standard that is more stringent than a ground water residue guidance level in effect under this section.".

Mr. MITCHELL. Mr. President, I am very pleased to join Senators LEAHY, DURENBERGER, and others in introduction of the Ground Water Safety Act of 1987.

This legislation is a major step forward in our efforts to prevent pollution of ground water by pesticides.

This bill amends both the Federal Insecticide, Fungicide, and Rodenticide Act [FIFRA] and the Safe Drinking Water Act [SDWA]. It is a revised and improved version of the legislation concerning ground water and pesticides which passed the Senate last year as part of the FIFRA reauthorization bill.

Ground water is a resource of great importance. Half of the population of the United States, and the great majority of those in rural areas, rely on ground water for drinking water. In my home State of Maine, 57 percent of the population relies on ground water for domestic supply.

For many years, the pesticides were not thought to be a serious source of ground water contamination. Most pesticides were thought to degrade in the soil or become trapped in impervious layers of soil preventing migration to ground water supplies.

In recent years, pesticides have been found in ground water with increasing frequency. While data on pesticides in ground water is limited, EPA reports that in 1985 at least 17 pesticides had been found in ground water in 23 States. One year earlier, only 12 pesticides had been detected in the ground water in 18 States.

A number of States, such as Iowa and California, have identified serious ground water contamination problems resulting from pesticides. In Iowa, scientists found pesticides in 28 of 70 monitored wells representing 18 public water supplies. In California, some 57 pesticides have contaminated almost 3,000 wells in 28 counties.

Fortunately, pesticides have not been found to be a major source of ground water contamination in my home State of Maine. In a recent study by the Maine Geological Survey, a total of 37 percent of samples from wells in potato-growing areas were found to have detectable levels of pesticides.

The study concluded, however, that while pesticides were present in ground waters in some areas of Maine, the concentrations were low and did not appear to pose a threat to water quality. Additional testing will be conducted this summer in the State.

The bill we are introducing today will provide for better response to incidents of pesticide contamination. But, more importantly, the bill will improve significantly our ability to prevent future ground water contamination problems.

A major provision of the bill provides for the establishment of "Ground Water Residue Guidance Levels" or "GRGL's". GRGL's will establish a safe concentration level for pesticides in ground water. These concentration levels will be the same as the health-based maximum-contaminant-level goals established in the

Safe Drinking Water Act in most cases.

The bill provides for specific actions at a contamination site when the concentration of a pesticide reaches 50 percent of a GRGL. EPA and the States are to take steps to protect public health and may restrict use of the pesticide to assure that the GRGL will not be exceeded.

In addition, if a pesticide is found at a site at a level of 25 percent of the GRGL, EPA is to review the registration of the pesticide and impose general, national level restrictions which will assure that the GRGL will not be exceeded.

Manufacturers of pesticides will be required to develop general management practices to prevent ground water contamination problems and will monitor ground water to identify contamination incidents.

The bill also provides for the development of State programs to prevent ground water contamination. States are to identify pesticides used in that State which may contribute to ground water pollution and establish a process and specific management practices which will assure the protection of ground water quality. EPA would provide grant assistance to States at a level of $25 million a year.

I look forward to hearing the comments and suggestions of interested persons as this legislation is developed in the Agriculture and the Environment and Public Works Committees over the next several months. This is a complicated issue and we will need the views and comments of a wide range of interested parties to develop the best possible legislation. I plan to review carefully the comments and suggestions to be sure that we improve this bill and make it as effective as it can be.

Enactment of legislation to protect ground water from pesticide contamination will address one of the most significant sources of ground water pollution. We needed to remember, however, that there is a need to develop legislation which will provide for comprehensive protection of the ground water resource from the full range of contamination sources.

I look forward to working with my colleagues on the Environment and Public Works Committee, including our chairman, Senator BURDICK, Senator MOYNIHAN, Senator DURENBERGER, and others, in the development of comprehensive ground water protection legislation.

We made an important step toward such comprehensive legislation with the introduction of bipartisan legislation addressing ground water research several weeks ago. I am confident that we can continue our cooperative approach to ground water protection and develop comprehensive ground water legislation in the near future.

Thank you, Mr. President.

Mr. CHAFEE. Mr. President, I am pleased to join with my colleagues today in introducing the Ground Water Safety Act of 1987. This bill represents the second major legislative proposal in this important area. Last month, several of us introduced a bill to consolidate and improve the Government's research activities in the area of ground water and ground water pollution. Today we are going one step further.

This bill is designed to prevent and respond to pesticide contamination. This will be done through the use of increased monitoring, standard setting, and requirements to take corrective action when contamination does occur. A key element of this program is the requirement for manufacturers of pesticides to assume more responsibility for their products. They will do this by developing instructions on how to use their product in such a way as to reduce the likelihood of contaminating ground water. They will also be required to collect and analyze data on use of their product and its effect on ground water quality.

The word "pesticide" is used here in its broadest sense and includes any chemical used to control insects, weeds, and other undesirable organisms. It includes insecticides, herbicides, and defoliants. The best known examples are EDB, aldicarb, alachlor, and Temik.

The problem of pesticide contamination in ground water is not just a rural problem. It is not just farmers who use pesticides. Power companies and road crews use herbicides to control vegetation along right-of-way power lines, roadways, and railways. Weekend gardeners all across the country use pesticides. This is a problem that has the potential to affect everyone.

To understand the importance of ground water as an environmental issue, one need look no further than their own backyard. Let's take Rhode Island as an example. In my home State, ground water is a locally abundant and widely used resource. When people think of the Ocean State they don't think of ground water. But, in 1980, ground water supplied drinking water to 24 percent of the State's population. Fifty-one percent of all ground water withdrawals were for public supply. From 1960 to 1980, withdrawal of ground water for public supplies nearly doubled, from 10 to 19 million gallons per day.

Reserves are adequate in my State to meet a substantial part of our future public-supply and industrial water needs. But we have a problem.

Because of high aquifer permeability and the depth to the water table, which in most cases is small, ground water in Rhode Island is extremely susceptible to contamination. In fact, we have already had incidents of local contamination.

The best known incident of pesticide contamination in Rhode Island is the recent Temik fiasco. That case serves as a case study on the need for the bill we are introducing today.

In the summer of 1984, after numerous complaints by local residents, some wells were tested and showed excessive levels of Temik—a pesticide used by potato farmers to kill the Colorado beetle. The first problem encountered was the fact that the State had no equipment to test for Temik. So, officials from the neighboring University of Massachusetts did the analysis.

Next, there was the familiar problem of cost. The State had to bear the cost of extensive monitoring and testing. The test results varied somewhat but it was clear that Temik was showing up in local water supplies. Throughout all of this, the EPA and the manufacturer maintained that the chemical could not get into ground water. But there it was.

Finally, the State had to act on its own to control the use of Temik and the manufacturer agreed to put carbon filters in the homes of some affected residents.

If this bill had been law several years ago, we would have known ahead of time that Temik could pollute the ground water and use of the chemical would have been restricted to prevent contamination. The manufacturer would have paid for the monitoring and testing. EPA would have set standards for corrective action and, working with the State, made sure that such action was taken.

A 1984 study by the Congressional Office of Technology Assessment reported the detection of ground water contamination from 17 different pesticides in 23 different States. State officials repeatedly cited insufficient expertise at the State level as the biggest problem and increased Federal assistance, in the form of accelerated research and development of standards, as the biggest need. This bill is designed to address that problem and to fill that need. Introduction of this bill is a significant event and I look forward to its enactment.

Mr. LEAHY. Mr. President, I am pleased to join with Senator DURENBERGER in introducing the Ground Water Safety Act of 1987.

This new legislation offers a strong, comprehensive solution to a growing environmental problem—contamination of ground water by pesticides. Let me say at the outset that at this time there is no Federal law to prevent and respond to pesticide contamination of subsurface water supplies.

Ground water is an invaluable natural resource; it constitutes virtually all of the fresh water available in the

United States. Ground water is the primary source of drinking water for half of our general population and 95 percent of our rural population. Over 60 billion gallons a day are drawn from rural wells for irrigation, livestock watering, and household use. In my home State of Vermont, more than 275,000 people depend on ground water as a source of drinking water.

It is only in the last decade that scientists have discovered that pesticides are not degrading or being cleansed from ground water by the natural filtering action of soil. The detection of the chemical aldicarb in the ground water of Long Island in 1979 was the first—but far from the last—indication that pesticides can leach into aquifers used for drinking water.

The Environmental Protection Agency now reports that 17 pesticides have been detected in the ground water in 23 States. Evidence that the pollution is more pervasive is mounting.

Mr. President, what's most disturbing is that this contamination is believed to be the result of normal use of the pesticides * * * use according to label instructions. I believe that most farmers are following the federally approved directions that accompany chemicals. The problem is that in many cases the Environmental Protection Agency is providing out-of-date, poorly researched directions.

Moreover, Federal drinking water standards exist for only 6 pesticides * * * none of the 17 detected. Given the fact that some of these chemicals are known or suspected carcinogens, or have other adverse health effects, this level of regulation is inadequate.

As an illustration of the gravity of this problem, let me outline the case of one pesticide, DBCP, in one State, California. DBCP is a chemical applied to the soil to kill small worms that attack plant roots. DBCP, banned 8 years ago because it is an animal carcinogen and is linked to male sterility, was found to be responsible for contaminating over 2,400 wells throughout California. Sixty percent of the DBCP-contaminated wells had concentrations exceeding 1 part per billion, a level considered by EPA to cause 150 additional cases of cancer per million people exposed continuously over their lifetimes. And this is just one chemical. The California Assembly Office of Research reports that 56 pesticides have been found in the State's ground water.

During a hearing on ground water contamination by pesticides, Diane Cognal, a teacher in Bakersfield, CA, testified before the Committee on Agriculture. She told the committee a story that every parent can understand. For 6 years, her children were needlessly exposed to DBCP in the drinking water in their school. She became alarmed when her son, now 17, failed to grow at a normal rate. She still worries about whether this problem—or other problems she does not know about—could have been caused by exposure to DBCP, suspected of causing sterility in males.

As chairman of the Agriculture Committee, I am deeply concerned about problems associated with ground water contamination. Although I am a longtime advocate of low input agriculture, I recognized that some pesticides serve a useful purpose. But the troubling paradox remains: Our farmers, who benefit directly from the gains in efficiency and crop yield that pesticides provide, may face the greatest risk from contaminants in their drinking water. Let me reiterate: 95 percent of our rural population rely on ground water as their primary source of drinking water.

Congress must act to prevent further ground water contamination. We cannot wait until pollutants are detected and then respond. Once underground sources of drinking water are contaminated, cleaning up the well—or worse, losing it and having to pay for alternative sources of drinking water—is difficult and often prohibitively expensive. It is senseless to risk needlessly the health or our citizens and waste a precious natural resource when there are means to prevent or mitigate pesticide contamination.

The Ground Water Safety Act is the most effective means to achieve this goal. It is based on a plan passed by the Senate last year—though not enacted—as part of the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA, Amendments. That plan would have required EPA to decide whether a given product has potential to leach into ground water, and if so, whether to obligate registrants of such pesticides to monitor ground water. If such pesticides were detected in ground water above a certain limit, the plan would have required EPA or the States to restrict the use of the pesticides. In my opinion, that plan was flawed—it was based almost entirely on response, rather than prevention.

The Ground Water Safety Act of 1987 would strengthen and improve last year's proposal in a number of ways. First, by expanding the definition of water to be covered, the bill would protect a greater range of potential drinking water. This is important because groundwater is a very complex and poorly understood resource for which our needs may change from one year to the next or one generation to the next.

Second, the bill would establish a health-based residue standard that would trigger action by the Environmental Protection Agency in order to prevent contamination or alert public officials that remedial action must be taken.

The third improvement this bill would offer is a strong role for State government. Once the legislation is enacted, the States would be required to set up a program to regulate ground water contamination. The program would include preventive measures, as well as site-specific actions the States would take to bring and retain detected pesticide residues to acceptable levels.

So that my colleagues will have a thorough explanation of this bill, I ask unanimous consent to insert a summary of the Ground Water Safety Act of 1987 in the RECORD following my remarks.

Mr. President, most of our citizens assume that when they turn on the tap—whether for cooking, bathing, or filling the baby's bottle—that the water is safe and uncontaminated. That assumption should never be called into question because of poor governmental oversight. Passage of the Ground Water Safety Act would demonstrate that Congress will do its part in continuing to assure the public that its drinking water is safe.

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

SUMMARY OF THE GROUND WATER SAFETY ACT OF 1987

The purpose of the Ground Water Safety Act is to establish standards that would prevent contamination of underground sources of drinking water by pesticides and to authorize the Environmental Protection Agency to take actions to protect human health and the environment from injury or damage resulting from pesticides in ground water. Underground sources of drinking water would be defined broadly to include current and potential sources of drinking water.

The mechanics of the bill are as follows:

When registering or reregistering a pesticide under FIFRA for use in the United States, the EPA would be required to determine whether that pesticide has the potential to leach into ground water.

If the pesticide is determined to have the potential to leach, the registrants of the pesticide would be required to develop management practices designed to prevent, to the maximum extent practicable, the potential for the pesticide to leach into ground water. Such information would be disseminated to applicators. The registrants further would be required to conduct ground water monitoring prior to registration or reregistration, and may be required to monitor as a condition of maintaining registration. This is an important enforcement tool—EPA could initiate cancellation proceedings if the registrant refuses to comply.

In addition to making a leaching determination, EPA would be required to issue a ground water residue guidance level (GRGL) for a pesticide at the time of registration or reregistration. The GRGL would be a health based standard; the economic benefits of the pesticide would not be considered. The Administrator would also be required to issue a GRGL when a pesticide is 1) detected at sampling points in 3 different locations; 2) detected in a drinking water well or wellfield serving public water

system; or 3) at the petition of State or federal agency. The Administrator would have broad discretion to set a GRGL for any other pesticide currently registered under FIFRA.

If 25% of the GRGL were reached or exceeded, the Administrator must within 60 days propose and require amendments to the registration of the pesticide. The Administrator would be required to notify the public and the registrants, and to periodically review the amendments. The Administrator would have the discretion to consider the health effects of alternative pesticides when amending the registration.

If 50% of the GRGL were reached or exceeded, the Administrator must notify the affected State(s) and may require the registrant to conduct area wide monitoring. The State would be required to initiate a site specific response within 180 days to bring and retain concentration of the pesticide at or below the GRGL. If the state fails to take action, the Administrator must prohibit the use of the pesticide in the vicinity of the underground source of drinking water.

In addition to responding to pesticide contamination, States would be required to submit to EPA a program to prevent surface and ground water pollution by pesticides that have the potential to leach. Such program would include the development and implementation of management practices to prevent pollution. EPA would be allowed to fund 50 percent of the cost of the State program by making grants.

EPA would be authorized to collect information on ground water contamination by pesticides and to make that information available to the public.

EPA would be authorized to provide technical assistance to the States to carry out ground water protection programs that are focused on pesticide contamination.

EPA and the Departments of Agriculture, Commerce and Interior would be authorized to enter into cooperative agreements to make available to farmers information on soil, climate and hydrogeology at specific sites of pesticide use that would be helpful to the farmer in protecting ground water from contamination.

The legislation would authorize appropriations of $50 million per year for five years.

ADDITIONAL COSPONSORS

S. 368

At the request of Mr. MATSUNAGA, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 368, a bill to amend the Federal Food, Drug, and Cosmetic Act to ban the reimportation of drugs in the United States, to place restrictions on drug samples, to ban certain resales of drugs purchased by hospitals and other health care facilities, and for other purposes.

S. 553

At the request of Mr. ROCKEFELLER, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 553, a bill to amend the Veterans' Job Training Act to extend and improve the program under that act.

S. 562

At the request of Mr. WEICKER, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 562, a bill to establish the National Marine Policy Commission, and for other purposes.

S. 830

At the request of Mr. STAFFORD, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 830, a bill to clarify the treatment of certain education loans in bankruptcy proceedings.

S. 970

At the request of Mr. HARKIN, the names of the Senator from Idaho [Mr. MCCLURE], the Senator from North Carolina [Mr. SANFORD], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from South Dakota [Mr. DASCHLE], the Senator from Nebraska [Mr. KARNES], the Senator from Arkansas [Mr. PRYOR], the Senator from Minnesota [Mr. DURENBERGER], and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 970, a bill to authorize a research program for the modification of plants focusing on the development and production on new marketable industrial and commercial products, and for other purposes.

S. 999

At the request of Mr. CRANSTON, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 999, a bill to amend title 38, United States Code, and the Veterans' Job Training Act to improve veterans employment, counseling, and job-training services and program.

S. 1005

At the request of Mr. STAFFORD, the name of the Senator from Pennsylvania [Mr. HEINZ], and the Senator from Wyoming [Mr. WALLOP] were added as cosponsors of S. 1005, a bill to reauthorize and improve chapter 2 of the Education Consolidation and Improvement Act of 1981, and for other purposes.

S. 1059

At the request of Mr. MOYNIHAN, the names of the Senator from Washington [Mr. ADAMS], the Senator from Alabama [Mr. HEFLIN], the Senator from Illinois [Mr. SIMON], the Senator from Maryland [Ms. MIKULSKI], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 1059, a bill to terminate the application of certain Veterans' Administration regulations relating to transportation of claimants and beneficiaries in connection with Veterans' Administration medical care.

S. 1196

At the request of Mr. HOLLINGS, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 1196, a bill to provide for the enhanced understanding and wise use of ocean, coastal, and Great Lakes resources by strengthening the National Sea Grant College and by initiating a Strategic Coastal Research Program, and for other purposes.

S. 1200

At the request of Mr. LAUTENBERG, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 1200, a bill to amend title 35, United States Code, with respect to patented processes, patent misuse and licensee challenges to patent validity.

S. 1333

At the request of Mr. NICKLES, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1333, a bill to allow the 65 miles per hour speed limit on highways that meet interstate standards and are not currently on the National System of Interstate and Defense Highways.

S. 1393

At the request of Mr. HEINZ, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 1393, a bill to amend title 39, United States Code, to designate as nonmailable matter any private solicitation which is offered in terms expressing or implying that the offeror of the solicitation is, or is affiliated with, certain Federal agencies, unless such solicitation contains conspicuous notice that the Government is not making such solicitation, and for other purposes.

SENATE JOINT RESOLUTION 40

At the request of Mr. KASTEN, the name of the Senator from New Mexico [Mr. DOMENICI] was added as a cosponsor of Senate Joint Resolution 40, a joint resolution to give special recognition to the birth and achievements of Aldo Leopold.

SENATE JOINT RESOLUTION 106

At the request of Mr. BINGAMAN, the names of the Senator from Oklahoma [Mr. NICKLES] and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of Senate Joint Resolution 106, a joint resolution to recognize the Disabled American Veterans Vietnam Veterans National Memorial as a memorial of national significance.

SENATE JOINT RESOLUTION 111

At the request of Mr. HEINZ, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of Senate Joint Resolution 111, a joint resolution to designate each of the months of November 1987 and November 1988, as "National Hospice Month."

SENATE JOINT RESOLUTION 121

At the request of Mr. TRIBLE, the names of the Senator from Oklahoma [Mr. BOREN] and the Senator from Hawaii [Mr. MATSUNAGA] were added as cosponsors of Senate Joint Resolution 121, a joint resolution designating August 11, 1987, as "National Neighborhood Crime Watch Day."

SENATE JOINT RESOLUTION 142

At the request of Mr. WEICKER, the name of the Senator from Wyoming [Mr. SIMPSON] was added as a cospon-

sor of Senate Joint Resolution 142, a joint resolution to designate the day of October 1, 1987, as "National Medical Research Day."

SENATE JOINT RESOLUTION 147

At the request of Mr. LEVIN, the names of the Senator from Washington [Mr. ADAMS], the Senator from New Jersey [Mr. BRADLEY], the Senator from California [Mr. CRANSTON], the Senator from Arizona [Mr. DECONCINI], the Senator from Vermont [Mr. LEAHY], and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of Senate Joint Resolution 147, a joint resolution designating the week beginning on the third Sunday of September in 1987 and 1988 as "National Adult Day Care Center Week."

SENATE JOINT RESOLUTION 154

At the request of Mr. PELL, the names of the Senator from Ohio [Mr. METZENBAUM], the Senator from Alaska [Mr. STEVENS], and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of Senate Joint Resolution 154, a joint resolution to designate the period commencing on November 15, 1987, and ending on November 22, 1987, as "National Arts Week."

SENATE JOINT RESOLUTION 156

At the request of Mr. GRASSLEY, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of Senate Joint Resolution 156, a joint resolution to establish a U.S. Commission on Improving the Effectiveness of the United Nations.

SENATE CONCURRENT RESOLUTION 46

At the request of Mr. KENNEDY, the name of the Senator from Kansas [Mrs. KASSEBAUM] was added as a cosponsor of Senate Concurrent Resolution 46, a concurrent resolution expressing the sense of the Congress concerning representative government, political parties, and freedom of expression on Taiwan.

AMENDMENT NO. 160

At the request of Mr. CRANSTON, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of Amendment No. 160, intended to be proposed to S. 999, a bill to amend title 38, United States Code, and the Veterans' Job Training Act to improve veterans employment, counseling, and job training services and programs.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. FORD. Mr. President, I would like to announce for the information of the Senate and the public that a field hearing has been scheduled on conservation and solar energy research and development. This hearing will take place on July 13, 1987, at 9:30 a.m. at the Georgia Power Building, 333 Piedmont Road NE, 23d floor, Atlanta, GA.

Those wishing to submit written testimony for the hearing record should send it to the Committee on Energy and Natural Resources, Subcommittee on Energy Research and Development, U.S. Senate, Washington, DC 20510.

For further information, please contact Teri Curtin or Cheryl Moss at (202) 224-7569.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON AFRICAN AFFAIRS

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on African Affairs of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, June 24, 1987 to hold a hearing on Mozambique and United States policy.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate Wednesday, June 24, 1987, to conduct hearings on corporate takeover legislation pending before the committee in the 100th Congress.

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

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate Wednesday, June 24, 1987, to mark up the nomination of: M. Danny Wall, to be a member of the Federal Home Loan Bank Board; Edward Fleischman, to be a member of the Securities and Exchange Commission; Roger Jepsen, to be a member of the National Credit Union Administration; and, Simon Fireman, to be a member of the Board of Directors of the Export-Import Bank. Following the votes on these nominations, the committee will mark up a committee print making authorizations for the Securities and Exchange Commission.

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

SUBCOMMITTEE ON SURFACE TRANSPORTATION

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Surface Transportation, of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on June 24, 1987, to resume hearings on legislation affecting the rail industry and the Staggers Rail Act of 1980.

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

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, June 24, 1987 to consider the nomination of Lt. Gen. Alfred M. Gray, Jr., USMC, to be Commandant of the Marine Corps. The nominee will be present.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be authorized to meet during the session of the Senate on Wednesday, June 24, 1987, for an open hearing on AIDS and the Veterans' Administration.

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

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY, FEDERALISM, AND THE DISTRICT OF COLUMBIA

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Governmental Efficiency, Federalism, and the District of Columbia of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Wednesday, June 24, 1987, to hold hearings on legislation relating to general revenue sharing.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, June 24, 1987 to conduct a hearing on "Access to Health Care."

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

SUBCOMMITTEE ON TERRORISM, NARCOTICS AND INTERNATIONAL COMMUNICATIONS

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Terrorism, Narcotics and International Communications of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, June 25, 1987, at 2:30 p.m., to hold an executive session.

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

ADDITIONAL STATEMENTS

WEST GERMANY'S DECISION NOT TO EXTRADITE HAMADEI

● Ms. MIKULSKI. Mr. President, I share with the Stethem family and all of America a deep sense of disappointment at West Germany's decision to deny the United States, extradition request for Mohammed Hamadei. I still believe as I did when the extradition request was first made, that the

United States by right is the country to try the accused murderer of one of its beloved sons.

Having said this, I accept West Germany's decision to abide by the terms of our Joint Extradition Treaty by choosing to try Hamadei in West Germany on the full charges for which extradition was sought. These include murder, air piracy, and the planning of an explosion.

I have received personal assurances from West Germany's Ambassador to the United States, Guenther Van Well, that the West Germans will "abide by the letter and the spirit of the treaty," and I will hold him to that commitment. It is not enough for West Germany to say that they will try Hamadei. They must also demonstrate that they will prosecute, and if found guilty, punish him to the fullest extent allowable under law. Release of Hamadei, in exhange for hostages held by other terrorists, would be totally unacceptable.

The whole world will be watching to see how West Germany handles this case. We are all counting on them to do justice. The honor and memory of Robert Stethem of Waldorf, MD demands nothing less.●

KENTUCKIANS WORK TO PREVENT BLINDNESS

● Mr. McCONNELL. Mr. President, diabetes is a terrible illness which affects nearly 11 million Americans. Life for diabetics is often a struggle, and those who have been diagnosed must work carefully to maintain their metabolism's fragile balance. A terrible side-effect of diabetes, which could be prevented, often goes needlessly untreated—blindness. The American Academy of Opthamology [AAO] reports that about 60 percent of individuals who have suffered from diabetes for 15 years or more suffer some damage to the blood vessels in their eyes. The elderly are especially vulnerable to this condition known as diabetic retinopathy. Though one of the most treatable of eye diseases, it often goes undiagnosed until too late.

However, the AAO, in conjunction with State organizations like the Kentucky Academy of Eye Physicians and Surgeons, has developed a program to help diabetics. Since March 1986, the national eyecare project has operated a toll-free helpline to provide information and assistance to diabetics nationwide about the risks of blindness. In my State of Kentucky, 2,078 individuals have taken advantage of this important service, and over 570 individuals with serious eye diseases have been diagnosed and treated.

In addition to information and referral services, local opthamologists, through the eyecare project, work with hospitals to defer some of the major costs involved with treatment of eye disorders for those in need. I applaud the efforts of the physicians in Kentucky, and around the Nation and the American Academy of Opthamology as they work to reduce the threat of this terrible disease. AAO recently circulated a press release regarding this project, and I ask that this article be inserted in the RECORD.

The article follows:

KENTUCKY EYE PHYSICIANS HELP ELDERLY RESIDENTS WITH EYE PROBLEMS RELATED TO DIABETES

A total of 21 elderly Kentucky residents have been examined and treated for a potentially blinding eye disease related to diabetes in a public service program sponsored by the state's eye physicians and surgeons.

In addition, the program has uncovered more than 419 cases of cataracts, 41 cases of glaucoma, and 89 cases of macular degeneration—serious eye diseases that in many cases can lead to blindness. The project is designed to bring needed medical eye care and information to the nation's disadvantaged elderly.

Since it started in March 1986, more than 2078 Kentucky residents have called the toll-free Helpline 1-800-222-EYES (3937) of the National Eye Care Project, sponsored by the Foundation of the American Academy of Ophthalmology and the Kentucky Academy of Eye Physicians and Surgeons. Nationwide, more than 185,000 people have dialed the toll-free Helpline.

Diabetic retinopathy is one of the most treatable eye diseases, yet if often progresses to blindness because many people with diabetes fail to seek medical eye care, according to the American Academy of Ophthalmology.

The disease is the leading cause of new blindness in the U.S. It can develop in people who have diabetes mellitus, a common metabolic disease which causes changes in blood vessels throughout the body, including those in the eye.

Ophthalmologists estimate that early diagnosis and treatment can reduce the risk of severe visual loss from diabetes by 50 percent or more. About 60 percent of people who have diabetes for 15 years or more suffer some blood vessel damage in their eyes, making the elderly especially vulnerable to the eye disease.

"Laser therapy has been particularly effective in preventing irreversible loss of vision," said Craig H. Douglas, MD, president of the Kentucky Academy of Eye Physicians and Surgeons.

People with diabetes should have periodic medical eye examinations to find out if they have sight-threatening problems, he said.

"The elderly often feel that nothing can be done to prevent blindness, or they lack the financial resources to seek needed treatment. We're working to remove these obstacles," said Dr. Douglas.

He pointed out that 34 percent of Helpline patients had never had an eye exam until they called the toll-free number.

By calling the Helpline, U.S. citizens or legal residents 65 and over who do not already have access to an eye physician are eligible to receive services. Volunteer ophthalmologists treat program participants at no out-of-pocket cost, and will accept Medicare assignment or insurance coverage as payment in full (for this project only). For the truly needy with no Medicare coverage, care is offered without charge. Information on eye diseases affecting the elderly is sent to all interested callers.

Many people with diabetes experience very mild changes in their vision. In others, however, the vascular changes lead to leakage of fluid into the retina or growth of abnormal blood vessels in the front of the eye. When scarred, the retina, the delicate tissue in the back of the eye, sends a blurred image to the brain.

Depending on the type of diabetic retinopathy involved, two forms of treatment may prevent serious visual loss: The powerful light beam of a laser can be used to stop leaking blood vessels, reduce abnormal blood vessel growth and seal the retina securely to the back of the eye. No incision is necessary with the laser procedure, which can be done in the ophthalmologist's office with minimal discomfort to the patient.

A surgical technique, vitrectomy, is also effective in improving sight by removing the blood-filled vitreous, the normally clear gel-like substance in the center of the eye, and replacing it with an artificial solution.

Through the Eye Care Project, ophthalmologists work with local hospitals to make hospital care available at no cost for those who need it. Hospital charges, eyeglasses and prescription drugs are not paid through the program.

The National Eye Care Project is open weekdays, 8 am to 5 pm, except in Alaska (8 am to 4 pm) and Hawaii (8 am to 2 pm). The Helpline number is 1-800-222-EYES (3937).

RECOGNIZING JOHN E. MONTGOMERY

● Mr. McCONNELL. Mr. President, I rise today to recognize the accomplishments of an outstanding native of the Commonwealth. John E. Montgomery has achieved a notable distinction, having been recently named dean of the University of South Carolina School of Law. He will assume that position on July 1 of this year. We are certainly proud of John as he undertakes this new challenge.

John, originally from Louisville, completed his undergraduate studies at the University of Louisville, where, as a member of Phi Kappa Tau fraternity, we became good friends. John graduated Phi Beta Kappa in chemical engineering, and, after working for Proctor & Gamble Co. in Cincinnati, went on to law school at the University of Louisville, graduating with honors. John joined the faculty of the University of South Carolina in 1971, and in 1978 was named associate dean of the law school in charge of academic affairs.

It is unfortunate that John chose to leave our State. However, Kentucky's loss has been South Carolina's gain. John has a clear vision of what he hopes to accomplish as dean of USC's law school, and I am certain that he will distinguish himself in that position. I wish him the best of luck in his new endeavor.

I ask that an article about John, which recently appeared in Columbia, SC, The State, be inserted in the RECORD.

The article follows:

[From the State, May 22, 1987]

MONTGOMERY NAMED DEAN OF LAW SCHOOL

John E. Montgomery, associate dean of academic affairs at the University of South Carolina School of Law, was named dean of the law school on Thursday.

Montgomery, 46 will assume the post July 1. He succeeds Charles H. Randall, who has served as acting dean since January 1986.

Randall replaced Harry M. Lightsey Jr., who left to become president of the College of Charleston.

Montgomery, an authority on environmental law and products liability, joined USC's faculty in 1971 as an assistant professor. He was named associate dean for academic affairs in 1979, with responsibilities for the law school's academic, student recruitment and counseling programs as well as adminisirative matters.

Montgomery described USC as "an excellent state law school" striving to be one of the top 15 in the country.

"When you look at the quality of our faculty and the value of the education, and what you get for the money, we turn out a good product. Our students are competitive all over the country," he said.

Montgomery said one of his first goals as dean will be to establish a law school advisory group from members of the bar and judiciary.

"They will serve as a sounding board to keep us more in touch with what their needs are and also give them a chance to find our what's going on here so we can turn out a better product," Montgomery said.

He said the law school also must address the issue of technology, and look toward incorporating computers into the curriculum.

"That is the next step up in productivity in the legal profession and may be the only way that smaller attorneys are able to compete with larger firms."

Montgomery said he also is concerned about the number of USC law school graduates who are being recruited by out-of-state law firms.

"We need to convince the best to stay in-state. Many law firms are merging into bigger firms and will need more attorneys. We need to become deeper in the group we offer so there's enough for everybody to select from," he said.

A native of Louisville, Ky., Montgomery earned his bachelor's degree in chemical engineering at the University of Louisville, where he graduated with Phi Beta Kappa honors and earned his law degree with honors.

He earned a master's in law from the University of Michigan in 1971.

Before entering law school, he worked as a chemical engineer for Proctor & Gamble Co. in Cincinnati.

Montgomery is a member of the American, South Carolina, Kentucky and Richland County bar associations.

He serves on advisory committees for the S.C. Senate Committee on Land and Natural Resources, the S.C. Coastal Council and the S.C. Sea Grant Consortium.●

THE GARY CRUSADER—25 YEARS OF EXCELLENT SERVICE

● Mr. LUGAR. Mr. President, I want to bring to your attention the outstanding service rendered by the Gary Crusader which is located in Gary, IN.

On June 17, 1961, the Gary Crusader opened its doors to the citizens of Gary to fulfill the role of the black press. The philosophy of the founders, Balm L. Leavell, Jr., and Joseph Jefferson, was to inform and carry the news to the black community on issues such as jobs, equal rights, and open occupancy.

The first battle which the Crusader tackled was discrimination in employment. The desire to print the truth led to several victories, including exposing corruption in the Gary city government in 1962.

Words regarding Balm L. Leavell, Jr.'s legacy are summed up by N.B. Armwood:

> Courage undaunted, and a will as strong as in a human breast can dwell, we will strive to fulfill our mission not just to equal, but to excel.

After the death of Mr. Leavell, Jr., his wife, Dorothy R. Leavell, continued the legacy in fine tradition. She managed to increase the stature of both the Gary and Chicago Newspapers that her husband founded.

In 1981, Dorothy Leavell made this historic statement:

> Our role has been consistent for the past twenty years in that we praise when it is earned and protest when it is deserved. We continue to believe that blacks must control their own destinies and their own communities, and we will continue to work toward those goals as long as there is ink to print.

I want my colleagues to join me in paying tribute to a great lady, Mrs. Dorothy R. Leavell, who is fighting the good fight to continue the 159 years of history of the black press, and the 25 years of service provided by the Gary Crusader.●

SBA PROGRAM AMENDMENTS

● Mr. WEICKER. Mr. President, I rise in support of H.R. 2166 which would amend the Small Business Act and Small Business Investment Act of 1958 to change Small Business Administration [SBA] authorizations and program levels. Specifically, the bill would make changes in the authorized levels for the Surety Bond Guarantee Program, the development company programs and the Pollution Control Guarantee Program.

First, the bill would increase the authorizations for the Surety Bond Guarantee Program by $108 million for fiscal year 1988 from $1.142 billion to $1.250 billion. This program level increase was recommended by the Administration in its fiscal year 1988 budget request. Some of my colleagues may recall that last summer during the height of the construction season the surety bond program was shut down by SBA before the end of the fiscal year in order to avoid exceeding the authorized program level for the year. The Senate tried to address that problem by adopting an amendment to the debt limit bill, but the amendment was eventually dropped in conference. Thus, many small contractors who were unable to secure a bond without the SBA guarantee were precluded from bidding and receiving contracts. This provision will help avoid that problem in fiscal year 1988.

The second major provision of the bill would eliminate all financing by the Federal Financing Bank [FFB] of debentures issued by certified development companies and guaranteed by SBA through 1988. The Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272) authorized a pilot program to sell development company debentures to private investors rather than to the FFB. That pilot program has worked well. Through the end of May, SBA estimates that over $250 million of debentures have been approved for sale through the pilot program in fiscal year 1987. If we do not increase the authorized level for the pilot program for the remainder of this year, the SBA may have to return to the FFB to finance development company debentures. To do that would have an adverse budgetary impact and would be disruptive to the effective implementation of this important economic development program.

Thus, H.R. 2166 increases the authorized amount of debentures to be sold through the pilot program from $295 million in fiscal year 1987 to $425 million, in both fiscal years 1987 and 1988. This will insure that this vital job creation program is able to operate at the authorized level for the next 2 years.

Finally, H.R. 2166 would provide funding to pay for losses incurred under the pollution bond program. These are losses which have already occurred for which the Government is obligated to pay. Even if we did not approve this provision the appropriations committee would have no choice but to fund them.

Mr. President, I urge my colleagues to support this measure. As I have stated, it is a noncontroversial measure. It was voted out by the Small Business Committee by a vote of 17-0. I urge my colleagues to support the bill.●

A TRIBUTE TO DR. DAVID W. FERRIS

● Mr. CHAFEE. Mr. President, on July 9, 1987, Dr. David W. Ferris will end his term as president of the American Optometric Association.

Dave Ferris has served as president of the American Optometric Association since last June, culminating nearly two decades of volunteer service to optometry and eye care at the local, State, and national levels. Dr. Ferris has exhibited a commitment to quality vision care and public health that has made him an outstanding and respected leader. While serving his patients and profession. Dr. Ferris has

also found the time to serve his community—first as a member of the Cranston City Council in the 1970's and later as a member of the board of trustees of Cranston General Hospital.

The stated objective of the American Optometric Association is "to improve the vision care and health of the public and promote the art and science of the profession of optometry." Dave Ferris' professional life has been dedicated to that objective. I am proud to be associated with a man who has done so much to bring better vision care to all Americans and pleased that Dr. Ferris' colleagues have honored a fellow Rhode Islander with the recognition he so richly deserves.●

HUMAN RIGHTS AND INTERNATIONAL LAW

● Mr. HARKIN. Mr. President, I address the Senate today on one of the most critical issues of our times—the promotion and protection of human rights. In Chile, South Korea, and Central America, denial of basic human rights is a daily occurrence. As we work to shape U.S. policy in these areas, a better understanding of the concept of human rights is essential. Too often we forget that the protection of human rights is a moral concern and a legal obligation as well.

As Senator from Iowa, I am fortunate to have a tremendous resource in this area in the work of University of Iowa Law Prof. Burns Weston. Professor Weston is the author of an entry in the Encyclopedia Britannica on the legal concept of human rights.

Professor Weston, a graduate of Oberlin College and with degrees from the Yale Law School, is a prominent scholar in the field of international law. He is the recipient of numerous honors including an award for technical craftsmanship from the American Society of International Law for his coursebook, "International Law and World Order." Professor Weston sits on the editorial boards of several scholarly journals, has authored numerous books and articles and speaks frequently around the country on the issues of human rights, nuclear disarmament and world peace.

The attached article traces the historical and philosophical origins of the concept of human rights and explains the evolution of international mechanisms for their protection, such as the Universal Declaration of Human Rights.

America's standing in the world community will be judged, to a great extent, on the degree to which we support and defend human rights. As those responsible for formulating American foreign policy I believe it is incumbent upon all of us to better understand our obligations to our own citizens and those of other nations. This article, which outlines the current state of international law regarding human rights, can help us better meet that vital obligation.

At the present time, when the fostering of human rights ought to be an integral element of our foreign policy, I believe my distinguished colleagues will find this article a valuable and informative reference. I ask that Professor Weston's article be printed in the RECORD.

The article follows:

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HUMAN RIGHTS

It is a common observation that human beings everywhere demand the realization of diverse values to ensure their individual and collective well-being. It also is a common observation that these demands are often painfully frustrated by social as well as natural forces, resulting in exploitation, oppression, persecution, and other forms of deprivation. Deeply rooted in these twin observations are the beginning of what today are called "human rights" and the legal processes, national and international, associated with them.

This article is divided into the following sections:

HISTORICAL DEVELOPMENT

The expression "human rights" is relatively new, having come into everyday parlance only since World War II and the founding of the United Nations in 1945. It replaces the phrase "natural rights," which fell into disfavor in part because the concept of natural law (to which it was intimately linked) had become a matter of great controversy, and the later phrase "the rights of Man" which was not universally understood to include the rights of women.

Most students of human rights trace the historical origins of the concept back to ancient Greece and Rome, where it was closely tied to the premodern natural law doctrines of Greek Stoicism (the school of philosophy founded by Zeno of Citium, which held that a universal working force pervades all creation and that human conduct therefore should be judged according to, and brought into harmony with, the law of nature). The classic example, drawn from the Greek literature, is that of Antigone, who, upon being reproached by Creon for defying his command not to bury her slain brother, asserted that she acted in accordance with the immutable laws of the gods.

In part because Hellenistic Stoicism played a key role in its formation and spread, Roman law may similarly be seen to have allowed for the existence of a natural law and, with it, pursuant to the jus gentium ("law of nations"), certain universal rights that extended beyond the rights of citizenship. According to the Roman jurist Ulpain, for example, natural law was that which nature—not the state—assures to all human beings, Roman citizen or not.

It was not until after the Middle Ages, however, that natural law doctrines became closely associated with liberal political theories about natural rights. In Greco-Roman and medieval times, natural law doctrines taught mainly the duties, as distinguished from the rights, of "Man." Moreover, as evident in the writings of Aristotle and St. Thomas Aquinas, these doctrines recognized the legitimacy of slavery and serfdom and, in so doing, excluded perhaps the centralmost ideas of human rights as they are understood today—the ideas of freedom (or liberty) and equality.

For the idea of human (i.e., natural) rights to take hold as a general social need and reality, it was necessary that basic changes in the beliefs and practices of society take place, changes of the sort that evolved from about the 13th century to the Peace of Westphalia (1648), during the Renaissance and the decline of feudalism. When resistance to religious intolerance and political-economic bondage began the long transition to liberal notions of freedom and equality, particularly in relation to the use and ownership of property, then were the foundations of what today are called human rights truly laid. During this period, reflecting the failure of rulers to meet their natural law obligations as well as the unprecedented commitment to individual expression and worldly experience that was characteristic of the Renaissance, the shift from natural law as duties to natural law as rights was made. The teachings of Aquinas (1224/25-1274) and Hugo Grotius (1583-1645) on the European continent, and the Magna Carta (1215), the Petition of Rights of 1628, and the English Bill of Rights (1689) in England, were proof of this change. All testified to the increasingly popular view that human beings are endowed with eternal and inalienable rights, never renounced when humankind "contracted" to enter the social from the primitive state and never diminished by the claim of "the devine right of kings."

It was primarily for the 17th and 18th centuries, however, to elaborate upon this modernist conception of natural law as meaning or implying natural rights. The scientific and intellectual achievements of the 17th century—the discoveries of Galileo and Sir Isaac Newton, the materialism of Thomas Hobbes, the rationalism of René Descartes and Gottfried Wilhelm Leibniz, the pantheism of Benedict de Spinoza, the empiricism of Francis Bacon and John Locke—encouraged a belief in natural law and universal order; and during the 18th century, the so-called Age of Enlightenment, a growing confidence in human reason and in the perfectability of human affairs led to its more comprehensive expression. Particularly to be noted are the writings of the 17th-century English philosopher John Locke—arguably the most important natural law theorist of modern times—and the works of the 18th-century Philosophes centered mainly in Paris, including Montesquieu, Voltaire, and Jean-Jacques Rousseau. Locke argued in detail, mainly in writings associated with the Revolution of 1688 (the Glorious Revolution), that certain rights self-evidently pertain to individuals as human beings (because they existed in "the state of nature" before humankind entered civil society); that chief among them are the rights to life, liberty (freedom from arbitrary rule), and property; that, upon entering civil society (pursuant to a "social contract"), humankind surrendered to the state only the right to enforce these natural rights, not the rights themselves; and that the state's failure to secure these reserved natural rights (the state itself being under contract to safeguard the interests of its members) gives rise to a right to responsible, popular revolution. The Philosophes, building on Locke and others and embracing many and varied currents of thought with a common supreme faith in reason, vigorously attacked religious and sci-

entific dogmatism, intolerance, censorship, and social-economic restraints. They sought to discover and act upon universally valid principles harmoniously governing nature, humanity, and society, including the theory of the inalienable "rights of Man" that became their fundamental ethical and social gospel.

All this liberal intellectual ferment had, not surprisingly, great influence on the Western world of the late 18th and early 19th centuries. Together with the practical example of England's Revolution of 1688 and the resulting Bill of Rights, it provided the rationale for the wave of revolutionary agitation that then swept the West, most notably in North Amercia and France. Thomas Jefferson, who had studied Locke and Montesquieu and who asserted that his countrymen were a "free people claiming their rights as derived from the laws of nature and not as the gift of their Chief Magistrate," gave poetic eloquence to the plain prose of the 17th century in the Declaration of Independence proclaimed by the 13 American Colonies on July 4, 1776: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the Pursuit of Happiness." Similarly, the Marquis de Lafayette, who won the close friendship of George Washington and who shared the hardships of the American War of Independence, imitated the pronouncements of the English and American revolutions in the Declaration of the Rights of Man and of the Citizens of August 26, 1789. Insisting that "men are born and remain free and equal in rights." the declaration proclaims that "the aim of every political association is the preservation of the natural and imprescriptible rights of man," identifies these rights as "Liberty, Property, Safety and Resistance to Oppression," and defines "liberty" so as to include the right to free speech, freedom of association, religious freedom, and freedom from arbitrary arrest and confinement (as if anticipating the Bill of Rights added in 1791 to the Constitution of the United States of 1787).

In sum, the idea of human rights, called by another name, played a key role in the late 18th- and early 19th-century struggles against political absolutism. It was, indeed, the failure of rules to respect the principles of freedom and equality, which had been central to natural law philosophy almost from the beginning, that was responsible for this development. In the words of Maurice Cranston, a leading student of human rights, ". . . absolutism prompted man to claim [human, or natural] rights precisely because it denied them."

The idea of human rights as natural rights was not without its detractors, however, even at this otherwise receptive time. In the first place, being frequently associated with religious orthodoxy, the doctrine of natural rights became less and less acceptable to philosophical and political liberals. Additionally, because they were conceived in essentially absolutist—"inalienable," "unalterable," "eternal"—terms, natural rights were found increasingly to come into conflict with one another. Most importantly, the doctrine of natural rights came under powerful philosophical and political attack from both the right and the left.

In England, for example, conservatives Edmund Burke and David Hume united with liberal Jeremy Bentham in condemning the doctrine, the former out of fear that public affirmation of natural rights would lead to social upheaval, the latter out of concern lest declarations and proclamations of natural rights substitute for effective legislation. In his *Reflections on the Revolution in France* (1790), Burke, a believer in natural law who nonetheless denied that the "rights of Man" could be derived from it, criticized the drafters of the Declaration of the Rights of Man and of the Citizen for proclaiming the "monstrous fiction" of human equality, which, he argued, serves but to inspire "false ideas and vain expectations in men destined to travel in the obscure walk of laborious life." Bentham, one of the founders of Utilitarianism and a nonbeliever, was no less scornful. "Rights," he wrote, "is the child of law; from real law come real rights; but from imaginary laws, from 'law of nature come imaginary rights . . . Natural rights is simple nonsense; natural and imprescriptible rights (an American phrase), rhetorical nonsense, nonsense upon stilts." Hume agreed with Bentham; natural law and natural rights he insisted, are unreal metaphysical phenomena.

The assault upon natural law and natural rights, thus begun during the late 18th century, both intensified and broadened during the 19th and early 20th centuries. John Stuart Mill, despite his vigorous defense of liberty, proclaimed that rights ultimately are founded on utility. The German jurist Friedrich Karl von Savigny, England's Sir Henry Maine, and other historicalists emphasized that rights are a function of cultural and environmental variables unique to particular communities, and the jurist John Austin and the philosopher Ludwig Witternstein insisted, repectively, that the only law is "the command of the sovereign" (a phrase of Thomas Hobbes) and that the only truth is that which can be established by verifiable experience. By World War I, there were scarcely any theorists who would or could defend the "rights of Man" along the lines of natural law. Indeed, under the influence of 19th-century German Idealism and parallel expressions of rising European Nationalism, there were some—the Marxists, for example—who, although not rejecting individual rights altogether, maintained that rights from whatever source derived, belong to communities or whole societies and nations preeminently. Thus did F.H. Bradley, the British Idealist, write in 1894: "The rights of the individual are today not worth serious consideration. . . . The welfare of the community is the end and is the ultimate standard."

Yet, though the heyday of natural rights proved short, the idea of human rights nonetheless endured in one form or another. The abolition of slavery, factory legislation, popular education, trade unionism, the universal suffrage movement—these and other examples of 19th-century reformist impulse afford ample evidence that the idea was not to be extinguished even if its transempirical derivation had become a matter of general skepticism. But it was not until the rise and fall of Nazi Germany that the idea of rights—human rights—came truly into its own. The laws authorizing the dispossession and extermination of Jews and other minorities, the laws permitting arbitrary police search and seizure, the laws condoning imprisonment, torture, and execution without public trial—these and similar obscenities brought home the realization that law and morality, if they are to be deserving of the name, cannot be grounded in any purely Utilitarian, idealist, or other consequentialist doctrine. Certain actions are wrong, no matter what; human beings are entitled to simple respect at least.

Today, the vast majority of legal scholars, philosophers, and moralists agree, irrespective of culture or civilization, that every human being is entitled, at least in theory, to some basic rights. Heir to the Protestant Reformation and to the English, American, French, Mexican, Russian, and Chinese revolutions, the last half of the 20th century has seen, in the world of human rights scholar Louis Henkin, "essentially universal acceptance of human rights in principle" such that "no government dares to dissent from the ideology of human rights today." Indeed, except for some essentially isolated 19th-century demonstrations of international humanitarian concern to be noted below, the last half of the 20th century may fairly be said to mark the birth of the international as well as the universal recognition of human rights. In the treaty establishing the United Nations (UN), all members pledged themselves to take joint and separate action for the achievement of "universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion." In the Universal Declaration of Human Rights (1948), representatives from many diverse cultures endorsed the rights therein set forth "as a common standard of achievement for all peoples and all nations." And in 1976, the International Covenant and Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights, each approved by the UN General Assembly in 1966, entered into force and effect.

DEFINITION OF HUMAN RIGHTS

To say that there is widespread acceptance of the principle of human rights on the domestic and international planes is not to say that there is complete agreement about the nature of such rights or their substantive scope—which is to say, their definition. Some of the most basic questions have yet to receive conclusive answers. Whether human rights are to be viewed as divine, moral, or legal entitlements; whether they are to be validated by intuition, custom, social contract theory, principles of distributive justice, or as prerequisites for happiness; whether they are to be understood as irrevocable or partially revocable; whether they are to be broad or limited in number and content—these and kindred issues are matters of ongoing debate and likely will remain so as long as there exist contending approaches to public order and scarcities among resources.

NATURE

Despite this lack of consensus, however, a number of widely accepted—and interrelated—postulates may be seen to assist, if not to complete, the task of defining human rights. Five in particular stand out, although it is to be noted that not even these are without controversy.

First, regardless of their ultimate origin or justification, human rights are understood to represent individual and group demands for the shaping and sharing of power, wealth, enlightenment, and other cherished values in community process, most fundamentally the value of respect and its constituent elements of reciprocal tolerance and mutual forebearance in the pursuit of all other values. Consequently, they imply claims against persons and institutions who impede realization and standards for judging the legitimacy of laws and traditions. At bottom, human rights limit state power.

Second, reflecting varying environmental circumstances, differing worldviews, and inescapable interdependencies within and between value processes, human rights refer to a wide continuum of value claims ranging from the most justifiable to the most aspirational. Human rights partake of both the legal and the moral orders, sometimes indistinguishably. They are expressive of both the "is" and the "ought" in human affairs.

Third, if a right is determined to be a human right it is quintessentially general or universal in character, in some sense equally possessed by all human beings everywhere, including in certain instances even the unborn. In stark contrast to "the devine right of kings" and other such conceptions of privilege, human rights extend, in theory, to every person on Earth without discriminations irrelevant to merit.

Fourth, most assertions of human rights—arguably not all—are qualified by the limitation that the rights of any particular individual or group in any particular instance are restricted as much as is necessary to secure the comparable rights of others and the aggregate common interest. Given this interdependency, human rights are sometimes designated prima facie rights, and it makes little or no sense to think or talk of them in absolutist terms.

Fifth and finally, human rights are commonly assumed to refer, in some vague sense, to "fundamental" as distinct from "nonessential" claims or "goods." In fact, some theorists go so far as to limit human rights to a single core right or two—for example, the right to life or the right to equal freedom of opportunity. The tendency, in short, is to de-emphasize or rule out "mere wants."

In several critical respects, however, this last postulate raises more questions than it answers. What does it mean to say that a right is fundamental? Does it entail some bare minimum only, or, more plausibly, does it admit to something greater? If the latter, how much greater and subject to what conditions, if any? In other words, however accurate, this last postulate is fraught with ambiguity about the content and legitimate scope of human rights and about the priorities, if any, that obtain among them. Except for the issue of the origin and justification of human rights, no cluster of preliminary human rights considerations is more controversial.

CONTENT

It cannot be disputed that, like all normative traditions, the human rights tradition is a product of its time. It necessarily reflects the processes of historical continuity and change that, at once and as a matter of cumulative experience, help to give it substance and form. Therefore, to understand better the debate over the content and legitimate scope of human rights and the priorities claimed among them, it is useful to note the dominant schools of thought and action that have informed the human rights tradition since the beginning of modern times.

Particularly helpful in this regard is the notion of "three generations of human rights" advanced by the French jurist Karel Vasak. Inspired by the three normative themes of the French Revolution, they are: the first generation of civil and political rights (liberté); the second generation of economic, social, and cultural rights (égalité); and the third generation of newly called solidarity rights (fraternité). Vasak's model is of course a simplified expression of an extremely complex historical record; it is not intended as a literal representation of life in which one generation gives birth to the next and then dies away.

The first generation

The first generation of civil and political rights derives primarily from the 17th- and 18th-century reformist theories noted above, which are associated with the English, American, and French revolutions. Infused with the political philosophy of liberal individualism and the economic and social doctrine of laissez-faire, it conceives of human rights more in negative ("freedoms from") than positive ("rights to") terms; it favours the abstention rather than the intervention of government in the quest for human dignity, as epitomized by the statement attributed to H.L. Mencken that ". . . all government is, of course, against liberty." Belonging to this first generation, thus, are such claimed rights as are set forth in Articles 2-21 of the Universal Declaration of Human Rights, including freedom from racial and equivalent forms of discrimination; the right of life, liberty, and the security of the person; freedom from slavery or involuntary servitude; freedom from torture and from cruel, inhuman, or degrading treatment or punishment; freedom from arbitrary arrest, detention, or exile; the right to a fair and public trial; freedom from interference in privacy and correspondence; freedom of movement and residence; the right to asylum from persecution; freedom of thought, conscience, and religion; freedom of opinion and expression; freedom of peaceful assembly and association; and the right to participate in government, directly or through free elections. Also included is the right to own property and the right not to be deprived of one's property arbitrarily, each fundamental to the interests fought for in the American and French revolutions and to the rise of capitalism.

Of course, it would be error to assert that these and other first-generation rights correspond completely to the idea of "negative" as opposed to "positive rights. The right to security of the person, to a fair and public trial, to asylum from persecution, and to free elections, for example, manifestly cannot be assured without some affirmative government action. What is constant in this first-generation conception, however, is the notion of liberty, a shield that safeguards the individual, alone and in association with others, against the abuse and misuse of political authority. This is the core value. Featured in almost every constitution of today's approximately 160 states, and dominating the majority of the international declarations and covenants adopted since World War II, this essentially Western liberal conception of human rights is sometimes romanticized as a triumph of Hobbesian-Lockean individualism over Hegelian statism.

The second generation

The second generation of economic, social, and cultural rights finds its origins primarily in the socialist tradition that was foreshadowed among the Saint-Simonians of early 19th-century France and variously promoted by revolutionary struggles and welfare movements ever since. In large part, it is a response to the abuses and misuses of capitalist development and its underlying, essentially uncritical, conception of individual liberty that tolerated, even legitimated, the exploitation of working classes and colonial peoples. Historically, it is counterpoint to the first generation of civil and political rights, with human rights conceived more in positive ("rights to") than negative ("freedoms from") terms, requiring the intervention, not the abstention, of the state for the purpose of assuring equitable participation in the production and distribution of the values involved. Illustrative are the claimed rights set forth in Articles 22-27 of the Universal Declaration of Human Rights, such as the right to social security; the right to work and to protection against unemployment; the right to rest and leisure, including periodic holidays with pay; the right to a standard of living adequate for the health and well-being of self and family; the right to education; and the right to the protection of one's scientific, literary, and artistic production.

Yet, in the same way that all the rights embraced by the first generation of civil and political rights cannot properly be designated "negative rights," so all the rights embraced by the second generation of economic, social, and cultural rights cannot properly be labeled "positive rights." The right to free choice of employment, the right to form and to join trade unions, and the right freely to participate in the cultural life of the community, for example, do not inherently require affirmative state action to ensure their emjoyment. Nevertheless, most of the second-generation rights do necessitate state intervention in the allocation of resources because they subsume demands more for material than for intangible values according to some criterion of distributive justice. Second-generation rights are, fundamentally, claims to social equality. Partly because of the comparatively late arrival of socialist-communist influence in the normative domain of international affairs, however, the internationalization of these rights has been somewhat slow in coming; but with the ascendancy of the Third World on the global stage, intent upon a "resolution of rising expectations," they have begun to come of age.

The third generation.

Finally, the third generation of solidarity rights, while drawing upon, interlinking, and reconceptualizing value demands associated with the two earlier generations of rights, are best understood as a product albeit one still in formation, of both the rise and the decline of the nation-state in the last half of the 20th century. Foreshadowed in Article 28 of the Universal Declaration of Human Rights, which proclaims that "everyone is entitled to a social and international order in which the rights set forth in this Declaration can be fully realized," it appears so far to embrace six claimed rights. Three of these reflect the emergency of Third World nationalism and its demand for a global redistribution of power, wealth, and other important values: the right to political, social, and cultural self-determination; the right to economic and social development; and the right to participate in and benefit from "the common heritage of mankind" (shared Earth-space resources; scientific, technical, and other information and progress; and cultural traditions, sites, and monuments). The other three third-generation rights—the right to peace, the right to a healthy and balanced environment, and the right to humanitarian disaster relief—suggest the impotence or inefficiency of the nation-state in certain critical respects.

All six of these claimed rights tend to be posed as collective rights, requiring the concerted efforts of all social forces, to substantial degree on a planetary scale, and implying a quest for a possible utopia that

projects the notion of holistic community interests. Each, however, manifests an individual as well as collective dimension. For example, while it may be said to be the collective right of all countries and peoples (especially developing countries and non-self-governing peoples) to secure a new international economic order that would eliminate obstacles to their economic and social development, so also may it be said to be the individual right of all persons to benefit from a developmental policy that is based on the satisfaction of material and nonmaterial human needs. Also, while the right to self determination and the right to humanitarian assistance, for example, find expression on the legal as well as the moral plane, the majority of these solidarity rights tend to be more aspirational than justiciable in character, enjoying as yet an ambiguous jural status as international human rights norms.

Thus, at various states of modern history—following the "bourgeois" revolutions of the 17th centuries, the socialist and Marxist revolutions of the early 20th century, and the anticolonialist revolutions that began immediately following World War II—the content of human rights has been broadly defined, not with any expectation that the rights associated with one generation would or should become outdated upon the ascendancy of another, but expansively or supplementally. Reflecting evolving perceptions of which values, at different times, stand most in need of encouragement and protection, the history of the content of human rights also reflects humankind's recurring demands for continuity and stability.

LEGITIMACY AND PRIORITY

This is not to imply that each of these three generations of rights is equally acceptable to all or that they or their separate elements are greeted with equal urgency. First-generation proponents, for example, are inclined to exclude second- and third-generation rights from their definition of human rights altogether (or, at best, to label them as "derivative"). In part this is due to the complexities that inform the process of putting these rights into action. The suggestion of greater feasibility that attends first-generation rights because they stress the absence rather than the presence of government is somehow transformed into a prerequisite of a comprehensive definition of human rights, such that aspirational and vaguely asserted claims to entitlement are deemed not to be rights at all. The most forceful explanation, however, is more ideologically or politically motivated. Persuaded that egalitarian claims against the rich, particularly where collectively espoused, are unworkable without a severe decline in liberty and quality (in part becasue they involve state intervention for the redistribution of privately held resources), first-generation proponents, inspired by the natural law and laissez-faire traditions, are partial to the view that human rights are inherently independent of civil society and are individualistic.

Conversely, second- and third-generation defenders often look upon first-generation rights, at least as commonly practiced, as insufficiently attentive to material human needs and, indeed, as legitimating instruments in service to unjust domestic, transnational, and international social orders—hence constituting a "bourgeois illusion." Accordingly, while not placing first-generation rights outside their definition of human rights, they tend to assign such rights a low status and therefore to treat them as long-term goals that will come to pass only with fundamental economic and social transformations to be realized progressively and fully consummated only sometime in the future.

In sum, different conceptions of rights, particularly emerging conceptions, contain the potential for challenging the legitimacy and supremacy not only of one another but, more importantly, of the political-social systems with which they are most intimately associated. As a consequence there is sharp disagreement about the legitimate scope of human rights and about the priorities that are claimed among them.

On final analysis, however, this liberty-equality and individualist-collectivist debate over the legitimacy and prioritries of claimed human rights can be dangerously misleading. It is useful, certainly, insofar as it calls attention to the way in which notions of liberty and individualism can be, and have been, used to rationalize the abuses of capitalism; and it is useful, too, insofar as it highlights how notions of equality and collectivism can be, and have been, alibis for authoritarian governance. But in the end it risks obscuring at least three essential truths that must be taken into account if the contemporary worldwide human rights movement is to be objectively understood.

First, one-sided characterizations of legitimacy and priority are likely, over the long term, to undermine the political credibility of their proponents and the defensibility of their particularistic values. In an increasingly interdependent and interpenetrating global community, any human rights orientation that does not genuinely support the widest possible shaping and sharing of all values among all human beings is likely to provoke widespread skepticism.

Second, such characterizations do not accurately mirror behavioral reality. In the real world, despite differences in cultural tradition and ideological style, there exists a rising and overriding insistence upon the equitable production and distribution of all basic values. U.S. Pres. Franklin D. Roosevelt's Four Freedoms (freedom of speech and expression, freedom of worship, freedom from want, and freedom from fear) is an early case in point. A more recent demonstration was the 1977 Law Day speech by then U.S. Secretary of State Cyrus R. Vance, in which he announced the U.S. government's resolve "to make the advancement of human rights a central part of our foreign policy" and defined human rights to include "the right to be free from governmental violation of the integrity of the person, . . . the right to the fulfillment of such vital needs as food, shelter, health care, and education, . . . [and] the right to enjoy civil and political liberties." Essentially individualistic societies tolerate, even promote, certain collectivist values; likewise, essentially communal societies tolerate, even promote, certain individualistic values. Ours is a more-or-less, not an either-or, world.

Finally, none of the international human rights instruments currently in force or proposed say anything whatsoever about the legitimacy or rank-ordering of the rights they address, save possibly in the case of rights that by international covenant are stipulated to be nonderogable and therefore, arguably, more fundamental than others (for example, freedom from arbitrary or unlawful deprivation of life, freedom from torture and from inhuman or degrading treatment and punishment, freedom from slavery, freedom from imprisonment for debt). There is disagreement, to be sure, among lawyers, moralists, and political scientists about the ligitimacy and hierarchy of claimed rights when they treat the problem of implementation. For example, some insist on certain civil and political guarantees, whereas others defer initially to conditions of material and corporal well-being. Such disagreements, however, partake of political agendas and have little if any conceptual utility. As the UN General Assembly has repeatedly confirmed, all human rights form an individual whole.

In short, the legitimacy of different human rights and the priorities claimed among them are a function of context. Because people in different parts of the world both assert and honour different human rights demands according to many different procedures and practices, these issues ultimately depend on time, place, setting, level of crisis, and other circumstance.

INTERNATIONAL HUMAN RIGHTS: PRESCRIPTION AND ENFORCEMENT—BEFORE WORLD WAR II

Ever since ancient times, but especially since the emergence of the modern state system, the Age of Discovery, and the accompanying spread of industrialization and European culture throughout the world, there has developed, for economic and other reasons, a unique set of customs and conventions relative to the humane treatment of foreigners. This evolving International Law of State Responsibility for Injuries to Aliens, as these customs and conventions came to be called, may be understood to represent the beginning of active concern for human rights on the international plane. The founding fathers of international law—particularly Francisco de Vitoria (1486?-1546), Hugo Grotius (1583-1645), and Emmerich de Vattel (1714-67)—were quick to observe that all persons, outlander as well as other, were entitled to certain natural rights; and they emphasized, consequently, the importance of according aliens fair treatment.

Except, however, for the occasional use of treaties to secure the protection of Christian minorities, as early illustrated by the Peace of Westphalia (1648), which concluded Thirty Years' War and established the principle of equal rights for the Roman Catholic and Protestant religions in Germany, it was not until the start of the 19th century that active international concern for the rights of nationals began to make itself felt. Then, in the century and a half before World War II, several noteworthy, if essentially unconnected, efforts to encourage respect for nationals by international means began to shape what today is called the International Law of Human Rights (which for historical but no theoretically convincing reasons has tended to be treated separately from the International Law of State Responsibility for Injuries to Aliens).

Throughout the 19th and early 20th centuries, numerous military operations and diplomatic representations, not all of them with the purest of motives but done nonetheless in the name of "humanitarian intervention" (a customary international law doctrine), undertook to protect oppressed and persuaded minorities in the Ottoman Empire and in Syria, Crete, various Balkan countries, Romania, and Russia. Paralleling these actions, first at the Congress of Vienna (1814-15) and later between the two world wars, a series of treaties and international declarations sought the protection of certain racial, religious, and linguistic mi-

norities in central and eastern Europe and in the Middle East. During the same period the moments to combat and suppress slavery and the slave trade found expression in treaties sooner or later involving the major commercial powers, beginning with the Treaty of Paris (1814) and culminating in the International Slavery Convention (1926).

In addition, toward the end of the 19th century and continuing well beyond World War II, the community of nations, inspired largely by persons associated with what is now the International Committee of the Red Cross, concluded a series of multilateral declarations and agreements designed to temper the conduct of hostilities, protect the victims of war, and otherwise elaborate the humantarians law of war. At about the same time, first with two multilateral labour conventions concluded in 1906 and subsequently at the initiative of the International Labour Organisation (ILO; established in 1919), a reformist-minded international community embarked upon a variety of collabortive measures directed at the promotions of human rights. These included not only fields traditionally associated with labour law and relations (for example, industrial health, safety, and welfare; hours of work; annual paid holidays) but also—mainly after World War II—in respect of such core human rights concerns as forced labour, discrimination in employment and occupation, freedom of association for collective bargaining, and equal pay for equal work.

Finally, during the interwar period, the Covenant establishing the League of Nations (1919), while not formally recognizing "the rights of Man" and while failing to lay down a principle of racial nondiscrimination as requested by Japan (owing mainly to the resistance of Great Britain and the United States), nevertheless committed the League's members to several human rights goals; fair and humane working conditions for men, women, and children; the execution of agreements regarding traffic in women and children; the prevention and control of disease in matters of international concern; and the just treatment of native colonial peoples. Also, victorious powers who as "mandatories" were entrusted by the League with the tutelage of colonies formerly governed by Germany and Turkey accepted as "a sacred trust of civilization" responsibilities for the well-being and development of the inhabitants of those territories. (The arrangement was carried over into the UN trusteeship system and had serious repercussions more than a half century later in relation to the mandate entrusted to South Africa over the territory of South West Africa [now Namibia].)

As important as these pre-World War II human rights efforts were, however, it was not until after the War—and the Nazi atrocities accompanying it—that active concern for human rights on the international plane truly came of age. In the proceedings of the International Military Tribunal at Nurnberg in 1945-46, German high officials were tried not only for "crimes against peace" and "war crimes" but also for "crimes against humanity" committed against any civilian population even if in accordance with the laws of the country where perpetrated. While the tribunal, whose establishment and rulings subsequently were endorsed by the UN General Assembly, applied a cautious approach to allegations of "crimes against humanity," it nonetheless made the treatment by a state of its own citizens the subject of international criminal process.

HUMAN RIGHTS IN THE UNITED NATIONS

The Charter of the United Nations (1945) begins by reaffirming a "faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small." It states that the purposes of the United Nations are, among other things, "to develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples . . . [and] to achieve international co-operation . . . in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion. . . . And, in two key articles, all members "pledge themselves to take joint and separate action in cooperation with the Organization" for the achievement of these and related purposes. It is to be noted, however, that a proposal to ensure the protection as well as the promotion of human rights was explicity rejected at the San Francisco Conference establishing the United Nations. Additionally, the Charter expressly provides that nothing in it "shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state. . . .," except upon a Security Council finding of a "threat to the peace, breach of the peace, or act of aggression." Moreover, although typical of major constitutive instruments, the Charter is conspicuously general and vague in its human rights clauses, among others.

Thus, not surprisingly, the reconciliation of the Charter's human rights provisions with the Charter's drafting history and its "domestic jurisdiction" clause has given rise to not a little legal and political controversy. Some authorities have argued that, in becoming parties to the Charter, states accept no more than a nebulous promotional obligation toward human rights and that, in any event, the United Nations has no standards to insist on human rights safeguards in member states. Others insist that the Charter's human rights provisions, being part of a legally binding treaty, clearly involve some element of legal obligation: that the "pledge" made by states upon becoming party to the Charter consequently represents more than a moral statement; and that the "domestic jurisdiction" clause does not apply because human rights, whatever isolation they may have "enjoyed" in the past, no longer can be considered matters "essentially within the domestic jurisdiction" of states.

When all is said and done, however, it is clear from the actual practice of the United Nations that the problem of resolving these opposing contentions has proved somewhat less formidable than the statements of governments and the opinions of scholars might lead one to assume. Neither the Charter's drafting history nor its "domestic jurisdiction" clause nor, indeed, its generality and vagueness in respect of human rights has prevented the United Nations—on the basis of individual petitions, statements from witnesses, state complaints, and reports from interested nongovernmental organizations—from investigating, discussing, and evaluating specific human rights situations. Nor have they prevented it from recommending or prescribing concrete action in relation to them, at least not in the case of "a consistent pattern of gross violations" of human rights, provided there has been a majority persuasive enough to force the action desired (as in the imposition by the Security Council in 1977 of a mandatory arms embargo against South Africa). Of course, governments usually are protective of their sovereignty (or domestic jurisdiction). Also, the UN organs responsible for the promotion of human rights suffer from most of the same disabilities that afflict the United Nations as a whole, in particular the absence of supranational authority and the presence of divisive power politics. Hence, it cannot be expected that UN actions in defense of human rights will be, normally, either swift or categorically effective. Nevertheless, assuming some political will, the legal obstacles to UN enforcement of human rights are not insurmountable.

Primary responsibility for the promotion of human rights under the UN Charter rests in the General Assembly and, under its authority, in the Economic and Social Council and its subsidiary body, the Commission on Human Rights, an intergovernmental body that serves as the UN's central policy organ in the human rights field. Much of the commission's activity, initiated by subsidiary working groups, is investigatory, evaluative, and advisory in character, and the commission annually establishes a working group to consider and make recommendations concerning alleged "gross violations" of human rights referred to it by its Sub-Commission on Prevention of Discrimination and Protection of Minorities (on the basis of communications from individuals and groups, pursuant to Resolution 1503 [1970] of the UN Economic and Social Council, and sometimes on the basis of investigations by the subcommission or one of its working groups). Also, the commission has appointed special representatives and envoys to examine human rights situations on an ad hoc basis, who, in the course of preparing their reports, examine reliable information submitted in good faith, interview interested persons, or make on-site inspections with the cooperation of the government concerned.

In addition, the commission, together with other UN organs such as the International Labour Organisation (ILO), the UN Educational, Scientific and Cultural Organization (UNESCO), and the UN Commission on the Status of Women, drafts human rights standards and has prepared a number of international human rights instruments. Among the most important are the Universal Declaration of Human Rights (1948), the International convenant on Civil and Political Rights (together with its Optional Protocol: 1976), and the International Covenant on Economic Social and Cultural Rights (1976). Collectively known as the International Bill of Rights, these three instruments serve as touchstones for interpreting the human rights provisions of the UN Charter.

The Universal Declaration of Human Rights

The catalog of rights set out in the Universal Declaration of Human Rights, which was adopted without dissent by the General Assembly on December 10, 1948, is scarcely less than the sum of all the important traditional political and civil rights of national constitutions and legal systems, including equality before the law: protection against arbitrary arrest: the right to a fair trial; freedom from ex post facto criminal laws: the right to own property: freedom of thought, conscience, and religion: freedom of opinion and expression: and freedom of peaceful assembly and association. Also enumerated are such economic, social, and cul-

tural rights as the right to work and to choose one's work freely, the right to equal pay for equal work, the right to form and join trade unions, the right to rest and leisure, the right to an adequate standard of living, and the right to education.

The Universal Declaration, it must be noted, is not a treaty. It was meant to proclaim "a common standard of achievement for all peoples and all nations" rather than enforceable legal obligations. Nevertheless, partly because of an 18-year delay between its adoption and the completion for signature and ratification of the two covenants, the Universal Declaration has acquired a status juridically more important than originally intended. It has been widely used, even by national courts, as a means of judging compliance with human rights obligations under the UN Charter.

The International Covenant on Civil and Political Rights and the Optional Protocol

The civil and political rights guaranteed by this convenant, which was opened for signature on December 19, 1966, and entered into force on March 23, 1976, incorporate almost all of those proclaimed in the Universal Declaration, including the right to nondiscrimination. Pursuant to the covenant, each state party undertakes to respect and to ensure to all individuals within its territory and subject to its jurisdiction the rights recognized in the covenant "without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status." Some rights listed in the Universal Declaration, however, such as the right to own property and the right to asylum, are not included among the rights recognized in the covenant. Similarly, the covenant designates a number of rights that are not listed in the Universal Declaration, among them the right of all peoples to self-determination and the right of ethnic, religious, or linguistic minorities to enjoy their own culture, to profess and practice their own religion, and to use their own language. To the extent the Universal Declaration and the covenant overlap, however, the latter is understood to explicate and help interpret the former.

In addition, the covenant calls for the establishment of a Human Rights Committee, an international organ of 18 persons elected by the parties to the convenant, serving in their individual expert capacity and charged to study reports submitted by the state parties on the measures they have adopted that give effect to the rights recognized in the covenant. As between the state parties that have expressly recognized the competence of committee in this regard, the committee also may respond to allegations by one state party that another state party is not fulfilling its obligations under the covenant. If the committee is unable to resolve the problem, the matter is referred to an ad hoc conciliation commission, which eventually reports its findings on all questions of fact, plus its views on the possibilities of an amicable solution. State parties that become party to the Optional Protocol further recognize the competence of the Human Rights Committee similarly to consider and act upon communications from individuals claiming to be victims of covenant violations.

The International Covenant on Economic, Social and Cultural Rights

Just as the International Covenant on Civil and Political Rights elaborates upon most of the civil and political rights enumerated in the Universal Declaration of Human Rights, so the International Covenant on Economic, Social and Cultural Rights elaborates upon most of the economic, social, and cultural rights set forth in the Universal Declaration: the right to work; the right to just and favourable conditions of work; trade union rights; the right to social security; rights relating to the protection of the family; the right to an adequate standard of living; the right to health; the right to education; and rights relating to culture and science. Unlike its companion International Covenant on Civil and Political Rights, however, this convenant is not geared, with modest exception, to immediate implementation, the state parties having agreed only "to take steps" toward "achieving progressively the full realization of the rights recognized in the . . . Covenant," and then subject to "the maximum of [their] available resources." The covenant is essentially a "promotional convention," stipulating objectives more than standards and requiring implementation over time rather than all at once. One obligation is however, subject to immediate application: the prohibition of discrimination in the enjoyment of the rights enumerated on grounds of race, colour, sex, language, religion, or political or other opinion; national or social origin, property, and birth or other status. Also, the international supervisory measures that apply to the covenant oblige the state parties to report to the UN Economic and Social Council on the steps they have adopted and the progress they have made in achieving the realization of the enumerated rights.

Other UN human rights conventions

The two above-mentioned covenants are by no means the only human rights treaties drafted and adopted under the auspices of the United Nations. Indeed, because there are far too many to detail even in abbreviated fashion, it must suffice simply to note that they address a broad range of concerns, including the prevention and punishment of the crime of genocide; the humane treatment of military and civilian personnel in time of war; the status of refugees; the protection and reduction of stateless persons; the abolition of slavery, forced labour, and discrimination in employment and occupation; the elimination of all forms of racial discrimination and the suppression and punishment of the crime of apartheid; the elimination of discrimination in education; the promotion of the political rights of women and the elimination of all forms of discrimination against women; and the promotion of equality of opportunity and treatment of migrant workers. (For particular agreements, see Human Rights: A Compilation of International Instruments, 3rd ed., [1978], published by the United Nations.) Many of these treaties are the work of the UN specialized agencies, particularly the International Labour Organisation (ILO), and many also provide for supervisory and enforcment mechanisms—for example, the Commtitee on the Elimination of Racial Dsicrimination established under the International Convention on the Elimination of All Forms of Racial Discrimination of December 21, 1965.

UN human rights declarations

In addition to developing human rights standards and procedures through treaties, the UN General Assembly, impressed by the impact of the Universal Declaration of Human Rights, also has resorted to the proclamation of declarations as a means of promoting human rights. Adopted in the form of a resolution of the General Assembly, which technically is not binding on the member states in the sense of a treaty, a declaration, particularly when it enunciates principles of great and solemn importance, may nevertheless create within the international community strong expectations about authority and control. Perhaps the best known examples subsequent to the Universal Declaration, while not devoted exclusively to human rights considerations, are the Declaration on the Granting of Independence to Colonial Countries and Peoples (1960) and the Declaration on Principles of International Law Concerning Friendly Relations and Co-Operation Among States in Accordance with the Charter of the United Nations (1970).

HUMAN RIGHTS AND THE HELSINKI PROCESS

Post-World War II concern for human rights also has been evident at the global level outside the United Nations, most notably in the proceedings and aftermath of the Conference on Security and Cooperation in Europe, convened in Helsinki on July 3, 1973, and concluded there (after continuing deliberations in Geneva) on August 1, 1975. Attended by representatives of 35 governemnts that included the NATO countries, the Warsaw Pact nations, and 13 neutral and nonaligned European states, the conference has as its principal purpose a mutally satisfactory definition of peace and stability between East and West, previously made impossible by the period of the Cold War. In particular, the Soviet Union was concerned with achieving recognition of its western frontiers as established at the end of World War II.

There was little tangible, however, that the Western powers with no realistic territorial claims of their own, could demand in return and accordingly they pressed for certain concessions in respect of human rights and freedom of movement and information between East and West. Thus, at the outset of the Final Act adopted by the conference, in a Declaration of Principles Guiding Relations Between States, the participating govenments solemnly declared "their determination to respect and put into practice," alongside other "guiding" principles, "respect [for] human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief" and "respect [for] the equal rights of peoples and their right to self-determination." It was hoped that this would mark the beginning of a liberalization of authoritarian regimes.

From the earliest discussions, however, it was clear that the Helsinki Final Act was not intended as a legally binding instrument. "Determination to respect" and "put into practice" were deemed to express moral commitments only, the Declaration of Principles was said not to prescribe international law, and nowhere did the participants provide for enforcement machinery. On the other hand, the Declaration of Principles, including its human rights principles, always has been viewed as at least consistent with international law. Additionally, the fourth of four sections (commonly known as "baskets") of the Final Act provides for the holding of periodic review conferences in which the participating states are called upon "to continue the multilateral process initiated by the Conference." But most importantly, ever since their adoption, the Final Act's human rights provisions have served as important and widely accepted

yardsticks for external scrutiny and appropriate recourse to perceived violations.

In sum, like the Universal Declaration of Human Rights and other such declarations of the UN General Assembly, the Helsinki Final Act, though not a treaty, has created widespread expectations about proper human rights behaviour, and consequently it has inspired and facilitated the monitoring of human rights policy. Assuming some cordiality between East and West, the Helsinki Process may be said at least to hold out the potential for modestly beneficial results in the human rights arena.

REGIONAL DEVELOPMENTS

Action for the international promotion and protection of human rights has proceeded at the regional level in Europe, the Americas, Africa, and the Middle East. Only the first three of these regions, however, have gone so far as to create enforcement mechanisms within the framework of a human rights charter. The Permanent Arab Commission on Human Rights, founded by the Council of the League of Arab States in September 1968 but since then preoccupied by the rights of Arabs living in Israeli-occupied territories, has not brought a proposed Arab Convention on Human Rights to a successful conclusion and so far has tended to function more in terms of the promotion than the protection of human rights.

European human rights system

On November 4, 1950, the Council of Europe agreed to the European Convention for the Protection of Human Rights and Fundamental Freedoms, the substantive provisions of which are based on a draft of what is now the International Covenant on Civil and Political Rights. Together with its five additional protocols, this convention, which entered into force on September 3, 1953, represents the most advanced and successful international experiment in the field. A companion instrument, similar to the later International Covenant on Economic, Social and Cultural Rights, is the European Social Charter (1961), whose provisions are implemented through an elaborate system of control based on the sending of progress reports to, and the appraisal of these reports by, the various committees, and organs of the Council of Europe. The instrumentalities created under the European convention are the European Commission of Human Rights and the European Court of Human Rights. The convention also makes use of the government organ of the Council of Europe, the Committee of Ministers.

The commission may receive from any state party to the convention any allegation of a breach of the convention by another state party. Also, provided its legal competence to do so has been formally recognized, the commission may receive petitions from any person, group of individuals, or nongovernmental organization claiming to be the victim of a violation of the convention. In such cases, the commission is charged to ascertain the facts and to place itself at the disposal of the parties to secure "a friendly settlement . . . on the basis of respect for Human Rights." If no such solution is reached, the commission is called upon to draw up a report, stating its opinion as to whether the facts disclose a breach, and to recommend action to the Committee of Ministers, including referral of the case to the European Court of Human Rights.

The jurisdiction of the court extends to cases referred to it by a state party whose national is alleged to be a victim of a violation, by a state party against whom a complaint has been lodged, and by any state party that may have referred the case to the commission. The court may not, however, receive a complaint by an individual applicant. Moreover, it may receive state complaints only if the defendant state has accepted its jurisdiction. This may be done ad hoc for a particular case or by a general declaration accepting the compulsory jurisdiction of the court. In either event, and in cases referred by the European commission as well, the judgment of the court is final. If a question is not or cannot be referred to the court, then the Committee of Ministers of the Council of Europe makes a final decision on human rights complaints.

The instrumentalities of the European convention have, over the years, developed a considerable body of case law on questions regulated by the convention; and the provisions of the convention are deemed, in some European states, part of domestic constitutional or statutory law. Where this is not the case, the state parties to the convention have taken other measures to make their domestic laws conform with their obligations under the convention.

Inter-American human rights system

In 1948, concurrent with its establishment of the Organization of American States (oas), the Ninth Pan-American Conference adopted the American Declaration on the Rights and Duties of Man, an instrument similar to, but coming a full seven months before, the Universal Declaration of the United Nations and setting out the duties as well as the rights of the individual citizen (a throwback perhaps to Greco-Roman and medieval natural law theories). Subsequently, in 1959, a meeting of consultation of the American Ministers for Foreign Affairs created, within the framework of the oas, the Inter-American Commssion on Human Rights, which has since undertaken important investigative activities concerning human rights in the Americas. Finally, in 1969, the Inter-American Specialized Conference on Human Rights, meeting in San José, Costa Rica, adopted the American Convention of Human Rights, which made the existing Inter-American Commission on Human Rights an organ for the convention's implementation and established the Inter-American Court of Human Rights, which sits in San José.

Both the substantive law and the procedural arrangements of the American convention, which entered into force in 1978, are strongly influenced by the UN covenants and the European convention, and they were drafted also with the European Social Charter in mind. Under the American convention, however, unlike its UN and European predecessors, the right of petition by individuals, groups of individuals, and nongovernmental organizations operates automatically. Under the UN system, the right of petition applies only when the state concerned has become a party to the Optional Protocol to the International Covenant on Civil and Political Rights, and under the European system a special declaration by the states concerned is required. On the other hand, again in contrast to the European system (but not the UN system), interstate complaints under the American convention operate only among states that have expressly agreed to such procedure.

African human rights system

In 1981, following numerous pleas by the UN Commission on Human Rights, interested states, nongovernmental organizations, and others dating as far back as 1961, the Eighteenth Assembly of Heads of State and Government of the Organization of African Unity (oau), convening in Nairobi, Kenya, adopted the African Charter of Human and Peoples Rights. The charter provides that it will become effective three months after ratification or adherence of a majority of the member states of the oau, numbering 50 as of December 31, 1983. By the mid-1980's, the 26 ratifications or adherences needed had not been reached and the charter was, therefore, not yet in force.

Like its European and American counterparts, the African charter provides for the establishment of an African Commission on Human and Peoples' Rights, with both promotional and protective functions and with no restriction on who may file a complaint with the commission (signatory states, individuals, groups of individuals, and nongovernmental organizations, whether or not they are victims of the alleged violation). In contrast to the European and American procedures, however, concerned states are encouraged to reach a friendly settlement without formally involving the investigative or conciliatory mechanisms of the commission. Also, the African charter does not call for a human rights court. African customs and traditions, it is said, emphasize mediation, conciliation, and consensus rather than the adversarial and adjudicative procedures common to Western legal systems.

Four other distinctive features of the African charter are especially noteworthy. First, it provides for conomic, social, and cultural rights as well as civil and political rights. In this respect it bears resemblance to the American convention, but is distinctive from the European convention. Next, in contrast to both the European and American conventions, it recognizes the rights of groups in addition to the family, women, and children. The aged and the infirm are accorded special protection also, and the right of peoples to self-determination is elaborated in the right to existence, equality, and nondomination. Third, it uniquely embraces two third-generation, or "solidarity," rights "as belonging to all peoples"; the right to economic, social, and cultural development and the right to national and international peace and security. Finally, it is so far the only treaty instrument to detail individual duties as well as individual rights—to the family, society, the state, and the international African community.

INTERNATIONAL HUMAN RIGHTS IN DOMESTIC COURTS

Using domestic courts to clarify and safeguard international human rights is a new and still evolving approach to human rights advocacy. In addition to the inevitable interpretative problems of applying conventional and customary norms that are fashioned in multicultural settings, controversial theories about the interrelation of national and international law plus many procedural difficulties—carrying such labels as "standing," "act of State," and the "political questions doctrine"—burden the party anxious to invoke international human rights norms in the domestic context. To be sure, considerable progress has been made, as perhaps best evidenced in the far-reaching decision handed down by the U.S. Court of Appeals for the 2nd Circuit in 1980 in *Filartiga* v. *Pena-Irala*, in which the court held that the international prohibition of torture is unequivocally established in the law of nations and therefore to be honoured in U.S. courts. But as human rights scholar Richard Lillich

has cautioned, ". . . in all likelihood the [national] judiciary will have to experience much more international human rights law consciousness-raising before [wholesale resistance to its domestic application] is rejected."

CONCLUSION

Whatever the current attitudes and policies of governments, the reality of popular demands for human rights, including both greater economic justice and greater political freedom, is beyond debate. A deepening and widening concern for the promotion and protection of human rights, hastened by the self-determinist impulse of a postcolonial era, is now unmistakably woven into the fabric of contemporary world affairs.

Substantially responsible for this progressive development has been, of course, the work of the United Nations, its allied agencies, and such regional organizations as the Council of Europe, the Organization of American States, and the Organization of African Unity. Also visibly helpful, however, particularly since the early 1970s, have been three other factors: the public advocacy of human rights as a key aspect of national foreign policies, make initially legitimate by the example of U.S. Pres. Jimmy Carter; the emergence and proliferation of activist nongovernmental human rights organizations such as Amnesty International (winner of the Nobel Price for Peace for 1977), the International Commission of jurists, and diverse church-affiliated groups; and a worldwide profusion of courses and materials devoted to the study of human rights both in formal and informal educational settings. Indeed, in light of the weaknesses that presently inhere at the intergovernmental level of global and regional organization, it is likely that each of these factors will play an increasingly important role in the future.

To be sure, formidable obstacles attend the endeavours of human rights policymakers, activists, and scholars. The implementation of international human rights law depends for the most part on the voluntary consent of nations; the mechanisms for the observance or enforcement of human rights are yet in their infancy. Still, it is certain that a palpable concern for the advancement of human rights is here to stay, out of necessity not less than out of idealism. As Nobel laureate and political dissident Andrey Sakharov once wrote from his internal exile in the Soviet Union:

"The ideology of human rights is probably the only one which can be combined with such diverse ideologies as communism, social democracy, religion, technocracy and those ideologies which may be described as national and indigenous. It can also serve as a foothold for those . . . who have tired of the abundance of ideologies, none of which have brought . . . simple human happiness. The defense of human rights is a clear path toward the unification of people in our turbulent world, and a path toward the relief of suffering."

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THE CHILD CARE CRISIS: ONE TRAGEDY

● Mr. CRANSTON. Mr. President, America's working parents need help. They and their children are caught in the middle of a crisis—the child-care crisis. All across our country, in towns large and small, parents struggle to make child care arrangements they feel secure with.

Of course, it is easier for some than others. If parents are affluent, they can hire live-in or full-time help. If they are fortunate, they have family, friends, or neighbors they can rely on, or they work for an employer who provides some type of assistance. But if their bank account is not big enough or their luck has run out, they have three choices: First, they can leave their children home alone; second, they can place their children in a home or facility they consider inadequate; or third, they can create a crazy-quilt combination of the first two choices. Single mothers have a fourth choice: they can quit work and go on welfare.

I would like to share a story of one woman's choice with you.

Linda Grant of Miami, a single mother who rejected welfare, struggled for a while trying to make a go of the crazy quilt option. But as is so often the case, things kept falling through. Although she had placed her children's names on a waiting list for subsidized child care 2 years ago, there had been no progress. She had called a number of times and always got the same answer: please call back later; they have not made it to the top of the list yet.

They never did.

On November 6 of last year, Linda Grant left Anthony and Maurice—ages 3 and 4—home alone when she went to work. She called periodically to see how they were and, when there was no answer, she became alarmed. Unable to get a hold of anyone in her family to check on them, she left work early. When she arrived home, there was no sign of the children. Assuming her sister had come by and picked them

up, Linda Grant decided to take care of the clothes in her dryer. And that is when she found her children.

Anthony and Maurice had crawled inside the clothes dryer—we can only assume looking for a place to play—and closed the door behind them. The dryer was an older model, and, when the door was closed, the dryer automatically came on. The children were burned beyond recognition.

If this story seems familiar to you that is at least partly because one of the homicide detectives who investigated the case came to Washington early this month to testify before the Senate Subcommittee on Children, Families, Drugs and Alcoholism, chaired by the distinguished Senator from Connecticut [Mr. DODD]. Detective Marva Preston came, she said, because her "supervisors felt this was a good opportunity to express our concern for the urgent need for child care for working parents." The Miami Police Department recognizes that child care has become an issue of paramount importance.

I want to thank Detective Preston for making the trip. In telling this story—one I am sure she would never forget—to the subcommittee, she relates a come-to-life "worst case scenario."

I would like to remind my colleagues that this tragedy occurred in Florida—a State which has in recent years expended funds on child care. A waiting list of 6,000 in Dade County alone, however, shows clearly that the need overwhelms the funds provided. It is staggering to consider the dimensions of the problem nationally, but we must: Since 1981, Federal assistance to low-income families to help pay the cost of child care has been reduced by 20 percent. Thus, we have seen a dramatic reduction in assistance at a time when the need has grown, not lessened.

The time is well past for Federal leadership to address the child care crisis in America. If we fail to act, then we run the risk of witnessing more tragedies like the one that took the lives of Anthony and Maurice Grant. I know none of us wants that.

Mr. President, I ask that the text of a column by Washington Post writer Judy Mann on the Grant family tragedy and on Detective Preston's testimony be included in the RECORD at this point.

The column follows:

THE SAD STATE OF CHILD CARE

(By Judy Mann)

Detective Marva H. Preston and three other Miami City homicide detectives arrived at an inner city housing project at 3:45 p.m. on Nov. 6, 1986. The rescue squad was already there, but it was too late. A 3-year-old child and a 4-year-old child were dead. They had been badly burned inside a clothes dryer. Their mother had not been able to find anyone to care for them and had left them alone briefly because she was afraid of losing her job.

That, folks, is the state of child care in America today. There are children who are dying because their parents cannot find or afford child care. There are children who are dying because Congress and the Reagan administration cut 20 percent out of child care support funding in 1981 instead of adding 20 percent—or doubling it—so women such as that mother could have had a place to take their children instead of leaving them alone at home to crawl inside a clothes dryer.

Preston came to Washington last week to testify at a hearing on child care held by the Senate's Subcommittee on Children, Families, Drugs and Alcoholism. The story she told is as damning an indictment of our national priorities as any to come along in a long time. She made the point of telling the subcommittee that the department is busy, and she had to get special permission to come here. "However, my supervisors felt that this was a good opportunity to express our concern for the urgent need of child care for working parents." The investigation of the children's deaths, she said, "brought us face to face with a tragic reality, things some of us had only heard of."

The mother, said Preston, was employed as a cafeteria worker. "Approximately two years ago she was placed on a waiting list to receive child care assistance for her children. She had contracted the agency many times but she didn't get any help. She was not financially able to put them in a private day care center. A relative had lived with her during the past year, and she looked after the children. Without any notice, she moved out" on Saturday, Nov. 1. On Monday, "the mother stayed home from work because she couldn't find anyone to keep them.

"On Tuesday, Nov. 4 a woman who risked losing her license for keeping too many children agreed to keep them for that day only. On Wednesday, Nov. 5, a friend of hers agreed to keep them."

On Nov. 6, "the mother could not find anyone to keep the children. She had taken [one day] off and was very hesitant about taking another. She finally decided that the children would be safe alone for a short time.

"After she got to work, she would contact her sister or her niece and have one of them go over to look after the children. We also verified that after the mother got to work she called home and spoke with the children. She tried to call her sister to have her go by and pick up the children. She contacted several other relatives who were at work or going to work. When she called home again and did not get a response, she made numerous calls to get someone to check on the children.

"She eventually left work early because no one was answering her phone. She arrived home and did not find the children. She assumed that her sister or her boyfriend had come by and picked them up. She began making phone calls as she sat down to fold clothes.

"Then she opened the dryer and found her children badly burned. Miami Fire Rescue responded and found the children dead."

Tests conducted on the dryer determined that the door could be easily pulled closed from the inside and firmly shut. The dryer was a type that could be stopped by opening the door, and then restarted simply by closing the door. "Background information showed that one of the children had a fascination for the dryer," Preston testified.

"Our state attorney's office reviewed our investigation and agreed with us that there was no criminal negligence by the children's mother.

"There children died because they were not supervised. Their mother felt that she had to make a decision between providing for her children by keeping her job or staying home again and risk losing her job. She wanted to be able to work and provide food and shelter. She did not want to be on welfare. She wanted her children to get to school and be among other children. She fed them before leaving and assured herself that they would be safe until she contacted someone to go over and watch them.

"This lady will always have to live with the fact that the decision she made resulted in her children losing their lives," said Preston. "Our jobs are to try and prevent this tragedy from ever happening again."●

ARIAS PEACE PLAN

● Mr. HATFIELD. Mr. President, for 3 years the Center for International Policy has been promoting a negotiated settlement to the conflicts in Central America. The center's research on the Contadora peace plan and more recently on the plan put forward by Costa Rican President Oscar Arias has been widely circulated and, I am sure, is familiar to many of my colleagues. The Center for International Policy has a well-deserved reputation for careful research, and their most recent publication, "Fear of Signing: The Maneuvering Around the Arias Peace Plan," is the best analysis of the Arias Plan I have seen. Knowing of this body's commitment to President Arias' initiative, I ask that the center's report be printed in the RECORD.

The report follows:

FEAR OF SIGNING: THE MANEUVERING AROUND THE ARIAS PEACE PLAN

Originally, the Arias plan was to be presented as an ultimatum to Nicaragua. As El Salvador's foreign minister Ricardo Acevedo Peralta saw it unfolding in early February, 1987, the four other Central American countries would agree on the plan, gather endorsements from the United States, Europe, and Contadora, and then give Nicaragua fifteen days to take it or leave it. If Nicaragua refused, it would be subjected to political and diplomatic sanctions for its recalcitrance.

How ironic then that it was El Salvador who balked at going to the planned June 25 summit meeting of the Central American presidents. Barely ten days before the meeting, Salvadoran President Napoleon Durate remembered that he had an appointment in Europe. Privately, he complained of the arrogance and inflexibility not of Nicaragua, but of Costa Rica's foreign minister, Rodrigo Madrigal Nieto and objected that the foreign ministers had failed to meet to prepare the documents for the summit.

HABIB TRIP

Just days before Durate's announcement, U.S. special envoy Philip Habib had traveled through the region faulting the Arias plan

Footnotes at end of article.

for stopping U.S. aid to the contras. While there is no proof Durate's decision was prompted by Habib, and both swore up and down that it was not, Washington's opposition to the Arias plan cast a long shadow.

By May, the Arias plan was threatening a diplomatic disaster to the Reagan policy. Both Nicaragua and Guatemala were lining up in support of the plan. They had reportedly assured Costa Rica that they would support the plan as written, or, at the most, with minor refinements.[1] Even if this report was impossible to confirm, and the cautious Nicaraguans gave contradictory signals in public, just the threat of their signing threw the Americans into a panic. Then it would be a majority of three for the plan; Honduran President Jose Azcona Hoyo would then also assent; and El Salvador, no matter how aid-dependent, could scarcely resist alone. A State Department official in Washington confirmed that the department half-expected Nicaragua to sign. "The Americans are scared to death of the talks," a Nicaraguan official chuckled, "because they know we might walk in the door and say it's a great peace plan, then pull out our pen and offer to sign it immediately."[2] After all, the Nicaraguans had done just that with the 1984 Contadora treaty, catching the Americans by surprise, and again in 1986 they were the first to approve the Contadora draft (Guatemala being the only other). What they had done before, they could do again: They might just wield that fearsome, affirmative pen.

DEEP IRONY

There was a deep irony in Washington's, and El Salvador's, opposition to a summit meeting to approve the Arias plan. For not only did they wish to use it tactically to isolate Nicaragua, but the plan itself was totally premised on Washington's position that the root problem in the region was Nicaragua's "lack of democracy." As the plan's author had said, "I don't have the slightest doubt that peace in Central America depends on the will of the nine comandantes to democratize Nicaragua. They have shown an absolute divorce between words and action, a cynicism between what is said and what is done."[3] His plan would hold their feet to the fire.

The core of the plan is an even trade-off between the current positions of the United States and Nicaragua. The United States would allow an immediate cease-fire and suspension of aid to the contras. Simultaneously, Nicaragua would grant political amnesty, start talks with the political opposition, and restore press and political freedoms. The first verification checkpoint would come in sixty days: Nicaragua (and the other Central American countries) would have had to restore full freedoms by then. Within a year would come internationally supervised elections for the Central American Parliament, with the Organization of American States going to Nicaragua to ensure that the opposition was participating on an equal footing. In short, Nicaragua would get peace; the Reagan administration would prevent the consolidation of a one-party Sandinista regime. To avoid singling out Nicaragua, the provisions also apply to the other four Central American countries. (See International Policy Report, "Arias Primer" [June, 1987].

There was little chance the plan would be approved at the summint meeting, even if it could be rescheduled to everyone's satisfaction. Even though the plan proceeds from Washington's own premises, the Reagan administration still opposes the plan as unenforceable, just as it has Contadora for the past four years. Washington's objections would be carried to the meeting by aid-dependent El Salvador and Honduras.

As the Mexican analyst Frida Modak recently put it, "For the Reagan administration, there is no good plan. All that counts is its obsession to overthrow the Nicaraguan government."[4]

A major disappointment for the administration has been its failure to get President Arias to change essential aspects of the plan, e.g., to include the contras in negotiations or to postpone the envisioned cease-fire until after Nicaragua has made political concessions. Repeated trips by U.S. special envoy Philip Habib and even two meetings of the four other Central American countries excluding Nicaragua have failed to change the plan in Washington's favor. According to top Costa Rican officials, President Arias has decided to stick to the original text and consider changes only as they are offered in regional meetings.[5]

ARIAS PLAN BACKGROUND

From the day of his inauguration, President Arias consistently urged Nicaragua to carry out a dialogue with its opposition, make compromises, and create a more flexible political system.[6]

Whereas the Contadora Group and most independent observers saw the root of the problem in American intervention, Arias took Washington's point of view. When the Contadora Group submitted its third draft in June, 1986, he joined El Salvador and Honduras in rejecting it because he said it lacked a guarantee that the "democratic processes in the area can be verified."[7] As he later explained, "By not establishing a timetable and by not requiring a start on the implementation of Contadora's recommendations, the problem was simply skirted, thus making it easy for Nicaragua to consolidate its regime. To some extent Contadora has been a tool in the Sandinistas' hands."[8] This was Washington's position as well.

Accordingly, Arias's foreign minister Madrigal called for a plan of deadlines for the carrying out of concrete actions creating democratic institutions. There would be verification of compliance with political commitments at the expiration of each deadline. "Each country has to share its sovereignty somewhat," Madrigal said.[9] On this basis, the Arias plan took form at a June meeting in San Salvador of the four Central American foreign ministers excluding Nicaragua.

DODD ROLE

The plan took further shape in December, 1986 when Sen. Christopher Dodd (Democrat of Connecticut) traveled to Nicaragua to pick up Eugene Hasenfus, whom the Nicaraguans were releasing. He stopped off in Costa Rica, telling Arias that the Democratic majority in Congress would not approve new contra aid. This spurred the Costa Ricans into greater activity. As they saw it, the U.S. military presence exerted through the contras was, for better or worse, and element of pressure on Nicaragua. If that was coming to an end, it would be more effective if the Central Americans themselves would be the ones to ask the administration to suspend aid to the contras rather than leave it to the Democratic majority. It would enhance Central American credibility as interlocutors with Nicaragua, or so the Costa Ricans reasoned.

Senator Dodd agreed and asked the Costa Ricans what they wanted to negotiate with Nicaragua. The Costa Ricans dusted off the June 1986 version of the Arias plan: democratization in return for the suspension of aid to the contras. Dodd liked the plan and laid it out before Nicaraguan President Daniel Ortega Saavedra, who was noncommital.[10]

Meanwhile Arias went public with a preliminary version of the plan, based on a cease-fire Nicaragua, to be followed by a search for a political solution. As long as violence continued in Nicaragua, he said, it would be impossible for the Western democracies to influence political change in a positive direction there.[11] Fleshing out the proposal, Foreign Minister Madrigal called for "negotiation between the Sandinistas and Nicaraguan political parties and the armed opposition." He added for good measure, "A change in the Sandinista attitude is essential for peace." He said nothing about a change in Washington's attitude.

EVOLUTION OF PLAN

When in the following month the eight foreign ministers of the Contadora countries and the secretaries-general of the United Nations and Organization of American States visited San Jose and the other Central American capitals, the Costa Ricans were still not clear what they would do with the plan. (On the Contadora trip, see "Contadora Eludes U.S.," International Policy Report [January-February, 1987].) They had not decided whether to make it a plan only for Nicaragua or for all of Central America, or how it would handle the issues of the contras and the Salvador FMLN; three or four versions of the plan existed. Arias could only tell the visitors that he had a "series of ideas that we would release at an appropriate time." As before, his ideas were based on three fundamentals: a cease-fire in Nicaragua, suspension of U.S. aid to the contras, and an amnesty for the rebels with other verifiable steps toward democracy to follow. He stressed the need for simultaneity. Prior to the cease-fire, he said, Nicaragua must show signs of willingness to begin a process of democratization. But since Nicaragua said it could not lift the state of emergency until external agression ceased, there must be a cease-fire. In short, there would be concessions on both sides, simultaneous actions to eliminate the pressures which the Sandinistas claimed were holding up the process of democratization.

Arias still voiced the rhetoric of Washington. But simply by asserting the fundamental premise of diplomacy—the necessity of concessions by both sides—he had unknowingly wandered far off the reservation as far as Washington was concerned. Rhetoric aside, the Reagan administration had made no concessions at all in the Contadora negotiations, and the one offer it had made, contained in Habib's April 1986 letter promising a cutoff of aid to the contras on signature of a Contador treaty, had been repudiated a month later. Nicaragua, on the other hand, had made a series of concessions in the Contadora talks and after three years ended up being the only country to accept the final treaty draft. The fact that none of Nicaragua's concessions had been reported in the U.S. press did not make them any less real.

By voicing Washington's stated position, and proceeding in workmanlike fashion to implement it, Arias thought he had found a formula for bridging the gap. The next few months would provide a rude education.

Arias reiterated that to solve the Nicaraguan situation it was necessary to have a cease-fire, "but simultaneously the Sandinista government must take actions of the highest importance, and ultimately, there

must be a fair election which guarantees to the Nicaraguan people that they can choose their rulers in absolute freedom." He added, "The day that the Sandinista government has legitimacy will be the day it has been chosen by the Nicaraguans in truly free elections." [12] The November 1984 elections had not reflected the will of the majority of the Nicaraguan people. "Now, as then, the conditions do not exist for the parties to be able to compete on an equal footing with the Sandinista Front." [13]

And, "The U.S. aid to the contras, which we oppose, has been an excuse for the Sandinistas to radicalize Nicaragua."

Among these important Nicaraguan actions, Arias said, was a dialogue with the internal opposition. Significantly, he stepped back from his foreign minister's earlier-expressed position and rejected the U.S. demand for talks with the armed contras "because we cannot pursue something that we know is impossible beforehand, and unrealizable, because then we would not be offering anything constructive." [14]

CONTADORA SKEPTICISM

The Contadora officials were skeptical about the plan. The idea that the Central American crisis could be resolved only and exclusively by the democratization of Nicaragua revealed "an ignorance" of the problems of the area, said one of the Contadora participants. A Mexican newspaper editorialized, "This Costa Rican position tallies more with the dictates of Assistant Secretary Abrams, who met in Miami earlier with Madrigal. But this violates one of the pillars of the peace process—nonintervention in internal affairs."[15]

However, this criticism was off the mark. Arias had already moved to meet these points, first by removing any requirement for Nicaragua and the other governments to negotiate with the guerrilla movements opposing them, and second by accepting the election schedules already set in the countries' national constitutions. This avoided making Nicaragua void its 1984 elections—in effect, declare its government illegitimate—as the United States and seven of the internal political parties in Nicaragua were demanding. Certainly it was the Reagan administration's diplomatic strategy to have the other four Central American countries present Nicaragua with a proposal designed from the start to be rejected by Managua. But Areas did not play his appointed role in this game.

Far from seeking to supplant Contadora, Arias said, his plan only sought to bring Contadora to fruition. "We waited a long time. Finally, Costa Rica presented to Central America its own proposal on February 15. Four years have passed since Contadora initiated its negotiations. . . After waiting so long, we took up the gauntlet that Contadora threw down to us. Let us remember that the Contadora countries always said that they and the Support Group have always participated in this because there was no desire or willingness by the Central Americans themselves to settle their own problems"[16]

Returning to the theme three weeks later, he said, "Central America is tired of empty promises and words. We need facts and actions." The economic situation was worsening, his country was "desperate" for peace. Central America had hoped to see the Contadora effort succeed; he offered his proposal "with the intention of continuing the struggle when the Contadora Group efforts seems to have less possibilities of success."[17]

Various factors led to this more-balance distance adopted by Arias. Explaining his plan on February 16, 1987, he said, "Things have changed since May, 1986. Central American geopolitics are always changing. The fact is that in Esquipulas, as well as in September 1983 in the Document of Objectives, [President Ortega] has made a commitment to guarantee a pluralist government. Therefore, once again we appeal to him to fulfill his commitments."[18]

Also, Senator Dodd evidently influenced the final choices made in the plan. As the U.S. analyst Betsy Cohn noted, "There is increasing speculation that Dodd had a hand in the last-minute changes that appear to have been written into the proposal, having convinced Arias that Reagan's hard-line position has been weakened by the crisis wracking his Administration."[19]

Finally, the fact that the plan had to apply to all five Central American countries limited how obtrusively it could regulate affairs that are the normal prerogative of sovereign governments. Not only Nicaragua, but no other country in the world could seriously entertain a plan branding its government illegitimate by demanding immediate new elections, voiding those already held. And although President Duarte had already twice held talks with his armed internal opposition, it was uncertain how many Central American countries would bind themselves by international agreement to talk to armed rebels who by definition were outside the law. Over U.S. objections, President Arias dropped both of these demands from his plan in order to make it workable.

TURNAROUND IN SAN JOSE

While the substance of the plan thus moved toward a workable compromise, the surrounding rhetoric and atmospherics still conformed to the anti-Nicaraguan pattern that had characterized Arias and all the meetings of the Tegucigalpa bloc (Costa Rica, El Salvador and Honduras) since they had rejected Contadora in June, 1986. Since then as well, they had refused even to meet with Nicaragua, boycotting the Contadora process. At the beginning of February, Costa Rican deputy foreign minister Carlos Rivera Blanchina proposed including Nicaragua in a presidential meeting to consider the Arias plan. Rejecting this idea, President Arias invited the other three "democratic" presidents to San Jose on February 14-15, pointedly excluding Nicaragua. At San Jose, as noted, they would adopt the plan, then give Nicaragua fifteen days to take it or leave it.[20] As Salvadoran Foreign Minister Acevedo laid out the sequence:

(1) Presentation of the plan by President Arias to his counterparts from El Salvador, Guatemala, and Honduras.

(2) Approval of the Arias plan by these four countries.

(3) Approval of the plan by the Contadora group, the United States, and the European Economic Community.

(4) Discussion of the plan with Nicaragua "in an effort to make that country restore its democracy and establish good relations with its neighbors."

(5) Recommendation of political and diplomatic sanctions against the Sandinistas for "rejecting the peace plan, not complying with the Contadora document," and showing that it is a regime "with which one cannot coexist."[21]

This ingenious plan for Nicaragua's diplomatic isolation seemed close to realization as the four presidents converged on San Jose on February 14. But then they sat down and read the Arias plan. Suddenly, the rough talk about using the plan to isolate Nicaragua evaporated like the morning mist. Instead, there were only lame references to the plan as a mere "working document." It is "senseless to say that we fully endorse it," the Honduran foreign ministry said. "We only learned about the proposal two days before the meeting."[22] The four presidents failed to approve the binding language of the plan and the mini-summit, which was to have presented a united front to Nicaragua, broke up in disarray.

Predictably, Nicaragua had denounced the whole proceeding, rudely calling Costa Rica a "neocolony" and a "traitor" for holding it without including Nicaragua. But after reading the Arias plan of February 15, President Ortega reversed himself and on February 18 agreed to go to the Esquipulas summit meeting. The same game of musical chairs that had been seen so often in the Contadora negotiations now resumed for the Arias plan: as Nicaragua swung in favor of a peace plan, the unconditional U.S. allies swung against.

U.S. ALTERATIONS

The United States now sought to alter the Costa Rican proposal. As Abrams testified before the Senate on March 6, 1987, the United States and the other Central American countries "have some ideas about how to improve the proposals and will make them known through the appropriate channels at the appropriate time." On March 25 the peripatetic Habib visited San Jose and tried to make Arias put the Nicaraguan political concessions first, as a signal of goodwill, before a cease-fire and suspension of contra aid. Arias resisted. "We don't see why they can't be simultaneous," a Costa Rican offical said. This point of Habib was unacceptable to Arias, because it would change the original intent: a cease-fire to allow dialogue to get underway. Habib also wanted a requirement that Nicaragua talk to the contras. He also stressed the need for more specificity in the cease-fire. Some other of Habib's points were more acceptable to the Costa Ricans, those dealing with the supervisory body, the monitors, and verification in general.[23]

On May 3 President Reagan outlined the U.S. position toward the Arias plan: "At the center of his proposal is an insistence on democracy in Nicaragua. The United States welcomes the initiative and supports its general objective. At the same time we have some concerns which need to be resolved, particularly on the sequence of implementation. It's essential that any cease-fire be negotiated with the full range of the opposition."

HONDURAN ECHO

Already the Hondurans were echoing several of Habib's points, both good and bad. Honduran Foreign Minister Carlos Lopez Contreras said that the U.S. position has been to find a comprehensive general agreement, not a step-by-step agreement. "The position of Honduras has been similar." There was not much sense in resolving one problem and leaving the others, he maintained. This larger concept informed the Contadora negotiations and was accepted by the five Central American countries.

The Arias plan lacked some technical aspects that need to be corrected for it to be implemented, the Honduran went on. It called for a cease-fire agreement between the five presidents. "This is not very realistic, as there is no conflict between them," but only with the armed opposition groups. "Therefore, we believe talks should be held

not only with the unarmed internal opposition, as President Arias proposes, but with the armed opposition." Otherwise, the peace plan would not be effective internally, because if the armed opposition would not agree to a cease-fire, it would make no sense for the government to proclaim one and assume the responsibility for it." [24]

A month later, Honduras again expressed its objections to the Arias plan as an official delegation arrived from San Jose to collect the Honduran "observations." The plan had several "defects," Foreign Minister Lopez said: the lack of verification and control, and the exclusion of the internal opposition in the various countries from the peace process. However, Honduras did not demand the presence of the contras at the negotiating table.[25]

Similarly, the Salvadoran military, acting on its well-known devotion to democratic principles, faulted the plan for its inability to bring democracy to Nicaragua. "President Arias is a man with very noble ideals," said Gen. Adolfo O. Blandon, chairman of the Salvadoran armed forces' joint chiefs of staff. "He believes the Sandinistas can still be led down the democratic path. I believe that is impossible. They have a distorted concept of democracy, and they believe in that distortion."[26]

But Arias did not accept this U.S., Honduran and Salvadoran opposition passively. He set out to win other endorsements for his plan.

CONGRESSIONAL ENDORSEMENT

Seemingly the easiest endorsement was from the U.S. Congress. Arias's rhetoric was tailor-made for both sides of the debate in Congress, which accepted as a given that the Sandinistas were suppressing democracy in Nicaragua. On March 12, newly elected Sen. Terry Sanford (Domocrat of North Carolina) submitted a resolution on the Arias initiative:

"The Congress strongly supports the thrust of this initiative and looks forward to the summit meeting in Esquipulas, Guatemala, within the next three months, as the next phase in this historic effort of the Central American heads of state to forge a firm and lasting peace in Central America."

The key evasion in this resolution was the support of "the thrust of" this initiative which Senator Sanford added at the behest of Sen. Jesse Helms (Republican of North Carolina). This way, although the Arias plan provided for a cutoff of aid to the contras, the resolution would not bind the Senate to support this exact text and contra supporters could vote for it. The resolution passed, 97-1.[27]

In the House, Rep. Jim Slattery (Democrat of Kansas) gathered 120 signatures, including 42 contra-aid supporters, on a letter that both endorsed the Arias plan and proposed another plan. Under this plan, there would be a ninety-day cease-fire in place (thus recognizing the contras as holding territory), with a halt in delivery of U.S. military aid to the contras, a halt in the delivery of Soviet aid to the Nicaraguan government, restoration of freedoms, elections, and a national dialogue with opposition political parties. If Arias thought he had gone as far as he could in accommodating the White House and yet producing something the Sandinitas could conceivably sign, the Slattery letter cut the salami even finer.

As the American political scientist William O. LeoGrande pointed out, "In Congress, the Arias plan is now enjoying the sort of honeymoon that Contadora had in 1983-1984. Everyone favors it. This alone should be sufficient warning that the plan is still too ambiguous to be workable. Ultimately, the Arias plan will face the same obstacles Contadora encountered. But politically, the newness of the Arias plan makes it invaluable for Democrats. It looks viable because, unlike Contadora, it hasn't yet had time to fail." [28]

Further sign of the Arias plan's appeal was the enthusiasm of another contra supporter, Rep. Doug Bereuter (Republican of Nebraska) who went to the House floor on May 21, 1987 to chastise the Nicaraguans for not supporting the plan and call on the administration to support it in a "very open, forthright fashion." [29] Although the congressman seemed a bit confused about who was actually supporting the plan, his initiative, coming as it did from a senior Republican member of the Committee on Foreign Affairs, might have resonance. Similarly, on March 24 Republican Senators Nancy Kassebaum, Warren Rudman, and William Cohen (respectively of Kansas, New Hampshire and Maine) sent a letter to the president vaguely threatening to vote against the contras if diplomacy were not pursued. The letter seemed impressive, although the three had sent the same letter to the president a year earlier, diplomacy was not pursued, and they still voted for the contras.

CONTADORA ENDORSEMENT

The Contadora and Support Group's endorsement would be more difficult to obtain, since the Arias plan was widely seen as a competitor to Contadora, and the Central Americans and numerous times pledged that Contadora was the only viable route. But the Contadora Group wanted to resume dialogue among the Central Americans, and Arias's plan did that. Arias now moved adroitly to win over Contadora. On April 8 Costa Rica wrote to the Contadora Group pledging that during the summit meeting planned for Esquipulas, it would sponsor a provision, to be annexed or included in the plan's text, to resume the Contadora negotiations. Meeting in Buenos Aires on April 14, the Contadora and Support countries responded in kind. They emphasized the importance of the Arias plan in reactivating the larger Contadora negotiating process. The upcoming Esquipulas meeting had "renewed the commitment to work for peace." The Arias plan, Contadora said, was fully within the framework of the overall Contadora negotiating effort, and would create conditions for quickly resuming the Contadora talks.[30]

The Costa Ricans were grateful. The Declaration of Buenos Aires was the most important diplomatic victory yet won by Arias, especially since his plan was first denounced as an obstacle to Contadora. Interior Minister Carlos Rivera Bianchini said on April 16 said that the Contadora endorsement had lifted a cloud of suspicion. "It is now understood that the Costa Rican plan is a complement to the Contadora effort, and far from being a substitute plan is consistent with all Contadora has done." [31]

ANTIGUA MEETING

The difficulties of getting even the Tegucigalpa bloc countries of Costa Rica, El Salvador, and Honduras to agree emerged in sharper focus at a meeting of the four foreign ministers excluding Nicaragua on April 23 in Antigua, Guatemala. (Foreign Minister Madrigal said the Nicaraguans had been invited; they said they never received the invitation.) Subject of the meeting was the objections Honduras and El Salvador had lodged against the Arias plan. Yet even without the Nicaraguans to argue with, the four foreign ministers could not agree and departed farther apart than when they had come.[32]

Madrigal put the best face on the situation. The official Honduran, Salvadoran, and Guatemalan positions reflected a "positive attitude," he said. They wanted to strengthen provisions insuring that no country aided rebels in neighboring countries; they also wanted to strengthen provisions for verification and control by the United Nations and the OAS. "None of these conditions is inflexible," Madrigal continued; they did not deviate from the original idea. He pledged that Costa Rica would persist with its original proposal, but with flexibility.[33]

Arias was becoming discouraged. "It will be difficult, but not impossible," Arias now said. The Costa Rican president, who had criticized Nicaragua so harshly, was now learning what Nicaragua had been up against. On May 7 he noted the favorable comments by Nicaraguan Vice-President Sergio Ramirez, who had said the plan was positive because it respected the legitimacy of the area governments. Arias agreed. "Yes, it is a moderate and fair plan." It was not aimed against any single country. We knew governments would oppose it if it questioned their legitimacy, Arias went on. Now he anticipated that El Salvador and Honduras would have the greatest difficulties with it.

AMERICAN POSITION

As for the Americans, Arias denied that he had been subjected to American pressure, although he acknowledged they had made their comments. He said he would prefer that those who opposed it said so plainly rather than drag out the process.[34]

"A Costa Rican diplomat noted the evolution in the American position:

"At first we did not reveal the plan. So the people who should not be in agreement with the plan did agree with it, and those who should agree with it did not.

"Obviously the plan ran counter to the policy of the U.S. and they had supported it at first. For them it was very hard later, once they has learned the plan's contents, that they had drunk so deeply at that well, for at first we did not reveal the plan. So the people who should not be in agreement with the plan did agree with it, and those who should agree with it did not.

"Obviously the plan ran counter to the policy of the U.S. and they had supported it at first. For them it was very hard later, once they had learned the plan's contents, that they had drunk so deeply at that well, for the plan attacked their policy in Central America." [35]

The Reagan administration, having helped Arias prepare the plan to isolate Nicaragua, now realized its chosen instrument was faulty and worked with its unconditional allies, El Salvador and Honduras, to reject it. Meanwhile Nicaragua, seeing that the plan was more positive toward its position than it thought at first, turned in favor. As Nicaraguan Vice-President Sergio Ramirez Mercado said, "We were not invited to the preparatory meeting in February; that was why we were suspicious." [36]

The tensions engendered by the administration's about-face spilled over into communications among the Central American four. The next foreign ministers' presummit meeting was scheduled for the pleasant Honduran resort town of Tela, on June 11. Guatemalan Foreign Minister

Mario Quinonez Amezquita backed out at the last minute and instead invited them all to Guatemala on June 23, on the eve of the summit, for another meeting. This drew a curt note from Honduran Foreign Minister Lopez: "Since the ministerial meeting in Tela was agreed to in consultation with you and the other Central American foreign ministers who have already confirmed their attendance, I request an explanation . . ." [37] The foreign ministers never did pull off their pre-summit meeting in June.

UNUSUAL COMPANY

In rejecting the Arias plan, the Reagan administration found itself in ususual company. The Salvadoran guerrilla front rejected it because it delegitimized armed insurgent movements, requiring governments to talk only with the unarmed political opposition. The Salvadoran government had already twice talked with them, the armed opposition, and they wanted these talks to resume.

And Radio Havana weighed in with a negative commentary on Arias's initiative. "His plan is only a project that instead of seeking solutions, intends to confuse people." [38]

On June 17, as Presidents Reagan and Arias met in the White House, the Reagan administration was in an awkward situation. Up to now it had checkmated the peace-seekers in Congress since it held the key to their chief alternative, the Contadora peace plan.

Arias was faced with Reagan and all his advisers: Vice President Bush; Frank C. Carlucci, the national security adviser; Howard H. Baker, the White House chief of staff; Assistant Secretary of State Elliott Abrams; and Habib. The Costa Rican stood his ground, vainly trying to convince the president to give his peace plan a chance.[39]

President Ortega the same day told a press conference in Managua, "Nicaragua insists on holding the meeting of Central American presidents on the twenty-fifth of this month as scheduled and that all the Central American governments come." At the meeting urgent issues would be addressed "within the framework of Contadora and the Arias plan."

Failure to hold the meeting would give a "fatal blow" to the efforts that had been made, "both at the Esquipulas meeting and with the Arias plan," Ortega went on. It would be totally knuckling under to the United States. Nicaragua would not go along with a new, endless series of foreign ministers' meetings designed to indefinitely delay the summit. "Nicaragua cannot attend this type of ministerial meeting conceived within the framework of a strategy to impede dialogue and a negotiated solution and to spread the war in the region." The fiasco of the summit meeting, Ortega concluded, proved that Contadora was the only viable negotiating forum, and Nicaragua was ready to go to any meeting convened by Contadora.

This was the final irony. The country which was to be isolated by the Arias plan now demanded that the meeting on the plan be held as scheduled. And the country whose stated aim—the imposition of democracy on Nicaragua—was embodied in the plan, now denounced the plan to the author's face.

Costa Rica, Contadora, Guatemala, and Nicaragua had now done all they could do. All had supported the Arias plan. Now it was the turn of Congress and the American public to wholeheartedly support the plan, if they ever hoped to see it implemented.

FOOTNOTES

[1] As written: According to a Honduran official cited in the Mexico City Excelsior, "Podrian suspender la cumbre de Esquipulas," April 29, 1987. With minor refinements: Interview of Melvin Saenz, an adviser to Costa Rican Foreign Minister Rodrigal Madrigal Nieto, by Lidwien Michiels, of the Oficina por la Paz en Centroamerica in Managua (sponsored by Dutch churches) on May 14, 1987; a high Costa Rican official source in Washington (interview, March 26, 1987); a Costa Rican official at the United Nations (interview, New York, April 29, 1987); and a Costa Rican presidential representative (interview, Ottawa, May 11, 1987).

[2] New York Times, June 16, 1987.

[3] Excelsior, January 20, 1987.

[4] El Dia, April 28, 1987.

[5] Excelsior, April 29, 1987.

[6] Mexico City NOTIMEX, May 10, 1986 in U.S. Central Intelligence Agency, Foreign Broadcast Information Service Daily Report: Latin America (FBIS; distributed by U.S. Department of Commerce, National Technical Information Service, Springfield, Va.), May 12, 1986, p. P1.

[7] San Jose Radio Reloj, June 3, 1986, in FBIS, June 4, 1986, p. P1.

[8] Barcelona La Vanguardia, February 1, 1987, in FBIS, February 17, 1987 p. P10.

[9] San Jose Radio Reloj, June 20, 1986, in FBIS, June 23, 1986, p. P1.

[10] Melvin Saenz interview, May 14, 1987.

[11] Panama City ACAN, December 19, 1986, in FBIS, December 22, 1986, p. P1.

[12] Excelsior, January 20, 1987.

[13] La Vanguardia, February 1, 1987 in FBIS, February 17, 1987 p. p10.

[14] Mexico City Interpress Service, January 19, 1987.

[15] El Dia, January 20, 1987.

[16] San Jose Radio Reloj, March 11, 1987 in FBIS, March 20, p. P5.

[17] Mexico City Unomasuno, April 13, 1987 in FBIS, April 17, 1987.

[18] San Jose Radio Reloj, February 16, 1986, in FBIS, February 17, 1986. p. P2.

[19] Central American Historical Institute, Georgetown University, "Update: Costa Rican Peace Proposal" (vol. 6, No. 9, March 13, 1987), p. 6.

[20] Central American Historical Institute Update, p. 1.

[21] Bogota El Tiempo, February 4, 1987, in FBIS, February 9, 1987, p. P6; San Salvador Canal Doce Television, February 13, 1987, in FBIS, February 17, 1987, p. P12.

[22] Tegucigalpa Voz de Honduras, March 24, 26, 1987, in FBIS, March 26 and 30, pp. P6, P8.

[23] Interview with ranking Costa Rican official in Washington, March 26 and April 7, 1987.

[24] Reuter, March 24, 1987 in FBIS, March 26, 1987, p. P6.

[25] Agence France Press, April 22, 1987 in FBIS, April 23, p. P4.

[26] Excelsior, March 29, 1987, in FBIS, April 2, 1987, p. P5.

[27] Congressional Record, March 12, 1987.

[28] Coalition for a New Foreign Policy, Washington, DC, Iran-Contra Monitor (vol. 1, no. 1, April 7, 1987), p. 3.

[29] Congressional Record, May 21, 1987, p. H3911.

[30] Buenos Aires DYN, April 14, 1987, in FBIS, April 17, 1987, p. A1.

[31] United Press International dispatch in Diario las Americas, April 17, 1987; Agence France Press in ibid, April 20.

[32] Panama City ACAN, April 24, 1987 in FBIS April 27, 1987 p1.

[33] La Nacion, San Jose, April 25, 1987, in FBIS, May 11, p. P1.

[34] Arbeiderbladet, Oslo, May 7, 1987 in FBIS May 14, 1987, p. P2.

[35] Melvin Saenz interview, op. cit.

[36] Arbeiderbladet, May 7, 1987 in FBIS, May 14, p. P10.

[37] Lopez to Quinonez, June 6, 1987.

[38] "Our America" on Radio Havana, June 1, 1987 in FBIS, June 5, p. A12.

[39] New York Times, June 8, 1987.●

DEMOCRACY IN SOUTH KOREA ACT

● Mr. HARKIN. Mr. President, I am proud to join Senators KENNEDY, MIKULSKI, and KERRY, in introducing S. 1392, the Democracy in South Korea Act. S. 1392 would impose economic sanctions against South Korea until free and fair elections are assured in that country. This legislation is a national security bill and a human rights bill.

In South Korea, the protection of United States security and the promotion of democracy are indivisible.

Since President Chun halted dialog last April, Korea has followed a path of protests, police violence, and growing disorder. The government's sham elections offer only 4 more years of military dictatorship, and a recurring cycle of confrontation, repression, and renewed confrontation. As Korean politics become more polarized, and prospects for a peaceful democratic transition become more remote, the frustrations of the Korean people will fuel anti-Americanism and our security in the region will suffer as a result.

It is time we recognize that the best defense against North Korean totalitarianism is the end of dictatorial rule in South Korea.

Real democracy cannot wait until the summer Olympics. If it does, the Korean games will become a showcase for repression and bloodshed, not economic progress.

Negotiations between the Chun government and the opposition must be reopened now. This dialog could lead to a national consensus and result in the constitutional reforms essential to assuring free, fair, and representative presidential elections.

The Korean Government must also move to improve its human rights record. It must lift constraints on the press, release all political prisoners, end Kim Dae Jung's house arrest, and stop torturing political detainees.

It is time the Korean Government recognize it can no longer keep the democratic aspirations of its people under house arrest.

It is time that the U.S. Government make equivocally clear that it stands on the side of democracy, not of dictatorship.

The time for gradualism and quiet diplomacy is over. Our Government can no longer remain silent to the Korean people's cry for freedom.

It is time we stop equivocating and start using our economic leverage to reinforce our commitment to democracy. Toward this end, we must now use our trade and our diplomacy as incentives for internal accord and for reforms leading to real democracy in Korea.

It is not too late to change course. The future of Korean democracy and American security depend on it.

I urge my colleagues in the Senate to support this important legislation and call on the administration to join us in seeking genuine democracy in South Korea.

Mr. President, I ask that the follow-

ing article from Foreign Policy magazine, "Dateline South Korea: A Divided Seoul," by Selig S. Harrison be printed in the RECORD. Mr. Harrison is a senior associate of the Carnegie Endowment.

The article follows:

DATELINE SOUTH KOREA: A DIVIDED SEOUL

(By Selig S. Harrison)

Despite a remarkable economic growth rate now surpassing 12 per cent, South Korea is engulfed in a deepening political crisis. Once again, an army regime in Seoul has spurned opposition demands for a democratic constitution, and once again, a frustrated opposition has taken to the streets. But never in 26 years of American-backed military rule have the battle lines been so sharply drawn and the populace so bitterly divided. The United States finds itself harnessed to an increasingly despised dictatorship that can no longer be relied upon to mobilize unified popular support for the defense of the South in the event of another Korean war.

South Korean President Chun Doo Hwan faces a firmly rooted opposition movement that has gathered strength steadily since his predecessor, Park Chung Hee, seized power from the elected regime of Chang Myon in 1961. At first, Park's repressive rule won a measure of public acceptance as the price of his ambitious campaign for economic development. By the late 1960s, however, opposition had become widespread. In the rigged 1971 election, Park's challenger, Kim Dae Jung, won 47 per cent of the vote in the official count, and overwhelming evidence of electoral fraud in the countryside suggested that Kim was the rightful winner by a wide margin. Popular resentment over Park's attempt to make himself absolute ruler for life touched off a series of violent confrontations that culminated in his assassination in 1979.

Faction-ridden and poorly organized, the opposition forces were unable to block Chun when he staged a new military coup in early 1980, overthrowing an interim constitutional regime. But his brutal repression of a 1980 uprising in Kwangju, where government forces opened fire on demonstrators, killing 800 or more, shocked antigovernment activists into unity.[1] A disciplined and broad-based coalition of opposition groups, spearheaded by seasoned veterans of the anti-Park struggle, gradually has crystalized. Now 3 years old, the United People's Movement for Democracy and Unification consists of 23 established, nonpartisan organizations. These groups encompass not only urban labor, landless peasants, and leading intellectuals, but also most of the country's Buddhist, Protestant, and Roman Catholic clergy and lay groups. Radical students, who receive the most media attention, are a relatively marginal part of this alliance. Although Chun's electoral laws make it difficult to organize effective political parties, the United People's Movement provides a mass base for the major parliamentary opposition, the Party for Unification and Democracy, led by Kim Dae Jung and his more moderate ally, Kim Young Sam. Most of the movement's leadership is secret and operates underground to escape ever intensifying repression.

Confronted with an unprecedented opposition challenge, the army, police, and intelligence services systematically have refined their machinery for managing dissent, employing the latest high-technology equipment for crowd control and population surveillance. In the decisive street battles preceding the 1986 collapse of former Philippine President Ferdinand Marco's regime, Filipino soldiers hesitated to fire on their compatriots. But the South Korean armed forces showed no such hesitation at Kwangju, and Chun's 120,000-member police force, half of which consists of specially trained combat officers, has seriously injured hundreds of demonstrators during the past year in bloody clashes at Inchon, Pusan, Seoul, Taegu, and elsewhere, using steel pipes, truncheons, and tear-gas cannisters fired at close range. Hence, despite overwhelming popular support for the opposition, many ordinary citizens are reluctant to join in prohibited political demonstrations and marches. Fear of the government's firepower is one of several factors that make facile predictions of "another Philippines" misleading. Equally important, the South Korean economic growth rate presents a striking contrast to the virtual collapse of the Philippine economy during Marcos's last days. There appears to be little immediate prospect of a cataclysmic convulsion like the one in Manila. Barring a major reversal of American policy, however, the danger of such an upheaval will grow.

South Korea is locked in a recurring cycle of confrontation, repression, and renewed confrontation that is steadily converting moderates into militant activists. As the opposition is radicalized, it will become progressively more difficult to replace military rule with a moderate regime through a peaceful democratic transition. Moreover, in a climate of endemic instability, North Korea will have an unprecedented opportunity to infiltrate South Korean political life. So far, no evidence has surfaced that Pyongyang has connection with any student or other opposition groups. But such linkages are likely to develop if the present polarization of forces in Seoul continues. Although they reject communism as a model for the South, the more militant student groups are attracted by the North's nationalistic, anti-Japanese propaganda, especially its goal of a North-South confederation and its emphasis on self-reliant economic development.

The false reports of North Korean leader Kim Il Sung's death in November 1986 provided a dramatic reminder of the built-in uncertainties on the Korean peninsula and the importance of a unified South Korean populace as the foundation for the 40,500-person American military presence. The danger that North Korea will launch another full-scale, 1950-style invasion of the South often is exaggerated, given the many indications that Pyongyang's allies in Moscow and Beijing want peace in the region. Nevertheless, the possibility of another Korean war could grow amid political turmoil in Seoul and a succession struggle in Pyongyang.

Instability in the South will exacerbate what is already an alarming growth of anti-Americanism directed partly at the U.S. presence. At worst, American forces could be called upon to join South Korean forces in shooting down South Korean civilians. At best, the United States will be held responsible for increasing repression by the South Korean military. American identification with military rule stems from the fact that U.S. and South Korean forces operate under a joint command. When Chun took power in 1980, redeploying some South Korean soldiers from the front line to Seoul, General John Wickham, then the American commander in South Korea, said that he had not been informed of the move in time to intervene. But most Koreans suspect American complicity in the coup, citing Wickham's statement, quoted in the Los Angeles Times on August 8, 1980, that Koreans are "lemming-like" and "need a strong leader." Critics also blame the United States for permitting the use of Korean forces in Kwangju, even though the American command did not have operational control over the Speical Forces units that committed the most serious atrocities.

The United States has not yet used the political leverage provided by its military presence to back up its declared support for South Korean democratization. The State Department periodically issues statements suggesting greater restraint in the use of force and the desirability of a government dialogue with the opposition on constitutional reform. But such statements fall flat because the Reagan administration has conspicuously aligned itself with Chun since the inception of his regime while minimizing contacts with opposition leaders. In fact, the South Korean leader was the first foreign dignitary to visit President Ronald Reagan after he took office, arriving in early 1981.

Subsequently, American officials have attempted to whitewash the present rigged electoral system. Shortly before his recent retirement after 5 years in Seoul, Ambassador Richard Walker described the carefully controlled 1985 National Assembly election as "generally free and fair." And Secretary of State George Shultz said during his May 1986 visit that "the institutions of democracy are taking shape."[2] The assistant secretary of state in charge of East Asian affairs, Gaston Sigur, called for a "more open and legitimate" political system in a February 6, 1987, speech, but Shultz backtracked during a visit to Seoul in March. Praising Chun for his plan to retire in February 1988, Shultz pointedly ignored the bitter struggle over the procedure for succession. One month later, Chun, confident of U.S. support, decreed that his successor would be chosen in December by the 5,300-member Electoral College under the same system of manipulated local elections that ratified his coup in 1980. Chun has indicated that he plans to remain chairman of the ruling Democratic Justice party (DJP), installing a top party subordinate, probably Roh Tae Woo, also a former general, to serve as president until 1992.

Chun has refused to meet Kim Dae Jung or Kim Young Sam to discuss reform of the Constitution and electoral laws, arguing that any changes can come only after the 1988 Seoul summer Olympics. South Koreans hope that, just as the 1964 Tokyo games heralded the postwar emergence of Japan, the 1988 Olympics will advertise their economic progress. But Chun's unyielding posture makes it certain that the games will be held in a turbulent political climate. The world will be reminded that behind the glitter and growth rates, South Korea is still ruled by the gun.

[1] This estimate of the number killed between May 1, and May 2, 1980, is supported in United Presbyterian Church of the U.S.A. Fact-Finding Mission on Kwangiu, 28 June 1980. The latest Korean government figure is 200. Former U.S. Ambassador Wiliam Gloysteen, in an interstate in the May 17, 1985, issue of the Ssahi Shimbun (Tokyo), estimated that between 600 and 1,000 demonstators died. Asia Watch, in its January 1986 report Human Rights in Korea, concludes that estimates of more than 2,000 are "closer to the truth" than lower figures.

[2] Wall Street Journal, *19 May 1986, 47.*

Despite the trappings of democracy, the Chun regime rests on a centralized authoritarian structure in which the president appoints all local officials. The government does not rely primarily on ballot-box stuffing to remain in power but rather on a vast apparatus of local police and intelligence agents who scare off opposition contributors and bribe or browbeat potential opposition supporters. The government uses controls on the media, restrictions on campaigning, gerrymandering, and a carefully contrived structure of multiple-member districts and proportional representation to prevent an opposition majority in the National Assembly. By official count, only 34 per cent of the electorate voted for the DJP in the last Assembly election, while 51 per cent voted for the opposition New Korea Democratic party (NKDP) and another antigovernment splinter group. But 148 out of 276 Assembly seats went to the ruling party, compared with only 104 for the two opposition parties.

Kim Dae Jung and Kim Young Sam have called for direct presidential elections rather than the constitutional reform offered by the government, under which the existing electoral laws would remain in effect and the Assembly would choose the prime minister and the president. Chun, in turn, has used a variety of pressures and inducements in an unsuccessful effort to win over enough of the 90 NKDP deputies to push his reform plan through the Assembly. It was after this strategy failed that he decided to choose a successor under the present constitution. One of the nine he did win over, however, was NKDP chairman Lee Min Woo, a figurehead who was put in office by the two Kims. When Lee began carrying on his own secret dialogue with the government, the two Kims, in April 1987, created their new Party for Unification and Democracy, followed by 72 Assembly members. The government promptly brought legal action against 14 deputies who joined the new group and against another 9 waverers for alleged offenses ranging from delinquent taxes to sedition.

Chun's defenders in the Reagan administration contend that an entrenched military dictatorship cannot be expected to permit a direct transition to democratic rule. Establishing the principle of a constitutional succession in itself would be a major achievement, the argument runs. The gradualist approach may sound plausible, but it disregards the breadth and depth of the opposition to military rule. An unpublished national poll taken for the government recently by a leading newspaper, Kyungbyang Shinmun, showed that 65.2 per cent of those questioned were either "dissatisfied" or "very dissatisfied" with the Chun regime and only 21.7 per cent were "satisfied."

ECONOMIC AMBIVALENCE

The underlying premise of the Reagan administration's gradualist approach is that South Koreans will accept authoritarian rule so long as economic growth continues to be satisfactory. But this view overlooks the politically explosive consequences of rapid development.

Successive South Korean regimes, emulating Japan, have actively pushed mass education as the key to economic modernization. An astonishing 98 per cent of the population is literate. More than 77 per cent of South Koreans go to high school, and 36 per cent of high school graduates attend universities. College enrollments, which have doubled in the past 4 years, have surpassed 1.2 million. But unemployment is growing among the estimated 200,000 graduates yearly, providing a fertile breeding ground for opposition activists. The politically volatile mood of the educated middle class can be gauged not in the tepid, officially controlled press and television but rather in the more aggressive weeklies and monthlies, in a widely read underground press, and in the supercharged climate of the coffee houses.

Moreover, South Koreans are surprisingly ambivalent about their economic achievements. Pride is mixed with deep anxieties about the country's dependent pattern of growth. Many of the South's industries serve as subcontractors for Japanese and American companies. Heavily dependent on imported components and raw materials, such businesses contribute little to the economy in value-added production or new technology. Opposition leaders also point to the South's growing foreign debt—$44.5 billion, compared with $29.3 billion in 1980 and $8.4 billion in 1976—owed primarily to Japanese and American banks.

The fourth largest foreign debt of any country, it equals one-half of the country's annual gross national product. Still, many economists are unconcerned because Seoul has expanded its production and exports at a rate of 10 to 20 per cent annually and has held its annual debt repayments under 20 per cent of its export earnings—a far better performance than the big Third World debtors. Defenders of Seoul's development strategy argue that South Korea registered its first post-Korean War trade surplus in 1986, $2.4 billion. But critics caution that low interest rates, low oil prices, and favorable exchange rates relative to the United States and Japan made 1986 an unusually favorable year. Above all, they warn that it is risky to rely so overwhelmingly on exports to the uncertain American and Japanese markets.

Just a generation after Japan's 40-year colonial domination of Korea, Tokyo's growing economic grip on the South is a powerful emotional symbol for the opposition. Out of the $44.5 billion foreign debt, more than $30 billion is owed to Japanese banks. Official projections indicate a growing deficit in trade with Japan, which doubled during 1986, reaching $5.5 billion, and which is expected to exceed $8 billion by 1990. In contrast, Seoul's trade surplus with the United States jumped from $4.9 billion in 1985 to $7.6 billion in 1986 and is expected to reach at least $8.5 billion in 1987. Koreans complain bitterly that Japan was the major beneficiary of their moves to accept more imports in response to U.S. pressures. When South Korea cautionally liberalized import restrictions on 31 items in 1984, Japan captured 44 per cent of those imports during 1985, as against 16 per cent for the United States.

Supporters of Seoul's export-led development strategy stress that it has produced rising incomes for all Koreans. But they gloss over dangerous inequalities in income distribution. A 1985 U.S. Agency for International Development study showed that there is "evidence of increasing disparities in income, both between the urban and rural sector and between the richer 10 per cent of the population and those at the bottom." Although economic inequities are not as extreme in South Korea as in some newly industrializing countries, their impact on low-wage factory workers and farmers is politically explosive.

Without regard to increases in productivity, the government holds down wages by ruthlessly crushing strikes and union-organizing efforts. Even the skilled workers who make the Hyundai automobiles now inundating the American market, earn only $2.50 per hour in wages and benefits, and workers in electronics and textile plants make less than half that much. The most sordid examples of sweatshop conditions are found in Seoul's East Gate garment industry, where women in some firms toil at their sewing machines up to 60 hours per week, sandwiched into rooms with ceilings so low that they cannot stand up straight.

The government nominally permits unions but bans industrywide bargaining and pressures labor groups to join the government-controlled Federation of Korean Trade Unions. The Labor Ministry often uses plainclothes police armed with clubs to storm factories where strikes or sitins are under way. Known as the Love the Company Corps, this widely feared task force is recruited from paratroopers and police. A special arm of the intelligence services as the Committee to Counteract Labor Insurgency keeps an eye on union activity, conducting periodic "purification campaigns" to purge union ranks. According to National Police Headquarters statistics, labor activists and students made up the majority of the 1,480 political prisoners serving jail terms at the end of 1986 and another 5,770 arrested or detained during the year on political charges.

To keep wages low, the government also has had to depress the price of food grains as a means of holding down the consumer price level. Many farmers have been forced off the land, perpetuating the need to import food and clearing the way for powerful industrial and real estate combines to acquire valuable acreage. Farmers have gravitated to the cities thus depressing already low wages and aggravating urban unemployment. More than 65 per cent of the population lives in cities of 50,000 or more, compared with 40 per cent in 1970.

To coordinate South Korea's export drive, Park and Chun built a tightly centralized network of government-backed conglomerates and affiliated banks, squeezing out small business from access to markets and credit. An October 1986 Korean Development Institute study showed that the top 10 conglomerates controlled 29.3 per cent of South Korean exports in 1983 and the top 30 controlled 39.9 per cent. In Japan, the partnersip between business and government has been subject to democratic checks and balances. But in South Korea, centralized economic power has been concentrated in the hands of a narrow military and business elite group operating without the restraints of a free press or parliament. The result has been corruption on a scale that may soon invite comparison with the Marcos regime. Asked to evaluate the importance of a variety of national issues, 40.6 per cent of the respondents in an unpublished survey by the Social Security Institute of Seoul National University rated corruption as a "very serious" problem. Another 42 per cent considered it "serious."

During the Park years, corruption cases dramatized the new riches of a high-riding elite, but Park and his immediate family were relatively untouched by scandal. But continual charges of corruption have swirled around Chun's wife, Lee Soong Ja, and her family, as well as his own brothers and a nephew. Since the controlled media cannot print or even investigate such charges, most of them surface in underground periodicals and books or in the constantly buzzing coffee houses.

Lee Soong Ja's uncle and his wife's sister were convicted in 1982 for key roles in scandal involving $522 million in illegally discounted promissory notes. Underground publications repeatedly have alleged that her father helped arrange rezoning permits that enabled the Myungsung conglomerate to buy up prime resort land at giveaway prices. But a Seoul court did not implicate the father when 22 Myoungsung officials went to jail in 1982.

In a 10-part series on corruption in December 1986, the Korean Sunday Journal of Los Angeles recited cases of multimillion-dollar rake-offs involving the president's younger brother. Chun Kyung Hwan ("Little Chun"); his older brother, Chun Ki Hwan; and his nephew, Chun Woo Hwan. The president;s younger brother worked as a bodyguard for a leading industrialist and later in the palace security guard during the Park regime. When Chun came to power, however, Chun Kyung Hwan suddenly rose to prominence as director of the government's rural public works program, Saemaul Undong, which has an $80 million annual budget. Opposition leaders in the National Assembly repeatedly have accused Little Chun of misappropriating Saemaul funds. The president's younger brother has become a major political liability since reports linking him with organized crime figures surfaced in connection with a much publicized murder case. In August 1986 members of one gang killed four members of a rival with fish knives at a Seoul nightclub. It turned out that the godfather of the victorious Mokpo gang had received a lucrative Saemaul land-reclamation contract. Chun Kyung Kwan subsequently resigned from his government post, spent the next 3 months at a Harvard University seminar, and has maintained a low profile since his return.

The corruption issue has become an important opposition weapon because it dramatizes the arrogance of unrestrained power. Corruption also carries a special stigma in a society still influenced by Confucian values. The ruler loses his right to govern if he cannot uphold public morality. In the eyes of most South Koreans, Chun's repression at Kwangju made his regime illegitimate from the start, and unsavory revelations touching the presidential family only reinforce this image of illegitimacy.

FRUSTRATED NATIONALISM

At bottom, the most significant element in the opposition's strength is a deep-seated nationalistic ferment resulting from the division of the Korean peninsula and the magnitude of the South's foreign dependence. As memories of the Korean War have receded, the issue of unification has acquired a growing emotional appeal. Invoking historical memories of Korea's ancient identity, opposition leaders maintain that Chun repeatedly has bypassed opportunities to test the North's readiness for dialogue and accommodation. Many South Koreans of the older generation, still deeply suspicious of the North, believe that peaceful unification is impossible. But even these mainstream Koreans often express hopes that some form of modus vivendi can be negotiated and suggest that the government inflates the threat for political reasons. For younger Koreans, born after the Korean War, the government's use of tensions with the North to justify military rule is wearing thin. Feelings of frustrated nationalism underlie the militant radicalism exemplified by 35 students and other young activists, including the son of a leading industrialist, who have burned themselves to death since 1980, 19 of them in 1986 and 1987.

Unification consciousness has been bubbling beneath the surface in the South for the past two decades, periodically erupting in nationalistic upheavals. Park's 1961 military coup came in response to one such explosion. The South's first free elections, in 1960, came after the ouster of President Syngman Rhee and marked the beginning of a rare, 10-month interlude of free speech that revealed the underlying strength of pro-unification sentiment. Then Senator Mike Mansfield's proposal for neutrality and unification on the Austrian postwar model inspired a nationwide federation of student groups to propose a meeting with North Korean students at Panmunjom on May 20, 1961. The proposal, which pointedly avoided endorsing Pyongyang's confederation concept, called for a discussion of postal, athletic, journalistic, and trade exchanges with the North. Even strongly anticommunist historians have found no evidence that Pyongyang directed the 1960 movement.[3] Nevertheless, when North Korea accepted the offer, alarmed hardliners in the army, many of them Korean War veterans, thought they saw a communist plot. On May 14 a huge rally in Seoul called on the government to approve the Panmunjom meeting. On May 16 Park staged his coup. An official Foreign Ministry White Paper 10 days later pointed to the unification campaign as the principal justification for Park's takeover.

Park sought to defuse the unification issue in the late 1960s by setting up the Special Committee on Reunification in the National Assembly with vague instructions to study possible avenues to national unity. The idea backfired, however, because Park's choice to head the committee, a popular young lawmaker in the ruling party, decided to make the committee's meetings a genuinely free forum. Instead of packing the witnesses with government partisans, he invited testimony from a star-studded list of civic leaders and intellectuals who had never before felt free to speak out on this sensitive topic in public. Held from July 1966 through January 1967, the hearings were dominated by three central themes: Pyongyang's increasing independence of Moscow and Beijing, the global transformation from bipolarity to multipolarity, and the belief that the two Korean states should not be pawns of the superpowers and should move toward a unified national identity.

While the bipartisan committee's report was cautious, its recommendation of autonomous unification institutes that would "investigate relations between South and North Korea, including contacts and exchanges," and "initiate plans for territorial unification" upset the government. The National Assembly voted to shelve the entire document. Nevertheless, the committee members leaked the report, which the opposition republished and circulated widely. Even though the daily press largely blacked out the hearings, the spectator galleries invariably were packed, and underground journals reported the proceedings in detail. Everyone seemed to know what was going on. People from all walks of life expressed deeply felt views in private that contrasted markedly with the government's rigid stand.

Reacting to the explosion of sentiment during the hearings, Park clamped down hard on any discussion of unification. But in the 1971 presidential election, Kim Dae Jung defied Park with a popular stand in favor of contacts with the North. By May 1972, with American policy warming toward China, Park offered to hold talks on families separated by the 38th parallel that soon broadened into a larger, year-long dialogue. The rupture of these North-South talks in mid-1973 reflected a continuing conflict over the arithmetic of unification. Given its smaller population, the North wants a gradual, long-term movement toward unification based on the principle of coequal representation. Joint North-South committees on various issues would lead to a confederal union in which a de facto division into two governments with two armies and two differing economic systems should continue indefinitely. The South, for its part, has advocated a unified government based on U.N.-supervised elections in which the areas now constituting South Korea would dominate by virtue of their numerical superiority.

In Pyongyang's view, the critical significance of the July 4, 1972, North-South communique was the South's agreement to seek unification without external interference through the newly established North-South Coordinating Committee. But was Seoul really prepared for coequality and détente, giving up U.N. elections? Pyongyang tested Seoul's intentions by pressing for the establishment of a military subcommittee empowered to consider mutual force reductions and restrictions on arms flows into the peninsula. Park was chary of the North's emphasis on mutual force reductions, since the armed forces provided his principal policital base and a North-South thaw would jeopardize the privileged position of the military elite and its political allies. In any event, Park's advisers scoffed at the North's claim that it needed peace for economic reasons. In stressing force reductions, they said, Pyongyang was seeking merely an artificial relaxation of tensions that would soften the South psychologically, paving the way for political subversion and a return to military pressure.

The South's retreat from the July 4 communiqué was formalized in a key proclamation on June 23, 1973, which advocated a two-Koreas approach through the admission of both states to the United Nations and the recognition of Seoul by Moscow and Beijing. Since then, North-South relations have remained frozen except for an abortive attempt to revive them in 1984. North Korea, resisting North-South contacts on the South's terms, is seeking negotiations with the United States to replace the 1954 armistice with a peace treaty. Washington, urging a resumption of North-South contacts, insisted until recently that any U.S. meeting with Pyongyang would have to include Seoul. Then, when Pyongyang agreed to the trilateral proposal, the United States called for a quadrilateral meeting involving China, arguing that Beijing was a party to the armistice.

The continuing impasse in North-South relations accounts to a great extent for the remarkable upsurge of unification consciousness in the South. The furtive nationalism of earlier years has been replaced by a desperate, assertive brand, colored by a new anti-Americanism that embraces progovernment elements as well as the opposition. Rejecting the long-standing American convention that Moscow was solely responsible for the division of the peninsula. South Korean writers cite recent American historians who assign a major share of the blame to the

[3] See Robert A. Scalapino and Lee Chong-sik, Communism in Korea, vol. 1 (Berkeley: University of California Press, 1973) 648.

United States.[4] The U.S.-Soviet pacts adopted at Cairo, Potsdam, and Yalta, and the events preceding the arrival of American and Soviet occupation forces, are minutely dissected. In the opposition's nationalist catechism, the United States snuffed out any possibility of unification in 1945 and 1946 by opposing the People's Republic set up by the militant nationalist leader Yo Un Hyong in order to install Rhee. Conservative writers, for their part, recall that when Rhee wanted to march north after the 1954 truce to unify the peninsula, the United States imposed an "unequal" security treaty to prevent him from doing so. Leading intellectuals of differing political shades agree that the 1954 treaty, which is still in effect, affronts Korean sovereignty by giving a U.S. general control over the American-South Korean Combined Forces Command.

Politically conscious South Koreans share the belief that, as one of those responsible for dividing the country, Washington has a special responsibility for helping to put the pieces together and for supporting Seoul until the division is ended. Thus when Washington pushes Seoul to make trade concessions, the South Koreans respond with unanimous nationalist outrage. Older Koreans brand the United States a faithless big brother, and student radicals depict Washington's trade policies and investment inroads as "economic imperialism." Because South Korea accounts for only 4 percent of the total U.S. trade deficit, as against 35 percent for Japan, many Koreans argue that Seoul is being used as a scapegoat for Washington's frustrations with Tokyo. But protectionist pressures in Congress are likely to intensify unless Seoul moves more seriously to liberalize its import barriers. So far Seoul has made only token gestures. A 1986 agreement that nominally opened up access for U.S. cigarette exports has since led to sales totaling only $15 million in a $1.7 billion annual market. Congressional critics are demanding reduced tariffs on lumber and wine, greater access for U.S. exports of beef and citrus, and, above all, the removal of nontariff barriers designed to frustrate inroads by U.S. companies.

The belief that Washington wants to keep Korea divided for global strategic reasons has come to a sharp focus in opposition protests against stationing tactical nuclear weapons in the South. The United States equips its forces with nuclear land mines and artillery shells and stores nuclear bombs in Korea for fighter aircraft based there. In an announcement on November 13, 1986, the Pentagon said that U.S. forces also would be equipped with nuclear-capable Lance missiles. Recent press reports have fueled nuclear anxieties by suggesting that Pershing II and cruise missiles might be deployed there as well. Significantly, the rationale for Pershing and cruise missile deployments is to counter Soviet SS-20 deployments in Siberia. But opposition analysts have been quick to argue that Korea is a secondary American concern. Son Kun Ho, one of the South's most respected journalists, wrote in his underground monthly Mal (The Word) in July 1986 that "we'll be the first to be hit, but the Americans are really concerned about the defense of Japan and China."

[4] See, for example, Bruce Cumings, Child of Conflict: The Korean-American Relationship, 1943-53 (Seattle: University of Washington Press, 1983), and The Origins of the Korean War (Princeton: Princeton University Press, 1981).

PROMOTING CONSTITUTIONAL COMPROMISE

Given both the legacy of good will toward the Untied States left over from the Korean War and the vitality of economic relations between the two countries, it is not too late for the administration to arrest the growth of anti-Americanism. The United States must formulate a new Korea policy designed to stabilize the political situation in the South as part of a broader peace effort on the Peninsula. Washington should press openly for Chun to abandon his December electoral charade and to engage in a serious dialogue on constitutional reform. While he is likely to reject such American "interference," the overriding American priority should be to identify the United States with the aspirations of the overwhelming majority of the Korean people.

The administration should consciously distance itself from the Chun dictatorship while increasing public contacts with a variety of opposition leaders. American pressure in 1980 helped avert Kim Dae Jung's death sentence for alleged sedition and forestalled his imprisonment after he returned from the United States in 1984. But the Reagan administration has looked the other way while Chun has placed Kim under temporary house arrest more than 50 times since his return.

American officials should speak out forthrightly concerning the inequities and repressive aspects of the present system, using the Armed Forces Korea Network and the U.S. armed forces newspaper Stars and Stripes, both of which reach many Koreans, to circumvent government censorship. In several recent cases, the State Department has made pro forma criticisms of the military regime that were never communicated to the South Korean people. Responding to congressional pressure, the State Department's 1987 global review of human rights referred to "credible reports" of torture, observing that "use of excessive force by the police continues to be a pervasive and ingrained problem." Citing the U.S.-South Korean Status of Forces Agreement, the American embassy has often barred Armed Forces Korea Network and Stars and Stripes from disseminating news that would "embarrass" the host government. But a strong case can be made that such censorship violates the First Amendment rights of U.S. military personnel serving in Korea. Whatever frictions a more open policy might create within the present regime, it would serve long-term American interests by slowing the growth of anti-Americanism.

The central objective of American policy should be to promote a constitutional compromise based on a genuine withdrawal of the armed forces from the political arena or, at the very least, meaningful power sharing between the ruling party and major elements of the opposition. Kim Dae Jung's announcement that he would not run for president if the government agreed to direct presidential elections has already facilitated such a compromise. This remarkable act of statesmanship offers an opportunity to defuse the present crisis, since it opens the way for the presidential candidacy of Kim Young Sam, who is more acceptable to the military and business establishment.

With his close links to the United People's Movement and his base in the Cholla region, Kim Dae Jung is deeply distrusted by the army, which blames him for the uprising in Kwangju, a Cholla city. In contrast, Kim Young Sam is a more moderate figure who shares a Yongnam regional identity with the entrenched elite. Many business leaders and generals who fear political instability are reconciled to the idea of Kim Young Sam as a directly elected president or as prime minister in a parliamentary system. In one widely discussed compromise, the opposition would agree to a modified version of the government's plan for a parliamentary constitutional arrangement—dropping its demand for a directly elected president—if the government would make basic changes in the laws governing elections to the National Assembly. This formula assumes that Kim Dae Jung would promise to let Kim Young Sam become prime minister in the event of an opposition victory. Kim Dae Jung probably would do so, but only if Chun restored his civil rights so that he could build his own power base in the Assembly.

The United States need not indicate a preference for any specific form of constitutional compromise or seek to play a mediatory role that would embroil it in the details of Korean domestic politics. But American officials should make clear that public support for the U.S. security commitent cannot be sustained in the absence of meaningful reforms that command broad acceptance in South Korea. They need only cite the February 1987 Chicago Council on Foreign Relations study showing that 64 percent of a nationwide random sample would oppose the use of U.S. troops if North Korea were to invade South Korea.

In pressing for reforms, the United States cannot prudently use its maximum leverage: the direct threat of withdrawing its forces and security commitment. Short of such a self-defeating step, however, Washington could effectively use burden sharing and trade leverage to push political reforms. At present, Seoul makes annual offset payments of $1.2 billion to help cover the costs of the U.S. presence, but Washington would be justified in asking for at least twice as much, given the South's rapid growth rate and its $8 billion in foreign-exchange reserves. Apart from the direct cost of stationing its troops in the South—$2 billion per year—the United States spends much more on related equipment support and reinforcement capabilities, as well as on the broader regional costs of preparing to fight in Korea. According to one calculation, the United States spent $47 billion in fiscal year 1985-86 for the Pacific force deployments and base structure needed for the defense of Japan, South Korea, and other regional allies and for global deterrence.[5] South Korea, with the American presence and a population of 42 million, devotes 7 percent of its gross national product to defense. North Korea, with no foreign forces and a population of 20 million, must spend 24 percent. To a significant extent, the American presence subsidizes higher consumption levels in the South and reduces the incentive for Seoul to reach an accommodation with Pyongyang.

Washington also could promote democratic reforms by attaching binding labor rights clauses to new trade agreements with Seoul or at least by suspending Seoul's preferential trade benefits until the Chun regime permitted labor to organize and engage in collective bargaining. Denial of such benefits would be consistent with 1984 legislation that forbids preferences for any country that is not taking steps to

[5] Earl Ravenal, Defining Defense: The 1985 Military Budget (Washington, D.C.: Cato Institute, 1984), 16.

afford its workers internationally recognized labor rights. But pending congressional moves to erect protectionist barriers against South Korean exports to the United States would victimize the American economic sector as well as low-income South Koreans. South Korea is the fourth largest export market for American farmers and the seventh largest trading partner with the United States.

Apart from using their leverage more effectively, American policymakers should recognize the connection between resolving the South Korean political crisis and easing North-South tensions. This link is illustrated by the problems resulting from the joint command. To distance itself from the repressive excesses of the South Korean forces, the United States should be moving to turn over control to a Korean, possibly by a target date like 1992. But such a far-reaching step should be tied to broader diplomatic efforts designed to defuse tensions in the peninsula. For the present, the United States should make clear to the Korean public which units of the Korean armed forces are under peacetime U.S. operational control. In the event of future requests for permission to use U.S.-controlled forces to maintain internal law and order, as in the latter stages of the Kwangju uprising, the United States should refuse. While retaining control of the U.S.-Korean Combined Forces Command for the time being, the United States could accept a Korean as commander of the ground force component to improve Korean visibility in the joint command structure.

A new U.S. policy to promote North-South detente should emphasize negotiations with the Soviet Union and China for mutual limitation on military aid to the two Koreas. When Washington agreed to supply F-16 fighter aircraft to Seoul in 1981, Pyongyang was forced to deepen its dependence on Moscow for sophisticated weaponry that Beijing could not supply, purchasing MiG-23 figthers and SA-3 missiles. Washington should try to stop further escalation of the arms race through negotiations with the communist powers. At the same time, the United States should encourage South Korean moves to open up trade and other contacts with the Soviet Union and China to stabilize the peninsula.

Removing nuclear weapons from the South also would ease North-South tensions significantly. Although North Korea has nuclear-capable weapons, such as the FROG/VII missile, the United States does not contend that Pyongyang has a nuclear capability or is storing nuclear warheads. The rationale for the U.S. nuclear presence in the South is that it deters a conventional attack by the North's larger army. Many specialists, citing the conventional balance, challenge this argument. But in any case, nuclear weapons do not have to be deployed and stored in Korea itself because they could be brought to the scene rapidly from nearby aircraft carriers and other ships. A nuclear presence would be needed only if nuclear weapons were used in the early stages of a conflict. But early use of such devastating force is not a credible threat and would not be politically and strategically defensible in the face of Soviet and Chinese military ties to Pyongyang. Nuclear weapons would be a last resort in a Korean crisis escalating to global war, and North Korea knows it. Given the depth of popular anxieties in the South over the American nuclear presence, its continuance needlessly fans anti-Americanism. The United States should store nuclear weapons and warheads intended for possible use in Korea on its Seventh Fleet ships in East Asian waters. More important, the administration should actively encourage Seoul to pursue Pyongyang's proposal for a Korean nuclear-free zone, offering to honor such an agreement if other concerned powers do so.

The United States should show sensitivity to the South's aspiration for unification by making clear that it does not stand in the way of reducing North-South tensions. Anti-Americanism in the South can be mitigated in the long run only if Washington makes a credible effort to probe whether the North is prepared for an accommodation and to explore what its confederation proposal would entail. Such an effort is long overdue because the North has made a series of conciliatory overtures since the American opening to China that have never been adequately tested. Most recently, in June 1986, the North proposed a Panmunjom meeting to discuss mutual force reductions and a suspension of military exercises, and in March 1987 it offered to resume high-level military and political talks with Seoul.

The first step in this process should be a more flexible American attitude toward North Korean proposals for a trilateral meeting. The March 1987 U.S. decision to permit "nonofficial" social contacts with North Korean diplomats is a step in the right direction. Washington also signaled a more conciliatory attitude toward Pyongyang in April 1987 by offering several modest concessions, among them sales of food and medicine and the end of opposition to North Korean participation in some international organizations, in return for North Korean participation in the Seoul Olympics and a resumption of North-South talks. American and other noncommunist contracts with North Korea can indirectly reduce Pyogyang's dependence on Moscow. But significant porogress in improving relations with Pyongyang is not likely until Washington agrees to formal bilateral or trilateral meetings.

In addition to discussion of a peace treaty, as proposed by Pyongyang, Washington could condition U.S. participation in a trilateral meeting on discussion of North-South issues and a parallel resumption of the North-South dialogue. Opening American economic and academic contacts with Pyongyang, could accompany greater flexibility on the issue of direct contacts. Washington should not make bilateral commitments to the North concerning the withdrawal of U.S. forces from the peninsula as Pyongyang demands. However, renewed consideration should be given to proposals for unilateral American moves to phase out U.S. ground forces while retaining an air force presence. The need for American ground forces has become increasingly questionable as the training and equipment of South Korean forces have improved. American air power will be necessary in Korea for a longer period than ground forces because it offsets the North's larger army. New disengagement moves should be linked to progress in easing North-South tensions. The Reagan administration should encourage moderation in the North by making clear that it would like to remove all U.S. forces from the peninsula as soon as conditions permit and is prepared to terminate its security treaty with Seoul if Moscow and Beijing end their military commitments to Pyongyang.

The growth of North Korean dependence on the Soviet Union could have serious military consequences. Western intelligence reports in 1986 indicated that Moscow may have acquired overflight rights in the North. Soviet ship visits to Nampo on the west coast and Najin on the east coast pose the danger of another Cam Ranh Bay. Such a naval base would unchoke the Tsushima Strait between South Korea and Japan, making it much easier for the Soviet navy to operate in East Asian waters. Yet Pyongyang frequently has shown its desire to reduce its Soviet dependence through expanded Western contacts. Beijing has long pushed Washington to pursue a dialogue with Kim Il Sung that would help detach Pyongyang from Moscow. A more flexible posture toward the North would serve critical American security interests in the Asian-Pacific region while helping the United States to stabilize an increasingly untenable position in South Korea.●

NEW JERSEY CELEBRATES 17TH ANNUAL IRISH FESTIVAL

● Mr. LAUTENBERG. Mr. President, on June 28, a very special celebration will take place in my State. The Garden State Arts Center in Holmdel will be the site of the 17th annual New Jersey Irish Festival.

Each year the Irish Festival brings together Irish Americans and others who enjoy Irish culture for a day of friendship and celebration. This year's festival will feature an Irish bagpipe competition, a Gaelic football match, cultural exhibits, shops, and traditional Irish food. Entertainment will be provided by Dublin's Brendan Grace, the Irish singing duo "Erin's Pride," and Irish dancers. Tom Dunn, anchorman of channel 9 nightly news will serve as master of ceremonies, and Most Reverend Theodore E. McCarrick, archbishop of Newark will celebrate the Mass.

The proceeds from the Irish Festival go to the Garden State Cultural Center Fund, which provides free programs for senior citizens, disabled veterans, the handicapped, and children throughout the State. The festival also raises money for the Irish Festival Foundation, which contributes to a number of Irish charities.

I would like to take this opportunity to congratulate the general chairman, George E. McCormack and the many volunteers whose hard work have gone into this joyous celebration. June 28 will truly be a great day for all who rejoice in the culture and traditions of the Irish people. I am proud to be able to participate in this special day.●

A NEW ECONOMIC DEVELOPMENT TEAM

● Mr. GORE. Mr. President, earlier this week, an important agreement was signed and a new team effort was launched to help create jobs and improve the well-being of communities across the Nation. The Tennessee Valley Authority and the National Rural Electric Cooperative Association

[NRECA] established a formal cooperative working relationship to develop economic and community activities in the areas served by the 1,000 member cooperatives of NRECA.

Under the agreement, TVA and NRECA will provide training and technical assistance to rural electric cooperatives to help them identify job creation opportunities; marshal development resources; and plan, organize and build an economic development program. The two agencies will cosponsor national economic and community development training sessions to provide basic training to NRECA member staffs.

In today's constantly changing economic environment, successful job creation programs no longer can be limited solely to industrial recruitment. Instead, successful economic development programs need to be broad-based efforts which include several elements: new industry and business, retention and expansion of existing firms, development of natural and human resources, agricultural development, new technologies, and trade and service sector alternatives.

Mr. President, I find this agreement to be significant and extremely important. It breaks new ground while addressing the real issues related to rural economic development. This effort has three important elements, which I believe should be emphasized.

TVA AS A NATIONAL RESOURCE

First, TVA is taking a positive leadership role in a national program for economic development. TVA operates in two spheres: power programs and economic and community development programs. Too often, people outside the Tennessee Valley believe that the agency is simply a large utility. But TVA is more than just an electric company. It continues to run extremely successful programs in many fields—agricultural research, soil conservation, farm innovation, fertilizer research, water resource management, waste management, tourism promotion, rural development, and economic assistance programs. Working with regional learning centers, businesses and industries, TVA has identified skills that are needed in the job market and set up training centers.

While TVA is vital to the Tennessee Valley itself, it is also a national resource—a national laboratory to develop, test, and implement new approaches to the problems facing the Nation. The partnership that TVA had forged with NRECA demonstrates that TVA benefits every State and region of the country. This economic and community development agreement puts TVA at the forefront of the national effort to spur rural development.

LEADERSHIP BY RURAL ELECTRIC COOPERATIVES

Second, electric cooperatives are asserting a role of leadership in rural development. Bob Bergland, the executive vice president and general manager of NRECA—himself a former Secretary of Agriculture—has pointed out that rural America faces unprecedented economic uncertainties; and as a result, the need for leadership from the rural electric cooperatives has never been greater.

With the number of workers in farming continuing to decline, it is clear that the future economic viability of rural America hinges on jobs created through growth in rural industries and businesses other than agriculture. This represents a tremendous challenge to rural electric cooperatives to assume a leadership role in creating innovative local partnerships and devising effective strategies to promote job creation in rural America.

I congratulate NRECA for rising to the challenge. The electric cooperatives can, and I am confident will, provide a link to the people of rural America and serve as an organizing and supporting force in economic development in the communities they serve.

THE IMPORTANCE OF RURAL DEVELOPMENT

Finally, this agreement is an important element in the battle for America's rural health. Rural America is at a turning point. Communities in the heartland have been dealt one blow after another—staggering declines in farm income and land values; increased agricultural competition; the collapse of resource-based industries such as mining, timber, and petroleum; and, perhaps most importantly, the loss of manufacturing jobs to domestic economic upheaval and foreign trade. It has become increasingly difficult to maintain even an adequate infrastructure or system of public services in many rural areas.

Too often, Mr. President, discussions of ways to help rural America center on tinkering with the various farm programs, but real solutions must come through sound approaches to our overall economic policy. Helping small town America improve its standard of living and produce new jobs—particularly in agriculture related small businesses or value-added enterprises—will accomplish much more than any commodity program. For anyone who wants a short answer to the problems of our Nation's rural areas, I will provide it here: jobs, jobs and more jobs.

The TVA-NRECA joint program fits well with a bill I have cosponsored, S. 845, the Rural Area Revitalization Act of 1987. This legislation is designed as a first step toward shoring up the Nation's rural economy. It will fund a series of innovative demonstrations aimed at planting the seeds of revitalization at a time of budget restraint. Among other things, it will make up to $70 million in loans and grants available annually to public and private nonprofit agencies that are fostering new businesses and jobs in depressed rural areas.

CONCLUSION

In closing, Mr. President, let me note that a successful economic development program for rural America must begin at the local level, with the participation of leaders and citizens from all parts of the community. While there is a proper and necessary role for the Government, for the private sector, and for development organizations at all levels, the real key to success is the involvement and commitment of rural people themselves.

TVA and NRECA have taken a great step toward a healthier economic climate throughout the Nation. I commend both agencies, and I look forward to the successful implementation of their program.●

ORDER FOR JOINT REFERRAL

Mr. BYRD. Mr. President, I ask unanimous consent that when the Ground Water Safety Act of 1987 is introduced by Senators LEAHY and DURENBERGER, it be jointly referred to the Committees on Agriculture, Nutrition, and Forestry and Environment and Public Works.

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

OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1987—S. 1420

Mr. BYRD. Mr. President, I am going to introduce the trade legislation which is in accordance with the order that was entered and also in accordance with the understandings that were entered into between the distinguished Republican leader and myself.

Mr. President, I introduce this bill and, in accordance with the order that was entered some days ago, it is to go directly on the calendar. On tomorrow morning at 9:15, under the order, having consulted with the distinguished Republican leader, I will call it up before the Senate.

Mr. DOLE. Mr. President, will the majority leader yield?

Mr. BYRD. Yes.

Mr. DOLE. Mr. President, as I understand, what will be introduced is the modified version, except for the Committees on Small Business, Judiciary, and Labor, and they will be the versions as reported by the committees.

Mr. BYRD. That is correct.

Mr. President, I send a bill to the desk.

The PRESIDING OFFICER. Under the previous order, the bill will be placed on the calendar.

Mr. BYRD. I thank the Republican leader.

ORDER FOR RECESS UNTIL TOMORROW AT 9 A.M.

Mr. BYRD. Mr. President, if the Republican leader has no objection, I ask unanimous consent that the convening time for tomorrow be 9 o'clock a.m. instead of 8:45 a.m.

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

REDUCTION IN LEADERSHIP TIME ON TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the two leaders under the standing order be reduced to 5 minutes each on tomorrow. I have asked the Republican leader for his agreement, and he is in accord with the request.

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

PERIOD FOR MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that following the two leaders there be a period for morning business tomorrow not to extend beyond the hour of 9:15 a.m., and that Senators may speak during that period for not to exceed 1 minute each.

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

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, under the previous order, I believe I am to be recognized at 9:15 tomorrow morning.

The PRESIDING OFFICER. The majority leader is correct.

Mr. BYRD. At that time I will call up the trade bill, which has been introduced and placed on the calendar. The distinguished Republican leader understands that that will be done. I have already indicated what the approach will be on tomorrow following that.

Does the distinguished Republican leader have any further statement or business?

ORDERS FOR CONVENING OF SENATE

FRIDAY, JUNE 26, AT 9 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in recess until the hour of 9 o'clock on Friday.

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

SATURDAY, JUNE 27, AT 9 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, it stand in recess until the hour of 9 o'clock on Saturday.

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

TUESDAY, JUNE 30, AT 10 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Saturday, it stand in recess until the hour of 10 o'clock on Tuesday next.

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

WEDNESDAY, JULY 1, AT 9 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Tuesday next, it stand in recess until the hour of 9 o'clock on Wednesday next.

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

Mr. BYRD. Mr. President, I thank the distinguished Republican leader for his cooperation.

RECESS UNTIL 9 A.M. TOMORROW

Mr. BYRD. Mr. President, if the distinguished Republican leader has no further business or no further statement, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9 o'clock tomorrow morning.

The motion was agreed to and, at 8:30 p.m., the Senate recessed until tomorrow, Thursday, June 25, 1987, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 24, 1987:

DEPARTMENT OF STATE

Warren Clark, Jr., of Connecticut, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

DEPARTMENT OF AGRICULTURE

Roland R. Vautour, of Vermont, to be Under Secretary of Agriculture for Small Community and Rural Development, vice Frank W. Naylor, Jr.

Roland R. Vautour, of Vermont, to be a member of the Board of Directors of the Commodity Credit Corporation, vice Frank W. Naylor, Jr.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Deborah Gore Dean, of Maryland, to be an Assistant Secretary of Housing and Urban Development, vice Alfred Clinton Moran, resigned.